



بنك صفوة الإسلامي
Safwa Islamic Bank

Solid Foundations,
Forward Motion

The 2023
Annual Report



His Majesty
King Abdullah II Ibin Al Hussein



His Royal Highness
Crown Prince Al Hussein Bin Abdullah II

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Enhancing Institutional Value
by Building Credibility with Customers



Safwa Islamic Bank is a public joint stock company licensed by the Central Bank of Jordan to practice and provide Islamic business and banking services in accordance with the Banking Law and the Companies Law.

The Bank provide all financial banking and structured investment services on a non-Interest basis in accordance with Islamic shari'a through the Bank's head office and its 42 branches and its subsidiary within the Kingdom, in accordance with the effective Banking Law.

The authorized and paid-up capital of the bank is 100 million dinars, per 100 million shares, with a nominal value of one dinar per share.

Our Vision

Leading Islamic banking to serve all spectrums of the society.

Our Mission

To provide distinctive and innovative services emanating from the divine principles of Islam to build lasting and solid partnerships and to maximize benefits to all stakeholders.

Our Values

Exceptional Services:

- Anticipate clients needs and find solutions
- Respond rapidly and follow through
- Treat others as you want them to treat you
- Sell solutions, not products

“if we serve our clients well, our success will follow”

Teamwork & Harmony across and within units

- Put the bank and clients' interests ahead of your own
- Communicate respectfully
- Create professional culture within the bank

“Working effectively with one team spirit will produce the best outcomes”

Devotion to Work

- Be productive and strive with passion to reach excellence
- Seek continuous improvement
- Be a long life learner
- Recognize outstanding performance by rewards and promotion opportunities

“with best people, we will be the best bank”

Creativity

- Find solutions, not excuses
- Be a change agent.. Think outside the box
- Ask: Is there a better or more efficient way to do this?
- Pursue new opportunities

“Creativity and new initiatives differentiate the bank from other competitors”

Members of The Board of Directors

Dr. “Mohammed Naser” Abu Hammour	Chairman of the Board/Representative of Al Etihad Islamic for Investment Co.
Samir Abu Lughod	Deputy Chairman of the Board/ Independent
Dr. Khaled Al Zentuti	Independent
Salem Burqan	Independent
Ihssan Barakat	Independent (Since 6/7/2023)
Basem Salfiti	Representative of Al Etihad Islamic for Investment Co.
Deema Aqel	Representative of Al Etihad Islamic for Investment Co.
Dr. Abd AlGhani Al Ftai	Representative of Al Etihad Islamic for Investment Co. (Since 4/1/2023)
Dr. Anas Bohowish	Representative of Al Etihad Islamic for Investment Co. (Since 4/1/2023)
Dr. Ibrahim Saif	Representative of Al Etihad Islamic for Investment Co.
Dr. Nofan Alaqil	Representative of Social Security Corporation

Members of Shari’a Supervisory Board

His Eminence Prof. Dr. Ali Al Qaradaghi	Chairman of the Shari’a Supervisory Board
His Eminence Dr. Ahmad Melhem	Deputy Chairman of the Shari’a Supervisory Board
His Eminence Dr. Ali Musa	Member of the Shari’a Supervisory Board
His Eminence Dr. Safwan Edibat	Member of the Shari’a Supervisory Board

Executive Management Members

Samer “Al Saheb Al Tamimi”	General Manager/ Chief Executive Officer
Rami Al khayyat	Deputy CEO, Chief of Corporate Banking
Hani Al-Zrari	Deputy CEO, Chief of Operations
Ziad Kokash	Deputy CEO, Chief Credit Officer
Nesfat Taha	Chief of Retail Banking
Wael Al-Bitar	Chief of Treasury and Investment
Rawand Al Turk(Since 14/9/2023)	Head of Compliance
Masoud “Sakf al-Hait”	Chief of Legal and Board Secretary
Muneer Faroneyah	Head of Sharia Compliance*
Mohammad Hawari	Head of Human Capital Management
Khalid Al-Issa	Head of Internal and Sharia Audit**
Ahmad Jafar	Head of Risk Management
Ahmad Ghnaim	Chief Financial & Corporate Strategies Officer

*Mr. Muneer Faroneyah was transferred to the position of Head of Sharia Compliance instead of Head of Internal Sharia Audit, effective 19/9/2023.

** The job title of Mr. Khalid Al-Issa has been modified to become Head of Internal and Sharia Audit, effective 19/9/2023.

Name of the external auditor

Deloitte & Touche (M.E) - JORDAN

Chairman's Message

**In the Name of Allah, the Most Merciful, the Most Compassionate
Praise be to Allah, Lord of the Worlds, and prayers and peace be upon
the Seal of the Prophets and Messengers, Muhammad, his family and
companions**

Dear Shareholders, Greetings,

On behalf of myself and my colleagues, members of the Board of Directors and Executive Management, it is my pleasure to present you with the new edition of Safwa Islamic Bank's Annual Report for the year 2023. The report includes a review of the Bank's consolidated financial statements and results for the financial year ended 31 December 2023, as well as its most prominent achievements and activities that strengthened its position as a leading specialized Islamic bank and a socially responsible banking institution, in addition to its business plan for 2024.

During 2023, we were able to maintain our advanced level of performance with upwards promising financial results, in line with our strategic vision and our astute Islamic banking policy. We were able to contain and overcome the repercussions of local challenges and conditions impacting the region and the world. We were able to balance between profitability and the cost of maintaining our high-quality solutions, products and services. We remained, as you've known us, at the forefront of Islamic banks characterized by the quality of their portfolios, and their footprint that continues to deepen in the Jordanian banking sector and the overall economy year after year.

In this context, we maintained the pace of our growth in various financial performance indicators in all aspects, including assets, deposits, liquidity, financing, investments and resources. Our net profit after provisions and taxes reached JD 17.5 million, recording a growth of 16% over the previous year. In addition, we achieved an increase in total income by 12% to reach JD 60.6 million, compared to about JD 54.1 million in 2022.

Our financial results for the year 2023 showed an increase in net credit facilities by 4% to reach JD 2 billion as at the end of 2023 while maintaining competitive Murabaha rates. Customer deposits increased by 11% to reach JD 2.5 billion, representing 5.8% of banking sector deposits. The financial results also showed a further increase in assets by 13% to JD 345 million, while maintaining the strength of the Bank's capital base, with total equity reaching JD 189 million and a capital adequacy ratio of 16.4%.

In light of these results, return on equity increased to 9.7% at the end of 2023 compared to 9.1% in 2022. Accordingly, the Board of Directors is pleased to announce within the framework of this report the recommendation to the General Assembly of Shareholders to approve the increase of the Bank's capital by JD 20 million and by 20% of the subscribed capital to become JD 120 million by distributing bonus shares to shareholders, reflecting our keenness to fulfill our obligations towards them.

The results achieved confirm the solidity and strength of the Bank's financial position. The results achieved reflect the Bank's efficiency in managing governance and risks and containing challenges with sound procedures; its excellence in managing assets, liabilities, costs and expenses; and its great ability to manage sources of income and utilize and optimally allocate resources. The results are also owed to the Bank's flexibility in applying strategies and plans, with a strong commitment to the continuous integration of sustainability principles and events into basic business strategies; and its continuous development approach in all aspects of the business, starting from operational processes, to all that is provided to customers through various channels.

In a brief review of what has been achieved in 2023 in line with the objectives of our strategy and operational plan, we have succeeded in implementing our development initiatives related to digitization, to ensure continuously staying up to date with the developments in the world of financial technology, and effectively aligning with the changing and increasing



needs of customers. This resulted in enriching our solutions, products, services and channels, by focusing on electronic ones, especially “Safwa Mobile”, which has become more diverse and richer in its services. It has also resulted in improving our operations, performance and diversified offerings, including green financing offers, which has increased the size of our contribution to achieving the national strategic vision for financial inclusion, and has placed us in the position of the leading Islamic bank in providing all that is new.

All these operations bolstered our ability to enhance the attractive and stimulating facilities we provided to medium and large companies in order to meet the needs of the commercial, industrial and other economic sectors. In addition to the financing that we granted to medium, small and emerging companies, enhanced by a package of modern digital banking services and offers. The retail banking sector was no exception, as we provided individuals with more financing for personal, real estate, and vehicles financing, travel, education and medical treatment, in addition to Yusr financing to pay off obligations, all at concessional terms and competitive prices.

In terms of our corporate social responsibility, we continued cementing our sense of national duty into reality during 2023, which marked a turning point in our programs in this field. We have ensured that all of them serve the objectives of the economic modernization plan in several pillars. We focused on community support, with the less fortunate comprising a large share, and on education and entrepreneurship, health, in addition to the environment. Through numerous contributions, we continued to place our mark on economic, social and environmental development, whether directly or indirectly.

Perhaps the most important thing to keep in mind in our journey ahead in 2024 is to continue our digital transformation by moving forward in integrating our electronic services into our business and operational processes. We aim to enhance the quality and efficiency of what we do and provide, as well as diversifying our activities, and enhancing our presence through more channels to interact, communicate and serve customers. In turn, enabling us to attract more customers, whom we will address with a personal touch and more customized manner, resulting in an experience that seems directed to each customer personally. Thus, allowing us to maintain and grow our market share, as well as strengthen our presence at the core of various sectors and segments, through our enabling and supportive role that we assume under any circumstances, aspiring to expand goodness and giving with a focus on environment and health.

As for our employees, who form the solid foundation of our success, we will continue to pay great attention to them to provide a distinguished model in human resource practices. Our policies ensure them optimal opportunities for progress, growth and excellence, within an ideal work environment that meets all the needs of the diverse workforce, in order to enhance employees' motivation to serve customers with greater creativity. We also continue working on attracting young talents that we will focus on developing, reinforcing the sector and enriching our most vital assets.

In conclusion, I would like to thank the Central Bank of Jordan for its prudent decisions, and its distinguished and effective role in ensuring the safety and stability of the Jordanian banking system under various circumstances. I would also like to thank our valued shareholders for their constant confidence in the Board, and our valued customers for their loyalty, which we consider the highest appreciation, stressing our commitment to providing them with the best.

Best wishes,

Peace, mercy and blessings of God be upon you,

**Dr. “Mohammed Naser” Abu Hamour
Chairman of the Board of Directors**

CEO's Message

**Dear Brothers and Sisters Shareholders of Safwa Islamic Bank,
Peace, mercy and blessings of Allah be upon you,**

I am delighted to share the outstanding accomplishments of Safwa Bank in the fiscal year 2023. This period stands out as a pivotal moment for our institution, securing one of the leading positions in the Jordanian Islamic banking sector based on assets. Our success is attributed to diligent execution, underpinned by the pervasive "ALL IN – One Safwa" culture and the successful implementation of transformative projects across our diverse business operations.

The past five years have been fraught with challenges, including regional and global geopolitical unrest, the unprecedented global pandemic, and escalating prices prompting central banks to raise interest rates at a rapid pace. Despite these adversities, Safwa not only weathered the storms but also doubled its market share. We achieved impressive compound annual growth rates of 21% and 16% for our balance sheet and income statement, respectively. Expanding our branch network to 42, introducing innovative products, enhancing services, issuing our inaugural sustainability report, and elevating staff competency collectively positioned us as one of the premier banks in Jordan.

In the fiscal year 2023, we enhanced customer experience by introducing Apple Pay, offering a convenient and secure payment method across iOS, iPadOS, and watchOS apps, as well as on Safari websites. Additionally, we expanded our operations by creating five new SME business units and revamping three branches. To further enhance customer convenience, we harnessed our group ATM network, providing access to Etihad and Safwa Bank's 233 ATMs across the kingdom at no additional cost.

In a commitment to sustainability, the bank entered a financing agreement to establish a JOD70.5 million solar power plant. This initiative aims to supply the industrial sector with clean energy generated from solar sources, marking the largest on-grid solar energy project in the MENA region. Notably, it stands as a pioneering effort in the region, both in terms of its scale and the composition of its shareholders.

Let's delve into the numerical highlights of 2023. Our financial performance reached a record high, with net income hitting JOD17.5 million, reflecting a 16% growth compared to 2022. The year-to-date return on average capital stood at 17.5%. Asset quality metrics continued to exhibit strength, with NPF at 2.4%, a coverage ratio of 127%, and a capital adequacy of 16.4%. Safwa's efficiency was at its zenith, achieving a cost-to-income ratio of 42% by December 2023. Organically, our balance sheet expanded, with total assets reaching JOD 2.9 billion, showcasing a year-over-year growth of 13%. Deposit growth also remained robust at 11%, with total deposits exceeding JOD 2.5 billion at the close of 2023. The net funded income increased by 18%, driven predominantly by the growth in the loan book, while unfunded income witnessed a 4% increase.

As we look forward to 2024, we acknowledge the unique challenges that lie ahead, some yet to be fully understood. However, we are confident in the capabilities of our exceptional team, the resilience of our organizational culture, and the effectiveness of our strategy in the markets we serve. Through the flawless execution of our strategy, vigilant expense management, and a commitment to profitable growth,



our team is dedicated to upholding our ongoing strategy of harmonizing growth with earnings. This strategy underscores our commitment to consistent long-term performance, resulting in shareholder value creation.

Our confidence is rooted in the strides we have made in recent years, with substantial structural improvements across the bank forming the bedrock for sustained high-quality earnings. Presently, we possess a clear and proven strategy that is yielding positive results. Our business franchise is fortified, supported by a well-diversified business model, and a prominent position in our market. These strengths position us favorably to drive sustainable high performance, enabling us to deliver on our priorities and purpose – to become the leading community bank in Jordan. Our approach involves offering integrated and comprehensive services through a “One-Group” strategy, employing innovative methods, and adhering to best practices.

I extend my heartfelt gratitude to our customers, shareholders, and other stakeholders for their unwavering support and cooperation throughout 2023. Special appreciation goes to our employees for their unwavering commitment and hard work. Each day, we remain committed to earning the trust and loyalty of all our stakeholders, devoted in our mission to support our customers and the communities we serve to the best of our ability.

May God grant us success
Samer “Al Saheb Al Tamimi”
CEO





Elevating Customer Service
and Strengthening Relations within
Islamic Sharia Guidelines



In the Name of Allah
Sharia Supervisory Board Report
For Safwa Islamic Bank For The Year 31/12/2023

Praise be to Allah and peace and blessings be upon our Prophet Mohammad and his family and companions,

To shareholders of Safwa Islamic Bank,

Peace and Allah's mercy and blessings be upon you,

Pursuant to the Jordanian Banking Law No. 28 of 2000 And the law amending the Banking Law of 2019, regarding Islamic banks, the Bank's Articles of Association as well as the controls included in the accounting and auditing standards and the controls for Islamic financial institutions issued by the Audit and Accountancy Organization for Islamic Financial Institutions (AAOIFI) And based on a letter of assignment from the Board of Directors; the Sharia Supervisory Board presents the following report:

The Board has supervised the principles used and the contracts concerning transactions and applications offered by the Bank during the financial period ending on 31/12/2023. It has also carried out due surveillance to give its opinion whether the Bank has been compliant with regulations and principles of the Islamic Sharia, and how far its observance of Fatwas (Sharia decisions) was, as well as the defined resolutions and directions that we had issued, and to make sure of the Bank's observance thereof.

Because the Bank's management is responsible for the execution of the banks activities in accordance to the Islamic Sharia and ensuring that all times. However, Our responsibility is limited to providing an independent opinion based on our supervision of the Bank's operations and preparing a report for you.

We performed supervision which included the Auditing and examining operations and procedures based on test more than one sample for each type of operations through Internal Sharia Audit Department.

We have planned and executed supervision to obtain all information and explanations deemed necessary to provide us with sufficient evidence to give reasonable confirmation that the Bank has did not intend to violate the regulations and principles of the Islamic Sharia and principles. The Board has also continued, through meetings and discussions of the schedules items proposed by the head of Sharia Compliance, to develop required provisions and instructions for emerging topics that arise during the practical application and indicate the Sharia regulations for those topics.

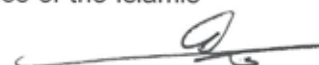
In our opinion:

A. The members of the Board reviewed the consolidated financial statements of the bank as on 31/12/2023, and the income statement for the year ended at 31/12/2023, and the explanations related to it as they provide of the bank's business image ,and it did not show any Sharia violation as it looked at.

B. The contracts, operations and transactions conducted by the Bank during the year ending 31/12/2023, that we reviewed have been conducted according to the regulations and principles of the Islamic Sharia.

C. The Bank's management enabled the Board to review all books and records it demanded, and has obtained the data it requested to enable it to perform its duty of audit on the Bank's executed transactions.

D. The Board revised the structures of financing and its terms and conditions, and contracts by which transactions were executed during the current year as of 31/12/2023 which we reviewed according to regulations and principles of the Islamic Sharia.



E. Distribution of profits and burdening loss on investment accounts, agrees with the basis approved by us according to regulations and principles of Islamic Sharia.

F. Sums that came resources or by ways that are non-compliant with the regulations and principles of Islamic Sharia were credited to the Account of benefits (Khairat) to be spent in charities, and were disincluded from Banks revenues.

G. The Board replied to inquiries presented to it and issued the necessary and Fatwa (Sharia opinion); and the Banks management showed a decision positive reaction in applying those (Fatwa) opinions And decisions and observance of Them.

H. The issuance of Zakat is the task of the shareholders, As per the bank's articles of association, the shareholder must pay (Zakat) of his shares when applying the provisions of Sharia and Zakat regulations, taking the following into considerations:

- If the intention on purchasing shares to trade with them and circulation, the shareholders will issue (Zakat) of the shares market value and the dividends distributed at the end of the year by (2.5%) of this value in the Hijiri year , and the calendar year (2.577%).

- If the intention on purchasing shares to obtain profits not trading, he will issue (Zakat) (2.5%) in the Hijri year or (2.577%) in the calendar year.

in the value of (Zakat) assets in addition to the dividends either distributed or not.

H. The commission approved new products, which are electronic Murabaha, electronic bargaining, stock Murabaha with its Shariah controls.

In conclusion , the Authority extends its thanks to the Board of Directors for its good and continuous cooperation, as well as the executive management and those dealing with the bank, praying to God Almighty to bless dear country.

In conclusion, the board extends its thanks to the Board of Directors and to the executives management for their continuous and generous cooperation. Praying to Allah to bless our country.

Praise be to Allah

Date: 1 / 2 /2024


Chairman and Executive Member

Prof. Dr. Ali Al Quradaghi

Deputy Chairman

Dr. Ahmad Melhem



Board Member

Prof.Dr. Ali M.Husen Musa



Board Member

Dr. Safwan Ali Edibat





Merging Islamic Principles
with Cutting-Edge Global Technology





INDEPENDENT AUDITOR'S REPORT

AM/014589

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

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Safwa Islamic Bank and its subsidiary (referred to together as "the Group"), which comprise the consolidated statement of financial position as at December 31, 2023, and the statement of profit or loss and other comprehensive income, statement of changes in shareholders' equity, statement of cash flows, statement of the sources and uses of Al Qard Al hasan, and statement of changes in restricted Wakala investment accounts for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023, and its consolidated results of the operations, changes in shareholders' equity, cash flows, and changes in restricted Wakala investment accounts for the year then ended in accordance with the Financial Accounting Standards ("FAS") issued by the Accounting and Auditing Organization for Islamic Financial Institutions ("AAOIFI") as modified by the Central Bank of Jordan.

The Group has complied with the Islamic Shariah Principles and Rules as determined by the Shariah Supervisory Board of the Bank during the year ended 31 December 2023.

Basis for Opinion

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

Other Matter

The accompanying consolidated financial statements are a translation of the original consolidated financial statements, which are in the Arabic language, to which reference should be made.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

1- **Expected credit losses in the financing portfolio (Deferred sales receivables and other receivables , and Ijara Muntahia Bittamleek assets):**

<u>Key Audit Matter</u>	<u>How our audit addressed the key audit matter</u>
<p>The Bank's net financing portfolio, comprising deferred sales and other receivables and Ijara Muntahia Bittamleek assets, amounted to JD 2 Billion as at December 31, 2023 after deducting an expected credit loss allowance of JD 61 million. This represents 68% of total assets.</p> <p>The determination of the Group's expected credit losses for credit facilities is a material and complex estimate requiring significant management judgement in the evaluation of the credit quality and the estimation of inherent losses in the portfolio.</p> <p>The financial statement risk arises from several aspects requiring substantial judgement of management, such as the estimation of probabilities of default and loss given defaults for various stages, the determination of significant increase in credit risk (SICR) and credit-impairment status (default), the use of different modelling techniques and consideration of manual adjustments.</p> <p>The Group's expected credit losses are calculated against credit exposures, according to the requirements by FAS (30) as modified by the Central Bank of Jordan.</p>	<p>We established an audit approach which included both testing the design and operating effectiveness of internal controls over the determination of expected credit losses and risk-based substantive audit procedures.</p> <p>Our procedures over internal controls focused on the governance over the process controls around the ECL methodology, completeness and accuracy of credit facilities data used in the expected loss models, management review of outcomes, management validation and approval processes, the assignment of borrowers classification, consistency of application of accounting of accounting policies and the process for calculating allowances.</p> <p>The primary procedures which we performed to address this key audit matter included, but were not limited to, the following:</p> <p>For a risk-based sample of individual loans, we performed a detailed credit review, assessed the information for evaluating the creditworthiness and staging classification of individual borrowers and challenged the assumptions underlying the expected credit loss allowance calculations, such as the validation of the exposure at default at year-end, collateral valuations and estimates of recovery as well as considered the consistency of the Bank's application of its impairment policy</p>

Deloitte.

Credit exposures granted directly to the Jordanian Government as well as credit exposures guaranteed by the Jordanian Government are excluded from the determination of the allowance for expected credit losses. In addition, expected credit losses are also adjusted to take into consideration any special arrangements with the Central Bank of Jordan.

The recognition of specific allowances on impaired facilities under the CBJ instructions is based on the rules prescribed by the CBJ on the minimum allowances to be recognized, together with any additional allowances to be recognized based on management's estimate of expected cash flows related to those credit facilities.

In calculating expected credit losses, the Bank considered credit quality indicators for each loan and portfolio, stratified financing by risk grades and estimated losses for each facility based upon their nature and risk profile.

Auditing these complex judgements and assumptions involves especially challenging auditor judgement due to the nature and extent of audit evidence and effort required to address these matters and therefore this item is considered to be a key audit matter.

Refer to note 8, and 13 in the consolidated financial statements for more information relating to this matter.

We evaluated controls over approval, accuracy and completeness of impairment allowances and governance controls, including assessing key management and committee meetings that form part of the approval process for credit impairment allowances.

For credit facilities not assessed individually, we evaluated controls over the modelling process, including model monitoring, validation and approval.

We tested controls over model outputs and the mathematical accuracy and computation of the expected credit losses by re-performing or independently calculating elements of the expected credit losses based on relevant source documents with the involvement of our internal specialists.

We challenged key assumptions, inspected the calculation methodology and challenged the ECL amount of the total portfolio. We evaluated key assumptions such as thresholds used to determine SICR and the scenario weights.

We evaluated post-model adjustments and management overlays in the context of key model and data limitations identified by the Bank in order to assess these adjustments, focusing on PD and LGD used for corporate loans and challenged their rationale and we determined if the amount recorded as the allowance for expected credit losses was determined in accordance with the Financial Accounting Standards issued by AAOIFI as modified by the Central Bank of Jordan.

We assessed the disclosure in the consolidated financial statements relating to this matter against the requirements of the Financial Accounting Standards issued by AAOIFI.

2 - IT systems and controls related to the preparation of the consolidated financial statements

Key Audit Matter

IT systems and controls over financial reporting

We identified IT systems and controls over the Bank's financial reporting as an area of focus due to the extensive volume and variety of transactions which are processed daily by the Bank and rely on the effective operation of automated and IT dependent manual controls.

There is a risk that automated accounting procedures and related internal controls are not accurately designed and operating effectively. In particular, the incorporated relevant controls are essential to limit the potential for fraud and error as a result of change to an application or underlying data.

How the key audit matter was addressed

Our audit approach relies on automated controls and therefore the following procedures were designed to test access and control over IT systems:

We obtained an understanding of the applications relevant to financial reporting and the infrastructure supporting these applications.

We tested IT general controls relevant to automated controls and computer-generated information covering access security, program changes, data center and network operations.

We examined computer generated information used in financial reports from relevant applications and key controls over their report logics.

We performed testing on the key automated controls on significant IT systems relevant to business processes.

Other Information included in the Group's Annual Report for the Year 2023

Other information consists of the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon. The Board of Directors is responsible for other information. We expect that the annual report will be made available to us after the date of our audit report. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance or conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information when its available to us 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.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

These consolidated financial statements and the Group's undertaking to operate in accordance with the Islamic Shari'ah rules and Principles are the responsibility of the Group's Board of Directors.

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with FAS issued by the AAOIFI as adopted by the Central Bank of Jordan and for such internal control as the Group's Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the 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 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 the ASIFIs issued by the AAOIFI 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 ASIFIs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management 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 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 and appropriate audit evidence regarding the consolidated financial information of the entities or business activities within the Group "Bank and its subsidiary" express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and implementation of the Group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and have communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguard applied.

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

Report on Other Legal and Regulatory Requirements

The Group maintains proper books of accounts, which are in agreement with the consolidated financial statements. We recommend that the shareholders approve the consolidated financial statements.

**Amman – The Hashemite Kingdom of Jordan
February 18, 2024**


Deloitte & Touche (M.E.) - Jordan
Deloitte & Touche (M.E.)
ديلويت أند توش (الشرق الأوسط)
010105

Safwa Islamic Bank
(A Public Shareholding Limited Company)
Amman-The Hashemite Kingdom of Jordan
Consolidated Statement of Financial Position

Statement «A»

	Note	31 December	
		2023	2022
		JD	JD
Assets			
Cash and balances at the Central Bank	4	255,949,654	203,295,535
Balances at banks and the financial institutions	5	26,513,323	13,551,162
International wakala investments-net	6	85,131,319	63,141,396
Financial assets at fair value through profit or loss	7	-	35,143
Deferred sales receivables and other receivables-net	8	1,287,370,515	1,316,974,157
Financial assets at fair value through shareholders' equity -self financed	9	508,000	235,000
Financial assets at fair value through unrestricted investment accounts' holders equity-net	10	452,088,535	272,659,187
Financial assets at amortized cost -net	11	-	37,313,000
Investment in associate	12	349,622	345,954
Ijara Muntahia Bittamleek assets-net	13	695,772,768	613,299,772
Qard Hasan-Net	Statement "E"	34,380,739	6,780,358
Property and equipment-net	14	20,750,849	21,286,068
Intangible assets - net	15	1,697,221	2,002,476
Right of use assets	48/A	10,188,361	10,017,830
Deferred tax assets	21/C.	12,225,792	8,268,512
Other assets	16	46,056,778	14,911,705
Total Assets		2,928,983,476	2,584,117,255
Liabilities, Unrestricted Investment Accounts Holders' and Shareholders' Equity			
Liabilities			
Banks and financial Institutions accounts	17	23,144,067	17,989,093
Customers' current accounts	18	319,719,876	299,878,280
Cash margins	19	95,274,911	42,900,132
Income tax provision	21/A	11,919,750	8,746,097
Other provisions	20	163,719	440,000
Lease liabilities	48/B	10,295,338	10,044,519
Other liabilities	22	82,999,447	57,997,365
Total Liabilities		543,517,108	437,995,486
Unrestricted Investment Accounts Holders' Equity			
Unrestricted investment accounts	23	2,196,527,695	1,975,334,213
Fair value reserve	24/B	(371,067)	(1,016,785)
Total Unrestricted Investment Accounts Holders' Equity		2,196,156,628	1,974,317,428
Shareholders' Equity			
Paid up capital	25	100,000,000	100,000,000
Statutory reserve	27	35,041,275	32,208,887
Fair value reserve - Self	24/A	(25,069)	14,593
Retained earnings	28	54,293,534	39,580,861
Total Shareholders' Equity		189,309,740	171,804,341
Total Liabilities, Unrestricted Investment Accounts Holders' and Shareholders' Equity		2,928,983,476	2,584,117,255
Wakala Investments accounts	Statement "F"	-	730,737

The accompanying notes are part of these consolidated financial statements and should be read with them and with the accompanying audit report.

Safwa Islamic Bank
(A Public Shareholding Limited Company)
Amman-The Hashemite Kingdom of Jordan
Consolidated Statement of Profit or loss and Comprehensive Income

Statement "B"

	Note	For the year ended 31 December	
		2023	2022
		JD	JD
Deferred sales revenue	29	87,953,644	71,473,780
Ijara Muntahia Bittamleek assets revenue	30	54,229,528	39,909,620
Gains from International wakala investments	31	4,204,173	1,279,221
Gains from financial assets at fair value through unrestricted investment accounts' holders equity	32	13,708,385	5,843,745
Gains (Losses) from financial assets at fair value through profit or loss	33	36,857	(11,732)
Gains from financial assets at amortized cost	34	1,336,449	2,281,432
Net share of joint funds from profits of associate company	12	3,668	8,496
(Losses) from foreign currencies evaluation	35	(9,426)	(152,393)
Other revenue - jointly financed -net		1,625,711	1,490,758
Total unrestricted investment revenue		163,088,989	122,122,927
Deposit Insurance fees - jointly financed accounts		(2,730,754)	(2,390,379)
Share of unrestricted investment accounts holders'	36	(94,233,978)	(63,214,784)
Expected credit losses on jointly items	6 & 8 & 10 & 22	(15,513,624)	(11,904,950)
Bank's share of unrestricted investments revenue as a mudarib and rab - mal	37	50,610,633	44,612,814
Bank's self financed revenue	38	915,049	773,949
Banks share from the restricted investments revenue as agent (wakeel)	39	64,588	95,577
Gain from foreign currencies	40	2,240,008	1,568,168
Banking services revenue - Net	41	8,510,484	8,613,592
Other revenue	42	33,469	16,563
Deposit Insurance fees - self financed		(1,735,944)	(1,623,164)
Gross Income		60,638,287	54,057,499
Employees' expenses	43	(16,955,550)	(15,384,277)
Depreciation and amortization	14 & 15	(3,151,714)	(3,152,976)
Depreciation of Ijara muntahia bittamleek assets- self financed	30	(520,533)	(425,348)
Expected credit losses on - self items	8 & 22 & Statements "E"	(393,565)	(122,890)
Depreciation of right of use assets	48	(1,736,700)	(1,657,348)
Finance costs / discount on lease liability	48	(357,517)	(349,169)
Rent expenses		(152,318)	(181,243)
Other expenses	44	(9,046,509)	(8,364,273)
Total expenses		(32,314,406)	(29,637,524)
Profit for the Year before tax		28,323,881	24,419,975
Income tax expense	21/B	(10,813,635)	(9,307,954)
Profit for the Year		17,510,246	15,112,021
Comprehensive income items			
Items after tax that will not be reclassified subsequently to the consolidated statement of profit or loss :			
Add: other comprehensive Income items after tax :			
Gains from sale of financial assets at fair value through shareholders' equity-self financed		34,815	-
Net change in fair value reserve for financial assets		(39,662)	14,593
Total comprehensive income for the year		17,505,399	15,126,614
		JD/FILS	JD/FILS
Basic and diluted earnings per share	45	0/175	0/151

The accompanying notes are part of these consolidated financial statements and should be read with them and with the accompanying audit report.

Safwa Islamic Bank
(A Public Shareholding Limited Company)
Amman-The Hashemite Kingdom of Jordan
Consolidated Statement of Changes in Shareholders' Equity

Statement "C"

	Paid up capital	Statutory reserve	Fair value reserve - Self	Retained Earnings *	Total
	JD	JD	JD	JD	JD
For the year ended 31 December 2023					
Balance as at the beginning of the year	100,000,000	32,208,887	14,593	39,580,861	171,804,341
Total comprehensive income for the year - (Statement B)	-	-	(39,662)	17,545,061	17,505,399
Transferred to reserves	-	2,832,388	-	(2,832,388)	-
Balances as at 31 December 2023	100,000,000	354,041,275	(25,069)	54,293,534	189,309,740
For the year ended 31 December 2022					
Balance as at the beginning of the year	100,000,000	29,766,889	-	32,910,838	162,677,727
Total comprehensive income for the year - (Statement B)	-	-	14,593	15,112,021	15,126,614
Distributed Dividends	-	-	-	(6,000,000)	(6,000,000)
Transferred to reserves	-	2,441,998	-	(2,441,998)	-
Balance as at 31 December 2022	100,000,000	32,208,887	14,593	39,580,861	171,804,341

- Retained earnings balance as at 31 December 2023 includes an amount of JD 887,643 (JD 793,221 as at 31 December 2022) which represents the self financed deferred tax assets and it is restricted from use in accordance with the Central Bank of Jordan instructions.

* Based on CBJ instructions no.(13/2018) that were issued on 6 June 2018 . the general banking risks reserve which was transferred to retained earnings, amounted to JD 108,397 is restricted from use without prior approval of the Central Bank of Jordan.

The accompanying notes are part of these consolidated financial statements and should be read with them and with the accompanying audit report.

Safwa Islamic Bank
(A Public Shareholding Limited Company)
Amman-The Hashemite Kingdom of Jordan
Consolidated Statement of Cash Flows

Statement "D"

	Note	For the year ended 31 December	
		2023	2022
		JD	JD
Cash Flows from Operating Activities			
Profit for the year before tax - statement "B"		28,323,881	24,419,975
Adjustments for non-cash items:			
Depreciation and amortization	14&15	3,151,714	3,152,976
Depreciation of Ijara Muntahia Bittamleek assets(self & jointly financed)	30	52,371,357	42,986,082
Depreciation of right of use assets	48	1,736,700	1,657,348
Finance costs (discount lease liabilities)	48	357,517	349,169
Unrealized (gain) of financial assets at fair value through profit or loss	33	-	(172)
Expected credit losses provision - joint	6&8&10&22	15,513,624	11,904,950
Expected credit losses provision - self	8 & 22	393,565	122,890
Provision for seized assets	16	104,944	242,123
Net share of joint funds from associate company (profits)	12	(3,668)	(8,496)
(Gain) Loss from disposal of property and equipment		(1,672)	3,460
Exclude Intangible assets	15	168	-
(Gain) from sale of seized assets against debts		(51,537)	(624,583)
Cash Flows from Operating Activities before Changes in working capital		101,896,593	84,205,722
Changes in working capital			
(Increase) decrease in assets :			
Deferred sales receivables and other receivables		14,019,250	(265,645,621)
Ijara Muntahia Bittamleek assets		(134,844,353)	(122,480,598)
Qard Hasan		(27,997,110)	(5,440,196)
Other assets		(31,490,628)	(3,101,725)
Increase (decrease) in liabilities :			
Customers' current accounts		19,841,596	9,811,512
Cash margin accounts		52,374,779	(13,224,670)
Other liabilities		24,785,711	6,527,391
Net cash flows from (used in) operating activities before income tax paid and paid from lawsuits provision		18,585,838	(309,348,185)
Income tax paid	21	(11,610,802)	(10,406,611)
Paid from lawsuits provision	20	(276,281)	-
Net cash flows from (used in) operating activities		6,698,755	(319,754,796)
Cash Flows from Investing Activities			
Net sale of financial assets at fair value through profit or loss		35,143	1,530,323
Net (purchase) of financial assets at fair value through shareholders' equity -self financed		(264,307)	(220,407)
Net (purchase) of financial assets at fair value through unrestricted investment accounts holders		(216,120,829)	(154,029,050)
Maturity/net sales and disposal of financial assets at fair value through unrestricted investment accounts holders		37,420,516	44,634,201
Maturity of financial assets at amortized cost- Net	11	37,313,000	27,439,000
Cash dividends from associate company	12	-	6,250
(Purchase) of intangibles assets	15	(500,330)	(875,719)
(Purchase) of property and equipment & payments on purchase of property, equipment and projects under progress	14	(1,819,622)	(1,326,051)
Proceeds from sale of property and equipment		10,216	9,568
Proceeds from sale of assets seized by the bank against debts		292,148	1,595,100
Decrease (Increase) in International Wakala Investments		(21,782,937)	23,261,391
Net cash flows (used in) investing activities		(165,417,002)	(57,975,394)
Cash Flows from Financing Activities			
Increase in unrestricted investment 'holders equity		221,193,482	234,007,603
Paid of Lease liability	48	(2,013,929)	(1,955,114)
(Profits) distributed to shareholders		-	(5,881,272)
Net cash flows generated by financing activities		219,179,553	226,171,217
Net Increase (Decrease) in cash and cash equivalents		60,461,306	(151,558,973)
Cash and cash equivalents at the beginning of the year		198,857,604	350,416,577
Cash and cash equivalents at the end of the year	46	259,318,910	198,857,604
Non-cash transactions:			
Transfer to property and equipment from installments to purchase property, equipment and projects in progress	14	628,485	594,373
Financing transferred to off statement of financial position or bad debts	8	12,114,982	-

The accompanying notes are part of these consolidated financial statements and should be read with them and with the accompanying audit report.

Safwa Islamic Bank
(A Public Shareholding Limited Company)
Amman-The Hashemite Kingdom of Jordan
Statement Of Sources And Uses Of Al-Qard Al-Hasan Fund

Statement "E"

	31 December	
	2023	2022
	JD	JD
Balance at the beginning of the year	4,240,493	1,279,581
Sources of the fund from :		
Shareholders' equity	(12,780,208)	(12,596,708)
Total Sources of the fund during the year	(12,780,208)	(12,596,708)
Uses of the fund on :		
Companies	42,691,704	15,526,344
Employees	69,825	31,276
Total uses during the year	42,761,529	15,557,620
Gross balance	34,221,814	4,240,493
Add: exposed accounts	1,035,074	3,019,285
Less : Expected credit losses provision	(876,149)	(479,420)
Balance at the end of the year - Net	34,380,739	6,780,358

Safwa Islamic Bank
(A Public Shareholding Limited Company)
Amman-The Hashemite Kingdom of Jordan
Consolidated Statement of Changes in Restricted Wakala Accounts

Statement "F"

	Note	Local Murabaha	Total
		JD	JD
For the Year ended 31 December 2023			
Beginning balance of the year		730,737	730,737
Add: Deposits		-	-
Less: Withdrawals		(730,737)	(730,737)
Add: Investments' gains	39	1,338,292	1,338,292
Less: Banks share as agent (wakeel)	39	(64,588)	(64,588)
Less: Muwakel's share	39	(1,273,704)	(1,273,704)
Investments at the end of year		-	-
Deferred revenue		-	-
Suspended revenue		-	-
Balance as at 31 December 2023		-	-
For the Year ended 31 December 2022			
Beginning balance of the year		4,288,847	4,288,847
Add: Deposits		1,694,227	1,694,227
Less: Withdrawals		(5,252,337)	(5,252,337)
Add: Investments' gains	39	1,272,942	1,272,942
Less: Banks share as agent (wakeel)	39	(95,577)	(95,577)
Less: Muwakel's share	39	(1,177,365)	(1,177,365)
Investments at the end of year		730,737	730,737
Deferred revenue		48,722	48,722
Suspended revenue		-	-
Balance as at 31 December 2022		48,722	48,722

SAFWA ISLAMIC BANK
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN-THE HASHEMITE KINGDOM OF JORDAN
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(1) GENERAL

Safwa Islamic Bank (the "Bank") is a public shareholding company licensed by the Central Bank of Jordan to practice and provide Islamic business and banking services in accordance with the Banking Law and the Companies Law.

The Bank provides all financial banking and structured investment services on a non-Interest basis in accordance with Islamic shari'a through the Bank's head office and its forty branches within the Kingdom and its subsidiary, in accordance with the effective Banking Law.

The authorized and paid-up capital of the bank is 100 million dinars, per 100 million shares, with a nominal value of one dinar per share.

EtiHAD Islamic Investment Company owns 62.37% of the Bank's capital.

The consolidated financial statements were approved by the Bank's Board of Directors in their meeting No. (1/2024) held on 4 February 2024, are subject to the approval of the General Assembly of Shareholders.

The consolidated financial statements were read and reviewed by the Bank's Sharia Supervisory Board, in their meeting No. (1/2024) held on 1 February 2024, and the board issued its shari'ah report thereon.

(2) SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation of the Consolidated Financial Statements

The consolidated financial statements of the Bank have been prepared according to the financial accounting standards issued by The Accounting and Auditing Organization for Islamic Financial Institutions as adopted by the Central Bank of Jordan.

The standards issued by the International Accounting Standards Board and the interpretations issued by the International Financial Reporting Interpretations Committee are applied in the absence of standards issued by The Accounting and Auditing Organization for Islamic Financial Institutions and will be replaced later by Standards when the new standards are issued.

The basic differences between the Islamic accounting standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions as they must be applied and what has been approved by the Central Bank of Jordan are as follows:

First: Provisions for expected credit losses are made in accordance with FAS (30) issued by the Organization for Islamic Financial Institutions and according to the instructions of the Central Bank of Jordan, whichever is stricter, the major differences are as follows:

Sukuk issued or guaranteed by the Jordanian government are excluded In addition to any other credit exposures with the Jordanian government or its guarantee, so that credit exposures are addressed to the Jordanian government and guaranteed without credit losses.

When calculating credit losses against credit exposures, the results are compared according to FAS (30) issued by Organization for Islamic Financial Institutions with the instructions of the Central Bank of Jordan No. (47/2009) dated 10 December 2009 for each stage separately. The strictest result is selected, In addition, in some special cases, the Central Bank of Jordan approves special arrangements for calculating and recording a provision for expected credit losses to financing customers over a specified period.

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

Second: Assets seized by the bank against debts are disclosed in the consolidated statement of financial position in the other asset, and recorded using the acquisition value or fair value, whichever is lower, and they are reevaluated individually at the date of the consolidated financial statements, and any impairment in value is taken to the consolidated statement of profit or loss; any increase is not recorded as revenue. Subsequent increase in fair value is recorded in the consolidated statement of Profit or loss and comprehensive income to the extent that it does not exceed the value of the decrease that has been previously recorded. Also, a progressive provision was recorded for the assets seized against debts, according to the Circular of the Central Bank of Jordan No. 10/3/13246 dated on 2 September 2021 as (5%) of the total book values of these properties starting from the year 2022 so as to achieve the required percentage of (50%) for these properties by the end of the year 2030, On October 10, 2022, a subsequent circular was issued by the Central Bank of Jordan canceling the calculation of provisions against expropriated real estate in violation, with an emphasis on the need to maintain the allocations against real estate in violation of Banking Law, provisions be released against any of the real estate that is disposed.

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

The separation between what belongs to the Shareholders' equity and what belongs to the unrestricted investment accounts holders has been taken into consideration unrestricted investment accounts mean joint investment accounts wherever they are mentioned.

The consolidated financial statements are prepared on historical cost basis except for the financial assets at fair value through statement of Profit or loss, financial assets at fair value through unrestricted investment accounts ' holders equity and financial assets at fair value through shareholders' equity that have been measured at fair value.

Basis of Consolidation of the Financial Statements

The Consolidated financial statements comprise of the financial statements of the Bank and its subsidiary which is financed by the Bank's Self Funds where the Bank has control to govern the operational and financial policies of the entity to obtain benefits from their activities. All intra-company balances, transactions, revenues, expenses and off-balance sheet items between the Bank and its subsidiary are eliminated.

The financial statements of the subsidiary are prepared for the same reporting period as the group, using same accounting policies used by the group. If the subsidiary uses different accounting policies than those used by the group, the necessary adjustments are made to the financial statements of the subsidiary to comply to the accounting policies adopted by the group.

The subsidiary owned by the Bank as at 31 December 2023 is as follows:

Company name	Paid up Capital (JD)	Source of Funding	Ownership %	Company Main Activity	Operation location	Acquisition Date
Misc for Financial Brokerage Company	2,000,000	Self	100%	Brokerage	Amman	2011

The results of the operations of the subsidiary are consolidated in the consolidated statement of Profit or loss and comprehensive income from the date of its acquisition, which is the date on which the bank's control is effectively transferred to its subsidiary, and the results of the operations of the subsidiary that were disposed of are consolidated in the consolidated statement of Profit or loss and comprehensive income until the date of disposal, which is the date in which the bank loses control of its subsidiary.

When preparing the separate financial statements for the Bank as an independent entity, investments in subsidiaries are shown at cost or net proceeds value in case of liquidation.

Control is achieved when the Bank: -

- Has the ability to control the investee.
- Is subject to variable returns or has the right to variable returns arising from its association with the investee; and
- Has the ability to use its power to influence the returns of the investee.

The Bank re-assesses whether it controls the investee companies or whether the facts and circumstances indicate that there are changes to one or more control check points referred to above.

If the voting rights of the Bank are less than the majority of voting rights in any of the investee companies, it shall have the power to control when the voting rights suffice to grant the Bank the ability to direct the activities of the related subsidiary unilaterally. The Bank takes into consideration all the facts and circumstances when assessing whether the Bank has voting rights in the investee so as to grant it the ability to control or not. Among these facts and circumstances are the following:

- The volume of voting rights owned by the Bank in relation to the volume and distribution of other voting right;
- Potential voting rights held by the Bank and any other voting rights holders or third parties;
- Rights arising from other contractual arrangements;
- Any additional facts and circumstances indicating that the Bank has or does not have current responsibility for directing relevant activities at the time of making the required decisions, including how to vote at previous General Assembly meetings.

When the Bank loses control over any of its subsidiaries, the Bank:

- Derecognizes the assets of the subsidiary (including goodwill) and liabilities;
- Derecognizes the carrying amount of any uncontrolled interest;
- Derecognizes the cumulative transfer differences recognized in equity;
- Derecognizes the fair value of the consideration received;
- Derecognizes the fair value of any investment held;
- Derecognizes the surplus or deficit in the statement of Profit or loss.
- Reclassifies the equity of the previously restricted bank in other comprehensive income to the statement of Profit or loss or retained earnings, as appropriate.

Non-controlling interests represent the portion not owned by the Bank in the equity of the subsidiaries.

Changes in accounting policies

The accounting policies followed in the preparation of the consolidated financial statements are consistent with those followed in the preparation of the consolidated financial statements for the year ended 31 December 2022, with the exception of the new standard No. 39 issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) set out below, which becomes effective on January 1, 2023 and had no impact on the Bank's consolidated financial statements:

-Financial Accounting Standard No. 39 "Financial Reporting on Zakat" This standard improves and replaces the previously issued Financial Accounting Standard 9 "Zakat".

This standard aims to specify the accounting treatment of Zakat in the records of Islamic financial institutions, including presentation and disclosure in their financial statements.

The standard describes the applicable financial reporting principles based on the obligation of Islamic financial institutions to pay zakat. Additionally, if an Islamic financial institution is not required by law or its founding charter to pay zakat, it must still determine and disclose the amount of zakat due for the benefit of the various stakeholders.

This standard becomes effective on 1 Jan 2023 and had no material impact on the consolidated financial statements for the year ended 31 December 2023.

Segments information

A business is a group of assets and operations that jointly engage in the rendering of products or services subject to risks and rewards different from those of other business segments, and which are measured according to reports used by the chief executive officer and the main decision maker of the Bank.

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

The basis for the distribution of joint investment profits between shareholders' equity and holders of joint investment accounts

The combined return on investment of equity holders and holders of joint investment accounts for the year 2023 was distributed as follows:

	Percentage
Share of joint investment account holders	65%
Share of shareholders' equity	35%

The Joint Investment Accounts shall participate in the results of the investment profits, and shall be distributed to the depositors each according to their participation rate, taking into consideration the weights of the concerned joint investment accounts and the terms of the account signed between the Bank and the depositor.

The weights of the joint investment accounts are as follows:

- From 20% to 50% of the lowest balance of savings accounts in Jordanian Dinars.
- From 14% to 33% of the lowest balance of savings accounts in foreign currencies.
- From 58% to 97% of the average balance of term accounts in Jordanian Dinars.
- From 18% to 61% of the average balance of foreign currency term accounts.
- 90% of average the balance of the accounts of the investment certificates of deposit in Jordanian Dinars.
- From 80% to 85% of the average balance of the certificates of deposit in foreign currencies.

The Bank shall bear all administrative expenses except for the advertising and marketing expenses of the products. The insurance expenses of the Ijarah Muntahia Bittamleek assets are incurred in the joint investment pool.

The Bank combines (mixes) its funds and any other funds (which were not received by the Bank on the basis of Mudaraba contract) in the Joint Investment Accounts.

Priority Investment / Equal Investment Opportunities and Profit Sharing:

The principle of equal investment opportunities is applied to the shareholders' funds and the funds of the investment account holders in the joint Mudaraba. The Bank's own investments are presented in separate accounts from investments through the rights of the Joint Investment Accounts holders' equity.

Moreover, the joint investment accounts shall share in the results of the investment profits, which shall distribute to the holders of the joint investment accounts according to their participation rate, taking into account the weights of the respective investment accounts concerned and the terms of the account signed between the Bank and the depositor.

The weighting of the joint investment accounts proposed by the Bank's management is approved by the Bank's Shari'ah Supervisory Board.

Zakat

Zakat is the responsibility of the shareholders and unrestricted investment accounts holders. In this regard, the Bank is not directly and explicitly authorized to expend it, nor is there a law for its collection. In addition, the Bank's Articles of Association do not prescribe it, nor the General Assembly's decisions do not specify it. There is no related authorization by the shareholders either. Therefore, the shareholders and the unrestricted investment accounts holder shall pay zakat on their shares and funds if the Shari'ah conditions and rules are fulfilled.

Revenue, gains, expenses and losses in violation of Islamic Shari'ah

The sums devolved to the bank from sources or by means that are inconsistent with the provisions and principles of Islamic Sharia are set aside to the charity account within the other credit balances in the consolidated balance sheet, to be disbursed for charitable causes in accordance with what is decided by the Sharia supervisory board in the bank.

Deferred sales receivable

Murabaha contracts:

Murabaha: is the sale of an item at the same price at which the seller bought it plus an agreed profit margin based on a certain percentage of the price or a lump sum, which is one of the sales of the trust on which the purchase price or cost is based.

Murabaha to the purchase order: it is the sale of an asset by the Bank to its client (the purchase order) with a specific increase in the asset's price or cost after determining the increase (Murabaha profit in the promise).

The Bank applies the principle of making the promise in Murabaha transactions to the buying manager in accordance with the standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions.

Deferred sales revenue is recognized when the transaction is executed (which paid in one installment after the current financial period or paid in installments over subsequent financial periods). Revenue is allocated to future financial periods for each period, irrespective of whether cash has been paid or not.

Deferred sales receivables are recognized when they occur at their nominal value and are measured at the end of the financial period on the basis of net realizable value.

At the end of the financial period, finance assets are carried at cost or at the expected recoverable cash value, whichever is lower.

Deferred sales revenue which was granted to non-performing customers is suspended in accordance with the instructions of the Central Bank of Jordan.

Deferred sales receivable and funds financed from the joint investment accounts are written off in case of the measures taken to collect them are ineffective which will be written off against the joint provisions and suspended profits (if any), the proceeds from the joint provisions (if any) previously written off are transferred to the common pool profits (presented in the Consolidated Statement of Profit or loss and Comprehensive Income). On the other hand, deferred sales receivable and financing from the Bank's self-funds for which there is an impairment provision are written off in case the measures for their collection are ineffective. In this respect, they are deducted from the self-provisions and suspended profits (if any), and any provision surplus is transferred to the consolidated statement of Profit or loss and comprehensive income / Prior funding is written off to income, any shortage will be recorded on the consolidated statement of profit or loss and comprehensive income.

Financial instruments

Initial recognition and measurement:

Financial assets and liabilities are recognized in the Bank's consolidated statement of financial position when the Bank becomes a party to the contractual provisions of the instrument. Moreover, funds are recognized to customers since they are credited to the customer's accounts.

Financial assets and financial liabilities are measured initially at fair value, transaction costs directly attributable to the acquisition or issuance of financial assets and liabilities, and are added to the fair value of the financial asset or financial liability or, where appropriate, deducted from the financial asset at initial recognition. Furthermore, transaction costs directly attributable to the

acquisition of financial assets or financial liabilities at fair value through Profit or loss are recognized directly in the consolidated statement of Profit or loss.

Financial assets

Initial recognition and measurement:

All financial assets are recognized on the trade date when the purchase or sale of a financial asset under a contract that requires the delivery of the financial asset within a time frame determined by the relevant market and is initially measured at fair value plus transaction costs except for those financial assets designated at fair value through Profit or loss. Transaction costs directly attributable to the acquisition of financial assets designated at fair value through Profit or loss are recognized in the Consolidated Statement of Profit or loss.

Subsequent measurement:

The measurement of all recognized financial assets that fall within the scope of AAOIFI (33) is subsequently carried at amortized cost or fair value based on the entity's business model for managing financial assets and contractual cash flow characteristics of financial assets.

Specifically:

- Finance instruments held in a business model intended to collect contractual cash flows that have contractual cash flows and are subsequently measured at amortized cost; and
- All other financing instruments, such as:
 - Financial assets managed on a fair value basis through the unrestricted investment account holders are measured at fair value through the rights of the joint investment holder's equity.
 - Financial assets at fair value through shareholders equity are subsequently measured at fair value through other statement of comprehensive income.
 - Financial assets at fair value through the statement of Profit or loss are subsequently measured at fair value through the statement of Profit or loss.

Evaluation of the business model

An assessment of the business model for managing the financial assets is essential for their classification. The Bank defines a business model at a level that reflects how the groups of financial assets are managed together to achieve a particular business objective. Moreover, the Bank's business model does not rely on management intentions in relation to an individual instrument, and therefore the business model is assessed at a group level and not on an instrument-by-instrument basis.

The Bank adopts a business model to manage its financial instruments that reflects how the Bank manages its financial assets in order to generate cash flows. In addition, the Bank's business model determines whether cash flows will result from the collection of contractual cash flows or the sale of financial assets or both.

The Bank also takes into consideration all relevant information available when conducting an evaluation of the business model. However, this assessment is not made on the basis of scenarios that the Bank does not reasonably expect, such as the so-called "worst case" or "stress" scenarios. Furthermore, the Bank takes into account all relevant evidence available, such as:

- The stated policies and objectives of the portfolio and the application of those policies whether the management strategy focuses on obtaining contractual revenues, maintaining a specific profit rate, matching the period of financial assets with the period of financial liabilities that finance those assets, or achieving cash flows through the sale of assets;
- How to evaluate the performance of the business model and financial assets held in this business model and to report to key management personnel;
- Risks affecting the performance of the business model (and the financial assets of that model), in particular, the manner in which such risks are managed; and
- How to compensate business managers (for example, whether Remuneration is based on the fair value of the assets managed or on the contractual cash flows received).

Upon initial recognition of a financial instrument, the Bank determines whether the newly recognized financial asset is part of its existing business model or whether it reflects the beginning of a new business model. In this respect, the Bank evaluates its business model for each reporting period to determine whether the business model needs to be changed from the prior period.

When the instruments measured at fair value through shareholders equity-self are derecognized, the cumulative gain / loss previously recognized in other comprehensive income in shareholders equity is reclassified to the consolidated statement of Profit or loss. On the other hand, for equity investments measured at fair value through shareholders' equity, the cumulative gain / loss previously recognized in other comprehensive income is not subsequently reclassified to the consolidated statement of Profit or loss but transferred directly to shareholders' equity.

In respect of Sukuk and equity instruments within joint investments, when these financial assets are derecognized which are measured at fair value through the unrestricted investment account holders, the cumulative gain / loss previously recognized in the fair value reserve - joint in the unrestricted investment account holder's equity is reclassified to the consolidated statement

of Profit or loss and comprehensive income.

Sukuk subsequently measured at amortized cost or at fair value are subjected to the impairment test.

Reclassification

If the business model in which the Bank retains financial assets is reclassified, the financial assets that have been affected are reclassified. The classification and measurement requirements relating to the new class are effective from the first day of the first reporting period after the change in the business model resulting in the reclassification of the Bank's financial assets. Moreover, the changes in contractual cash flows are considered. The accounting policy framework for the adjustment and disposal of financial assets is described below:

Financial assets at fair value through the statement of Profit or loss

Financial assets at fair value through the statement of Profit or loss are:

- Assets with contractual cash flows that are not payments on assets and returns on the principal outstanding amount; and / or
- Assets held in a business model other than those held to collect contractual cash flows or held for collection and sale; or.

These assets are measured at fair value any gain/loss arising on remeasurement recognized in the consolidated statement of Profit or loss and comprehensive income.

Financial assets at fair value through shareholders' equity-self financed.

These assets represent investments in equity instruments and sukuk instruments financed from the Bank's own funds for the purpose of maintaining them over the long term.

These assets are recognized at fair value, plus acquisition costs, and subsequently revalued at fair value. The change in fair value is included in the fair value reserve under shareholders' equity.

In case of sale of these assets or part thereof, the resulting gain or loss is recognized in retained earnings within shareholders' equity.

Gains and losses arising from foreign exchange differences on these assets, if any, are recognized in the fair value reserve in shareholders' equity- self financed.

Financial assets at fair value through unrestricted investment account holders' equity

These assets represent investments in equity and (Sukuk) instruments financed from the joint investment accounts for the purpose of maintaining them over the long term.

These assets are recognized at fair value, plus acquisition costs, and are subsequently revaluated at fair value. The change in fair value under fair value reserve is shown in the unrestricted investment account holders' equity.

The impairment loss previously recognized in the consolidated statement of Profit or loss and comprehensive income can be reversed if it is objectively determined that the increase in fair value occurred in a subsequent period to record impairment losses through the fair value reserve that is reflected in the unrestricted investment accounts.

As the unrestricted investment accounts on a continuous joint Mudaraba basis are characterized by a discontinuity at the beginning and end of the deposits in the accounts, the profit of the deferred operations over subsequent periods is distributed over the entire term of maturity and proportionality with each period.

Gains and losses arising from the foreign currency translation differences of these assets, if any, are recognized in the fair value reserve within unrestricted investment accounts holders' equity.

Financial assets for which fair value cannot be reliably measured are stated at cost. Impairment test of these assets is carried out at the end of each financial period, and any impairment is recognized in the consolidated statement of Profit or loss and comprehensive income. And the impairment loss can't be retrieved on subsequent periods.

Financial assets at amortized cost

These are the financial assets that the Bank's management, in accordance with its business model, intends to maintain to collect contractual cash flows that represent fixed or determinable payments to the capital and profits of such assets.

These assets are recognized at cost, plus acquisition costs, and are revalued at the end of the current period using the effective profit rate method. Moreover, any gain or loss arising from amortization is recognized in the consolidated statement of Profit or loss and comprehensive income. Additionally, any expected credit losses regarding self-financed instruments are recognized in the consolidated statement of Profit or loss and comprehensive income. As for joint investments, the calculated expected credit losses are recognized in the consolidated statement of Profit or loss and comprehensive income (joint investment pool).

The amount of impairment in value for these assets represents the difference between the carrying amount and the present value of the expected cash flows calculated on the basis of the original effective profit rate and any impairment provisions.

Gain and loss on sale, purchase and valuation of foreign currencies

Transactions in foreign currencies are recorded during the year at the rates prevailing at the transaction date (Trading).

The balances of financial assets and financial liabilities are translated at the average foreign exchange rates prevailing at the consolidated statement of financial position date, as announced by the Central Bank of Jordan.

In order to present the consolidated financial statements, the assets and liabilities of the Bank's foreign operations are translated at the rates of exchange prevailing at the consolidated statement of financial position date. Income is also converted at the average exchange rates for the period, unless exchange rates change significantly during that period, in which case the exchange rates on the date of the transactions are used. The exchange differences arising therefrom, if any, are recognized in the consolidated statement of Profit or loss and comprehensive income.

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

Foreign exchange gains and losses are recognized in the consolidated statement of Profit or loss and comprehensive income.

Translation differences on non-monetary assets and liabilities in foreign currencies (such as equity) are recorded in the fair value reserve self within the shareholders equity of the financial assets financed by the Bank's own funds and within the fair value reserve – joint within the unrestricted investment account holder's equity.

Lease contracts

The Bank applied the Islamic Financial Accounting Standard No. (32) "Ijara and Ijara Muntahia Bittamleek" which defines the principles relating to recognition, classification, measurement and About the different types of rent as a landlord and tenant and Ijara transactions ending with ownership.

The Bank as a lessee

The Bank recognizes the right of use assets and the lease liabilities in relation to all lease arrangements in which the bank is a lessee, except for short-term lease contracts (defined as 12-month or less lease contracts) and low value asset leases contract, and for these contracts, the bank recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease, unless another regular basis is more representative of the time pattern in which the economic benefits from the leased assets are taken advantage of.

The lease obligation is initially measured at the present value of the lease payments that were not paid on the start date of the lease, deducted using the additional financing rate.

The lease payments included in the rental obligation measurement include:

- Fixed rental payments (includes fixed pay mentsin the contract), minus receivable rental incentives
- Variable rental payments that depend on an index or rate, initially measured using the indicator or the rate at the date the contract begins;
- The amount expected to be paid by the lessee under the residual value guarantees;
- The price of the exercise of purchase options, if the tenant is reasonably certain of the exercise of the options; and
- The price of the exercise of purchase options, if the tenant is reasonably certain of the exercise of the options; and
- Paying the contract termination fines, if the lease reflects the exercise of the lease termination option.

Lease obligations are presented as a separate line item in the consolidated statement of financial position.

Lease obligations are subsequently measured by increasing the carrying amount to reflect the costs of the additional financing over the lease obligations (using the incremental cost of financing method) and by reducing the carrying amount to reflect the paid rental payments.

The lease obligations (and a similar adjustment to the related right-to-use assets) are re-measured whenever:

- The lease term has changed or there is an important event or change in the conditions that lead to a change in the exercise of the purchase option assessment, in which case the lease obligations are re-measured by deducting the adjusted lease payment using the adjusted discount rate.
- Lease payments change due to changes in an index, rate, or change in expected payments under the guaranteed residual value. In these cases, the rental obligation is remeasured by deducting the modified rental payments using an unchanged discount rate.
- The lease contract is modified and the lease agreement is not accounted for as a separate lease, in which case the lease obligation is re-measured based on the duration of the modified lease contract by deducting the modified rental payments using the adjusted discount rate at the actual price at the date of the amendment.

The right of use assets are depreciated over the life of the lease or the useful life of the asset (whichever is shorter). If the lease transfers the ownership of the underlying asset or the cost of the right of use, which reflects that the bank expects to exercise the option to purchase, then the relevant value of the right to use is depreciated over the useful life of the asset. Depreciation begins from the start date of the lease.

Right of use assets are presented as a separate line item in the consolidated statement of financial position.

The Bank applies International Accounting Standard (36) to determine whether the value of the right to use has decreased its value and any impairment losses are calculated as described in the "property and equipment" policy.

Variable rents that are not dependent on an index or rate are not included in the measurement of lease obligations and right of use assets. The related payments are recognized as an expense in the period in which the event or condition that leads to these

payments occurs and are included in the statement of Profit or loss and the comprehensive statement of income.

The Bank as a lessor

The bank enters into leases as a lessor in relation to some of its investment properties.

Lease contracts in which the bank is leased are classified as finance or operating leases. In the event that the terms of the lease contract transfer all risks and benefits of ownership to the lessee, the contract is classified as a finance lease and all other leases are classified as operating leases.

When the Bank is an intermediary lease, it represents the main lease and sub-contract as two separate contracts. The sublease contract is classified as finance or operating lease by reference to the original right of use arising from the main lease.

Lease income from operating leases is recognized on a straight-line basis over the period of the relevant lease. The initial direct costs incurred in negotiating and arranging an operating lease are added to the book value of the leased asset and are recognized on a straight-line basis over the lease term.

The amounts due from the lessee under finance leases are recognized as receivables with the amount of the company's net investment in the lease contracts. Finance lease income is allocated to accounting periods to reflect a constant periodic rate of return on the bank's existing net investment in relation to lease contracts.

When the contract includes lease components and components other than leasing, the bank applies IFRS 15 to distribute the amounts received or to be received under the contract for each component.

Investment in an associate

An associate is a company in which the Bank exercises effective influence over its financial and operating policy decisions, and which is not held for trading. In this respect, the investments in the associate are accounted for using the equity method.

Investments in the associate are included in the consolidated statement of financial position at cost, in addition to the Bank's share of changes in the net assets of the associate. Goodwill arising on investment in an associate is recognized as part of the investment account of the associate and is not amortized. The Bank's share of the associate's income is recognized in the consolidated statement of Profit or loss and comprehensive income. If there is a change in the equity of the associate, such a change is recognized in the statement of changes in shareholders' equity. Gains and losses arising from transactions between the Bank and the associate are eliminated to the extent of the Bank's interest in the associate company.

In the separate financial statements of the Bank as an independent entity, investments in the associate are stated at cost.

Ijara and Ijarah Muntahia Bittamleek

Ijara is ownership of the benefit of return and is divided into:

Operating Ijara: Ijara contracts that doesn't end with translated ownership of the leased asset of the lease.

Ijarah Muntahia Bittamleek: Ijarah which ends with the lessee owning the leased assets and taking several types as stated in the Ijara and Ijarah Muntahia Bittamleek standard No. (32) issued by the Accounting and Auditing Organization for Financial and Islamic Institutions.

Assets acquired for the purpose of leasing are measured at historical cost, including direct expenses, to make them usable. The leased assets are depreciated in accordance with the Bank's depreciation policy.

When the recoverable amount of any asset acquired for Ijara is less than its net carrying amount, the amount is reduced to the recoverable amount, and the impairment loss is recognized in the Consolidated Statement of Profit or loss and Comprehensive Income.

The income of Ijara shall be distributed in proportion to the financial periods covered by the lease contract.

Basic insurance and maintenance expenses of leased assets are recognized in the financial period in which they arise.

Transfer of assets

Any transfers of tangible and financial assets made between the assets financed from the joint investment accounts, shareholders' equity, restricted investment accounts, investment funds, conversion bases and accounting policies adopted for this purpose shall be disclosed. Disclosure shall also be made of the related financial effect, balances of any assets transferred to the beginning of the financial period, changes that occurred during the financial period, and the balance at the end of the period.

All transfers to related parties are disclosed, and description is made of the nature of the relationship, type of transactions carried out, and total value of the operations at the beginning and end of the financial period, indicating the financial implications.

The Bank's bases for asset valuation are disclosed when transfers are made.

Differences resulting from foreign currency transactions and financial implications are also disclosed.

The nature and terms of the transferred assets are disclosed as to whether they are separable, and any related provisions are disclosed as well.

The reasons and principles governing the transfer of assets between different investment accounts are disclosed.

Obligations and restrictions required by the contractual relationship between investment account holders and equity holders, if any, are disclosed.

Profit equalization reserve

This reserve is created / set up with a view to allocate appropriate and competitive rates of return to the Joint/Restricted Investment Account holders and to the shareholders in the event of exceptional circumstances and sharp fluctuations in the markets that actually make the actual profit rates less than what the holders of the Joint Investment Accounts expect. The same applies to the Bank's shareholders. This reserve is established based on the pre-approval of the Shari'ah Supervisory Board and approval of the unrestricted investment accounts holders' equity.

This reserve shall be allocated to the share of the profits of the holders of the Joint Investment Accounts holders' equity and the shareholders equity before the deduction of Mudarib's share. The balance available in the reserve account shall be invested in the aggregated joint money account. The profits from the investment shall be credited to the reserve account.

If the balance in the profit equalization reserve account is insufficient to meet the competition, the shareholders may give part of their share of profits to the holders of the joint investment accounts as a donation.

The bank abides by what is stated in the Financial Accounting Standard No. (35) "Risk Reserve" issued by the Accounting and Auditing Organization for Islamic Financial Institutions when there is a need to create/compose a profit rate reserve.

The profit equalization reserve is transferred to the shareholders and unrestricted investment accounts holders' equity each according to its share of the deduction.

Fair value of financial assets

Fair value is defined as the price at which an asset should be sold or paid to convert any of the liabilities in a structured transaction between the market participants on the measurement date, irrespective of whether the price can be realized directly or it is estimated using another valuation technique. When estimating the fair value of an asset or liability, the Bank takes into consideration, upon determining the price of any asset or liability, whether market participants are required to take these factors into account at the measurement date. The fair value for the purposes of measurement and / or disclosure is determined for these financial statements on the same basis.

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

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

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

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

Impairment of financial assets

The Bank applies the expected credit loss requirements and the amendments relating to the classification and measurement of financial instruments. The effect of the following instructions of the Central Bank of Jordan related to the application of AAOIFI (30) is recognized by recording the impact on the consolidated statement of Profit or loss and comprehensive income in respect of assets and financing (self). The expected credit losses and other provisions for jointly financed and investments, that were classified at fair value through unrestricted investment accounts holders' equity will be charged through statements of Profit or loss and comprehensive income (common pool).

The expected credit losses provisions are calculated on the following financial instruments:

- International wakala agencies
- Direct credit financing (self and joint).
- Qard Hasan (self)
- (Sukuk) within financial assets at amortized cost.
- (Sukuk) within financial assets at fair value through shareholders equity – self
- (Sukuk) within financial assets at fair value through investment account holders' equity – joint
- Off-balance sheet exposures subject to credit risk (self and joint).

No impairment loss is recognized in equity instruments.

The expected credit losses should be measured through an impairment provision equivalent of:

- The expected (12) -month credit losses, or, the expected life of the expected credit losses resulting from those default events on financial instruments that can be achieved within (12) months after the reporting date, referred to as stage one, or
- Expected life time credit loss, life of expected credit losses arising from all possible default events over the life the financial instrument referred to the stage two and stage three.

A provision for the expected credit loss over the life of a financial instrument is required if the credit risk on that instrument

increases substantially since initial recognition.

For all other financial instruments, the ECL is measured at an amount equal to the expected credit loss for a period of (12) months.

The expected credit losses are a possible weighted estimate of the present value of the credit loss. This value is 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 is expected to receive arising from the weighting of several future economic scenarios, discounted at the effective yield rate of the asset.

For unutilized limits, the expected credit losses are the difference between the present value of the difference between the contractual cash flows payable to the Bank, if the borrower withdraws the financing, and cash flows that the Bank expects to receive, if the financing is utilized; and The Bank measures the expected credit losses on an individual basis or on a collective basis for funding that shares the characteristics of similar economic risks. The measurement of the provision for loss is based on the present value of the expected cash flows of the asset using the original effective rate of return of the asset, irrespective of whether it is measured on an individual or collective basis.

Credit-impaired financial assets

The financial asset is considered to be "credit-impaired" when one or more events have an adverse effect on the estimated future cash flows of the financial asset. Credit-impaired financial assets are referred to as third stage assets. Evidence of credit impairment includes observable data on the following events:

- The debtor is facing significant financial difficulties (severe weakness in the financial statements).
- Non-compliance with contractual conditions, such as the existence of dues equal to or greater than (90) days.
- The bank amortized part of the debtor's obligations for reasons related to financial difficulties facing the debtor and his inability to pay the obligations in full on time.
- The existence of clear indicators indicating the imminent bankruptcy of the debtor.
- Lack of an active market for a financial instrument due to financial difficulties faced by the debtor (source of credit exposure/ non-cash debt instrument).

If a single event cannot be identified, instead, the combined effect of several events may cause the financial assets to turn into assets with a credit-impaired value. The Bank assesses whether there has been a decline in credit of financial instruments measured at amortized cost or fair value through comprehensive income at each reporting date. To assess whether there is credit impairment to corporate debt instruments. Furthermore, a combination of factors such as Sukuk proceeds, credit rating, and the borrower's ability to increase funding is considered.

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

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

Definition of default

The instructions of the Central Bank of Jordan are applied, where credit facilities are considered non-performing if their maturity or the maturity of one of their installments has passed for a period of time equal to or more than 90 days or there are clear indications indicating the possibility of default of credit facilities. The Bank's concept of default also includes the possibility of non-payment of Sukuk, Wakalat and international murabaha with banks and banking institutions.

The payment of due installments is followed up through the dedicated departments within a general framework and approved policies for this purpose.

When assessing whether a customer is unlikely to pay his credit obligation, the bank takes into account qualitative and quantitative indicators. Such information includes the type of asset, also the Bank uses various sources of information to assess defaults that are developed internally or obtained from external sources.

Significant increase in credit risk

The Bank monitors all financial assets, financial liabilities, 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 is a significant increase in credit risk, the Bank will measure the allowance for loss on a life-long basis rather than the expected (12) month credit loss.

The Bank does not consider financial assets with "low" credit risk at the reporting date if they have not been exposed to a significant increase in credit risk. As a result, the Bank monitors all financial assets and liabilities of financing issued and financial guarantees contracts that are subject to impairment for the significant increase in credit risk.

In assessing whether the credit risk on a financial instrument has increased substantially since initial recognition, the Bank compares the risk of default of the financial instrument at the reporting date based on the remaining maturity of the instrument

with the risk of default for the remaining maturity period at the date of the current report when the financial instrument is recognized for the first time. In the assessment process, the Bank considers both quantitative and qualitative information that is reasonable and reliable, including historical experience and future information available at no cost or undue effort, based on the Bank's historical experience and the assessment of the credit expert, including future information.

Multiple economic scenarios represent the basis for determining the probability of default on initial recognition and subsequent reporting dates. Various economic scenarios will result in a different probability of default. The weighting of the different scenarios is the basis of the weighted average probability of default that is used to determine whether the credit risk has increased significantly.

The qualitative factors that indicate a marked increase in credit risk are reflected in the probability of default models at the appropriate time. However, the Bank is still looking separately at some qualitative factors to assess whether the credit risk has increased significantly. With regard to corporate finance, there is a particular focus on the assets included in the "watch list" where exposure is included in the watch list when there are concerns about the deterioration of credit worthiness. With regard to individual financing, the Bank takes into account expectations of the non-payment periods and defaults, and signs of low credit.

Quantitative information is a key indicator of the significant increase in credit risk and is based on a change in the probability of default over a lifetime by comparing:

- The probability of remaining life-long defaults at the reporting date; and
- The probability of life-long defaults remaining at this point from the time estimated on the basis of facts and circumstances at initial recognition of exposure.

The Bank uses the same methodologies and data used to measure expected credit loss provisions.

Since the significant increase in credit risk since the initial recognition is a relative measure, a specific change, in absolute terms, in the probability of non-payment will be more important to a financial instrument with a lower initial non-payment probability compared to a financial instrument with a higher non-payment probability.

As a safety valve when an asset's maturity exceeds more than (30) days, the bank considers that a significant increase in credit risk has occurred, and the asset is in the second stage of the impairment model, meaning that the loss provision is measured as a credit loss for life expectancy.

Presentation of Provision for expected credit loss in the consolidated statement of financial position

The expected credit loss provisions are presented in the consolidated statement of financial position as follows:

For joint financial assets: as a deduction from the total value of the net assets.

Direct and indirect financing – Self: The provision for credit losses is recognized as a deduction from the balance of self-financing, and off-balance sheet items are presented in other liabilities.

Direct and indirect financing – Joint: The provision for credit losses is recognized as a deduction from the balance of joint financing, and off-balance sheet items are presented in other liabilities.

Write-off

Financial assets are derecognized when there is no reasonable expectation of recovery, such as a client's failure to participate in a payment plan with the Bank. The Bank classifies funds or amounts due to be written off after all possible payment methods have been exhausted. However, if the financing or receivables are written off, the Bank continues its enforcement activity to attempt to recover the receivable, which is recognized in the consolidated statement of Profit or loss upon recovery.

Property, plant & equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment in value. Property and equipment (excluding land) are depreciated when they are ready to be used on a straight-line basis over the estimated useful life using the following annual rates:

Item	Annual depreciation rate
Buildings	2%
Equipment, device and furniture	15%
Vehicles	15%
Computers	20%
Others	4% - 10%

Where the estimated recoverable amount of any property and equipment is less than its net carrying amount, the carrying amount of the asset and equipment is written down to its recoverable amount, and the amount of impairment is recognized in the consolidated statement of Profit or loss and comprehensive income statement.

The useful life of property and equipment is reviewed at the end of each year. If the expected useful life is different from the previous estimates, the change in estimate for subsequent years is recorded as a change in estimates.

Property and equipment are derecognized upon disposal or when no future benefits are expected to arise from its use or disposal.

Intangible assets

Intangible assets are classified on the basis of their estimated useful lives for a specified period or unspecified period. Intangible assets with a finite useful life are amortized over a period of up to four years, and the amortization is recognized in the consolidated statement of Profit or loss and comprehensive income. Intangible assets with an indefinite useful life are reviewed for impairment at the consolidated statement of financial position date, and any impairment loss is recognized in the consolidated statement of Profit or loss and comprehensive income.

Intangible assets arising from the Bank's business are not capitalized and are recognized in the consolidated statement of Profit or loss and comprehensive income for the same period.

Any indications of impairment of intangible assets are reviewed at the date of consolidated statement of financial position date. The life of the asset is reviewed, and any adjustments are made in the subsequent periods.

The amortization rate for the groups intangible assets item is as follows:

Item	Annual Amortization Percentage
Computer's systems & Softwires	20%

Seized assets by the Bank against debts

Assets seized by the bank's ownership are shown in the consolidated statement of financial position under "other assets" at the value it devolved to the bank or the fair value whichever is lower. They are re-evaluated at the date of the consolidated financial statements at fair value individually, and any decrease in its value is recorded as a loss in the consolidated statement of Profit or loss and comprehensive income and the increase is not recorded as revenue, a progressive provision is calculated for real estate according to Central Bank Circular No. 10/3/13246 of 2 September 2021, at a rate of (5%) of the total book values of those real estate as of the year 2022, so that the arrival To the required percentage (50%) of those real estate by the end of 2030, On October 10, 2022, a subsequent circular was issued by the Central Bank of Jordan cancelling the calculation of provisions against expropriated real estate in violation, with an emphasis on the need to maintain the allocations against real estate in violation of Banking Law, provisions be released against any of the real estate that is disposed.

Impairment in 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 those assets is 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 fair value of the asset - less selling costs - or the value of its use, whichever is greater.

All impairment losses are recognized in the statement of Profit or loss and comprehensive income.

Provisions

Provisions are recognized when the Bank has obligations as of the date of the consolidated statement of financial position arising from past events, and the payment of the liability is probable and can be reliably measured.

Income tax

Tax expenses represent amounts of accrued taxes and deferred taxes.

Due taxes are calculated based on taxable profits, which differ from those declared in the financial statements. In this regard, declared profits include non-taxable income or expenses not deductible in the fiscal year but deductible in subsequent years, deductible accumulated tax losses, or items not subject to tax or tax deductible.

The Bank deducts taxes and establishes a provision for income tax in accordance with Income Tax Law No. (34) of 2014 and IAS (12), which recognizes deferred taxes arising from time differences in the fair value reserve.

Deferred taxes are the taxes expected to be paid or recovered as a result of temporary timing differences between the value of the assets or liabilities in the financial statements and the amount on which the taxable profit is calculated. Deferred taxes are calculated using the method that complies with the consolidated statement of financial position, and they are calculated according to the tax rates expected to be applied when the tax liability is settled or deferred tax assets are realized. A rate of 38% was used to calculate deferred taxes for this year (35% tax rate, 3% national contribution rate), effective from 1 January 2019, to calculate deferred taxes in accordance with the Income Tax Law No. 38 of 2018. As such deferred taxes should be calculated according to the prescribed rate or expected rates for future periods.

The balance of deferred tax assets is reviewed at the date of the consolidated financial statements, and is reduced in case that it is not probable that the tax asset will be fully or partially utilized.

Deposit guarantee

On April 1, 2019, a law amending the Deposit Insurance Corporation Law was issued, which included Islamic banks under the Deposit Insurance Corporation, noting that Islamic banks were not previously covered by the law, and the amended law stipulated that deposit accounts that fall within the bank's trust (credit accounts or the like, The part that does not participate in the profits from the joint investment accounts) entails fees for guaranteeing deposits and the bank bears from its own funds. As for the joint investment accounts, the owners of the joint investment accounts bear the participation fees for these accounts.

Offsetting

Financial assets are offsetted against financial liabilities, and the net amount is recognized in the consolidated statement of financial position only when the legally binding rights are available and settled on an offsetting basis, or the asset is realized and the liability settled simultaneously.

Wakala Investment accounts

The accounts managed by the Bank are represented by Wakala within a specific program with the Central Bank of Jordan. Funds invested in the Wakala are shown off-side the consolidated statement of financial position, and the Bank's share of the Wakala (gains) is included in the consolidated statement of Profit or loss and comprehensive income.

Realization of revenues and recognition of expenses

Revenues and expenses are recognized on the accrual basis except for non-performing deferred sales revenue and financing which are recognized in the suspended revenue account.

Commission income and expenses

Commissions are recognized as income, when the related services are provided, in the consolidated statement of Profit or loss and comprehensive income. Commissions are charged in respect of banking services and financing services when they are met.

Net trading income

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

Dividend income

Dividend income is recognized when the right to receive payment is established, which is the earlier date of the earnings per share and is usually the date on which the shareholders approve the dividend for unquoted equity.

Dividend distribution in the consolidated statement of Profit or loss depends on the classification and measurement of equity investment, i.e.:

- With respect to equity instruments held for trading, dividend income is recognized in the consolidated statement of Profit or loss and comprehensive within item gain (loss) on financial assets at fair value through Profit or loss; and
- For equity instruments classified at fair value through shareholders' equity, equity is recognized in the consolidated statement of Profit or loss and comprehensive income under the Bank's self-financed revenue; and
- For equity instruments that are not classified at fair value through shareholders equity - self and not held for trading, equity gains are recognized in the consolidated statement of Profit or loss and consolidated comprehensive income under other income - self; and
- With respect to equity instruments classified at fair value through the joint investment accounts holders' equity, the income from equity is included in the consolidated statement of Profit or loss and comprehensive income under profit from financial assets at fair value through unrestricted investment account holders' equity.

Cash and cash equivalents

Cash and cash balances maturing within three months, including: cash and balances with the Central Bank, balances with banks and banking institutions, and deposits of banks and banking institutions with maturities of three months and restricted balances.

(3) Significant accounting estimated and key sources of estimation uncertainty

The preparation of the consolidated financial statements and the application of accounting policies require management to make estimates and judgments that affect the amounts of financial assets and liabilities and to disclose potential liabilities. These estimates and judgments also affect profit or loss, comprehensive income, equity and equity holders of joint investment accounts. In particular, the Bank's management is required to issue significant judgments to estimate the amounts and timing of future cash flows. These estimates are necessarily based on assumptions and multiple factors that have varying degrees of estimation and uncertainty and that the actual results may differ from the estimates as a result of changes resulting from the circumstances and circumstances of those estimates in the future.

Judgments, estimates, and assumptions are reviewed periodically. The effect of the change in estimates is recognized in the

financial period in which the change occurs if the change affects only the financial period, and the effect of the change in estimates is recognized in the financial period in which the change occurs and in future periods. In case the change affects the financial period and future financial periods.

We believe that our estimates in the consolidated financial statements are reasonable, and the estimates are summarized as follows: -

Significant Judgments in applying the bank's accounting policies

Evaluation of business model

The classification and measurement of financial assets depends on the test results of the principal amount and profit payment on the principal outstanding and the business model test. The Bank defines a business model at a level that reflects how the groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgment that reflects all relevant evidence, including how to assess the performance of the asset, measure its performance and the risks that affect the performance of the asset and how it is managed, and how the asset managers are compensated. The Bank monitors financial assets measured at amortized cost or fair value through income - equity or fair value through the rights of the holders of the joint investment that have been derecognized before maturity to understand the reasons for derecognition and whether the reasons are consistent with the objective of the business being retained. The control is part of the Group's continuous assessment of whether the business model under which the remaining financial assets are retained is appropriate, and whether it is inappropriate if there is a change in the business model and therefore a future change is made in the classification of those assets.

Significant increase in credit risk

The expected credit loss is measured as an allowance equivalent to the expected credit loss of 12 months for the assets of stage (1), or the credit loss over the life of the assets of the stage (2) and (3). The asset transferred to the stage (2) if credit risk increases significantly since initial recognition. FAS (30) issued by the Accounting and Auditing Organization for Financial and Islamic Institutions. does not specify what constitutes a significant increase in credit risk. In assessing whether the credit risk of any asset has increased significantly, the Bank takes into account reasonable and reliable quantitative and qualitative information. The estimates and uses by the Bank's management of the significant change in credit risk that result in a change in classification within the three stages (1, 2 and 3) are explained in detail in Note (49).

Establishment of groups of assets with similar credit risk characteristics

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

Models and assumptions used.

The Bank uses various models and assumptions in measuring the fair value of financial assets as well as in assessing the expected credit loss described in note (49). The judgment is applied when determining the best models for each type of asset, as well as for the assumptions used in those models, which include assumptions regarding the main drivers of credit risk.

Extension and termination options in lease contracts:

Extension and termination options are included in the number of leases, these conditions are used to increase operational flexibility in contract management. Most extension and termination options are exercisable by both the bank and the lessor when determining the duration of a lease, management takes into consideration all facts and circumstances that create an economic incentive to exercise the option of extension or not to exercise the option of termination. Extension options (or periods following termination options) are only included in the term of the lease if the lease contract is reasonably confirmed to be extended (or not terminated). An assessment is reviewed if an important event or a significant change occurs in the circumstances affecting the valuation that are under the control of the lessee.

Key sources of estimation uncertainty

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

Impairment in value of seized assets by the bank against debt

Any impairment in value of the seized assets is recorded as a loss in the consolidated statement of Profit or loss and other comprehensive income however, the increase in value is not recorded as revenue. Subsequent increase is recorded in the consolidated statement of Profit or loss and comprehensive income to the extent that it does not exceed the value of the decrease that has been previously recorded.

According to the circular Central Bank No. 10/2/13246 dated on 2 September 2021 recognizing of the required allocations against the properties acquired as (5%) of the total book values of these properties starting from the year 2022 so that achieve the required percentage amount (50%) of these properties with the end of the year 2030, On October 10, 2022, a subsequent circular was issued by the Central Bank of Jordan canceling the calculation of provisions against expropriated real estate in violation, with an emphasis on the need to maintain the allocations against real estate in violation of Banking Law, provisions be released against any of the real estate that is disposed.

The useful lives of tangible assets and intangible assets

The management periodically recalculates the useful lives of tangible assets and intangible assets for the purpose of calculating annual depreciation and amortization based on the general condition of these assets and estimated future useful lives. Moreover, impairment losses are recognized in the consolidated statement of profit or loss and comprehensive income for the year.

Income tax provision:

The income tax expense is charged to its financial year according to the accounting regulations, laws and standards. Deferred tax assets, liabilities, and required tax provision are recognized and calculated.

Legal Provisions:

A provision is taken to meet any potential legal obligations based on the legal study prepared by the Bank's legal counsel and by the Bank's legal department, which identifies the risks that may arise in the future and reviews the study periodically.

Assets that are stated at cost:

The management periodically reviews financial assets stated at cost to assess any impairment in their value, which is taken to the consolidated statement of Profit or loss and comprehensive income.

Provision for expected credit losses:

Requires management to use significant judgments and estimates to estimate the amounts and timing of future cash flows and to estimate the risks of an increase in credit risk for financial assets after initial recognition and future measurement information for expected credit losses.

Provisions against assets financed by joint investment account holders (including provisions against sales receivables and joint financing) are charged to the profit of the joint investment pool.

Where provisions for expected credit losses were formed in accordance with FAS (30) in accordance with the instructions of the Central Bank of Jordan, whichever is stricter.

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

When measuring the expected credit loss, the Bank uses reasonable and supported future information based on the assumptions of the future movement of the various economic effects and how these affect each other.

The probability of default

It is the possibility of irregular payment, where the probability of default is measured for the purposes of calculating the expected credit loss for each stage of the instructions for the implement of Financial Accounting Standard No. (30) issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) based on historical data that reflects historical default rates in addition to stress testing scenarios related to macroeconomic indicators, where the bank has developed appropriate risk exposures, also the bank has reflected the global and local economic conditions on the probability of default (Macroeconomic Adjusted PD) to be as a basis in the process of calculating expected credit losses for the purpose of precaution and conservation.

Loss given default

LGD is the magnitude of the likely loss if there is a default, which is calculated through a statistical model that analyzes historical payments of debt at the level of each portfolio. Where the loss is measured by assuming default for the purposes of calculating the expected credit loss for each of the stages according to the instructions for the implement of Financial Accounting Standard No. (30) issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) by calculating the recoverable value represented by the different guarantees (cars, real estate, cash insurance, land, machinery, equipment and vehicles) provided to the bank against the facilities granted and legally documented within the credit contracts through a conversion factor for each type of collateral, taking into account The timing of access to collateral and its conversion into cash (expected cash flow and timing).

Fair value measurement and valuation procedures

When estimating the fair value of financial assets and financial liabilities, the Bank uses available observable market data. In the absence of level (1) inputs, the Bank conducts evaluations using appropriate valuation models to determine the fair value of financial instruments.

Discount of lease payments

Lease payments are discounted using the bank's average finance cost, where the administration has applied judgments and estimates to determine the average financing costs when the lease contract begins.

(4) CASH AND BALANCES AT THE CENTRAL BANK

The details of this item are as follows:

	31 December	
	2023	2022
	JD	JD
Cash on hand	27,298,492	25,077,875
Balances at the Central Bank of Jordan:		
Current accounts	133,591,073	90,036,172
Statutory cash reserve	95,060,089	88,181,488
Total balances at the Central Bank of Jordan:	228,651,162	178,217,660
Total	255,949,654	203,295,535

- Except for the statutory cash reserve, there are no other restricted cash accounts as at 31 December 2023 and 31 December 2022.
- No provision for expected credit losses has been calculated on the balances with the Central Bank, as they are exposures to the Jordanian government.

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

	Stage 1 (individual)	Stage 1 (individual)
	for the year ended 31 December 2023	for the year ended 31 December 2022
	JD	JD
Balance at the beginning of the year	178,217,660	336,553,940
New balances during the year	50,433,502	8,140,186
Repaid balances	-	(166,476,466)
Balance at the end of the year	228,651,162	178,217,660

(5) BALANCES AT BANKS AND FINANCIAL INSTITUTIONS

The details of this item are as follows:

	Local banks and financial institutions		Foreign banks and financial institutions		Total	
	31 December		31 December		31 December	
	2023	2022	2023	2022	2023	2022
	JD	JD	JD	JD	JD	JD
Current and on -Demand accounts	1,261,566	754,210	25,251,757	12,796,952	26,513,323	13,551,162
Total	1,261,566	754,210	25,251,757	12,796,952	26,513,323	13,551,162

- There are no balances at banks and financial institutions on which the bank receives returns as at 31 December 2023 and 31 December 2022.
- There are no balances with banks and banking institutions for which the bank charges returns as on 31 December 2023 and as on 31 December 2022.
- All balances have current accounts that use the bank's operations, and there is no need for calculating financial provisions for them according to Islamic Financial Accounting Standard No. (30).

The movement on balances at banks and banking institutions is as follows:-

	Stage 1 (individual)	Stage 1 (individual)
	For the year ended 31 December 2023	For the year ended 31 December 2022
	JD	JD
Balance at the beginning of the year	13,551,162	8,293,931
New balances during the year	15,855,816	7,805,652
Repaid balances	(2,893,655)	(2,548,421)
Balance at the end of the year	26,513,323	13,551,162

(6) INTERNATIONAL WAKALA INVESTMENTS - NET

The details of this item are as follows:

	Jointly financed	
	31 December	
	2023	2022
	JD	JD
Matures:		
Within a month	40,072,224	37,005,663
From a month to three months	37,042,980	18,395,607
From three to six months	8,089,578	2,127,000
From six months to year	-	5,893,575
Total International Wakala Investments	85,204,782	63,421,845
Less: Expected credit losses for international wakala investment	(73,463)	(280,449)
Net International Wakala Investments	85,131,319	63,141,396

The movement on the gross International Wakala Investments was as follows:

Item	For the year ended 31 December 2023				For the year ended 31 December 2022
	Stage 1 (Individual)	Stage 2 (Individual)	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Balance at the beginning of the year	63,421,845	-	-	63,421,845	86,683,236
New balances and deposits during the year	85,204,782	-	-	85,204,782	63,421,845
Repaid balances and deposits	(63,421,845)	-	-	(63,421,845)	(86,683,236)
Total balance at the end of the year	85,204,782	-	-	85,204,782	63,421,845

- There are no transfers between the stages (First , second and third) or written off balances.

The movement on the gross International Wakala Investments was as follows:

Item	For the year ended 31 December 2023				For the year ended 31 December 2022
	Stage 1 (Individual)	Stage 2 (Individual)	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Balance at the beginning of the year	280,449	-	-	280,449	558,588
Impairment loss of new balances during the year	73,463	-	-	73,463	280,449
Recoverable from impairment loss on repaid balance and deposits	(280,449)	-	-	(280,449)	(558,588)
Total balance at the end of the year	73,463	-	-	73,463	280,449

(7) FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The details of this item are as follows:

	Jointly financed	
	31 December	
	2023	2022
	JD	JD
Islamic sukuk listed in financial markets	-	35,143
Total	-	35,143

(8) DEFERRED SALES RECEIVABLES AND OTHER RECEIVABLES - NET

The details of this item are as follows:

	Jointly financed		Self financed		Total	
	31 December		31 December		31 December	
	2023	2022	2023	2022	2023	2022
	JD	JD	JD	JD	JD	JD
Individuals (retail)						
Murabaha to the purchase orderer	468,912,266	422,186,379	1,837,634	1,573,351	470,749,900	423,759,730
Ijara Muntahia Bittamleek - receivables	2,333,538	445,923	-	782	2,333,538	446,705
Other receivables	8,443,484	6,502,529	20,391	26,633	8,463,875	6,529,162
Real estate financing	18,763,701	20,838,066	-	-	18,763,701	20,838,066
Ijara Muntahia Bittamleek - receivables	2,655,792	939,480	-	-	2,655,792	939,480
Corporate						
International Murabaha	2,238,029	-	-	-	2,238,029	-
Murabaha to the purchase orderer	431,091,493	524,119,481	-	-	431,091,493	524,119,481
Ijara Muntahia Bittamleek - receivables	666,410	1,821,670	-	-	666,410	1,821,670
Other receivables	-	-	112,202	324,783	112,202	324,783
Small and medium enterprises						
Murabaha to the purchase orderer	62,336,934	53,176,897	-	-	62,336,934	53,176,897
Ijara Muntahia Bittamleek - receivables	23,519	92,223	-	-	23,519	92,223
Other receivables	-	-	389,168	648,089	389,168	648,089
Government and the public sector	531,023,519	522,438,962	-	-	531,023,519	522,438,962
Total	1,528,488,685	1,552,561,610	2,359,395	2,573,638	1,530,848,080	1,555,135,248
Less: Deferred revenue	179,999,187	178,770,653	285,008	207,853	180,284,195	178,978,506
Suspended revenue	2,330,284	2,723,411	7,112	7,112	2,337,396	2,730,523
provision for Expected credit losses	60,823,719	56,409,431	32,255	42,631	60,855,974	56,452,062
Net deferred sales receivable and other receivables	1,285,335,495	1,314,658,115	2,035,020	2,316,042	1,287,370,515	1,316,974,157

- The non- performing deferred sales receivables , other receivables , facilities, Ijara Muntahia Bittamleek receivables and Qard Al-Hasan amounted to JD 45,306,142 as at 31 December 2023, representing 2.89% of deferred sales receivables, other receivables, facilities, Ijara Muntahia Bittamleek receivables and Qard Al-Hasan(JD40,904,287 as at 31 December 2022, representing 2.62% of deferred sales receivables, other receivables, facilities, Ijara Muntahia Bittamleek receivables and Qard Al-Hasan).
- The non- performing deferred sales receivables , other receivables , facilities, Ijara Muntahia Bittamleek receivables and Qard Al-Hasan amounted to JD 42,968,746 as at 31 December 2023, representing 2.75% of deferred sales receivables, other receivables, facilities, Ijara Muntahia Bittamleek receivables and Qard Al-Hasan (JD 38,173,764 as at 31 December 2022, representing 2.45% of deferred sales receivables, other receivables, facilities, Ijara Muntahia Bittamleek receivables and Qard Al-Hasan).
- The non- performing facilities transferred to off condensed consolidated financial position items, amounted to JD 12,114,982 as at 31 December 2023 , Moreover , these financing are fully covered with the suspended interests and provisions.
- The provision for impairment of the jointly financed facilities , which is calculated based on the Central Bank of Jordan's Instructions No.(47/2009) in the (under supervision) portfolio amounted to JD 1,773,195. Moreover, the provision calculated based on the individual customer (non-performing) amounted to JD 30,015,210 as at 31 December 2023 (JD 674,809 and JD 33,082,180 respectively as at 31 December 2022).
- The deferred sales receivables and other receivables and facilities granted to and guaranteed by the Government of the Hashemite Kingdom of Jordan amounted to JD 433,652,661 as at 31 December 2023 representing 27.69% of the balance of deferred sales receivables , other receivables and facilities (JD 439,496,601 as at 31 December 2022, representing 28.13% of the balance of deferred sales receivables , other receivables and facilities).

- The movement on credit financing (after deducting suspended and deferred revenue):

A- Self-financed (Deferred sales receivables and other receivables and Alqard alhassn)

Item	For the year ended at 31 December 2023						For the year ended 31 December 2022
	Stage 1		Stage 2		Stage 3	Total	Total
	individual	Collective	individual	Collective			
	JD	JD	JD	JD	JD	JD	JD
Total balance at the beginning of the year	5,599,887	1,481,471	1,042,270	474,357	1,020,466	9,618,451	5,758,407
New facilities during the year	31,691,709	937,747	2,027,775	22,813	352,609	35,032,653	6,661,282
Repaid facilities	(4,806,465)	(582,047)	(849,500)	(168,436)	(293,557)	(6,700,005)	(1,841,527)
Transfer to Stage 1	-	118,732	-	(118,732)	-	-	-
Transfer to Stage 2	-	(6)	-	274	(268)	-	-
Transfer to Stage 3	-	(11,023)	(31)	(459)	11,513	-	-
The total impact on the size of exposures as a result of changing the classification between stages	-	(24,727)	-	(184)	625	(24,286)	107,060
Changes resulting from modifications	(201,124)	(204,124)	(86,730)	(60,503)	(5,544)	(558,025)	(1,066,771)
facilities transferred to off consolidated financial position items or bad debts	-	-	-	-	(44,625)	(44,625)	-
Total balance at the end of the year	32,284,007	1,716,023	2,133,784	149,130	1,041,219	37,324,163	9,618,451

The movement of the expected credit losses provision / self financed :

Item	For the year ended at 31 December 2023						For the year ended 31 December 2022
	Corporate	Small and medium enterprises	Retail (individual)	Real estate financing	Government and the public sector	Total	Total
	JD	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	261,035	66,344	194,672	-	-	522,051	232,665
Impairment loss on new facilities during the year	516,461	19,903	36,016	-	-	572,380	274,906
Recovered from impairment loss on repaid facilities	(241,375)	(1,480)	(7,307)	-	-	(250,162)	(15,603)
Transfer to Stage 1	-	-	-	-	-	-	-
Transfer to Stage 2	-	-	-	-	-	-	-
Transfer to Stage 3	-	-	-	-	-	-	-
Effect on the provision - as at the end of the year - as a result of the change in classification between the three stages during the year	381	893	7,114	-	-	8,388	30,190
Changes resulting from modifications	(2,249)	102,539	82	-	-	100,372	(107)
facilities transferred to off consolidated financial position items or bad debts	(1,000)	(43,625)	-	-	-	(44,625)	-
Total balance at the end of the year	533,253	144,574	230,577	-	-	908,404	522,051
Redistribution:							
Provisions on an individual basis	533,253	144,441	222,317	-	-	900,011	510,381
Provisions on a collective basis	-	133	8,260	-	-	8,393	11,670

The movement on credit facilities (after deducting deferred revenue and suspended revenue) :

B- Jointly financed

Item	For the year ended at 31 December 2023						For the year ended 31 December 2022
	Stage 1		Stage 2		Stage 3	Total	Total
	individual	Collective	individual	Collective			
	JD	JD	JD	JD	JD	JD	JD
Total balance at the beginning of the period	837,893,620	372,993,674	98,730,757	24,300,135	37,149,360	1,371,067,546	1,103,841,773
New facilities during the period	103,391,570	134,813,470	5,757,871	5,673,632	451,332	250,087,875	458,485,682
Settled facilities	(45,199,909)	(34,257,294)	(19,433,163)	(4,366,854)	(512,273)	(103,769,493)	(123,541,756)
Transfer to Stage 1	7,357,405	7,812,678	(7,357,405)	(7,781,833)	(30,845)	-	-
Transfer to Stage 2	(11,353,929)	(34,669,930)	11,353,930	36,902,739	(2,232,810)	-	-
Transfer to Stage 3	(119,818)	(4,186,754)	(11,930,381)	(1,517,698)	17,754,651	-	-
The total impact on the size of exposures as a result of changing the classification between stages	2,316,228	1,474,768	1,365,854	(4,032,471)	(502,173)	622,206	(4,692,258)
Changes resulting from modifications	(102,167,577)	(52,145,110)	(5,350,366)	(1,328,226)	278,214	(160,713,065)	(63,025,895)
facilities transferred to off consolidated financial position items or bad debts	-	-	-	-	(11,135,855)	(11,135,855)	-
Total balance at the end of the period	792,117,590	391,835,502	73,137,097	47,849,424	41,219,601	1,346,159,214	1,371,067,546

The movement on expected credit losses provision / jointly financed:

Item	For the year ended at 31 December 2023						For the year ended 31 December 2022
	Corporate	Small and medium enterprises	Retail (individual)	Real estate financing	Government and the public sector	Total	Total
	JD	JD	JD	JD	JD	JD	JD
Balance at the beginning of the period	38,857,647	2,057,211	12,187,031	3,307,542	-	56,409,431	44,532,900
Impairment loss on new facilities during the period	1,246,889	53,521	1,046,596	230,846	-	2,577,852	13,717,821
Recoverable from impairment loss on settled facilities	(2,892,956)	(26,008)	(265,343)	(97,917)	-	(3,282,224)	(3,446,464)
Transfer to Stage 1	-	-	-	-	-	-	-
Transfer to Stage 2	-	-	-	-	-	-	-
Transfer to Stage 3	-	-	-	-	-	-	-
Effect on the provision as at the end of the period as a result of the change in classification between the three stages during the year	(723,092)	39,969	3,931,121	(83,592)	-	3,164,406	5,857,780
Changes resulting from modifications	5,972,275	1,022,737	3,960,137	2,134,960	-	13,090,109	(4,252,606)
facilities transferred to off consolidated financial position items or bad debts	(10,870,899)	-	(264,956)	-	-	(11,135,855)	-
Total balance at the end of the period	31,589,864	3,147,430	20,594,586	5,491,839	-	60,823,719	56,409,431
Redistribution:							
Provisions on an individual basis	31,589,864	2,626,964	-	5,485,987	-	39,702,815	43,783,042
Provisions at a collective basis	-	520,466	20,594,586	5,852	-	21,120,904	12,626,389

Suspended revenue :

The movement on suspended revenue is as follows:

	For the year ended 31 December 2023				For the year ended 31 December 2022			
	Retail (individual)	Corporate	Small and medium enterprises	Total	Retail (individual)	Corporate	Small and medium enterprises	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year (Self)	-	7,112	-	7,112	-	7,112	-	7,112
Add: suspended revenue during the year	-	-	-	-	-	-	-	-
Less: suspended revenue transferred to revenue	-	-	-	-	-	-	-	-
Balance at the end of the year (Self)	-	7,112	-	7,112	-	7,112	-	7,112
Balance at the beginning of the year (Joint)	1,225,804	1,363,282	134,325	2,723,411	984,711	1,081,696	83,177	2,149,584
Add: suspended revenue during the year	542,805	400,232	131,194	1,074,231	609,566	288,274	52,271	950,111
Less: suspended revenue transferred to revenue	299,081	218,465	15,310	532,856	368,473	6,688	1,123	376,284
Less: settled revenue transferred to off consolidated financial position items or bad debts	88,588	845,914	-	934,502	-	-	-	-
Balance at the end of the year (Joint)	1,380,940	699,135	250,209	2,330,284	1,225,804	1,363,282	134,325	2,723,411

1) Impairment loss on Credit financing - corporates:

(A) Self (Deferred sales receivables and other receivables and Qard Hassan)

The distribution of total finances according to the Bank's internal credit rating categories (After deducting deferred and suspended revenue):

Item	31 December 2023				31 December 2022
	Stage 1 (individual)	Stage 2 (individual)	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Almost risk free	13,790	-	-	13,790	-
Low risk	29,841,401	-	-	29,841,401	196,087
Normal risk	898,639	-	-	898,639	1,557,301
Acceptable risk	1,010,493	1,985,000	-	2,995,493	3,458,656
Acceptable with due care	10,024	77,868	-	87,892	2,883
Watch list	-	30,858	-	30,858	282,044
Substandard	-	-	-	-	293,333
Loss	-	-	320,684	320,684	320,704
Unrated	-	40,058	315,252	355,310	648,258
Total	31,774,347	2,133,784	635,936	34,544,067	6,759,266

The movement of financing:-

Item	For the year ended 31 December 2023				For the year ended 31 December 2022
	Stage 1 (individual)	Stage 2 (individual)	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Balance at the beginning of the year	5,090,227	1,042,270	626,769	6,759,266	1,881,296
New facilities during the year	31,691,709	2,027,775	302,035	34,021,519	5,833,273
Settled facilities	(4,806,465)	(849,500)	(292,554)	(5,948,519)	(993,852)
Transfer to Stage 1	-	-	-	-	-
Transfer to Stage 2	-	-	-	-	-
Transfer to Stage 3	-	(31)	31	-	-
The total impact on the size of exposures as a result of changing the classification between stages	-	-	351	351	266,710
Changes resulting from modifications	(201,124)	(86,730)	304	(287,550)	(228,161)
facilities transferred to off consolidated financial position items or bad debts	-	-	(1,000)	(1,000)	-
Total balance at the end of the year	31,774,347	2,133,784	635,936	34,544,067	6,759,266

The movement of impairment provision:-

Item	For the year ended 31 December 2023				For the year ended 31 December 2022
	Stage 1 (individual)	Stage 2 (individual)	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Balance at the beginning of the year	64,114	36,388	160,533	261,035	24,306
Impairment loss on new financing during the year	197,453	16,973	302,035	516,461	228,840
Recoverable from the loss of impairment on reimbursements	(61,153)	(34,334)	(145,888)	(241,375)	(10,003)
Transfer to Stage 1	-	-	-	-	-
Transfer to Stage 2	-	-	-	-	-
Transfer to Stage 3	-	(1)	1	-	-
The total impact on the size of exposures as a result of changing the classification between stages	-	-	381	381	18,338
Changes resulting from modifications	(2,271)	(282)	304	(2,249)	(446)
facilities transferred to off consolidated financial position items or bad debts	-	-	(1,000)	(1,000)	-
Total balance at the end of the year	198,143	18,744	316,366	533,253	261,035

B-Jointly financed

The distribution of total finances according to the Bank's internal credit rating categories (After deducting deferred and suspended revenue):

Item	31 December 2023				31 December 2022
	Stage 1 (individual)	Stage 2 (individual)	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Insignificant	3,579,075	-	-	3,579,075	4,531,388
Almost risk free	9,531,323	-	-	9,531,323	3,993,931
Low risk	6,432,799	-	-	6,432,799	28,445,461
Normal risk	61,374,968	1,267,745	-	62,642,713	103,453,057
Acceptable risk	197,312,539	36,072,095	-	233,384,634	267,664,492
Acceptable with due care	38,873,573	11,636,779	-	50,510,352	32,939,925
Watch list	-	13,633,607	-	13,633,607	21,087,457
Substandard	-	-	11,969,107	11,969,107	3,632,955
Doubtful	-	-	-	-	2,883,360
Loss	-	-	11,796,344	11,796,344	16,308,064
Unrated	2,395,693	146,903	3,500	2,546,096	7,026,343
Total	319,499,970	62,757,129	23,768,951	406,026,050	491,966,433

The movement on financing:-

Item	For the year ended 31 December 2023				For the year ended 31 December 2022
	Stage 1 (individual)	Stage 2 (individual)	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Balance at the beginning of the year	381,540,450	87,601,604	22,824,379	491,966,433	411,331,905
New facilities during the year	49,038,538	5,688,482	63,978	54,790,998	177,074,830
settled facilities	(44,973,031)	(19,359,733)	(164,952)	(64,497,716)	(78,167,132)
Transfer to Stage 1	7,357,405	(7,357,405)	-	-	-
Transfer to Stage 2	(11,332,018)	11,332,018	-	-	-
Transfer to Stage 3	(119,818)	(11,930,381)	12,050,199	-	-
The total impact on the size of exposures as a result of changing the classification between stages	2,316,228	1,346,220	(145,070)	3,517,378	(1,738,758)
Changes resulting from modifications	(64,327,784)	(4,563,676)	11,316	(68,880,144)	(16,534,412)
facilities transferred to off consolidated financial position items or bad debts	-	-	(10,870,899)	(10,870,899)	-
Total balance at the end of the year	319,499,970	62,757,129	23,768,951	406,026,050	491,966,433

The movement on impairment provision:

Item	For the year ended 31 December 2023				For the year ended 31 December 2022
	Stage 1 (individual)	Stage 2 (individual)	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Balance at the beginning of the year	2,707,606	14,927,100	21,222,941	38,857,647	29,450,057
Impairment loss on new financing during the year	295,385	625,598	325,906	1,246,889	11,727,499
Recoverable from the loss of impairment on reimbursements	(482,576)	(1,857,141)	(553,239)	(2,892,956)	(2,277,849)
Transfer to Stage 1	173,557	(173,557)	-	-	-
Transfer to Stage 2	(66,764)	67,385	(621)	-	-
Transfer to Stage 3	(1,921)	(4,537,036)	4,538,957	-	-
Effect on the provision - as at the end of the year - as a result of the change in classification between the three stages during the year	(71,901)	150,152	(801,343)	(723,092)	4,357,795
Changes resulting from modifications	(514,632)	5,198,685	1,288,222	5,972,275	(4,399,855)
facilities transferred to off consolidated financial position items or bad debts	-	-	(10,870,899)	(10,870,899)	-
Total balance at the end of the year	2,038,754	14,401,186	15,149,924	31,589,864	38,857,647

2) Impairment Loss on Credit Financing - Small and Medium Enterprises:

A-Self financed

-The distribution of total finances according to the Bank's internal credit rating categories (After deducting deferred and suspended revenue) :

Item	31 December 2023						31 December 2022
	Stage 1		Stage 2		Stage 3	Total	Total
	(individual)	(Collective)	(individual)	(Collective)			
	JD	JD	JD	JD	JD	JD	JD
Not rated	-	124,461	-	135,427	182,953	442,841	715,162
Total	-	124,461	-	135,427	182,953	442,841	715,162

The movement on financing-

Item	For the year ended 31 December 2023						For the year ended 31 December 2022
	Stage 1		Stage 2		Stage 3	Total	Total
	(individual)	(Collective)	(individual)	(Collective)			
	JD	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	-	87,884	-	417,744	209,534	715,162	1,978,535
New facilities during the year	-	30,462	-	9,202	19,774	59,438	107,832
Settled facilities	-	(83,248)	-	(112,280)	(338)	(195,866)	(616,371)
Transfer to Stage 1	-	118,728	-	(118,728)	-	-	-
Transfer to Stage 2	-	-	-	-	-	-	-
Transfer to Stage 3	-	(4,637)	-	(13)	4,650	-	-
The total impact on the size of exposures as a result of changing the classification between stages	-	(24,728)	-	-	(328)	(25,056)	(161,106)
Changes resulting from modifications	-	-	-	(60,498)	(6,714)	(67,212)	(593,728)
facilities transferred to off consolidated financial position items or bad debts	-	-	-	-	(43,625)	(43,625)	-
Total balance at the end of the year	-	124,461	-	135,427	182,953	442,841	715,162

The movement on impairment provision:

Item	For the year ended 31 December 2023						For the year ended 31 December 2022
	Stage 1		Stage 2		Stage 3	Total	Total
	(individual)	(Collective)	(individual)	(Collective)			
	JD	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	-	4	-	1,143	65,197	66,344	55,397
Impairment loss on new financing during the year	-	129	-	-	19,774	19,903	2,232
Recoverable from the loss of impairment on reimbursements	-	-	-	(1,142)	(338)	(1,480)	(141)
Transfer to Stage 1	-	-	-	-	-	-	-
Transfer to Stage 2	-	-	-	-	-	-	-
Transfer to Stage 3	-	-	-	(1)	1	-	-
Effect on the provision - as at the end of the year - as a result of the change in classification between the three stages during the year	-	-	-	-	893	893	10,256
Changes resulting from modifications	-	-	-	-	102,539	102,539	(1,400)
facilities transferred to off consolidated financial position items or bad debts	-	-	-	-	(43,625)	(43,625)	-
Total balance at the end of the year	-	133	-	-	144,441	144,574	66,344

B-Jointly financed

-The distribution of total finances according to the Bank's internal credit rating categories (After deducting deferred and suspended revenue) :

Item	31 December 2023						31 December 2022
	Stage 1		Stage 2		Stage 3	Total	Total
	(individual)	(Collective)	(individual)	(Collective)			
	JD	JD	JD	JD	JD	JD	JD
unrated	-	39,434,115	-	15,847,526	4,258,437	59,540,078	50,846,935
Total	-	39,434,115	-	15,847,526	4,258,437	59,540,078	50,846,935

The movement on financing:-

Item	For the year ended 31 December 2023						For the year ended 31 December 2022
	Stage 1		Stage 2		Stage 3	Stage 3	Total
	(individual)	(Collective)	(individual)	(Collective)			
	JD	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	-	29,188,828	-	18,143,840	3,514,267	50,846,935	43,017,222
New facilities during the year	-	12,613,469	-	3,520,814	65,445	16,199,728	17,512,714
settled facilities	-	(6,034,031)	-	(4,000,039)	(25,817)	(10,059,887)	(8,633,710)
Transfer to Stage 1	-	7,724,300	-	(7,693,455)	(30,845)	-	-
Transfer to Stage 2	-	(6,962,767)	-	7,070,387	(107,620)	-	-
Transfer to Stage 3	-	(695,909)	-	(184,425)	880,334	-	-
The total impact on the size of exposures as a result of changing the classification between stages	-	1,479,017	-	(180,581)	(127,327)	1,171,109	(499,539)
Changes resulting from modifications	-	2,121,208	-	(829,015)	90,000	1,382,193	(549,752)
Total balance at the end of the year	-	39,434,115	-	15,847,526	4,258,437	59,540,078	50,846,935

The movement on impairment provision:-

Item	For the year ended 31 December 2023						For the year ended 31 December 2022
	Stage 1		Stage 2		Stage 3	Total	Total
	(individual)	(Collective)	(individual)	(Collective)			
	JD	JD	JD	JD	JD	JD	JD
Balance of beginning of the year	-	43,813	-	390,810	1,622,588	2,057,211	1,574,594
Impairment loss on new financing during the year	-	25,641	-	19,343	8,537	53,521	179,590
Recoverable from the loss of impairment on reimbursements	-	(9,332)	-	(12,202)	(4,474)	(26,008)	(230,500)
Transfer to Stage 1	-	70,178	-	(65,534)	(4,644)	-	-
Transfer to Stage 2	-	(21,473)	-	58,064	(36,591)	-	-
Transfer to Stage 3	-	(2,335)	-	(9,042)	11,377	-	-
Effect on the provision - as at the end of the year - as a result of the change in classification between the three stages during the year	-	(39,504)	-	11,975	67,498	39,969	219,590
Changes resulting from modifications	-	39,814	-	20,250	962,673	1,022,737	313,937
Total balance at the end of the year	-	106,802	-	413,664	2,626,964	3,147,430	2,057,211

3) Impairment loss on credit facilities - Individual portfolio (retail):

A-Self financed

-The distribution of total finances according to the Bank's internal credit rating categories (After deducting deferred and suspended revenue):

Item	31 December 2023				31 December 2022
	Stage 1 (collective)	Stage 2 (collective)	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Unrated	1,591,562	13,703	222,330	1,827,595	1,634,363
Total	1,591,562	13,703	222,330	1,827,595	1,634,363

The movement on financing:-

Item	For the year ended 31 December 2023				For the year ended 31 December 2022
	Stage 1 (collective)	Stage 2 (collective)	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Balance at the beginning of the year	1,393,587	56,613	184,163	1,634,363	1,388,916
New facilities during the year	907,285	13,611	30,800	951,696	720,177
Settled facilities	(498,799)	(56,156)	(665)	(555,620)	(231,304)
Transfer to Stage 1	4	(4)	-	-	-
Transfer to Stage 2	(6)	274	(268)	-	-
Transfer to Stage 3	(6,386)	(446)	6,832	-	-
The total impact on the size of exposures as a result of changing the classification between stages	1	(184)	602	419	1,456
Changes resulting from modifications	(204,124)	(5)	866	(203,263)	(244,882)
Total balance at the end of the year	1,591,562	13,703	222,330	1,827,595	1,634,363

The movement on impairment provision:-

Item	For the year ended 31 December 2023				For the year ended 31 December 2022
	Stage 1 (collective)	Stage 2 (collective)	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Balance at the beginning of the year	6,881	3,642	184,149	194,672	152,962
Impairment loss on new financing during the year	4,366	850	30,800	36,016	43,834
Recoverable from the loss of impairment on reimbursements	(3,011)	(3,631)	(665)	(7,307)	(5,459)
Transfer to Stage 1	-	-	-	-	-
Transfer to Stage 2	-	268	(268)	-	-
Transfer to Stage 3	(47)	(10)	57	-	-
Effect on the provision - as at the end of the year - as a result of the change in classification between the three stages during the year	-	(264)	7,378	7,114	1,596
Changes resulting from modifications	(784)	-	866	82	1,739
Total balance at the end of the year	7,405	855	222,317	230,577	194,672

B-Jointly financed

- The distribution of total finances according to the Bank's internal credit rating categories (After deducting deferred and suspended revenue):

Item	31 December 2023				31 December 2022
	Stage 1 (collective)	Stage 2 (collective)	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Unrated	348,303,301	31,386,516	12,943,890	392,633,707	355,772,450
Total	348,303,301	31,386,516	12,943,890	392,633,707	355,772,450

The movement on financing:-

Item	For the year ended 31 December 2023				For the year ended 31 December 2022
	Stage 1 (collective)	Stage 2 (collective)	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Balance at the beginning of the year	339,351,104	6,156,295	10,265,051	355,772,450	301,652,519
New facilities during the year	120,693,325	2,152,818	261,968	123,108,111	122,928,513
settled facilities	(27,577,119)	(366,815)	(195,971)	(28,139,905)	(28,674,975)
Transfer to Stage 1	88,378	(88,378)	-	-	-
Transfer to Stage 2	(27,262,671)	29,075,843	(1,813,172)	-	-
Transfer to Stage 3	(3,486,837)	(1,333,273)	4,820,110	-	-
The total impact on the size of exposures as a result of changing the classification between stages	(9,901)	(3,710,763)	(228,428)	(3,949,092)	(2,155,679)
Changes resulting from modifications	(53,492,978)	(499,211)	99,288	(53,892,901)	(37,977,928)
facilities transferred to off consolidated financial position items or bad debts	-	-	(264,956)	(264,956)	-
Total balance at the end of the year	348,303,301	31,386,516	12,943,890	392,633,707	355,772,450

The movement on impairment provision:-

Item	For the year ended 31 December 2023				For the year ended 31 December 2022
	Stage 1 (collective)	Stage 2 (collective)	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Balance at the beginning of the year	2,474,226	112,180	9,600,625	12,187,031	9,478,100
Impairment loss on new financing during the year	593,489	304,642	148,465	1,046,596	1,453,813
Recoverable from the loss of impairment on reimbursements	(106,282)	(2,433)	(156,628)	(265,343)	(790,512)
Transfer to Stage 1	2,675	(2,675)	-	-	-
Transfer to Stage 2	(113,335)	1,670,257	(1,556,922)	-	-
Transfer to Stage 3	(17,341)	(28,609)	45,950	-	-
Effect on the provision - as at the end of the year - as a result of the change in classification between the three stages during the year	(1,889)	857,713	3,075,297	3,931,121	1,182,808
Changes resulting from modifications	3,153,862	134,108	672,167	3,960,137	862,822
facilities transferred to off consolidated financial position items or bad debts	-	-	(264,956)	(264,956)	-
Total balance at the end of the year	5,985,405	3,045,183	11,563,998	20,594,586	12,187,031

4) Impairment loss on credit facilities - Real estate financing:

A-Self financed

The distribution of total finances according to the Bank's internal credit rating categories (After deducting deferred and suspended revenue) :-

Item	31 December 2023						31 December 2022
	Stage 1		Stage 2		Stage 3	Total	Total
	(individual)	(Collective)	(individual)	(Collective)			
	JD	.	JD	JD	JD	JD	JD
Total	-	-	-	-	-	-	-

The movement on financing:-

Item	For the year ended 31 December 2023						For the year ended 31 December 2022
	Stage 1		Stage 2		Stage 3	Total	Total
	(individual)	(Collective)	(individual)	(Collective)			
	JD	JD	JD	JD	JD	JD	JD
Total balance at the beginning of the year	-	-	-	-	-	-	-
Total balance at the end of the year	-	-	-	-	-	-	-

The movement on impairment provision:

Item	For the year ended 31 December 2023						For the year ended 31 December 2022
	Stage 1		Stage 2		Stage 3	Total	Total
	(individual)	(Collective)	(individual)	(Collective)			
	JD	JD	JD	JD	JD	JD	JD
Total balance at the end of the year	-	-	-	-	-	-	-

B-Jointly financed

- The distribution of total finances according to the Bank's internal credit rating categories (After deducting deferred and suspended revenue) :

Item	31 December 2023						31 December 2022
	Stage 1		Stage 2		Stage 3	Total	Total
	(individual)	(Collective)	(individual)	(Collective)			
	JD	JD	JD	JD	JD	JD	JD
Almost free risk	-	-	-	-	-	-	624,150
Low risk	75,864	-	92	-	-	75,956	55,162
Normal Risk	40,903	-	34,256	-	-	75,159	59,540
Acceptable risk	851,690	-	838,388	-	-	1,690,078	2,152,090
Acceptable with due care	3,948	-	9,191,505	-	-	9,195,453	9,601,106
Watch list	-	-	315,727	-	-	315,727	233,071
Doubtful	-	-	-	-	-	-	65,881
Loss	-	-	-	-	182,158	182,158	-
Unrated	1,557,782	4,098,086	-	615,382	66,165	6,337,415	5,244,251
Total	2,530,187	4,098,086	10,379,968	615,382	248,323	17,871,946	18,035,251

The movement on financing:-

Item	For the year ended 31 December 2023						For the year ended 31 December 2022
	Stage 1		Stage 2		Stage 3	Total	Total
	(individual)	(Collective)	(individual)	(Collective)			
	JD	JD	JD	JD	JD	JD	JD
Total balance at the beginning of the year	1,906,693	4,453,742	11,129,153	-	545,663	18,035,251	19,845,486
New facilities during the year	1,467,617	1,506,676	69,389	-	59,941	3,103,623	2,516,846
Settled facilities	(226,878)	(646,144)	(73,430)	-	(125,533)	(1,071,985)	(900,984)
Transfer to Stage 1	-	-	-	-	-	-	-
Transfer to Stage 2	(21,911)	(444,492)	21,912	756,509	(312,018)	-	-
Transfer to Stage 3	-	(4,008)	-	-	4,008	-	-
The total impact on the size of exposures as a result of changing the classification between stages	-	5,652	19,634	(141,127)	(1,348)	(117,189)	(298,282)
Changes resulting from modifications	(595,334)	(773,340)	(786,690)	-	77,610	(2,077,754)	(3,127,815)
Total balance at the end of the year	2,530,187	4,098,086	10,379,968	615,382	248,323	17,871,946	18,035,251

The movement on impairment provision:-

Item	For the year ended 31 December 2023						For the year ended 31 December 2022
	Stage 1		Stage 2		Stage 3	Total	Total
	(individual)	(Collective)	(individual)	(Collective)			
	JD	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	2,658	4,735	2,664,123	-	636,026	3,307,542	4,030,149
Impairment loss on new financing during the year	45,790	567	1,745	-	182,744	230,846	356,919
Recoverable from the loss of impairment on reimbursements	(560)	(3)	(2,437)	-	(94,917)	(97,917)	(147,603)
Transfer to Stage 1	-	-	-	-	-	-	-
Transfer to Stage 2	(298)	(258)	298	89,514	(89,256)	-	-
Transfer to Stage 3	-	-	-	-	-	-	-
Effect on the provision - as at the end of the year - as a result of the change in classification between the three stages during the year	-	39	1,818	(86,950)	1,501	(83,592)	97,587
Changes resulting from modifications	(95)	(1,792)	2,098,621	-	38,226	2,134,960	(1,029,510)
Total balance at the end of the year	47,495	3,288	4,764,168	2,564	674,324	5,491,839	3,307,542

5) Impairment loss on credit facilities - Government and public sector:

A- Self financed

The distribution of total finances according to the Bank's internal credit rating categories (After deducting deferred and suspended revenue):-

Item	31 December 2023				31 December 2022
	Stage 1 (individual)	Stage 2 (individual)	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Almost free risk	509,660	-	-	509,660	509,660
Total	509,660	-	-	509,660	509,660

The movement on financing:-

Item	For the year ended 31 December 2023				For the year ended 31 December 2022
	Stage 1 (individual)	Stage 2 (individual)	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Total balance at the beginning of the year	509,660	-	-	509,660	509,660
Total balance at the end of the year	509,660	-	-	509,660	509,660

The movement on impairment provision:-

Item	For the year ended 31 December 2023				For the year ended 31 December 2022
	Stage 1 (individual)	Stage 2 (individual)	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Balance at the beginning of the year	-	-	-	-	-
Total balance at the end of the year	-	-	-	-	-

B-Jointly financed

The distribution of total finances according to the Bank's internal credit rating categories (After deducting deferred and suspended revenue):-

Item	For the year ended 31 December 2023				For the year ended 31 December 2022
	Stage 1 (individual)	Stage 2 (individual)	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Low risk	470,087,433	-	-	470,087,433	454,446,477
Total	470,087,433	-	-	470,087,433	454,446,477

The movement on financing:-

Item	For the year ended 31 December 2023				For the year ended 31 December 2022
	Stage 1 (individual)	Stage 2 (individual)	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Total balance at the beginning of the year	454,446,477	-	-	454,446,477	327,994,641
New facilities during the year	52,885,415	-	-	52,885,415	138,452,779
settled facilities	-	-	-	-	(7,164,955)
Transfer to Stage 1	-	-	-	-	-
Transfer to Stage 2	-	-	-	-	-
Transfer to Stage 3	-	-	-	-	-
The total impact on the size of exposures as a result of changing the classification between stages	-	-	-	-	-
Changes resulting from modifications	(37,244,459)	-	-	(37,244,459)	(4,835,988)
Total balance at the end of the year	470,087,433	-	-	470,087,433	454,446,477

The movement on impairment provision:-

Item	For the year ended 31 December 2023				For the year ended 31 December 2022
	Stage 1 (individual)	Stage 2 (individual)	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Balance at the beginning of the year	-	-	-	-	-
Total balance at the end of the year	-	-	-	-	-

The following are credit exposures in accordance to financial accounting standard (30) Issued by the Accounting and Auditing Organization for Islamic Financial Institutions as at 31 December 2023

A - Self-financed

	Stage 1				Stage 2				Stage 3				Total			
	Total	ECL	Suspended revenue	Deferred revenue	Total	ECL	Suspended revenue	Deferred revenue	Total	ECL	Suspended revenue	Deferred revenue	Total	ECL	Suspended revenue	Deferred revenue
Corporates	31,774,347	198,143	-	-	2,133,794	18,744	-	-	643,048	316,366	7,112	-	34,551,179	533,253	7,112	-
Small and medium enterprises	124,461	133	-	-	135,427	-	-	-	182,953	144,441	-	-	442,841	144,574	-	-
Retail (individual)	1,876,570	7,405	-	285,008	13,703	855	-	-	222,330	222,317	-	-	2,112,603	230,577	-	285,008
Real estate financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Government and public sector	509,660	-	-	-	-	-	-	-	-	-	-	-	509,660	-	-	-
Total	34,285,038	205,681	-	285,008	2,282,914	19,599	-	-	1,048,331	683,124	7,112	-	37,616,283	908,404	7,112	285,008

* The financing amount in according to financial accounting standard (30) issued by the Accounting and Auditing Organization for Islamic Financial Institutions does not include the amount of JD (6,197,259), representing JIara Muntahia Bitamleek.

B - Jointly financed

	Stage 1				Stage 2				Stage 3				Total			
	Total	ECL	Suspended revenue	Deferred revenue	Total	ECL	Suspended revenue	Deferred revenue	Total	ECL	Suspended revenue	Deferred revenue	Total	ECL	Suspended revenue	Deferred revenue
Corporates	339,574,344	2,038,754	-	20,074,374	69,716,082	14,401,186	-	6,956,953	24,705,506	15,149,924	624,998	311,557	433,995,932	31,589,864	624,998	27,344,884
Small and medium enterprises	41,072,020	106,802	-	1,657,905	16,793,415	413,664	-	945,889	4,495,018	2,626,964	184,363	52,218	62,360,453	3,147,430	184,363	2,636,012
Retail (individual)	428,293,176	5,985,405	-	79,989,875	36,118,756	3,045,183	-	4,732,240	15,277,356	11,563,998	1,356,701	976,755	479,689,288	20,594,586	1,356,701	85,698,880
Real estate financing	7,568,232	50,783	-	939,959	13,438,716	4,766,732	-	2,443,366	412,545	674,324	164,222	-	21,419,493	5,491,839	164,222	3,383,325
Government and public sector	531,023,519	-	-	60,936,086	-	-	-	-	-	-	-	-	531,023,519	-	-	60,936,086
Total	1,347,531,291	8,181,744	-	163,578,199	136,066,969	22,626,765	-	15,080,448	44,890,425	30,015,210	2,330,284	1,340,540	1,528,488,685	60,823,719	2,330,284	179,999,187

* The financing amount in accordance with Financial accounting standard (30) Issued by the Accounting and Auditing Organization for Islamic Financial Institutions does not include the amount of JD (689,575,509) representing JIara Muntahia Bitamleek.

The following are credit exposures in accordance to financial accounting standard (30) Issued by the Accounting and Auditing Organization for Islamic Financial Institutions as at 31 December 2022

A - Self-financed

	Stage 1			Stage 2			Stage 3			Total		
	Total	ECL	Suspended revenue	Total	ECL	Suspended revenue	Total	ECL	Suspended revenue	Total	ECL	Suspended revenue
Corporates	5,090,227	64,114	-	1,042,270	36,388	-	693,881	160,533	7,112	6,766,378	261,035	7,112
Small and medium enterprises	87,884	4	-	417,744	1,143	-	209,534	65,197	-	715,162	66,344	-
Retail (individual)	1,601,440	6,881	-	207,853	3,642	-	184,163	184,149	-	1,842,216	194,672	-
Real estate financing	-	-	-	-	-	-	-	-	-	-	-	-
Government and public sector	509,680	-	-	-	-	-	-	-	-	509,680	-	-
Total	7,289,211	70,999	-	207,853	41,173	-	1,027,578	409,879	7,112	9,893,416	522,051	7,112

- The financing amount in accordance to financial accounting standard (30) Issued by the Accounting and Auditing Organization for Islamic Financial Institutions instructions does not include the amount of JD (6,168,880) , representing Ijara Muntahia Bittamleek.

B - Jointly financed

	Stage 1			Stage 2			Stage 3			Total		
	Total	ECL	Suspended revenue	Total	ECL	Suspended revenue	Total	ECL	Suspended revenue	Total	ECL	Suspended revenue
Corporates	406,381,364	2,707,606	-	23,840,914	14,927,100	-	8,492,562	24,466,621	21,222,941	1,326,283	314,959	525,941,151
Small and medium enterprises	30,530,086	43,813	-	1,341,258	390,810	-	868,676	3,726,518	1,622,588	134,325	77,926	53,269,120
Retail (individual)	410,128,672	2,474,226	-	70,777,568	6,826,814	-	670,519	12,179,345	9,600,625	1,155,526	758,768	429,134,831
Real estate financing	7,190,329	7,393	-	829,894	13,908,130	-	2,778,977	679,087	636,026	107,277	26,147	21,777,546
Government and public sector	522,438,962	-	-	67,992,485	-	-	-	-	-	-	-	522,438,962
Total	1,375,669,413	5,233,038	-	164,782,119	18,094,213	-	12,810,734	41,050,571	33,082,180	2,723,411	1,177,800	1,552,561,610

-The financing amount in accordance with Financial accounting standard (30) Issued by the Accounting and Auditing Organization for Islamic Financial Institutions instructions does not include the amount of JD (607,130,892) representing Ijara Muntahia Bittamleek.

Disclosure of credit exposures according to the classification instructions No. (47/2009) and in comparison with Financial Accounting Standard No. (30) issued by the Accounting and Auditing Organization for Islamic Financial Institutions as at 31 December 2023

A- Self

		at December 31, 2022																		
		According to classification instructions No. (47/2009)						according to financial accounting standard (30)						Total						
		Total		1 stage		2 stage		3 stage		Total		1 stage		2 stage		3 stage		Total		
Deferred revenue	Suspended revenue	Net	ECL	Total	ECL	Deferred revenue	Suspended revenue	Total	ECL	Deferred revenue	Suspended revenue	Total	ECL	Deferred revenue	Suspended revenue	Total	ECL	Deferred revenue	Suspended revenue	
JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Performing loans	42,664,674	285,008	-	42,379,666	-	34,285,038	205,681	285,008	-	2,182,362	17,887	-	15	12	-	-	36,467,415	223,530	285,008	-
Watch list	100,592	-	-	100,592	1,805	-	-	100,592	-	1,762	-	-	-	-	-	-	100,592	1,762	-	-
Non-performing debt	1,048,316	-	7,112	1,041,204	683,124	-	-	1,048,316	-	-	-	-	1,048,316	367,335	-	-	1,048,316	367,335	-	7,112
of watch :																				
Substandard	46,369	-	-	46,369	46,369	-	-	46,369	34,836	-	-	-	46,369	34,836	-	-	46,369	34,836	-	-
Bad debts	315,120	-	-	315,120	311,692	-	-	315,120	167,934	-	-	-	315,120	167,934	-	-	315,120	167,934	-	-
Loss	686,827	-	7,112	679,715	325,083	-	-	686,827	164,565	-	-	-	686,827	164,565	-	-	686,827	164,565	-	7,112
Total	43,813,542	285,008	7,112	43,521,422	684,929	34,285,038	205,681	285,008	2,282,914	19,599	-	-	1,048,331	367,347	-	-	37,616,283	592,627	285,008	7,112

The finances that are covered according to Instructions No. 47/2009 were linked to the results of their calculation according to the instructions of the Central Bank of Jordan.

The financing amount in accordance with financial accounting standard (30) issued by the Accounting and Auditing Organization for Islamic Financial Institutions does not include the amount of JD (6,197,259), representing JIara Muntaha Bitamleek.

B-joint

	According to classification instructions No. (47/2009)												according to financial accounting standard (30)												Total											
	Total				1 stage				2 stage				3 stage				Total				1 stage				2 stage				3 stage				Total			
	Deferred revenue	Suspended revenue	Net	ECL	Total	ECL	Deferred revenue	Suspended revenue	Total	ECL	Deferred revenue	Suspended revenue	Total	ECL	Deferred revenue	Suspended revenue	Total	ECL	Deferred revenue	Suspended revenue	Total	ECL	Deferred revenue	Suspended revenue	Total	ECL	Deferred revenue	Suspended revenue	Total	ECL	Deferred revenue	Suspended revenue				
JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD				
Performing loans	2,146,143,429	175,241,300	-	1,970,902,129	-	1,347,033,910	8,179,267	163,561,853	-	108,901,411	19,138,504	11,673,336	632,599	1,309	111	-	1,456,567,920	27,319,080	175,241,300	-																
Watch list	27,662,939	3,417,458	-	24,245,481	1,773,195	497,381	2,477	16,346	-	27,165,588	3,488,261	3,401,112	-	-	-	-	27,662,939	3,490,738	3,417,458	-																
Non-performing debt	44,257,826	1,340,429	2,330,284	40,587,113	30,015,210	-	-	-	-	44,257,826	19,089,361	1,340,429	2,330,284	44,257,826	19,089,361	1,340,429	2,330,284	44,257,826	19,089,361	1,340,429	2,330,284															
of watch :																																				
Substandard	14,915,800	383,103	64,942	14,467,755	4,978,755	-	-	-	-	14,915,800	3,475,121	383,103	64,942	14,915,800	3,475,121	383,103	64,942	14,915,800	3,475,121	383,103	64,942															
Bad debts	3,690,400	343,776	84,462	3,262,162	2,442,847	-	-	-	-	3,690,400	1,595,535	343,776	84,462	3,690,400	1,595,535	343,776	84,462	3,690,400	1,595,535	343,776	84,462															
Loss	25,651,626	613,550	2,180,880	22,857,196	22,593,608	-	-	-	-	25,651,626	14,018,705	613,550	2,180,880	25,651,626	14,018,705	613,550	2,180,880	25,651,626	14,018,705	613,550	2,180,880															
Total	2,218,064,194	179,999,187	2,330,284	2,035,734,723	31,788,405	1,347,531,291	8,181,744	163,578,199	-	136,066,969	22,626,765	15,080,446	-	44,890,425	19,090,670	1,340,540	2,330,284	1,528,488,695	49,899,179	179,999,187	2,330,284															

The finances that are covered according to Instructions No. 47/2009 were linked to the results of their calculation according to the instructions of the Central Bank of Jordan.

The financing amount in accordance with Financial Accounting Standard (30) issued by the Accounting and Auditing Organization for Islamic Financial Institutions does not include the amount of JD (689,575,509) representing JIara Muntaha Bitamleek.

Disclosure of credit exposures according to the classification instructions No. (47/2009) and in comparison with Financial Accounting Standard No. (30) issued by the Accounting and Auditing Organization for Islamic Financial Institutions as at December 31, 2022

A- Self

	at December 31, 2021																
	According to classification instructions No. (47/2009)					according to financial accounting standard (30)					Total						
	1 stage		2 stage		3 stage		1 stage		2 stage								
Total	Deferred revenue	Suspended revenue	Net	ECL	Total	ECL	Deferred revenue	Suspended revenue	Total	ECL	Deferred revenue	Suspended revenue					
Performing loans	14,540,453	207,853	-	14,332,600	-	7,289,211	70,999	207,853	-	1,082,346	18,032	16	8,371,573	89,042	207,853	-	
Watch list	434,281	-	-	434,281	45,733	-	-	-	-	434,281	23,141	-	-	-	434,281	23,141	-
Non-performing debt	1,027,562	-	7,112	1,020,450	409,879	-	-	-	-	-	-	-	1,027,562	362,007	-	-	7,112
of watch :	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Substandard	48,415	-	-	48,415	2,328	-	-	-	-	48,415	7,819	-	48,415	-	-	-	-
Bad debts	375,799	-	-	375,799	191,694	-	-	-	-	375,799	186,675	-	375,799	186,675	-	-	-
Loss	603,348	-	7,112	596,236	215,867	-	-	-	-	603,348	167,513	-	603,348	167,513	-	-	7,112
Total	16,002,296	207,853	7,112	15,787,391	455,612	7,289,211	70,999	207,853	-	1,516,627	41,173	-	1,027,578	362,018	-	-	7,112

-The finances that are covered according to Instructions No. (47/2009) were linked to the results of their calculation according to the instructions of the Central Bank of Jordan.

-The financing amount in accordance with financial accounting standard (30) issued by the Accounting and Auditing Organization for Islamic Financial Institutions does not include the amount of JD (6,168,880) , representing Ijara Muntahia Bittamleek.

B-joint

	According to classification instructions No. (47/2009)										according to financial accounting standard (30)										Total
	According to classification instructions No. (47/2009)					1 stage					2 stage					3 stage					
	Total	Deferred revenue	Suspended revenue	Net	ECL	Total	ECL	Deferred revenue	Suspended revenue	Total	ECL	Deferred revenue	Suspended revenue	Total	ECL	Deferred revenue	Suspended revenue	Total	ECL	Deferred revenue	Suspended revenue
Performing loans	2,092,635,393	176,359,391	-	1,916,276,002	-	1,374,256,235	5,231,370	164,548,797	-	110,074,360	13,105,604	11,810,594	-	1,173,946	20,660	-	-	1,485,504,501	18,357,634	176,359,391	-
Watch list	27,180,394	1,233,462	-	25,946,922	674,809	1,413,118	1,689	233,322	-	25,767,266	4,989,609	1,000,140	-	-	-	-	-	27,180,394	4,990,277	1,233,462	-
Non-performing debt	39,876,725	1,177,800	2,723,411	35,975,514	33,082,180	-	-	-	-	-	-	-	-	39,876,725	23,713,584	1,177,800	2,723,411	39,876,725	23,713,584	1,177,800	2,723,411
of watch :	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Substandard	2,014,658	168,720	12,076	1,833,862	753,804	-	-	-	-	2,014,658	675,003	168,720	12,076	2,014,658	188,720	12,076	2,014,658	188,720	12,076	2,014,658	
Bad debts	8,554,261	180,586	110,028	8,263,647	5,954,966	-	-	-	-	8,554,261	3,675,049	180,586	110,028	8,554,261	3,675,049	180,586	110,028	8,554,261	3,675,049	180,586	110,028
Loss	29,307,806	828,494	2,601,307	25,878,005	26,473,390	-	-	-	-	29,307,806	19,363,532	828,494	2,601,307	29,307,806	19,363,532	828,494	2,601,307	29,307,806	19,363,532	828,494	2,601,307
Total	21,599,692,592	178,770,653	2,723,411	1,978,198,438	33,756,989	1,978,669,413	5,233,038	164,782,119	-	135,841,628	18,094,213	12,810,734	-	41,050,571	23,734,244	1,177,800	2,723,411	1,582,561,610	47,061,465	178,770,653	2,723,411

-The finances that are covered according to Instructions No. (47/2009) were linked to the results of their calculation according to the instructions of the Central Bank of Jordan.

-The financing amount in accordance with Financial accounting standard (30) issued by the Accounting and Auditing Organization for Islamic Financial Institutions does not include the amount of JD (607,130,892) representing Ijara Muntahia Bittamleek.

(9) FINANCIAL ASSETS AT FAIR VALUE THROUGH SHAREHOLDERS' EQUITY-SELF FINANCED

The details of this item are as follows:

	31 December	
	2023	2022
	JD	JD
Quoted Financial Assets :		
Corporate Shares	508,000	235,000
Total quoted Financial Assets	508,000	235,000
Total Financial assets at fair value through shareholders' equity -self financed	508,000	235,000

(10) FINANCIAL ASSETS AT FAIR VALUE THROUGH UNRESTRICTED INVESTMENT ACCOUNTS HOLDERS' EQUITY - NET

The details of this item are as follows:

	Jointly financed	
	31 December	
	2023	2022
	JD	JD
Quoted Financial Assets :		
Corporate Shares	2,312,403	1,748,930
Islamic Sukuk	83,457,020	53,086,503
Total quoted Financial Assets	85,769,423	54,835,433
Unquoted Financial Assets :		
Corporate Shares	5,881,231	3,951,976
Islamic Sukuk	360,587,505	214,104,719
Total unquoted financial assets	366,468,736	218,056,695
Total Financial Assets At Fair Value through Unrestricted Investment Accounts Holders' Equity-Net	452,238,159	272,892,128
Less: Expected Credit Losses provision of financial assets	(149,624)	(232,941)
Net Financial Assets At Fair Value through Unrestricted Investment Accounts Holders' Equity	452,088,535	272,659,187

Unquoted financial assets were presented at cost or in accordance with latest financial statements.

The movement of the total financial assets at fair value through unrestricted investment accounts holders' equity :

Item	For the year ended 31 December 2023				For the year ended 31 December 2022
	(Stage1 (Individual	(Stage2 (Individual	Stage3	Total	Total
	JD	JD	JD	JD	JD
Fair value as at the beginning of the year	272,892,128	-	-	272,892,128	164,596,477
New investments during the year	230,454,760	-	-	230,454,760	136,593,962
Matured and sold investments	(37,420,516)	-	-	(37,420,516)	(44,634,201)
Transfer to Stage 1	-	-	-	-	-
Transfer to Stage 2	-	-	-	-	-
Transfer to Stage 3	-	-	-	-	-
The total impact on the size of exposures as a result of changing the classification between stages	-	-	-	-	-
Changes resulting from modifications	(13,688,213)	-	-	(13,688,213)	16,335,890
Total balance at the end of year	452,238,159	-	-	452,238,159	272,892,128

Movement on the Expected Credit Losses provision for the financial assets at fair value through unrestricted investment accounts:

Item	For the year ended 31 December 2023				For the year ended 31 December 2022
	(Stage1 (Individual	(Stage2 (Individual	Stage3	Total	Total
	JD	JD	JD	JD	JD
Fair value as at the beginning of the year	232,941	-	-	232,941	232,800
Impairment loss on new investments during the period	40,282	-	-	40,282	35,486
Recovered from loss of Matured and sold investments	(42,641)	-	-	(42,641)	(36,060)
Transfer to Stage 1	-	-	-	-	-
Transfer to Stage 2	-	-	-	-	-
Transfer to Stage 3	-	-	-	-	-
Effect on the provision - as at the end of the year - as a result of the change in classification between the three stages during the year	-	-	-	-	-
Changes resulting from modifications	(80,958)	-	-	(80,958)	715
Total balance at the end of year	149,624	-	-	149,624	232,941

(11) FINANCIAL ASSETS AT AMORTIZED COST

The details of this item are as follows:

	Jointly financed	
	31 December	
	2023	2022
	JD	JD
Unquoted Financial Assets:		
Islamic Sukuk	-	37,313,000
Total unquoted Financial Assets	-	37,313,000
Total Financial Assets at Amortized Cost- Net	-	37,313,000

- * Matured during the years 2023.

(12) INVESTMENT IN ASSOCIATE

Investment in associated company (jointly financed):

	Percentage of ownership	Country	Principal activity	31 December	
				2023	2022
Jordan Blending and Packing of Fertilizers Company	25%	Jordan	Manufacturing	349,622	345,954

- Cash dividend for the bank from the associate amounted to JD 6,250 during the year 2022 (JD 6,250 during the year 2021).

The movement on the investment in associate was as follows:

	Jointly financed	
	31 December	
	2023	2022
	JD	JD
Beginning balance	345,954	343,708
Share of profit	3,668	8,496
The share of joint funds from the loss of decline in the affiliate's investment	-	(6,250)
Ending balance for the year*	349,622	345,954

*The latest audited and approved financial statements of the associate have been used for the purpose of valuation.

(13) IJARA MUNTAHIA BITTAMLEEK ASSETS - NET

31 December 2023	Jointly financed			Self financed			Total		
	Cost	Accumulated Depreciation	Net Value	Cost	Accumulated Depreciation	Net Value	Cost	Accumulated Depreciation	Net Value
	JD	JD	JD	JD	JD	JD	JD	JD	JD
Ijara Muntahia Bittamleek assets-Real Estate	745,035,326	(127,341,664)	617,693,662	8,247,587	(2,050,328)	6,197,259	753,282,913	(129,391,992)	623,890,921
Ijara Muntahia Bittamleek assets-Machines	83,241,239	(16,318,926)	66,922,313	-	-	-	83,241,239	(16,318,926)	66,922,313
Ijara Muntahia Bittamleek assets-vehicles	5,836,477	(876,943)	4,959,534	-	-	-	5,836,477	(876,943)	4,959,534
Total	834,113,042	(144,537,533)	689,575,509	8,247,587	(2,050,328)	6,197,259	842,360,629	(146,587,861)	695,772,768
	Jointly financed			Self financed			Total		
31 December 2022	Cost	Accumulated Depreciation	Net Value	Cost	Accumulated Depreciation	Net Value	Cost	Accumulated Depreciation	Net Value
	JD	JD	JD	JD	JD	JD	JD	JD	JD
Ijara Muntahia Bittamleek assets-Real Estate	671,947,039	(105,315,553)	566,631,486	7,900,380	(1,731,500)	6,168,880	679,847,419	(107,047,053)	572,800,366
Ijara Muntahia Bittamleek assets-Machines	55,246,985	(18,272,951)	36,974,034	-	-	-	55,246,985	(18,272,951)	36,974,034
Ijara Muntahia Bittamleek assets-vehicles	3,759,188	(233,816)	3,525,372	-	-	-	3,759,188	(233,816)	3,525,372
Total	730,953,212	(123,822,320)	607,130,892	7,900,380	(1,731,500)	6,168,880	738,853,592	(125,553,820)	613,299,772

- The accrued Ijara installments amounted to JD 5,679,259 as at 31 December 2023 (JD 3,300,078 as at 31 December 2022). Moreover the due Ijara installments were presented under deferred sales receivables and other receivables-Net (Note 8).

- The non-performing Ijara Muntahia, Bittamleek amounted to JD 5,276,218 as at 31 December 2023 representing 0.76% of the balance of Ijara Muntahia Bittamleek assets (JD 6,259,572 as at 31 December 2022, representing 1.02% of the balance of Ijara Muntahia Bittamleek assets).

(14) PROPERTY AND EQUIPMENT - NET

For the year ended 31 December 2023	Lands	Buildings	Equipment, Devices and furniture	Vehicles	Computers	Others	Total
	JD	JD	JD	JD	JD	JD	JD
Cost:							
Beginning balance for the year	2,747,021	12,882,553	18,308,667	282,131	5,654,330	1,163,084	41,037,786
Additions / capitalization*	-	-	1,293,876	-	693,282	159,986	2,147,144
Disposals	-	-	827,314	-	1,105,719	-	1,933,033
Ending balance for the year	2,747,021	12,882,553	18,775,229	282,131	5,241,893	1,323,070	41,251,897
Accumulated depreciation:							
Beginning balance for the year	-	2,444,769	13,189,252	163,377	4,435,694	369,621	20,602,713
Depreciation for the year	-	257,303	1,504,424	36,924	474,582	73,064	2,346,297
Disposals	-	-	819,414	-	1,105,075	-	1,924,489
Ending balance for the year	-	2,702,072	13,874,262	200,301	3,805,201	442,685	21,024,521
Net book value for property and equipment	2,747,021	10,180,481	4,900,967	81,830	1,436,692	880,385	20,227,376
Advance payments on purchasing property and equipment	-	-	38,628	-	-	329,013	367,641
Projects in progress	-	-	155,832	-	-	-	155,832
Net property and equipment at the end of year	2,747,021	10,180,481	5,095,427	81,830	1,436,692	1,209,398	20,750,849
For the year ended 31 December 2022							
Cost:							
Beginning balance for the year	2,747,021	12,882,553	17,639,022	282,131	5,336,017	1,139,949	40,026,693
Additions / capitalization*	-	-	1,447,104	-	415,571	23,135	1,885,810
Disposals	-	-	777,459	-	97,258	-	874,717
Ending balance for the year	2,747,021	12,882,553	18,308,667	282,131	5,654,330	1,163,084	41,037,786
Accumulated depreciation:							
Beginning balance for the year	-	2,187,466	12,480,116	126,454	4,007,462	302,698	19,104,196
Depreciation for the year	-	257,303	1,480,009	36,923	519,048	66,923	2,360,206
Disposals	-	-	770,873	-	90,816	-	861,689
Ending balance for the year	-	2,444,769	13,189,252	163,377	4,435,694	369,621	20,602,713
Net book value for property and equipment	2,747,021	10,437,784	5,119,415	118,754	1,218,636	793,463	20,435,073
Advance payments on purchasing property and equipment	-	-	18,369	-	339,503	277,941	635,813
Projects in progress	-	-	215,182	-	-	-	215,182
Net property and equipment at the end of year	2,747,021	10,437,784	5,352,966	118,754	1,558,139	1,071,404	21,286,068
Annual depreciation rate	-	2%	15%	15%	20%	10%-4%	

-Fully depreciated property and equipment amounted to JD 11,337,649 as at 31 December 2023 (JD11,120,531 as at 31 December 2022).

-The total estimated cost to complete projects in progress amounted to JD 458,486 as at 31 December 2023

*An amount of JD 628,485 was capitalized from payments on the purchase of property, equipment and projects under implementation in 2023 (JD 594,373 during the year 2022).

(15) INTANGIBLE ASSETS-NET

The details of this item are as follows:

	Computer Systems & Software	
	31 December	
	2023	2022
	JD	JD
Beginning balance for the year	2,002,476	1,919,527
Additions	500,330	875,719
Disposal	(168)	-
Amortization for the year	(805,417)	(792,770)
Ending balance for the year	1,697,221	2,002,476
Annual amortization rate	20%	20%

(16) OTHER ASSETS

The details of this item are as follows:

	31 December	
	2023	2022
	JD	JD
Seized assets by the Bank against debts-Net*	36,407,094	8,283,321
Prepaid expenses	1,838,427	1,540,096
Accrued revenue	5,671,086	3,038,178
Stationery and printing inventory	271,612	239,181
Withholding income tax	40,697	21,695
Petty cash	41,650	37,460
Other accounts receivable	869,165	795,418
Others	917,047	956,356
Total	46,056,778	14,911,705

*The movement of the seized assets by the Bank against debts was as follows:

	For the year ended 31 December 2023			For the year ended 31 December 2022
	Seized real estates -self financed	Seized real estates- jointly financed	Total	Total
	JD	JD	JD	JD
Balance at the beginning of the year	392,244	9,221,696	9,613,940	9,030,154
Additions	-	28,446,339	28,446,339	1,532,849
Sales and disposal	(515)	(217,107)	(217,622)	(949,063)
Total	391,729	37,450,928	37,842,657	9,613,940
Provision for impairment of real estate - Jordan Central Bank instructions	(343,441)	(1,092,122)	(1,435,563)	(1,330,619)
Balance at the end of the year	48,288	36,358,806	36,407,094	8,283,321

- 'The Central Bank of Jordan's regulations require disposal of seized assets during a maximum period of 2 years from the date of repossession, and in some cases the Central Bank of Jordan can extend the period for an additional 2 years at max.

The movement of real estate provision was as follows:

	For the year ended 31 December 2023			For the year ended 31 December 2022
	Seized real estates -self financed	Seized real estates- jointly financed	Total	Total
	JD	JD	JD	JD
Provision balance at the beginning of the year	(343,441)	(987,178)	(1,330,619)	(1,088,496)
Additions to the provision for impairment in real estate	(2,609)	(146,078)	(148,687)	(222,164)
Additions to the real estate provision (instructions of the Central Bank of Jordan)	-	-	-	(30,394)
Released from the provision for impairment of real estate	-	41,134	41,134	10,435
Released from the real estate provision (Central Bank of Jordan instructions)	2,609	-	2,609	-
Balance at the end of the year	(343,441)	(1,092,122)	(1,435,563)	(1,330,619)

(17) BANKS AND FINANCIAL INSTITUTIONS ACCOUNTS

The details of this item are as follows:

	31 December 2023			31 December 2022
	Inside the Kingdom	Outside the Kingdom	Total	Total
	JD	JD	JD	JD
Current accounts	6,275,562	16,868,505	23,144,067	17,989,093
Total	6,275,562	16,868,505	23,144,067	17,989,093

(18) CUSTOMERS' CURRENT ACCOUNTS

The details of this item are as follows:

	31 December 2023				
	Retail	Corporate	Small and medium companies	Governmental and Public sector	Total
	JD	JD	JD	JD	JD
Current accounts	204,150,298	13,599,420	95,100,903	6,869,255	319,719,876
Total	204,150,298	13,599,420	95,100,903	6,869,255	319,719,876
	31 December 2022				
	Retail	Corporate	Small and medium companies	Governmental and Public sector	Total
	JD	JD	JD	JD	JD
Current accounts	190,396,725	29,164,531	77,042,701	3,274,323	299,878,280
Total	190,396,725	29,164,531	77,042,701	3,274,323	299,878,280

- Government and public sector deposits inside the Kingdom as at 31 December 2023 amounted to JD 6,869,255 representing 2.15 % of the total customers' current accounts (As at 31 December 2022 amounted to JD 3,274,323 representing 1.09 % of the total customers' current accounts) .

- The restricted accounts as at 31 December 2023 amounted to JD 2,035,127 representing 0.55% of the total customers' current accounts (As at 31 December 2022 amounted to JD 1,038,984 representing 0.35% of the total customers' current accounts) .

- The dormant accounts as at 31 December 2023 amounted to JD 12,382,378 (As at 31 December 2022 amounted to JD 11,232,528).

(19) CASH MARGIN ACCOUNTS

The details of this item are as follows:

	31 December	
	2023	2022
	JD	JD
Margins against direct facilities	29,289,636	31,983,899
Margins against indirect facilities	64,602,087	9,716,465
Other margins	1,383,188	1,199,768
Total	95,274,911	42,900,132

(20) OTHER PROVISIONS

The details of this item are as follows:

	31 December 2023				
	Beginning balance	Provided during the year	Used during the year	Reversed to income	Ending balance
	JD	JD	JD	JD	JD
Provision of lawsuits against the bank	340,000	-	276,281	-	63,719
Provision for contingent liabilities	100,000	-	-	-	100,000
Total	440,000	-	276,281	-	163,719
	31 December 2022				
	Beginning balance	Provided during the year	Used during the year	Reversed to income	Ending balance
	JD	JD	JD	JD	JD
Provision of lawsuits against the bank	340,000	-	-	-	340,000
Provision for contingent liabilities	100,000	-	-	-	100,000
Total	440,000	-	-	-	440,000

(21) INCOME TAX PROVISION

A- Income tax provision

The movement of the income tax provision is as follows :

	For the year ended 31 December	
	2023	2022
	JD	JD
Beginning balance for the year	8,746,097	8,332,402
Income tax expense	14,770,915	10,842,374
Income tax from the sale of financial assets	13,540	-
Previous years settlement (netting from tax deposits of the subsidiary company)	-	(22,068)
Less : Income tax paid for the year*	(11,610,802)	(10,406,611)
Ending balance for the year	11,919,750	8,746,097

* Of which, an amount of JD 2,908,570 paid in advance for the income tax for the year 2023 (JD 2,064,360 paid in advance for the income tax for the year 2022).

B- The income tax expense presented in the Statement of Profit or loss and Comprehensive Income consists of the following:

	For the year ended 31 December	
	2023	2022
	JD	JD
Income tax due	(14,770,915)	(10,842,374)
Add : Released deferred tax assets/self financed	(225,067)	(48,054)
Less : Deferred tax assets / self financed	319,489	171,979
Less : Deferred tax assets / jointly financed	3,862,858	1,410,495
Total	(10,813,635)	(9,307,954)

- 35% was used to calculate the income tax provision according to the Income and Sales Tax Law No. 38 of 2018, which was implemented from first of January 2019, in addition to the percentage of 3% as national contributions.

Tax Status:

The Bank :

- Tax clearance was obtained for end the year 2020 from The Income and Sales Tax Department.
- The tax returns for the year is 2022 , 2021 were submitted within the statutory period and were still not reviewed by the Income and Sales Tax Department until the date of preparing the consolidated financial statements.
- Income tax provision for the year 2023 has been calculated according to the rules.

The Subsidiary:

Misk for Financial Brokerage Company:

- A tax clearance was obtained from the Income and Sales Tax Department until the end of 2022 except for 2019, the tax returns for the year 2019 had been submitted and still pending review by the Income and Sales Tax Department .

In the opinion of the Bank's management, and the bank's tax consultant the provisions booked in the consolidated financial statements are sufficient for all tax liabilities.

C- Deferred tax assets

The details of this item are as follows:

	For the year ended 31 December					For the year ended 31 December
	2023					2022
	Beginning Balance for the year	Released Amounts	Additional Amounts	Ending Balance for the year	Deferred tax	Deferred tax
	JD	JD	JD	JD	JD	JD
Deferred tax assets						
Deferred tax assets - self financed						
Provision of lawsuits against the bank	340,000	276,281	-	63,719	24,213	129,200
Provision for impairment of assets seized by the bank against debts-self financed	343,441	-	-	343,441	130,507	130,508
Provision for credit losses for the first and second stages - self financed	213,467	-	75,696	289,163	109,882	81,117
Difference in the application of FAS (32) - Leases	773,338	-	115,664	889,002	337,821	293,868
Provision for contingent liabilities	100,000	-	-	100,000	38,000	38,000
Unpaid employee bounses	317,178	316,000	649,400	650,578	247,220	120,528
Total Deferred tax assets - self financed	2,087,424	592,281	840,760	2,335,903	887,643	793,221
Deferred tax assets - jointly financed						
Provision for impairment of expropriated real estate - jointly financed	885,487	-	104,944	990,431	376,364	336,485
Provision for credit losses for the first and second stages - jointly financed	18,786,331	-	10,060,471	28,846,802	10,961,785	7,138,806
Total Deferred tax assets - jointly financed	19,671,818	-	10,165,415	29,837,233	11,338,149	7,475,291
Total	21,759,242	592,281	11,006,175	32,173,136	12,225,792	8,268,512

The movement on self-financed deferred tax assets is as follows:

	For the year ended 31 December	
	2023	2022
	JD	JD
Balance at the beginning of the year	793,221	669,296
Additions during the year	319,489	171,979
Amortized during the year	(225,067)	(48,054)
Balance at the End of the year	887,643	793,221

The movement on Jointly-financed deferred tax assets is as follows:

	For the year ended 31 December	
	2023	2022
	JD	JD
Balance at the beginning of the year	7,475,291	6,064,796
Additions during the year	3,862,858	1,410,495
Balance at the End of the year	11,338,149	7,475,291

D - Reconciliation summary between taxable income and accounting income were as follow:

	For the year ended 31 December	
	2023	2022
	JD	JD
Accounting profit for the Bank	28,323,881	24,419,975
Less: Non-taxable income	(647,281)	(181,629)
Add: Non-deductible expenses	11,498,100	4,566,741
Tax income for the Bank	39,174,700	28,805,087
Attributable to :		
Taxable income for the Bank (separated)	38,167,659	27,787,238
Subsidiary's and associate's taxable profit	1,007,041	1,017,849
Statutory tax rate- bank	38%	38%
Statutory tax rate- subsidiary	28%	28%
Effective tax rate	38.2%	38.1%

(22) OTHER LIABILITIES

The details of this item are as follows:

	For the year ended 31 December	
	2023	2022
	JD	JD
Accrued expenses and not paid	1,618,292	850,782
Certified cheques	9,868,834	6,405,993
Expected credit losses on off - balance sheet items-self financed(Note 54)**	137,628	175,041
Expected credit losses on off balance sheet items - Jointly financed(Note 54)***	1,402,126	1,148,342
Shareholders and customers deposits	10,406,587	7,611,239
Customers' share of profits from unrestricted investment	32,856,675	26,127,822
Temporary deposits*	14,543,920	11,842,010
Visa Claims	4,349,375	2,897,543
Others	7,816,010	938,593
Total	82,999,447	57,997,365

* It includes intermediate accounts for an amount of JD 10,193,322 as at 31 December 2023 (JD 9,227,465 as at 31 December 2022), which is the value of credits and deferred policies, and the value will be paid when due.

• Expected credit losses

**Expected credit loss of indirect facilities

A-Self-financed

Movement on indirect facilities :

Item	For the year ended 31 December 2023						For the year ended 31 December 2022
	Stage 1		Stage 2		Stage 3	Total	Total
	Individual	Collective	Individual	Collective			
	JD	JD	JD	JD	JD	JD	JD
Total balance at the beginning of the year	107,140,898	-	6,535,153	-	125,309	113,801,360	99,926,332
New exposures during the year	72,011,111	-	1,720,790	-	-	73,731,901	61,902,973
Accrued exposures	(30,418,027)	-	(4,098,778)	-	-	(34,516,805)	(51,318,306)
Transfer to Stage 1	1,115,631	-	(1,115,631)	-	-	-	-
Transfer to Stage 2	(447,176)	-	447,176	-	-	-	-
Transfer to Stage 3	-	-	(22,500)	-	22,500	-	-
The total impact on the size of exposures as a result of changing the classification between stages	(33,275)	-	(133,740)	-	-	(167,015)	(64,282)
Changes resulting from modifications	(31,489,854)	-	24,287	-	-	(31,465,567)	3,354,643
Total balance at the end of the year	117,879,308	-	3,356,757	-	147,809	121,383,874	113,801,360

Movement on the provision for expected credit losses (indirect facilities /self financed) :

Item	For the year ended 31 December 2023						For the year ended 31 December 2022
	Stage 1		Stage 2		Stage 3	Total	Total
	Individual	Collective	Individual	Collective			
	JD	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	150,581	-	24,460	-	-	175,041	341,537
Impairment loss on new exposures during the year	15,407	-	12,783	-	-	28,190	56,386
Impairment loss of matured / derecognized exposures	(23,164)	-	(1,439)	-	-	(24,603)	(164,491)
Transfer to Stage 1	15,444	-	(15,444)	-	-	-	-
Transfer to Stage 2	(165)	-	165	-	-	-	-
Transfer to Stage 3	-	-	(713)	-	713	-	-
Effect on the provision - as at the end of the Year - as a result of the change in classification between the three stages during the year	(13,783)	-	125	-	(713)	(14,371)	(4,036)
Changes resulting from modifications	(24,168)	-	(2,461)	-	-	(26,629)	(54,355)
Total balance at the end of the year	120,152	-	17,476	-	-	137,628	175,041

****Expected credit loss of indirect facilities / guarantees**

Distribution of total indirect facilities / guarantees

Item	31 December 2023						31 December 2021
	Stage 1		Stage 2		Stage 3	Total	Total
	Individual	Collective	Individual	Collective			
	JD	JD	JD	JD	JD	JD	JD
Almost risk free	3,367,297	-	-	-	-	3,367,297	18,172,348
Low risk	18,966,816	-	-	-	-	18,966,816	1,977,381
Normal Risk	2,536,587	-	-	-	-	2,536,587	2,866,946
Acceptable risk	10,448,537	-	500,000	-	-	10,948,537	12,489,562
Acceptable with due care	1,652,561	-	36,000	-	-	1,688,561	804,738
Watch list	50,000	-	89,463	-	-	139,463	186,863
Substandard	-	-	-	-	22,500	22,500	-
Loss	-	-	-	-	114,809	114,809	114,809
Not rated	4,061,944	-	2,576,683	-	10,500	6,649,127	7,265,449
Total	41,083,742	-	3,202,146	-	147,809	44,433,697	43,878,096

Movement on indirect facilities / Guarantees :

Item	For the year ended 31 December 2023						For the year ended 31 December 2022
	Stage 1		Stage 2		Stage 3	Total	Total
	Individual	Collective	Individual	Collective			
	JD	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	40,916,105	-	2,836,682	-	125,309	43,878,096	39,003,562
New exposures during the year	4,370,875	-	1,566,179	-	-	5,937,054	10,124,828
Matured exposures	(4,379,675)	-	(400,307)	-	-	(4,779,982)	(4,105,645)
Transfer to Stage 1	1,115,631	-	(1,115,631)	-	-	-	-
Transfer to Stage 2	(447,176)	-	447,176	-	-	-	-
Transfer to Stage 3	-	-	(22,500)	-	22,500	-	-
The total impact on the size of exposures as a result of changing the classification between stages	(33,275)	-	(133,740)	-	-	(167,015)	(64,282)
Changes resulting from modifications	(458,743)	-	24,287	-	-	(434,456)	(1,080,367)
Total balance at the end of the year	41,083,742	-	3,202,146	-	147,809	44,433,697	43,878,096

Movement on the provision for expected credit loss (indirect facilities / Guarantees) :

Item	For the year ended 31 December 2023						For the year ended 31 December 2022
	Stage 1		Stage 2		Stage 3	Total	Total
	Individual	Collective	Individual	Collective			
	JD	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	127,891	-	24,460	-	-	152,351	207,414
Impairment loss on new exposures during the year	12,035	-	12,293	-	-	24,328	43,940
Impairment loss of matured / derecognized exposures	(8,821)	-	(1,439)	-	-	(10,260)	(46,411)
Transfer to Stage 1	15,444	-	(15,444)	-	-	-	-
Transfer to Stage 2	(165)	-	165	-	-	-	-
Transfer to Stage 3	-	-	(713)	-	713	-	-
Effect on the provision - as at the end of the Year - as a result of the change in classification between the three stages during the year	(13,783)	-	125	-	(713)	(14,371)	(4,036)
Changes resulting from modifications	(16,791)	-	(2,461)	-	-	(19,252)	(48,556)
Total balance at the end of the year	115,810	-	16,986	-	-	132,796	152,351

****Expected credit loss of indirect facilities / Acceptance**

Distribution of total on indirect facilities /Acceptance

Item	31 December 2022						31 December 2022
	Stage 1		Stage 2		Stage 3	Total	Total
	Individual	Collective	Individual	Collective			
	JD	JD	JD	JD	JD	JD	JD
Almost free risk	-	-	-	-	-	-	624,955
Low risk	3,489,449	-	-	-	-	3,489,449	1,148,967
Normal risk	-	-	-	-	-	-	4,451,823
Acceptable risk	-	-	-	-	-	-	286,531
Not rated	4,489,530	-	-	-	-	4,489,530	33,460,647
Total	7,978,979	-	-	-	-	7,978,979	39,972,923

Movement on the provision for expected credit loss(indirect facilities / Acceptance) :

Item	For the year ended 31 December 2023						For the year ended 31 December 2022
	Stage 1		Stage 2		Stage 3	Total	Total
	Individual	Collective	Individual	Collective			
	JD	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	39,972,923	-	-	-	-	39,972,923	9,862,493
New exposures during the year	4,620,626	-	-	-	-	4,620,626	38,823,956
repaid exposures	(6,306,828)	-	-	-	-	(6,306,828)	(8,474,897)
Transfer to Stage 1	-	-	-	-	-	-	-
Transfer to Stage 2	-	-	-	-	-	-	-
Transfer to Stage 3	-	-	-	-	-	-	-
The total impact on the size of exposures as a result of changing the classification between stages	-	-	-	-	-	-	-
Changes resulting from modifications	(30,307,742)	-	-	-	-	(30,307,742)	(238,629)
Total balance at the end of the year	7,978,979	-	-	-	-	7,978,979	39,972,923

Movement on the provision for expected credit loss(indirect facilities / Acceptance):

Item	For the year ended 31 December 2023						For the year ended 31 December 2022
	Stage 1		Stage 2		Stage 3	Total	Total
	Individual	Collective	Individual	Collective			
	JD	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	7,224	-	-	-	-	7,224	34,093
Impairment loss on new exposures during the year	151	-	-	-	-	151	6,587
Impairment loss of matured / derecognized exposures	(1,087)	-	-	-	-	(1,087)	(32,143)
Transfer to Stage 1	-	-	-	-	-	-	-
Transfer to Stage 2	-	-	-	-	-	-	-
Transfer to Stage 3	-	-	-	-	-	-	-
Effect on the provision as a result of the change in classification between the stages	-	-	-	-	-	-	-
Changes resulting from modifications	(5,478)	-	-	-	-	(5,478)	(1,313)
Total balance at the end of the year	810	-	-	-	-	810	7,224

****Expected credit loss of indirect facilities / Credits**

Distribution of total on indirect facilities /Credits

Item	31 December 2023						31 December 2022
	Stage 1		Stage 2		Stage 3	Total	Total
	Individual	Collective	Individual	Collective			
	JD	JD	JD	JD	JD	JD	JD
Almost free risk	500,314	-	-	-	-	500,314	158,175
Low risk	2,893,052	-	-	-	-	2,893,052	9,878,957
Normal risk	3,430,519	-	-	-	-	3,430,519	1,104,288
Acceptable risk	40,286,288	-	-	-	-	40,286,288	6,938,170
Acceptable with due care	397,446	-	-	-	-	397,446	139,886
Not rated	21,308,968	-	154,611	-	-	21,463,579	11,730,865
Total	68,816,587	-	154,611	-	-	68,971,198	29,950,341

Movement on the provision for expected credit loss(indirect facilities /Credits) :

Item	For the year ended 31 December 2023						For the year ended 31 December 2022
	Stage 1		Stage 2		Stage 3	Total	Total
	Individual	Collective	Individual	Collective			
	JD	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	26,251,870	-	3,698,471	-	-	29,950,341	51,060,277
New exposures during the year	63,019,610	-	154,611	-	-	63,174,221	12,954,189
repaid exposures	(19,731,524)	-	(3,698,471)	-	-	(23,429,995)	(38,737,764)
Transfer to Stage 1	-	-	-	-	-	-	-
Transfer to Stage 2	-	-	-	-	-	-	-
Transfer to Stage 3	-	-	-	-	-	-	-
The total impact on the size of exposures as a result of changing the classification between stages	-	-	-	-	-	-	-
Changes resulting from modifications	(723,369)	-	-	-	-	(723,369)	4,673,639
Total balance at the end of the year	68,816,587	-	154,611	-	-	68,971,198	29,950,341

Movement on the provision for expected credit loss(indirect facilities / Credits)

Item	For the year ended 31 December 2023						For the year ended 31 December 2022
	Stage 1		Stage 2		Stage 3	Total	Total
	Individual	Collective	Individual	Collective			
	JD	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	15,466	-	-	-	-	15,466	100,030
Impairment loss on new exposures during the year	3,221	-	490	-	-	3,711	5,859
Impairment loss of matured / derecognized exposures	(13,256)	-	-	-	-	(13,256)	(85,937)
Transfer to Stage 1	-	-	-	-	-	-	-
Transfer to Stage 2	-	-	-	-	-	-	-
Transfer to Stage 3	-	-	-	-	-	-	-
Effect on the provision - as at the end of the Year - as a result of the change in classification between the three stages during the year	-	-	-	-	-	-	-
Changes resulting from modifications	(1,899)	-	-	-	-	(1,899)	(4,486)
Total balance at the end of the year	3,532	-	490	-	-	4,022	15,466

***Expected credit loss of indirect facilities

B- jointly financed

Movement on indirect facilities :

Item	For the year ended 31 December 2023						For the year ended 31 December 2022
	Stage 1		Stage 2		Stage 3	Total	Total
	Individual	Collective	Individual	Collective			
	JD	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	167,708,178	-	2,961,525	-	-	170,669,703	119,306,051
New exposures during the year	68,031,487	-	640,324	-	-	68,671,811	43,443,760
Accrued exposures	(30,004,705)	-	(766,991)	-	-	(30,771,696)	(32,072,757)
Transferred to Stage 1	1,149,515	-	(1,149,515)	-	-	-	-
Transferred to Stage 2	(923,179)	-	923,179	-	-	-	-
Transferred to Stage 3	-	-	-	-	-	-	-
The total impact on the size of exposures as a result of changing the classification between stages	135,283	-	(325,317)	-	-	(190,034)	(320,256)
Changes resulting from modifications	20,153,541	-	1,180,244	-	-	21,333,785	40,312,905
Total balance at the end of the year	226,250,120	-	3,463,449	-	-	229,713,569	170,669,703

Movement on the provision for expected credit losses (indirect facilities /jointly financed):

Item	For the year ended 31 December 2023						For the year ended 31 December 2022
	Stage 1		Stage 2		Stage 3	Total	Total
	Individual	Collective	Individual	Collective			
	JD	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	1,096,452	-	51,890	-	-	1,148,342	841,925
Impairment loss on new exposures during the year	348,232	-	14,926	-	-	363,158	225,438
Impairment loss of matured / derecognized exposures	(106,261)	-	(17,122)	-	-	(123,383)	(195,122)
Transferred to Stage 1	21,103	-	(21,103)	-	-	-	-
Transferred to Stage 2	(8,239)	-	8,239	-	-	-	-
Transferred to Stage 3	-	-	-	-	-	-	-
Effect on the provision - as at the end of the Year - as a result of the change in classification between the three stages during the year	(18,342)	-	15,269	-	-	(3,073)	(13,960)
Changes resulting from modifications	4,874	-	12,208	-	-	17,082	290,061
Total balance at the end of the year	1,337,819	-	64,307	-	-	1,402,126	1,148,342

***Expected credit loss of indirect facilities - Unutilized credit limits

Distribution of total on indirect facilities - Unutilized credit limits

Item	31 December 2023						31 December 2022
	Stage 1		Stage 2		Stage 3	Total	Total
	Individual	Collective	Individual	Collective			
	JD	JD	JD	JD	JD	JD	JD
Low risk	9,510,464	-	-	-	-	9,510,464	1,982,764
Semi free risk	15,976,296	-	-	-	-	15,976,296	3,062,545
Low risk	11,857,478	-	-	-	-	11,857,478	22,296,242
Normal risk	83,855,486	-	-	-	-	83,855,486	55,670,354
Acceptable risk	68,500,188	-	-	-	-	68,500,188	42,738,950
Acceptable with due care	14,897,974	-	2,000,000	-	-	16,897,974	16,543,307
Watch list	-	-	710,660	-	-	710,660	134,974
Not rated	21,652,234	-	752,789	-	-	22,405,023	28,240,567
Total	226,250,120	-	3,463,449	-	-	229,713,569	170,669,703

Movement on the indirect facilities/credit Unutilized credit limits:

Item	For the year ended 31 December 2023						For the year ended 31 December 2022
	Stage 1		Stage 2		Stage 3	Total	Total
	Individual	Collective	Individual	Collective			
	JD	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	167,708,178	-	2,961,525	-	-	170,669,703	119,306,051
New exposures during the year	68,031,487	-	640,324	-	-	68,671,811	43,443,760
Repaid exposures	(30,004,705)	-	(766,991)	-	-	(30,771,696)	(32,072,757)
Transferred to Stage 1	1,149,515	-	(1,149,515)	-	-	-	-
Transferred to Stage 2	(923,179)	-	923,179	-	-	-	-
Transferred to Stage 3	-	-	-	-	-	-	-
The total impact on the size of exposures as a result of changing the classification between stages	135,283	-	(325,317)	-	-	(190,034)	(320,256)
Changes resulting from modifications	20,153,541	-	1,180,244	-	-	21,333,785	40,312,905
Total balance at the end of the year	226,250,120	-	3,463,449	-	-	229,713,569	170,669,703

Movement on the provision for expected credit loss (indirect facilities) /Unutilized credit limits :

Item	For the year ended 31 December 2023						For the year ended 31 December 2022
	Stage 1		Stage 2		Stage 3	Total	Total
	Individual	Collective	Individual	Collective			
	JD	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	1,096,452	-	51,890	-	-	1,148,342	841,925
Impairment loss on new exposures during the year	348,232	-	14,926	-	-	363,158	225,438
Impairment loss of matured / derecognized exposures	(106,261)	-	(17,122)	-	-	(123,383)	(195,122)
Transferred to Stage 1	21,103	-	(21,103)	-	-	-	-
Transferred to Stage 2	(8,239)	-	8,239	-	-	-	-
Transferred to Stage 3	-	-	-	-	-	-	-
Effect on the provision - as at the end of the period - as a result of the change in classification between the three stages during the year	(18,342)	-	15,269	-	-	(3,073)	(13,960)
Changes resulting from modifications	4,874	-	12,208	-	-	17,082	290,061
Total balance at the end of the year	1,337,819	-	64,307	-	-	1,402,126	1,148,342

(23) UNRESTRICTED INVESTMENT ACCOUNTS

The details of this item are as follows:

	31/12/2023					
	Individuals	Corporate	Small and Medium enterprises	Governmental and Public sector	Banks and Financial Institutions	Total
	JD	JD	JD	JD	JD	JD
Saving accounts	177,854,180	26,509,581	80,270,165	7,981,193	38,158,333	330,773,452
Term accounts/ Investing deposits	874,921,624	139,957,783	104,219,141	162,094,071	-	1,281,192,619
Certificates of investing deposit	352,017,857	23,585,730	32,218,881	41,994,820	40,510,358	490,327,646
Total	1,404,793,661	190,053,094	216,708,187	212,070,084	78,668,691	2,102,293,717
Depositors' share from investments' revenue	63,652,001	8,850,031	7,814,114	10,588,868	3,328,964	94,233,978
Total unrestricted investment accounts	1,468,445,662	198,903,125	224,522,301	222,658,952	81,997,655	2,196,527,695
	31/12/2022					
	Individuals	Corporate	Small and Medium enterprises	Governmental and Public sector	Banks and Financial Institutions	Total
	JD	JD	JD	JD	JD	JD
Saving accounts	177,773,742	26,744,680	49,189,613	5,707,890	28,950,959	288,366,884
Term accounts/ Investing deposits	880,052,230	206,978,206	93,892,953	191,523,819	6,422,843	1,378,870,051
Certificates of investing deposit	160,658,806	5,233,022	13,403,169	27,770,873	37,816,624	244,882,494
Total	1,218,484,778	238,955,908	156,485,735	225,002,582	73,190,426	1,912,119,429
Depositors' share from investments' revenue	40,246,149	8,298,053	4,427,200	8,247,442	1,995,940	63,214,784
Total unrestricted investment accounts	1,258,730,927	247,253,961	160,912,935	233,250,024	75,186,366	1,975,334,213

- Unrestricted investment accounts share of profit is calculated as follows:

- 20% to 50% of the minimum balance of saving accounts in Jordanian Dinar.
- 14% to 33% of the minimum balance of saving accounts in foreign currencies.
- 58% to 97% of the average term accounts in Jordanian Dinar.
- 18% to 61% of the average term accounts in foreign currencies.
- 90% of the average balances of investing certificates of deposit in Jordanian Dinar.
- 80% to 85% of average balances of certificates of investing deposit in foreign currencies .
- The percentage of the profit on the Jordanian Dinar for the Year ended 31 December 2023 is (%4.52) (for the Year ended 31 December 2022 was (3.59%)).
- The percentage of the profit on USD for the Year ended 31 December 2023 is (3.77%) (for the Year ended 31 December 2022 was(1.96%)).
- The unrestricted investment accounts for the Government and Public sector amounted to JD 222,658,952 as at 31 December 2023, which represents10.14% of the total unrestricted investment accounts (As at 31 December 2022 amounted to JD 233,250,024 which represents 11.81 % of the total unrestricted investment accounts) .
- The restricted accounts amounted to JD 1,710,428 as at 31 December 2023, which represents 0.08% of the total unrestricted investment (As at 31 December 2022 amounted to JD 351,127 which represent 0.02% f the total unrestricted investment) .
- The dormant accounts as at 31 December 2023 amounted to JD 8,836,620 (As at 31 December 2022 amounted to JD 18,942,524) .

(24) FAIR VALUE RESERVE

The details of this item are as follows:

A - Self financed

Financial assets at fair value through unrestricted investment accounts reserves - Self financed	For the year ended 31 December	
	2023	2022
	JD	JD
Beginning balance	14,593	-
Unrealized gains on debt instruments / shares	(39,662)	14,593
Ending balance	(25,069)	14,593

B - Jointly financed

Financial assets at fair value through unrestricted investment accounts reserves - jointly financed	For the year ended 31 December	
	2023	2022
	JD	JD
Beginning balance	(1,016,785)	82,413
Unrealized (losses) on debt instruments / sukuk	345,615	(1,176,120)
Unrealized gains (losses) on shares	300,103	76,922
Ending balance	(371,067)	(1,016,785)

(25) PAID IN CAPITAL

The authorized and paid-in capital amounted to JD 100,000,000, consisting of 100,000,000 shares, at a par value of JD 1 per share as at 31 December 2023 and 31 December 2022.

(26) SHARES PROPOSED TO BE DISTRIBUTED TO SHAREHOLDERS

The Board of Directors proposed in its meeting that was held on February 4, 2024, a recommendation to the General assembly of shareholders to approve a capital increase amounted to JOD 20 million equivalent to 20% of the paid-in capital where the paid-up capital becomes JOD 120 million by distributing free shares to shareholders (no bonus share or cash dividends for the previous year 2022).

(27) RESERVES

Statutory reserve :

The accumulated amounts in this account represent the transferred (10%) of annual profits before taxes during the years, according to the Banks and Companies Laws. This reserve is not available for distribution to shareholders.

Reserve name	31 December		Nature of recordly
	2023	2022	
	JD	JD	
Statutory reserve	35,041,275	32,208,887	Law's requirement (Banking and companies)

(28) RETAINED EARNINGS

	31 December	
	2023	2022
	JD	JD
Beginning balance of the year	39,580,861	32,910,838
Transferred statutory reserve	(2,832,388)	(2,441,998)
Dividends	-	(6,000,000)
Net sale gain financial assets at fair value through shareholders' equity -self financed	34,815	-
Profit for the year	17,510,246	15,112,021
Ending balance of the year	54,293,534	39,580,861

-The retained earnings balance as at 31 December 2023 includes an amount to JD 887,643 (2022 amounted to JD 793,221) which represent deferred tax assets-self financed and it is restricted from use in accordance with the Central Bank of Jordan regulations.

-It is prohibited to dispose of the surplus from the balance of the general banking risk reserve, which is transferred to the retained earnings, amounting to JD 108,397, except with the prior approval of the Central Bank of Jordan, where the accumulated balance of the general banking risk reserve has been transferred to the retained earnings based on the instructions of the Central Bank of Jordan No. (13/2018) issued On 6 June 2018.

(29) DEFERRED SALES REVENUE

The details of this item are as follows:

	For the year ended 31 December			
	2023		2022	
	Jointly financed	Self financed	Jointly financed	Self financed
	JD	JD	JD	JD
Individuals (Retail)				
Murabaha to the purchase orderer	30,436,678	110,528	25,877,688	97,419
Real estate facilities	1,752,434	-	2,193,303	-
Corporate				
International Murabaha	191,340	-	50,535	-
Murabaha to the purchase orderer	29,892,566	-	24,928,127	-
Small and medium enterprises				
Murabaha to the purchase orderer	4,139,824	-	2,973,677	-
Government and the public sector	21,540,802	-	15,450,450	-
Total	87,953,644	110,528	71,473,780	97,419

(30) IJARA MUNTALIA BELTAMLEEK REVENUE

The details of this item are as follows:

	For the year ended 31 December			
	2023		2022	
	Jointly financed	Self financed	Jointly financed	Self financed
	JD	JD	JD	JD
Ijara Muntalia Beltamleek – real state	100,286,379	762,521	78,600,398	657,054
Ijara Muntalia Beltamleek – machines	5,320,684	-	3,680,339	-
Ijara Muntalia Bittamleek assets-vehicles	473,289	-	189,617	-
Depreciation for Ijara Muntalia Beltamleek assets	(51,850,824)	(520,533)	(42,560,734)	(425,348)
Total	54,229,528	241,988	39,909,620	231,706

(31) GAINS FROM INTERNATIONAL WAKALA INVESTMENT

The details of this item are as follows:

	Jointly	
	For the year ended 31 December	
	2023	2022
	JD	JD
Gains from International Wakala investment	4,204,173	1,279,221
Total	4,204,173	1,279,221

(32) GAINS FROM FINANCIAL ASSETS AT FAIR VALUE THROUGH UNRESTRICTED INVESTMENT ACCOUNTS' HOLDERS EQUITY

The details of this item are as follows:

	Jointly financed	
	For the year ended 31 December	
	2023	2022
	JD	JD
Shares dividends	139,729	38,773
Gains (losses) on sale of financial assets	8,314	(41,756)
Islamic Sukuk profits	13,560,342	5,846,728
Total	13,708,385	5,843,745

(33) GAINS (LOSSES) FROM FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The details of this item are as follows:

	Jointly financed							
	For the year ended 31 December							
	2023				2022			
	Realized (Losses) gains	Unrealized gains	Dividends	Total	Realized gains	Unrealized (Losses) gains	Dividends	Total
JD	JD	JD	JD	JD	JD	JD	JD	
Corporate Shares	-	-	-	-	(23,987)	-	541	(23,446)
Sukuk	36,857	-	-	36,857	12,372	172	-	12,544
Total	36,857	-	-	36,857	(11,615)	172	541	(10,902)
Less:								
Contract commission	-	-	-	-	830	-	-	830
Total	36,857	-	-	36,857	(12,445)	172	541	(11,732)

(34) GAINS FROM FINANCIAL ASSETS AT AMORTIZED COST

The details of this item are as follows:

	Jointly financed	
	For the year ended 31 December	
	2023	2022
	JD	JD
Sukuk	1,336,449	2,281,432
Total	1,336,449	2,281,432

(35) (LOSSES) FROM FOREIGN CURRENCIES VALUATION

The details of this item are as follows:

	Jointly financed	
	For the year ended 31 December	
	2023	2022
	JD	JD
(Losses) foreign currencies valuation	(9,426)	(152,393)
Total	(9,426)	(152,393)

(36) SHARE OF UNRESTRICTED INVESTMENT ACCOUNTS HOLDERS'

The details of this item are as follows:

	Jointly financed	
	For the year ended 31 December	
	2023	2022
	JD	JD
Customers		
Saving accounts	3,206,127	2,214,646
Term accounts	69,718,548	52,414,883
Certificates of deposit	17,980,339	6,589,315
Total Revenue From Customers	90,905,014	61,218,844
Banks		
Banks and financial Institutions accounts	3,328,964	1,995,940
Total Revenue From Banks	3,328,964	1,995,940
Total	94,233,978	63,214,784

(37) BANK'S SHARE OF REVENUE FROM UNRESTRICTED INVESTMENT ACCOUNTS AS MUDARIB AND RAB MAL

The details of this item are as follows:

	Jointly financed	
	For the year ended 31 December	
	2023	2022
	JD	JD
Bank's share as Mudarib*	32,994,926	35,124,286
Bank's share as Rab Mal	17,615,707	9,488,528
Total	50,610,633	44,612,814

*The bank's share of the revenues of joint investment accounts in its capacity as mudarib on 31 December 2023 amounted to JD 43,021,177 and JD 10,026,251 were donated at 2023 with the approval of Sharia supervision for the benefit of joint investment account holders.

(38) BANK'S SELF FINANCED REVENUE

The details of this item are as follows:

	Note	Self financed	
		For the year ended 31 December	
		2023	2022
		JD	JD
Ijara Muntahia Bittamleek revenue	30	762,521	657,054
Deferred sales revenue	29	110,528	97,419
Cash dividends - financial assets at fair value through profit or loss - self financed		42,000	19,476
Total		915,049	773,949

(39) BANKS SHARE FROM THE RESTRICTED INVESTMENT REVENUE AS AGENT WAKEEL

The details of this item are as follows:

	For the year ended 31 December	
	2023	2022
	JD	JD
	Deferred sales revenue	1,338,292
Less: Muwaketel's share	(1,273,704)	(1,177,365)
Banks share as an agent (wakeel) statement "F"	64,588	95,577

This item represents revenue from Murabaha to purchase order within the Restricted Wakala Investment agreement signed with the Central Bank of Jordan.

(40) GAIN FROM FOREIGN CURRENCIES

The details of this item are as follows:

	For the year ended 31 December	
	2023	2022
	JD	JD
	As a result of trading / dealing foreign currencies	2,240,008
Total	2,240,008	1,568,168

(41) BANKING SERVICES REVENUE - NET

The details of this item are as follows:

	For the year ended 31 December	
	2023	2022
	JD	JD
Indirect facilities commissions	2,202,470	2,766,932
Direct facilities commissions	2,271,238	2,200,127
Other commissions	7,966,170	6,882,641
Less : debit commission	(3,929,394)	(3,236,108)
Total	8,510,484	8,613,592

(42) OTHER REVENUE

The details of this item are as follows:

	For the year ended 31 December	
	2023	2022
	JD	JD
Gain (Losses) from sale of fixed assets	1,672	(3,460)
Gain from sale of seized assets*	3,633	2,411
Membership in the Board of Directors of Jordan Fertilizer Processing Company	3,627	3,891
Other revenue	24,537	13,721
Total	33,469	16,563

* Relates to self-revenue only, as there are sales profits for the joint part amounted to JD 70,893 for the year ended 31 December 2023 (JD 643,626 for the year ended 31 December 2022).

(43) EMPLOYEES' EXPENSES

The details of this item are as follows:

	For the year ended 31 December	
	2023	2022
	JD	JD
Salaries, benefits, allowances and bonuses for employees	12,362,040	11,259,740
Bank's contribution for social security	1,285,804	1,193,900
Medical expenses	831,956	733,430
Employees training	188,662	105,051
Insurance expenses	36,696	35,461
Other employees 'expenses	2,250,392	2,056,695
Total	16,955,550	15,384,277

(44) OTHER EXPENSES

The details of this item are as follows:

	For the year ended 31 December	
	2023	2022
	JD	JD
Stationery and printing materials	361,783	371,619
Postal telecommunications	599,565	612,201
Utilities	702,959	562,310
Travel and transportation	211,610	156,760
Marketing and advertising	1,051,277	903,918
Subscription and fees	636,136	584,699
Maintenance and Cleaning	562,147	489,288
Licences and fees	601,644	560,334
Board of Directors' meetings expenses	634,210	558,193
Information technology expenses	1,433,137	1,451,673
Security and insurance expenses	532,331	530,858
Donations	722,658	640,716
Management and consulting fees	263,110	270,433
Professional fees	138,448	138,444
Board of Directors' remunerations	55,000	55,000
Hospitality expenses	90,407	89,593
Money transportation expenses	213,838	214,997
Legal expenses - Self financed	20,362	11,490
Others	215,887	161,747
Total	9,046,509	8,364,273

(45) EARNINGS PER SHARE

The details of this item are as follows:

	For the year ended 31 December	
	2023	2022
	JD	JD
Profit for the year	17,510,246	15,112,021
	Share	Share
Weighted average number of shares	100,000,000	100,000,000
	JD/Fils	JD/Fils
Basic and diluted earnings per share for the year	0/175	0/151

(46) CASH AND CASH EQUIVALENTS

The details of this item are as follows:

	For the year ended 31 December	
	2023	2022
	JD	JD
Cash balances with CBJ maturing within three months	255,949,654	203,295,535
Add: cash at banks and banking institutions maturing within three months	26,513,323	13,551,162
Less: banks and financial banking accounts maturing within three months	(23,144,067)	(17,989,093)
Total	259,318,910	198,857,604

(47) RELATED PARTY TRANSACTIONS

The Bank entered into transactions with shareholders, board members, and senior management within its normal operations using normal rates of Murabaha and trade commissions , All deferred sales receivables and facilities granted to related parties are performing, and no provisions were taken for these balances. The related parties' transactions are as follows :

	Main shareholders	Senior management	Board of Directors members	Al-Etihad Islamic company for investment*	Sharia directors members	Total	
						31 December	
						2023	2022
	JD	JD	JD	JD	JD	JD	JD
Consolidated statements of financial position items:							
Balances at banks and banking institutions	-	-	-	995,237	-	995,237	191,518
Unrestricted investments accounts and current accounts	272,029	1,547,824	796,197	10,907,433	67,866	13,591,349	33,132,006
Deferred sales receivables and facilities	-	407,002	2,407	-	-	409,409	294,673
Ijara Muntahia Bittamleek assets	-	1,298,429	477,877	-	-	1,776,306	2,023,365
Off statement of financial position items :							
Letters of guarantee	-	-	1,500	-	-	1,500	1,500
Consolidated statement of profit or loss and Comprehensive Income items						For the year ended 31 December	
						2023	2022
Dividends	105	38,324	9,862	464,853	673	513,817	1,032,294
ProFits receiver	-	77,060	30,271	-	-	107,331	106,459
Salaries and bonuses	-	2,457,938	55,000	-	52,400	2,565,338	2,539,765
Transportation	-	-	611,575	-	26,400	637,975	574,200
Cards Services	-	-	-	8,508	-	8,508	8,508

* Al Etihad Islamic for Investment Company which owns 62.37% of Safwa Islamic Bank.

- The lowest and highest received Murabaha rate were 5.47% and 7.74% respectively
- The lowest and highest rate of Ijara Muntahia Bittamleek received by the Bank were 3.75 % and 6.5% respectively.
- The lowest and highest distributed profit rate were 0.12% and 5.36% respectively.
- Executive management salaries and benefits for the year ended 31 December 2023 amounted to JD 2,457,938 (JD 2,432,365 as at 31 December 2022).
- All facilities granted to related parties are performing and no provisions were recorded for it .

(48) Right of use assets / lease liabilities

The details of this item are as follows:

A- Right of use assets

The bank rents real estate and stores for periods ranging from one to 15 years, the average lease term is 7 years, the following is the movement on the right of use assets during the year:

	For the year ended 31 December 2023	For the year ended 31 December 2022
	JD	JD
Balance at the beginning of the year	10,017,830	9,367,268
Add : Additions during the year	2,071,160	2,531,720
Less : Disposals during the year	(163,929)	(223,810)
Less : depreciation for the year	(1,736,700)	(1,657,348)
Balance at the end of year	10,188,361	10,017,830

The amounts related in consolidated statement of profit or loss and comprehensive income:

	For the year ended 31 December 2023	For the year ended 31 December 2022
	JD	JD
Depreciation of the right of use assets for the year	(1,736,700)	(1,657,348)
Finance costs (discounting of rental obligations) during the year	(357,517)	(349,169)

B- Lease liabilities

	For the year ended 31 December 2023	For the year ended 31 December 2022
	JD	JD
Balance at the beginning of the year	10,044,519	9,342,554
Add : Additions during the year	2,071,160	2,531,720
Less : Disposals during the year	(163,929)	(223,810)
Finance costs (discounting of rental obligations) during the year	357,517	349,169
Less : paid during the year	(2,013,929)	(1,955,114)
Balance at the end of year	10,295,338	10,044,519

Analysis of lease tenancy contract liability maturity :

	For the year ended 31 December 2023	For the year ended 31 December 2022
	JD	JD
In less than a year	85,966	81,748
From 1 to 5 years	2,060,862	2,352,945
More than 5 years	8,148,510	7,609,826
	10,295,338	10,044,519

The value of undiscounted rental contract obligations amounted to JD 11,533,816 as at 31 December 2023, and the following is the maturity analysis:

Maturity of undiscounted lease obligations:

	For the year ended 31 December 2023	For the year ended 31 December 2022
	JD	JD
In less than a year	86,274	83,005
From 1 to 5 years	2,181,512	2,496,082
More than 5 years	9,266,030	8,709,355
	11,533,816	11,288,442

(49) Risk Management

Safwa Islamic Bank applies a risk management system that adopts the concept of Enterprise Risk Management to manage the risks that the bank is exposed to according to the concept of prevention before treatment, where the bank adopts a Risk Management framework which is documented and approved by the Board of Directors as the basis for other policies related to the Risk Appetite and other risk policies and a basis of preparing an Internal Capital Adequacy Assessment Plan (ICAAP) and Stress Testing.

Risk Management is a prime responsibility of the bank's Board of Directors through the Board Risk Committee that endorsing to the board of directors to approve the Risk Framework. The Risk Management Department role is to facilitate the management process of different types of risks that the bank is exposed to and evaluating, measuring and developing an appropriate measurement method to mitigate these risks that's affecting the Bank's profitability and Capital Adequacy in line with the approved Risk framework. The Risk Management Department prepares periodic reports to the Board of Directors through the Risk Management Committee to inform them with the latest developments related to risk management for their evaluation and recommendations.

The Internal Audit Department also reports to the Board of Directors through Board Audit Committee on the compliance level of all departments with risk management policies and procedures; as well as auditing the Risk Management Department activities and reporting the findings to the concerned parties.

The bank applies the Central Bank of Jordan instructions related to Risk Management through developing an Internal Capital Adequacy Assessment Plan (ICAAP) and Stress Testing on an annual and regular basis.

Risk Management Department adopts an integrated Risk Management methodology through identifying all risk factor that the bank exposed to and then managing each type of risk within an integrated cycle that includes the following:

- A. Define all types of risk.
- B. Determine the strategic objectives for managing this type of risk.
- C. Defining the risk appetite.
- D. Assess and measure the type risks.
- E. Managing the risks.
- F. Monitoring and reporting of exposures.

The bank is exposed to the following risks:

1. Credit risk:

The bank defines credit risk as the risk arising from the client's inability or unwillingness to fulfill their obligations (principal amount and / or profits) according to the agreed terms and maturities which is causing the bank to incur financial losses.

The Risk Management Department manages credit risk by applying the Credit Manual that organizes and governs the credit process for corporate clients, in addition to the credit Policy for retail and small business clients, as well as the policy of financial institutions credit limits, in line with the Central Bank of Jordan policies and the Basel requirements.

Bank's exposure to credit risk in the bank arises from its financing and investment operations, including:

- Risks related to the client and the nature of business.
- Risks related to the granting and implementing of financing.
- Concentration risk.
- Risks related to Islamic financing instruments.

In this field, the bank monitors and controls credit risks through:

- Managing and controlling portfolio risks through a number of committees such as Board Risk Management committee approved by the Bank Board at director.
- Reviewing and approving credit applications through Credit Committees according to specific authorities that is documented and approved by the Board of Directors, where small amounts are approved by individual authorities.
- Applying credit rating methodologies in line with best practices.
- Monitor credit limits and issuing the needed reports to avoid breach of that limits and monitoring the quality of portfolio.
- Diversifying between financing and investment to avoid the Concentration Risk within individuals, groups or clients of specific geographical regions, specific economic sectors, or specific financing instruments or in the term of financing period.
- Managing nonperforming loans to reduce the expected credit losses.
- Segregation of duties between marketing and credit decision tasks.
- Segregation of duties between implementation and credit control role.
- Setting and updating credit policy, which is responsible of the credit process and decisions.

Credit risk measurement:

The bank applies the Standardized Approach for measuring credit risk by measuring the weighted assets of credit risks mentioned in the consolidated Balance sheet as per the Regulatory Capital Instruction in accordance with the Amended Standard No. 15 (issued by the Islamic Financial Services Board (IFSB)). The bank is taking the necessary steps to apply the Foundation Internal Risk Basis (FIRB), where a corporate credit rating system is periodically applied in addition to a specialized credit rating system for small companies and for individual clients to determine the credit quality for each client when granting the credit and monitoring this quality throughout the financing period to specify any deterioration that may occur and to specify the quality of the whole credit portfolio on a regular basis which will be reflected on credit policy and pricing.

Credit Risk mitigation:

The bank uses various credit risk mitigation tools (such as real estate guarantees, financial, etc.) accordance to the approved credit risk mitigation policy in order to mitigate the exposure credit risks and the related impact on the bank, where the volume and value of the required collateral is determined based on approved credit risk mitigation policy.

The systems used by the bank to manage Credit Risk:

The bank is currently using advanced technological programs to improve the quality of risk management. Perhaps the most important systems currently used are:

1. Expected Credit Losses System (ECL):

Risk management department with the related bank's departments has accomplished setting the Financial Accounting Standard (FAS 30) through an integrated and automated system to calculate the expected credit loss that is linked with the core banking system.

2. Internal Credit Rating system and how it works:

Rating system is a tool that is used to evaluate and improve the quality of the credit decision, in addition to be considered as a primary base to improve and develop the credit risk in line with the Basel requirements and FAS (30) instructions.

Safwa Islamic Bank implements the best international practices related to the internal credit rating on the Corporate Banking clients (Credit Lens: Moody's System), where the classification process is based on qualitative and quantitative credit criteria. Where the credit rating includes two ratings, one at the customer level (Obligor Risk Rating "ORR") and the other at the level of financing (Facility Risk Rating "FRR"). Whereas, the credit rating system is the main focus of calculating the Probability of Default "PD" in addition to calculating losses upon default and within the concept of losses assuming default (Loss Given Default "LGD").

The credit rating system (ORR) is determined by ten degrees and divided as follows:

- From one to six degrees for operating financing, where the first degree is considered the best.
- The seventh degree for operating under supervision
- Degrees eight to ten are for non-performing financing.

The customer is classified on the credit rating system at least once a year in case that no credit event occurs during the year (Credit Events).

In addition, a special system for internal credit rating has been implemented for small business customers, where the classification process is based on qualitative and quantitative criteria. Credit Decisions are made relying mainly on the system output.

Risk Scoring System has been implemented, noting that it is considered an essential part of an integrated project to automate individual financing requests through a Work Flow System that includes all stages of submitting applications and approvals in the relevant departments.

The Bank continuously seeks to review and develop the credit rating systems applied for the various bank's portfolios in accordance with the best international practices that complies with the international and local legislative requirements.

3. Management Information System (MIS)

The management information system is considered a base for the development of credit risk management system in accordance with the requirements of the Basel decisions and the instructions for the application of the Accounting and Auditing Organization for Islamic Financial Institutions FAS (30). Where the system contributes to control risk management related to granted credit by providing periodic oversight reports. Which in turn contributes to control risk within acceptable levels.

Governance of implementation of Financial Accounting Standard (FAS 30):

The bank applies an integrated corporate governance for the implementation of Financial Account Standard (FAS 30) where the board of directors' responsibility is to ensure compliance with the FAS 30, through adopting methodology and policies for the standard, which include defining the roles of relevant committees, departments, and business units also it includes the adopting of system for Financial Accounting Standard (FAS 30), implementation and providing the necessary infrastructure.

Also, through the Board committees the Board of Directors' responsibility is to approve the periodic results of expected credit loss in line with (FAS 30) instructions.

Definition of Default Implementation and the Mechanism of Handling the Default

The bank applied the Central Bank of Jordan instructions regarding the default where the facilities is considered as defaulted (Non-performing) if its maturity or the maturity of one of the installments is equal or more than 90 days or there are indicators that the facilities may be defaulted. The possibility of non-payment of financial Sukuk, International Murabaha and International Wakala with the banking institutions also included into Bank's default concept.

Payment of due installments are monitored through the related departments within approved framework and policies.

The Mechanism of Calculating the Expected Credit Losses (ECL)

The mathematical model for calculating the Expected Credit Loss according to Financial Accounting Standard (FAS 30) instructions is as follows:

Expected Credit Loss = Probability of Default (PD) * Exposure at Default (EAD) * Loss Given Default (LGD)

The calculation of Expected Credit Loss (ECL) depended on the calculation of the following variables:

A. Probability of Default (PD)

Definition of Probability of Default and the Mechanism of Calculation and Controlling (PD):

It is the probability of irregularity in repayment where it is measured for the purpose of calculating the expected credit loss for each stage from the implementation of the Financial Accounting Standard (30) based on historical data that reflecting historical default rates as well as macroeconomic factors stress testing, Where the bank has developed appropriate perceptions according to levels of risk for each economic sector and made several perceptions for sectors with high levels of risk and calculated the impact of this on expected credit losses. Moreover, the bank also reflected the global and local economic conditions, in addition to the effects of Covid-19 pandemic on the possibility of default (Macroeconomic Adjusted PD) And adopting it as a basis in the process of calculating expected credit losses, with the aim of precaution.

The probability of default for a period of 12 months is calculated for the funds included in the first phase and the probability of default for the entire life of the financing for the funds included in the second and third stages. Whereas, the bank adopts a default rate on the level of corporate portfolio clients and investment portfolio clients on an individual basis, while a general ratio for each individual product is based on a collective basis.

B. Exposure at Default (EAD)

Definition of Exposure at Default and Mechanism of Calculating and Controlling (EAD):

It is the amount of potential exposure that is subject to risk - uncovered balance by acceptable collateral - for exposures that fall within the scope of Financial Accounting Standard (FAS 30) through a forward-looking for the period, which the default may occur. Where the exposure at default is measured for the purposes of calculating Expected Credit Loss for each stage of (FAS 30) instruction. An EAD Haircut is used to determine the on-balance exposure that subjected to risk where the off-balance statistical exposure utilization (DDF) is used to determine the potential utilization for those exposures (LGs, LCs and Unutilized Limits). Exposure at Default (EAD) is calculated by the total facilities for the first and second stage and net facilities for the third stage.

C. Loss Given Default (LGD)

Definition of Loss Given Default and Mechanism of Calculating and Controlling (LGD):

It is the amount of loss that arises as a result of defaulted facilities and that is calculated through a statistical model which analyzes the historical collections for each portfolio, where it measured for the purpose of calculating the expected credit loss for each stage of Expected Credit Losses according to the instructions for the implementation of (FAS 30) by calculating the recoverable amount of the different collateral (Cars, Real Estate, Cash, Land, Machinery, Equipment and Vehicles) provided to the Bank against the facilities that granted and legally documented into contracts through a conversion factor for each type of collateral taking into consideration the timing of reaching each type of collateral and turn them into cash (expected cash flow and timing).

The bank has developed a methodology for calculating loss on default (LGD), according to the following:

1. The loss ratio was taken under the assumption of default for the first and second stage customers, based on updated historical data for the amounts or collaterals recovered from the dealers.
2. The loss on default ratio was considered for the third stage dealers based on the default period, so that the relationship between the loss on default and the default period is positive.
3. The bank has updated the data related to the loss on default ratio (LGD) and increased it based on economic studies issued by the international rating agencies.

The Bank's policy in Determining the Elements of calculating Credit Risk and Expected Credit Loss on a Collective or Individual Basis.

The expected Credit Loss (ECL) methodology is classified into individual or collective basis where the collective basis was adopted for retail portfolio through a general PD ratio for each product and then calculating the expected credit loss for each retail portfolio product. While the individual basis was adopted for corporate portfolio as well as for each investment in the Bank's investment portfolios that are subjected to (FAS 30) instructions through a PD ratio for corporate and investment portfolio then calculating the Expected Credit Loss for corporate and investment portfolio.

Key indicators of credit risk on which the Bank has relied in distributing its credit exposures among the three stages

Bank classified exposures on the Expected Credit Loss automated system in line with Financial Accounting Standard (FAS 30) instructions into three stages depending on a set of determinants such as: corporate client internal credit rating, external credit rating, number of dues installments, restructuring and rescheduling, negative changes in the client behavior, increase credit risk, classifying the client under watching-list stage adjusting the credit terms, negative changes on the guarantees value, negative changes in the customer's economic sector, the bank's legal follow-up with the client, In addition to the classification criteria mentioned in the CBJ instructions No. (47/2009) December 10, 2009.

The Main Economic Factors Used by the Bank in Calculating the Expected Credit Loss (ECL)

The main economic factors (macroeconomic factors) were included in the automated system for calculating the expected credit loss. The bank adopts three scenarios, which are the base scenario, the upturn scenario, and the downturn scenario, which were determined based on economic studies issued by the World Bank and international rating agencies.

2. Market Risk:

The bank defines market risk as the potential losses that the bank may be exposed to as a result of the decrease in the prices of the various financial instruments in which it invests, including equity instruments, Sukuk, currency exchange and commodities. The Bank also adopts a conservative policy that aims to identify, assess, measure and manage all types of market risks that may be exposed, which ensures that the Bank's risk factors are reduced and kept within the minimum limits.

3. Operational Risk:

The risk of losses resulting from inadequate or failure of internal processes and/or the human resources and/or systems and/or from external events.

Operational risk factors are managed according to a framework approved by the Board of Directors. This framework includes policies and procedures that clarify the mechanism of identifying and evaluating risk factors and assessing the current controls to determine the adequacy of these controls in mitigating the risk factors and reducing the likelihood of occurrence.

The Bank adopted and applied the Risk & Control Self-Assessment methodology through workshops to define and measure all the Operational Risk factors of operations, activities, products and services of the bank, and to assess the effectiveness of current controls in mitigating these risks and to develop corrective plans to handle such gaps. As this methodology promotes and enhance the principles of direct responsibility of the business units for managing risk factors of their areas. also, it achieves the principle of continuous monitoring risk factors. Risk profiles were developed for all departments which are monthly examined and providing the results to the Risk Management Department.

Operational risk department reviews the internal audit reports of bank's business units and includes new operational risks factors within the unit's risk profile in addition to the internal control unit findings.

The bank applies Loss Data Collection methodology that arise as a result of operational events and the Board of Directors has adopted a detailed policy. The data for these events are currently collected, analyzed, linked with risk factors.

The bank has adopted a general framework for Key Risk Indicators (KRIs), which provides an important tool in managing operational risk factors and improving the Banks ability to manage these risks even before they occur.

All policies and procedures related to departments and business units are reviewed by Risk Management Department - within the process of approved policies and procedures – for the purpose of assessing the adequacy of controls to mitigate risk factors.

With regard to the bank wide awareness of risk culture, Risk Department conducted many workshops for Bank employees on an annual basis.

As for capital adequacy purposes, the Operational Risks are measured using the Basic Indicator Approach according to the instructions of the Central Bank of Jordan, and the bank is working to develop a methodology for transferring to the Standardized Approach in calculating Capital Adequacy against Operational Risks.

Information security and cybersecurity

Policies and strategies were developed based on the best practice of Information Security and Cybersecurity in order to maintain the Confidentiality and Availability of client information and provide banking services within the highest levels of safety and to maintain a safety and secured work environment in which the goals related to information protection, confidentiality, integrity and availability are achieved by the bank using the following:

- A long-term strategy and an integrated annual plan were developed to include the implementation of strategies, policies, standards and systems in the area of Information Security and Cybersecurity to reach a more secure environment and enhance the cybersecurity capabilities of the Bank.

- Developing and updating the Security Operations Center (SOC), for 24/7 monitoring.
- Several projects related to Information Security and Cyber Security were implemented for the purpose of implementing the best solutions and programs to protect and monitor the information systems in the bank.
- The bank adherence to the International Standards for the year 2022 (such as the Payment Card Security Standard PCI DSS) and the bank has obtained a certificate of compliance with the standard.
- Compliance with SWIFT financial network security standard by applying SWIFT Customer Security Program (CSP).
- In the field of security breaches, several tests were conducted on networks and systems, and also tests covered of banking applications (Internet Banking and Mobile Banking).
- The risk factors related to Information Technology are also managed through a continuous updating of Risk Matrix for Information Technology, Information Security and Cyber Security. also, controls are tested Periodically and making sure all control gaps are handled in a proper manner.
- With regard to Awareness of Information Security, Cyber Security and Business Continuity, training workshops are held for bank staff on an annual basis, also, many Awareness Messages (including SMS) related to cyber security were sent to our staff and customers.

Business continuity

An amendment has been made to the Business Continuity, as remote access mechanism was applied and staff were relocated between the bank's sites to ensure social distancing.

Bank's alternative site was redesigned and reactivated to provide a safe and healthy work environment while achieving the terms of social distancing, and work continued in this alternative site until the pandemic's situation became acceptable and safer.

In addition, the bank conducts periodic checks of Alternative Sites and Business Continuity Plan to ensure they are ready in emergency situations.

The bank conducted an emergency plan for sensitive and critical financial systems with participation of several departments. This test was coordinated with the Central Bank of Jordan. The findings of the tests were followed up directly after the test.

In order to align with the best international practices, the alternative site has been moved outside Amman to ensure that the alternative site is not exposed to the same risks as the original site

4. Reputational risk

The bank considers reputation risks as the negative effects on the bank's reputation and brand which is resulted from bank failure to fulfill its responsibility towards all clients and / or its failure to manage its affairs efficiently and effectively and / or the failure to comply with the Sharia requirements and / or the failure to manage All other types of risks which leads to several negative effects, including a loss of client confidence and thus a decline in the client base and an increase of costs or a decrease of profits.

Reputational risks are managed by the following up on customers complaints and answering them through the customer complaints unit. A specialized team also follows up the comments and interventions on social networking sites, the bank follows up the inquiries of customers and the public about matters related to the legal aspects of banking on the official website of the bank.

5. Non-compliance risks

The risks of non-compliance are the risks of legal or regulatory penalties, material losses or reputation risks to which the bank may be exposed due to non-compliance with laws, regulations, instructions, codes of conduct and banking standards.

The bank evaluates and monitors compliance with the instructions issued by the Central Bank and other official bodies. In addition to reviewing all policies, procedures, agreements, announcements, and any new services or products to ensure the availability of the necessary controls to avoid risks arising from non-compliance.

The bank educates employees on compliance issues and prepares written instructions in this regard. The Compliance Department provides advice and guidance to the executive management on applicable laws, regulations and standards and any amendments to them.

The bank conducts a comprehensive assessment of the risks of money laundering and terrorist financing at least annually, or in the event that a need arises to conduct this assessment as a result of a fundamental change in the nature of the risks to which the bank is exposed. Geographical regions, products, services, processes and service delivery channels, according to a methodology approved by the Board of Directors.

The bank's commitment to the anti-money laundering and terrorist financing policy works to build a business relationship with customers based on ethical standers and best practices, especially with regard to (Know Your Customer) and taking the necessary measures to determine the true beneficiary of all transactions.

6. Legal risks related to operational activities

Risks of exposure to legal procedures, follow-ups and fines as a result of the occurrence of operational risks and events, and the disputes arising as a result of non-compliance with applicable regulations and instructions, also the financial fines and claims that can be resulted from a third party. The insufficiency of documents and the lack of legal capacity and / or the invalidity of contracts and / or their lack of enforceability resulting from lack of proper documentation are among the most important causes of legal risks.

The responsibility for managing these risks lies with the legal department, as it reviews all contracts and documents related to the bank's transactions, in addition to legal follow-up to the bank's debtors – in coordination with the Credit Department-, and careful follow-up of the lawsuits to which the bank is a party.

7. Risks of non-compliance Sharia Laws

These are the risks that Islamic banks exposed to, which lead to non-recognition of income. Also it includes the losses resulting from their operations in addition to the reputational risks resulting from non-compliance with Sharia laws. Where these risks are managed through an integrated system of Sharia controls for both the Sharia Supervision Department supervised by the Sharia Supervisory Board and the regulatory control of the Sharia Compliance Department and the Risk Management Department.

The culture of the bank risk management and the role of risk management policies and strategies in supporting and spreading the bank's risk culture

Risk Management Culture is considered as one of the main pillars of the risk management framework, as it enhances the understanding and communication process among all bank's employees in a way that enables them to perform their daily work and make decisions on a basis of the risk management methodology.

Risk management framework includes a main component related to strengthening the concept of Risk Management Culture through the support of the Board of Directors and Executive Management and the necessity to raise awareness of all managerial levels with a culture of risk management in addition to create an integrated training system for all the bank employees to develop Risk Management Culture.

Bank Risk Appetite in line with the Approved business models

The bank adopts a documented and integrated policy of Risk Appetite, which is approved by the bank's Board of Directors. Approved risk appetite aims to link the bank's strategic objectives with the bank risk management system as well as with the business models.

The concept of integration of Risk Appetite into Risk Management Culture and the involvement of the various managerial levels will lead to the linkage of the strategic plan and the methodology of risk management at different managerial levels.

Risk Appetite have been specified for each type of risk in a manner consistent with the bank's strategic directions and CBJ requirements in addition to analyze historical data for each type of risk.

An integrated system of control has been adopted for the Risk Appetite in terms of following up all these levels according to the periodicity specified in the approved document and issuing reports on Risk Appetite to management and to related committees with specifying the responsibility to follow up on any breach.

Stress testing

Stress testing is considered as one of the most important tools that the bank uses to measure its ability to withstand against shocks and high risks, as these tests aim to assess the financial position and the capital adequacy ratio for the bank within different scenarios.

The bank adopts a comprehensive methodology for conducting stress testing. These tests include the following:

Sensitivity Analysis Tests: These tests aim to measure the impact of different economic factors and internal risk factors on the financial position and the adequacy ratio of the bank's capital. These tests cover credit, market, operational, liquidity and any other risks the bank believes is necessary to stress tested.

Scenarios tests: These tests aim to assess the bank's tolerance of crises and shocks related to the overall economy of the country, such as changes in the rate of economic growth, unemployment rates, high interest rates, and their impact on the financial position and capital adequacy ratio of the bank.

A policy for stress tests was prepared and approved by the bank's board of directors to cover all the requirements for stress tests and to define the methodology adopted for applying these tests and their periodicity, as the instructions of the Central Bank of Jordan were based on.

This is in light of the spread of the new Corona virus (Covid-19) and its impact on the Jordanian economy, the bank has added special scenarios to measure the bank's ability to withstand shocks resulting from the economic changes due to the pandemic.

The bank seeks to consider the results of stressful situations as a basic reference for developing future plans and appropriate strategies. The concept of stress tests is being incorporated into the department's monthly reports to create a comprehensive culture of the modern risk management concept.

The bank adopts an integrated system for the governance of stress tests whereby the risk management periodically conducts stress tests and then submits them to the Risk Management Committee and then submits them to take the appropriate recommendation from the Board of Directors Committee for Risk Management and then approves it by the Board of Directors, where it simulates the best practical practices in involving the bank's board of directors and senior executive management in the methodology of stress tests and the impact of their results on the bank's strategic decisions.

(50/ A) CREDIT RISK**1) Credit risk exposure (After impairment provision and before collateral and other risk reducers):**

	31 December 2023		
	Jointly financed	Self financed	Total
	JD	JD	JD
Balances with Central Bank	-	228,651,162	228,651,162
Balances at banks and financial institutions	-	26,513,323	26,513,323
International Wakala investments	85,131,319	-	85,131,319
Deferred sales receivables and other receivables			
Retail (individual)	372,039,121	1,545,518	373,584,639
Real estate financing	12,380,107	-	12,380,107
Corporate	374,436,186	213,878	374,650,064
Small and medium companies	56,392,648	275,624	56,668,272
Public and governmental sectors	470,087,433	-	470,087,433
Sukuk			
Within financial assets at fair value through unrestricted investments accounts	443,894,901	-	443,894,901
Qard hasan	-	34,380,739	34,380,739
Other assets	5,615,703	1,151,018	6,766,721
Total consolidated statement of financial position items	1,819,977,418	292,731,262	2,112,708,680
Off-consolidated statement of financial position items:			
Letters of guarantees	-	44,300,901	44,300,901
Letters of credit	-	68,967,176	68,967,176
Acceptances	-	7,978,169	7,978,169
Unutilized limits	228,311,443	-	228,311,443
Total	2,048,288,861	413,977,508	2,462,266,369

	31 December 2022		
	Jointly financed	Self financed	Total
	JD	JD	JD
Balances with Central Bank	-	178,217,660	178,217,660
Balances at banks and financial institutions	-	13,551,162	13,551,162
International Wakala investments	63,141,396	-	63,141,396
Deferred sales receivables and other receivables			
Retail (individual)	343,585,419	1,323,557	344,908,976
Real estate financing	14,727,709	-	14,727,709
Corporate	453,108,786	355,345	453,464,131
Small and medium companies	48,789,724	637,140	49,426,864
Public and governmental sectors	454,446,477	-	454,446,477
Sukuk			
Within financial assets at fair value through Profit or loss	35,143	-	35,143
Within financial assets at fair value through unrestricted investments accounts	266,958,281	-	266,958,281
Within financial Assets at Amortized Cost	37,313,000	-	37,313,000
Qard hasan	-	6,780,358	6,780,358
Other assets	3,002,702	983,469	3,986,171
Total consolidated statement of financial position items	1,685,108,637	201,848,691	1,886,957,328
Off-consolidated statement of financial position items:			
Letters of guarantees	-	43,725,745	43,725,745
Letters of credit	-	29,934,875	29,934,875
Acceptances	-	39,965,699	39,965,699
Unutilized limits	169,521,361	-	169,521,361
Total	1,854,629,998	315,475,010	2,170,105,008

Distribution of credit exposures

A. Distribution of credit exposures - self (After deducting the deferred and suspended revenues):

Internal Rating of the Bank	31 December 2023						
	Category Classification by Instructions (47/2009)	Total exposure value	Expected credit loss	The probability of default (PD) %	Classification according to external classification institutions	Exposure at default (EAD) per million dinars	Average loss at default (LGD)%
		JD	JD			JD	
A- Direct credit financing (After deducting suspended and deferred revenue):							
Almost free risk	Performing exposure	523,450	-	0.4%	-	0.440	51%
Low risk	Performing exposure	29,841,401	176,227	1%	-	25.071	54%
Normal risk	Performing exposure	898,639	8,601	2%	-	0.755	56%
Acceptable risk	Performing exposure	2,995,493	29,095	3%	-	2.517	54%
Acceptable with due care	Performing exposure	87,892	134	4%	-	0.074	53%
Watch list	Performing exposure	30,858	1,762	12%	-	0.026	57%
Not rated	Performing exposure	1,905,211	9,461	16%	-	1.802	66%
Total (performing debt)		36,282,944	225,280			30.685	
Loss	Non - performing exposure	320,684	7,088	100%	-	0.321	84%
Not rated	Non - performing exposure	720,535	676,036	100%	-	0.721	75%
Total (Non-performing debt)		1,041,219	683,124			1.041	
Sub Total		37,324,163	908,404			31.726	
B. Indirect credit financing (Off statement of financial position items - self) :							
Almost free risk	Performing exposure	3,867,611	2,544	0.5%	-	7.514	53%
Low risk	Performing exposure	25,349,317	45,215	1%	-	1.835	54%
Normal risk	Performing exposure	5,967,106	10,872	2%	-	1.681	58%
Acceptable risk	Performing exposure	51,234,825	45,116	3%	-	5.725	55%
Acceptable with due care	Performing exposure	2,086,007	10,932	4%	-	0.338	53%
Watch list	Performing exposure	139,463	187	11%	-	0.075	59%
Not rated	Performing exposure	32,591,736	22,762	4%	-	7.098	66%
Total (performing debt)		121,236,065	137,628		-	24.266	
Substandard	Non - performing exposure	22,500	-	100%	-	0.010	53%
Loss	Non - performing exposure	114,809	-	100%	-	0.115	77%
Not rated	Non - performing exposure	10,500	-	4%	-	0.001	77%
Total (Non-performing debt)		147,809	-			0.125	
Sub Total		121,383,874	137,628			24.392	

Distribution of credit exposures

B. Distribution of credit exposures - Jointly financed (After deducting the deferred and suspended revenues):

Internal rating of the Bank	31 December 2023						
	Category Classification by Instructions (47/2009)	Total exposure value	Expected credit loss	The probability of default (PD)	Classification according to external classification institutions	Exposure at default (EAD) per million dinars	Average loss at default (LGD) %
		JD	JD			JD	
A- International wakala investments	Performing exposure	85,204,782	73,463	0.1%	A-BBB+	86.466	75%
B- Islamic Sukuk:							
Within financial assets at fair value through unrestricted investments accounts	Performing exposure	444,044,525	149,624	1.0%	AA -B	444.596	75%
C -Direct credit financing (After deducting suspended and deferred revenue):							
Low risk	Performing exposure	473,666,508	-	0%	-	449.574	4%
Almost free risk	Performing exposure	9,531,323	18,024	0.5%	-	8.465	53%
Low risk	Performing exposure	6,508,755	14,093	1%	-	5.901	54%
Normal risk	Performing exposure	62,717,872	307,793	3%	-	56.834	53%
Acceptable risk	Performing exposure	235,074,712	7,598,292	3%	-	217.810	53%
Acceptable with due care	Performing exposure	59,705,805	11,166,896	7%	-	57.594	53%
Watch list	Performing exposure	13,949,334	2,093,766	18%	-	13.911	53%
Not rated	Performing exposure	443,785,304	9,609,645	2%	-	462.257	70%
Total (performing debt)		1,304,939,613	30,808,509			1,272.345	
Substandard	Non - performing exposure	11,969,107	4,062,448	100%	-	11.966	53%
Loss	Non - performing exposure	11,978,502	11,660,349	100%	-	11.982	79%
Not rated	Non - performing exposure	17,271,992	14,292,413	100%	-	17.272	80%
Total (Non-performing debt)		41,219,601	30,015,210			41.220	
Sub Total		1,346,159,214	60,823,719			1,313.565	
D - Unutilized limits							
Low risk	Performing exposure	9,510,464	-	0.0%	-	5.231	0%
Almost free risk	Performing exposure	15,976,296	21,482	0.5%	-	8.787	53%
Low risk	Performing exposure	11,857,478	39,897	1.3%	-	6.522	54%
Normal risk	Performing exposure	83,855,486	524,046	2.1%	-	46.121	53%
Acceptable risk	Performing exposure	68,500,188	560,496	2.7%	-	37.675	54%
Acceptable with due care	Performing exposure	16,897,974	183,133	3.7%	-	9.294	53%
Watch list	Performing exposure	710,660	28,833	13.8%	-	0.391	53%
Unrated	Performing exposure	22,405,023	44,239	1.5%	-	12.321	72%
Total (performing)		229,713,569	1,402,126			126.341	
Sub Total		229,713,569	1,402,126			126.341	

2. Classification of deferred sales and other receivables according to the degree of risk In accordance with the Financial Accounting Standard (30) issued by the Accounting and Auditing Organization for Islamic Financial Institutions :

A) Distribution of the fair value of collateral against credit exposures - for total credit exposure - joint according to the following table:

The bank maintains collateral or other credit enhancements to mitigate credit risk associated with financial assets. The Group maintains cash, investments and (joint) financing balances amounting to JD 1,881,028,083 as of 31 December 2023 (compared to JD 1,742,031,458 as of 31 December 2022). The estimated value of the joint collateral held is JD 319,855,569 as on 31 December 2023 (compared to JD 309,528,583 as on 31 December 2022). The value of collateral is only considered to the extent that it mitigates credit risk. There has been no change in The bank's guarantees policy during the current year.

The table below shows each type of exposure and the associated collateral:

Item	31 December 2023											
	Total exposure value	Fair value of collateral						Net exposure after collateral	Expected credit loss			
		Cash margin	Traded shares	Bank guarantees	Real estate financing	Cars and mechanics	Other			Total value of collateral		
Balances with Central Bank	JD -	JD -	JD -	JD -	JD -	JD -	JD -	JD -	JD -	JD -	JD -	JD -
Balances at banks and financial institutions	-	-	-	-	-	-	-	-	-	-	-	-
Deposits with banks and financial institutions	-	-	-	-	-	-	-	-	-	-	-	-
International Wakala investments	86,204,782	-	-	-	-	-	-	86,204,782	-	73,463	-	-
Direct credit financing - net :												
Retail	392,633,707	6,768,838	-	4,181,915	123,884,653	-	134,835,406	257,798,301	20,594,586	-	-	-
Real estate financing	17,871,946	371,214	-	8,366,538	-	-	8,737,752	9,134,194	5,491,839	-	-	-
For corporate	406,026,050	5,625,703	-	104,095,416	12,128,304	2,459,014	124,308,437	281,717,613	31,589,864	-	-	-
Small and medium enterprises	59,540,078	2,308,115	-	44,941,845	1,575,660	3,148,354	51,973,974	7,566,104	3,147,430	-	-	-
Public and governmental sectors	470,087,433	-	-	-	-	-	-	470,087,433	-	-	-	-
Sukuk												
Within financial assets at fair value through Profit or loss	-	-	-	-	-	-	-	-	-	-	-	-
Within financial assets at fair value through unrestricted investments accounts	444,044,525	-	-	-	-	-	-	444,044,525	149,624	-	-	-
Within financial Assets at Amortized Cost-net	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	5,615,703	-	-	-	-	-	-	5,615,703	-	-	-	-
Sub total	1,881,024,224	15,073,870	-	161,585,714	137,588,617	5,607,368	319,855,569	1,561,168,655	61,046,806	-	-	-
Unutilized credit limits	229,713,569	-	-	-	-	-	-	229,713,569	1,402,126	-	-	-
Total	2,110,737,793	15,073,870	-	161,585,714	137,588,617	5,607,368	319,855,569	1,790,882,224	62,448,932	-	-	-

B. Distribution of the fair value of collateral against credit exposure - for total credit exposures - self according to the following table:

The bank maintains collateral or other credit enhancements to mitigate credit risk associated with financial assets. The Bank maintains cash, investments and (self-financing) balances amounting to JD 293,635,807 as of 31 December 2023 (compared to JD 202,370,742 as of 31 December 2022). The estimated value of the joint guarantees held is JD 2,249,441 as on 31 December 2023 (compared to JD 1,670,124 as on 31 December 2022). The value of collateral is only considered to the extent that it mitigates credit risk. There was no change in the bank's guarantees policy during the current year.

The table below shows each type of exposure and the associated collateral:

Item	31 December 2023										
	Total exposure value	Fair value of collateral							Net exposure after collateral	Expected credit loss	
		Cash margin	Traded shares	Bank guarantees	Real estate financing	Cars and mechanics	Other	Total value of collateral			
JD	JD	JD	JD	JD	JD	JD	JD	JD	JD		
Balances with Central Bank	228,651,162	-	-	-	-	-	-	-	228,651,162	-	
Balances at banks and financial institutions	26,513,323	-	-	-	-	-	-	-	26,513,323	-	
Direct credit financing - net :											
Retail	1,827,595	-	-	-	-	880,740	-	880,740	946,855	230,577	
Real estate financing	-	-	-	-	-	-	-	-	-	-	
For corporate	34,544,067	5,972	-	-	972,076	-	1,485	979,533	33,564,534	533,253	
Small and medium enterprises	442,841	-	-	-	363,786	752	24,630	389,168	53,673	144,574	
Public and governmental sectors	509,660	-	-	-	-	-	-	-	509,660	-	
Other assets	1,151,018	-	-	-	-	-	-	-	1,151,018	-	
Sub total	293,639,666	5,972	-	-	1,335,862	881,492	26,115	2,249,441	291,390,225	908,404	
Bank guarantees	44,433,697	4,319,092	-	-	-	-	-	4,319,092	40,114,605	132,796	
Credits	68,971,198	10,652,995	-	-	-	-	-	10,652,995	58,318,203	4,022	
Acceptance	7,978,979	-	-	-	-	-	-	-	7,978,979	810	
Total	415,023,540	14,978,059	-	-	1,335,862	881,492	26,115	17,221,528	397,802,012	1,046,032	

C. Distribution of the fair value of collateral against credit exposures included in the third stage - joint according to the following table:

Item	31 December 2023										
	Total exposure value	Fair value of collateral						Net exposure after collateral	Expected Credit Loss (ECL)		
		Cash Insurance	Shares traded	Bank guarantees are acceptable	Real estate	Cars and Mechanics	Other			Total value of collateral	
JD	JD	JD	JD	JD	JD	JD	JD	JD	JD		
Balances with Central Bank	-	-	-	-	-	-	-	-	-	-	
Balances at banks and financial institutions	-	-	-	-	-	-	-	-	-	-	
Deposits with banks and financial institutions	-	-	-	-	-	-	-	-	-	-	
Investment by an International agency - net	-	-	-	-	-	-	-	-	-	-	
Direct credit facilities -net :	-	-	-	-	-	-	-	-	-	-	
Retail	12,943,890	3,065	-	-	345,035	5,037,841	-	5,385,941	7,557,949	11,563,998	
Real estate financing	248,323	-	-	-	247,935	-	-	247,935	388	674,324	
For corporate	23,768,951	5,000	-	-	10,392,947	1,161,928	-	11,559,875	12,209,076	15,149,924	
Small and medium enterprises	4,258,437	684,377	-	-	2,850,841	118,489	-	3,653,707	604,730	2,626,964	
Public and governmental sectors	-	-	-	-	-	-	-	-	-	-	
Sukuk:	-	-	-	-	-	-	-	-	-	-	
Within financial assets at fair value through Profit or loss	-	-	-	-	-	-	-	-	-	-	
Within financial assets at fair value through the holders of the joint investment accounts - net	-	-	-	-	-	-	-	-	-	-	
Within financial assets at amortized cost-net	-	-	-	-	-	-	-	-	-	-	
Other assets	-	-	-	-	-	-	-	-	-	-	
Su btotal	41,219,601	692,442	-	-	13,836,758	6,318,258	-	20,847,458	20,372,143	30,015,210	
Unutilized credit limits	-	-	-	-	-	-	-	-	-	-	
Total	41,219,601	692,442	-	-	13,836,758	6,318,258	-	20,847,458	20,372,143	30,015,210	

D. Distribution of the fair value of collateral against credit exposures included in the third stage - Self according to the following table:

Item	31 December 2023												
	Total exposure value	Fair value of collateral							Net exposure after collateral	Expected Credit Loss (ECL)			
		Cash Insurance	Shares traded	Bank guarantees are acceptable	Real estate	Cars and Mechanics	Other	Total value of collateral					
Balances with Central Bank	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balances at banks and financial institutions	-	-	-	-	-	-	-	-	-	-	-	-	-
Direct credit facilities -net :													
Retail	222,330	-	-	-	-	-	-	-	-	-	222,330	-	222,317
Real estate financing	-	-	-	-	-	-	-	-	-	-	-	-	-
For corporate	635,936	5,972	-	-	4,757	-	-	-	10,729	-	625,207	-	316,366
Small and medium enterprises	182,953	-	-	-	141,283	752	-	142,035	-	40,918	-	144,441	
Public and governmental sectors	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	1,041,219	5,972	-	-	146,040	752	-	152,764	-	888,455	-	683,124	
Bank guarantees	147,809	-	-	-	-	-	-	-	-	147,809	-	-	
Credits	-	-	-	-	-	-	-	-	-	-	-	-	
Acceptance	-	-	-	-	-	-	-	-	-	-	-	-	
Total	1,189,028	5,972	-	-	146,040	752	-	152,764	-	1,036,264	-	683,124	

Deferred sales and other receivables and scheduled financing:

Are those that have previously been classified as non-performing financing and are eliminated from the balance of non-performing loans and borrowings under a fundamental schedule whether they are still under control or transferred to a transaction. Moreover, they are classified as cash and cash equivalents. Deferred sales and other receivables amounted to JD 10,684,240 as at 31 December 2023 (JD 3,001,559 as at 31 December 2022).

Deferred sales and other receivables and restructured financing:

Restructuring means a rearrangement of the status of the receivables / financing in terms of instalment adjustment, extension of the life of the receivables / financing, postponement of certain instalments, or extension of the grace period. They were classified as receivables / financing under control. Deferred sales and restructured receivables amounted to JD 146,723,390 as at 31 December 2023 (JD 148,761,272 as at 31 December 2022).

3) Sukuk

The following table illustrates sukuk grading under financial assets at fair value through unrestricted investment accounts holders in accordance with foreign grading institutions.

A- Financial assets at fair value through unrestricted investment accounts

Classification grade	Grading institution	31 December 2023	31 December 2022
		JD	JD
Aa3	Moody's	-	9,205,907
A1	Moody's	10,155,967	3,395,168
A2	Moody's	72,255,42	3,749,679
A3	Moody's	2,337,548	2,698,776
Ba3	Moody's	-	1,307,203
B1	Moody's	-	141,837
B3	Moody's	1,074,215	698,673
AA-	Fitch	5,882,492	2,798,227
A+	Fitch	9,114,676	7,029,230
A	Fitch	17,393,267	12,558,924
A-	Fitch	20,453,845	3,086,705
BBB+	Fitch	1,340,979	689,811
BB	Fitch	3,148,035	-
B+	Fitch	5,180,830	-
unclassified	-	-	5,493,422
Government	-	8,885,325	13,328,000
Government guarantee	-	351,702,180	200,776,719
		443,894,901	266,958,281
B- Financial assets at amortized cost			
Government guarantee	-	-	37,313,000
		-	37,313,000
C- Financial assets at fair value through income statement			
A	Fitch	-	35,143
		-	35,143
	Total	443,894,901	304,306,424

All the above instruments are classified within the first stage for the year 2023 .

4 - Concentration in credit exposures by geographical distribution .

1. The total distribution of exposures by geographical region-self financed (after impairment provision) :

Item	31 December 2022							31 December 2022	
	Within the Kingdom	Other Middle Eastern countries	Europe	Asia *	Africa	America	Other countries	Total	Total
Cash and balances with central banks	JD 228,651,162	JD -	JD -	JD -	JD -	JD -	JD -	JD 228,651,162	JD 178,217,660
Balances at banks and financial institutions	1,261,566	3,540,296	2,917,428	1,336,136	-	17,447,233	10,664	26,513,323	13,551,162
Deposits with banks and financial institutions	-	-	-	-	-	-	-	-	-
Direct credit facilities -net	36,415,759	-	-	-	-	-	-	36,415,759	9,096,400
Sukuk:									
Within financial assets at fair value through Profit or loss	-	-	-	-	-	-	-	-	-
Within financial assets at fair value through unrestricted investment accounts holders' equity -net	-	-	-	-	-	-	-	-	-
Within financial assets at amortized cost -net	-	-	-	-	-	-	-	-	-
Other assets	1,151,018	-	-	-	-	-	-	1,151,018	983,469
Total / current period	267,479,505	3,540,296	2,917,428	1,336,136	-	17,447,233	10,664	292,731,262	201,848,691
Letter of guarantees	44,150,358	145,543	-	-	-	-	5,000	44,300,901	43,725,745
Letters of credit	48,396,738	19,865,337	-	-	-	705,101	-	68,967,176	29,934,875
Acceptances	3,488,639	4,489,530	-	-	-	-	-	7,978,169	39,965,699
Sub Total	363,515,240	28,040,706	2,917,428	1,336,136	-	18,152,334	15,664	413,977,508	315,475,010

*Except for Middle Eastern countries

2. Distributions according to classification according to classification according to the FAS No. (30) - Self financed :

Item	31 December 2023					
	Stage 1 Individual	Stage 1 Collective	Stage 2 Individual	Stage 2 Collective	Stage 3	Total
	JD	JD	JD	JD	JD	JD
Within the Kingdom	355,698,255	1,708,485	5,454,321	148,275	505,904	363,515,240
Other Middle Eastern countries	28,040,706	-	-	-	-	28,040,706
Europe	2,917,428	-	-	-	-	2,917,428
Asia	1,336,136	-	-	-	-	1,336,136
Africa	-	-	-	-	-	-
America	18,152,334	-	-	-	-	18,152,334
Other countries	15,664	-	-	-	-	15,664
Total	406,160,523	1,708,485	5,454,321	148,275	505,904	413,977,508

3. Total distribution of exposures by geographical region -jointly financed (after impairment provision) :

Item	31 December 2023								31 December 2022	
	Within the Kingdom	Other Middle Eastern countries	Europe	Asia *	Africa	America	Other countries	Total	Total	Total
Cash and balances with central banks	JD -	JD -	JD -	JD -	JD -	JD -	JD -	JD -	JD -	JD -
Balances at banks and financial institutions	-	-	-	-	-	-	-	-	-	-
Deposits with banks and financial institutions	-	-	-	-	-	-	-	-	-	-
International wakala investments -net	-	81,377,692	3,753,627	-	-	-	-	85,131,319	63,141,396	-
Direct credit facilities -net	1,285,335,495	-	-	-	-	-	-	1,285,335,495	1,314,658,115	-
Sukuk:										
Within financial assets at fair value through Profit or loss	-	-	-	-	-	-	-	-	35,143	-
Within financial assets at fair value through unrestricted investment accounts holders' equity -net	360,587,505	82,608,723	698,673	-	-	-	-	443,894,901	266,958,281	-
Within financial assets at amortized cost -net	-	-	-	-	-	-	-	-	37,313,000	-
Other assets	5,615,703	-	-	-	-	-	-	5,615,703	3,002,702	-
Total / current period	1,651,538,703	163,986,415	4,452,300	-	-	-	-	1,819,977,418	1,685,108,637	-
Unutilized credit limits	228,311,443	-	-	-	-	-	-	228,311,443	169,521,361	-
Sub Total	1,879,850,146	163,986,415	4,452,300	-	-	-	-	2,048,288,861	1,854,629,998	-

* except for middle eastern countries

4. Distribution of exposures according to the classification stages according to the FAS (30) - jointly financed :

Item	31 December 2023					
	Stage 1 Individual	Stage 1 Collective	Stage 2 Individual	Stage 2 Collective	Stage 3	Total
	JD	JD	JD	JD	JD	JD
Within the Kingdom	1,381,146,850	385,740,007	57,370,885	44,388,013	11,204,391	1,879,850,146
Other Middle Eastern countries	163,986,415	-	-	-	-	163,986,415
Europe	4,452,300	-	-	-	-	4,452,300
Asia	-	-	-	-	-	-
Africa	-	-	-	-	-	-
America	-	-	-	-	-	-
Other countries	-	-	-	-	-	-
Total	1,549,585,565	385,740,007	57,370,885	44,388,013	11,204,391	2,048,288,861

5- Distribution of exposures by economic sectors:

1. Total distribution of exposures by financial instrument - self financed (after impairment provision) :

Item	31 December 2022										31 December 2021
	Financial	Industry	Trade	Real estates	Agriculture	Shares	Retail	Government and public sector	Other	Total	Total
Cash and balances with central banks	JD 228,651,162	-	-	-	-	-	-	-	-	JD 228,651,162	178,217,660
Balances at banks and financial institutions	26,513,323	-	-	-	-	-	-	-	-	26,513,323	13,551,162
Deposits with banks and financial institutions	-	-	-	-	-	-	-	-	-	-	-
Direct credit facilities -net	-	31,668,867	1,961,562	-	17,033	819,968	756,197	509,660	682,472	36,415,759	9,096,400
sukuk :											
Included in financial assets at fair value through Profit or loss	-	-	-	-	-	-	-	-	-	-	-
Within financial assets at fair value through unrestricted investment accounts' equity -net	-	-	-	-	-	-	-	-	-	-	-
Within financial assets at amortized cost - net	-	-	-	-	-	-	-	-	-	-	-
Other assets	1,151,018	-	-	-	-	-	-	-	-	1,151,018	983,469
Total / current year	256,315,503	31,668,867	1,961,562	-	17,033	819,968	756,197	509,660	682,472	292,731,262	201,848,691
Letter of guarantees	393,432	3,458,088	7,277,437	3,368,861	512,126	2,104,072	2,437,192	-	24,749,693	44,300,901	43,725,745
Letters of credit	20,924,937	2,582,365	43,690,623	-	-	209,480	491,943	-	1,067,828	68,967,176	29,934,875
Acceptances	4,489,530	3,488,639	-	-	-	-	-	-	-	7,978,169	39,965,699
Sub Total	282,123,402	41,197,959	52,929,622	3,368,861	529,159	3,133,520	3,685,332	509,660	26,499,993	413,977,508	315,475,010

2. Distribution of divisions according to classification according to the classification of the FAS (30) self financed :

Item	31 December 2023					
	Stage 1 Individual	Stage 1 Collective	Stage 2 Individual	Stage 2 Collective	Stage 3	Total
	JD	JD	JD	JD	JD	JD
Financial	282,065,402	-	58,000	-	-	282,123,402
Industry	39,085,906	79,452	2,026,129	-	6,472	41,197,959
Trade	51,164,144	17,914	1,657,478	54,157	35,929	52,929,622
Real estates	3,363,373	-	5,488	-	-	3,368,861
Agriculture	509,632	-	2,494	17,033	-	529,159
Share's	1,749,156	819,968	499,587	-	64,809	3,133,520
Retail	2,929,135	756,197	-	-	-	3,685,332
Government and public sector	509,660	-	-	-	-	509,660
Other	24,784,115	34,954	1,205,145	77,085	398,694	26,499,993
Total	406,160,523	1,708,485	5,454,321	148,275	505,904	413,977,508

3. Total distribution of exposures by economic sector-jointly financed (after impairment provision) :

Item	31 December 2023										31 December 2022	
	Financial	Industry	trade	real estates	Agriculture	Shares	Retail	Government and public sector	Other	Total	Total	Total
International wakala investments -net	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
	85,131,319	-	-	-	-	-	-	-	-	85,131,319	63,141,396	
Direct credit facilities - net	5,879,622	112,483,780	149,226,351	12,380,107	8,098,978	264,193,288	145,473,047	470,087,434	117,512,888	1,285,335,495	1,314,658,115	
Sukuk:												
Within financial assets at fair value through Profit or loss	-	-	-	-	-	-	-	-	-	-	35,143	
Within financial assets at fair value through unrestricted investment accounts holders' equity -net	83,307,396	-	-	-	-	-	-	360,587,505	-	443,894,901	266,958,281	
Within financial assets at amortized cost -net	-	-	-	-	-	-	-	-	-	-	37,313,000	
Other assets	5,615,703	-	-	-	-	-	-	-	-	5,615,703	3,002,702	
Total / current period	179,934,040	112,483,780	149,226,351	12,380,107	8,098,978	264,193,288	145,473,047	830,674,939	117,512,888	1,819,977,418	1,685,108,637	
Unutilized credit limits	1,539,535	89,520,403	63,195,864	1,530,179	4,548,654	6,270,300	26,679,797	-	35,026,711	228,311,443	169,521,361	
Total	181,473,575	202,004,183	212,422,215	13,910,286	12,647,632	270,463,588	172,152,844	830,674,939	152,539,599	2,048,288,861	1,854,629,998	

4. Distribution of exposures according to the classification stages according to the FAS (30) - jointly financed

Item	31 December 2023					
	Stage 1 Individual	Stage 1 Collective	Stage 2 Individual	Stage 2 Collective	Stage 3	Total
	JD	JD	JD	JD	JD	JD
Financial	181,473,575	-	-	-	-	181,473,575
Industry	176,467,197	6,539,799	16,561,644	2,175,069	260,474	202,004,183
Trade	165,655,787	15,056,967	16,300,422	6,448,262	8,960,777	212,422,215
Real estates	4,012,871	4,094,798	5,615,800	612,818	(426,001)	13,910,286
Agriculture	8,354,240	2,797,832	74,593	1,286,681	134,286	12,647,632
Shares	26,920,951	214,615,856	15,301,772	12,511,016	1,113,993	270,463,588
Retail	26,671,477	128,404,128	8,320	16,052,351	1,016,568	172,152,844
Government and public sector	830,674,939	-	-	-	-	830,674,939
Other	129,354,528	14,230,627	3,508,334	5,301,816	144,294	152,539,599
Total	1,549,585,565	385,740,007	57,370,885	44,388,013	11,204,391	2,048,288,861

6- Credit exposures that have been reclassified

1. Total credit exposures classified:

A. Self financed

Item	31 December 2023					
	Stage 2		Stage 3		Total exposures that have been reclassified	Percentage of rated exposures
	Total exposure value	The exposures that have been reclassified	Total exposure value	The exposures that have been reclassified		
	JD	JD	JD	JD	JD	
Direct credit facilities-net	2,282,914	(118,948)	1,041,219	11,245	(107,703)	(3.24%)
Letters of guarantee	3,202,146	(690,955)	147,809	22,500	(668,455)	(19.95%)
Acceptances	-	-	-	-	-	-
Credits	154,611	-	-	-	-	0.00%
Total	5,639,671	(809,903)	1,189,028	33,745	(776,158)	(11.37%)

B. Jointly financed

Item	31 December 2023					
	Stage 2		Stage 3		Total exposures that have been reclassified	Percentage of rated exposures
	Total exposure value	The exposures that have been reclassified	Total exposure value	The exposures that have been reclassified		
	JD	JD	JD	JD	JD	
Direct credit facilities-net	120,986,521	19,669,352	41,219,601	15,490,996	35,160,348	21.68%
Unutilized credit limits	3,463,449	(226,336)	-	-	(226,336)	(6.53%)
Total	124,449,970	19,443,016	41,219,601	15,490,996	34,934,012	21.09%

2. Credit losses expected for exposures that have been reclassified:

A. Self financed

Item	31 December 2023							
	The exposures that have been reclassified			Expected credit loss on exposures that have been reclassified				Total
	Total exposures that have been reclassified rated from Stage 2	Total exposures that have been reclassified rated from Stage 3	Total exposures that have been reclassified	Stage 2 Individual	Stage 2 Collective	Stage 3 Individual	Stage 3 Collective	
	JD	JD	JD	JD	JD	JD	JD	JD
Direct credit facilities	(118,948)	11,245	(107,703)	(1)	257	1	(210)	47
Letters of guarantee	(690,955)	22,500	(668,455)	(15,992)	-	713	-	(15,279)
Credits	-	-	-	-	-	-	-	-
Acceptances	-	-	-	-	-	-	-	-
Total	(809,903)	33,745	(776,158)	(15,993)	257	714	(210)	(15,232)

Item	31 December 2023							
	The exposures that have been reclassified			Expected credit loss on exposures that have been reclassified				Total
	Total exposures that have been reclassified rated from Stage 2	Total exposures that have been reclassified rated from Stage 3	Total exposures that have been reclassified	Stage 2 Individual	Stage 2 Collective	Stage 3 Individual	Stage 3 Collective	
	JD	JD	JD	JD	JD	JD	JD	JD
Direct credit facilities	19,669,352	15,490,996	35,160,348	(4,642,910)	1,711,975	4,538,336	(1,630,086)	(22,685)
Unutilized credit limits	(226,336)	-	(226,336)	(12,864)	-	-	-	(12,864)
Total	19,443,016	15,490,996	34,934,012	(4,655,774)	1,711,975	4,538,336	(1,630,086)	(35,549)

(50/B) MARKET RISKS

The Bank follows certain financial policies to manage different risks within a specific strategy. There is also a committee concerned with managing assets and liabilities in the Bank. This committee is charged with monitoring and controlling risks, and conducting the best strategic distribution of assets and liabilities whether on- or off -the statement of financial position. Its responsibilities include:

- Updating the investment policy followed by the Bank, submitting it to the Board of Directors to be approved on a regular basis, reviewing the implemented investment policy, and assessing its results against the banking market and competitive indicators. Forming investment decision-making committees and related authorities, according to the Bank's investment policy.
- Forming investment decision-making committees and related authorities, according to the Bank's investment policy.
- Preparing the annual investment plan, in line with the Assets and Liabilities Committee's expectations of revenues and changes in market rates, including low-risk investment instruments available in the market.
- Preparing a report including market prices and presenting it to the Asset and Liabilities Committee to monitor any sudden change in prices of financial instruments and avoid changes in market prices.

1- Rate of Return Risks

- Risks of rate of return arise from the unexpected changes in the market rates. Necessary procedures must be taken to ensure the existence of administrative procedures related to reviewing, measuring, and monitoring of rate of return risks.

- The Bank is exposed to rate of return risks as a result of the gap between assets and liabilities according to their terms and re-pricing the rate on subsequent transactions.

- The Bank manages these risks by determining the rates of future profits according to the expectations of market conditions and developing new instruments that comply with the Islamic rules and regulations through the Bank's risk management strategy:

1. Attaining the best returns available in the market based on market indicators as a standard and Benchmarks for both the portfolios and investments managed by the Bank.

2. Taking into account the risks resulting from these investments, depending on the diversification option based on countries and institutions to ensure mitigation of the impact of risks.
3. The Bank is committed to manage investments based on matching the Bank's liabilities (represented by deposits term accounts) and assets in foreign currencies (represented by investments in foreign currencies).

2-Currency Risks

Foreign currency centers are managed by Treasury and Investment Department on a daily basis in accordance with the principles of Islamic shari'a . The bank's policy of managing foreign currency centers is a conservative policy based on clearing the centers first and covering the required positions according to customers needs.

The maximum positions in foreign currencies shall not exceed 5% of shareholders' equity for each currency except for the US Dollar at no more than 15% of total shareholders' equity. The total foreign currencies position shall not exceed 15% of total equity

Below is the effect of foreign currency exchange against JD with other variables being constant:

2023	Change in the indicator	Impact on Statement of Profit or loss and Comprehensive income	Impact on equity
currency	5%	JD	JD
USD	-	-	-
Euro	(7,116)	(7,116)	(7,116)
GBP	1,332	1,332	1,332
Japanese Yen	41,483	41,483	41,483
Other currencies	124,279	124,279	124,279
2022	Change in the indicator	Impact on Statement of Profit or loss and Comprehensive income	Impact on equity
currency	5%	JD	JD
USD	-	-	-
Euro	21,705	21,705	21,705
GBP	3,442	3,442	3,442
Japanese Yen	8,369	8,369	8,369
Other currencies	51,366	51,366	51,366

The impact of the decrease in the exchange rate by 5% has the same impact of the opposite sign.

Concentration in foreign currencies risks:

	31 December 2023					
	US Dollars	Euro	GBP	Japanese Yen	Others	Total
Assets:						
Cash and balances with Central Banks	49,244,576	10,707,140	375,436	-	300,106	60,627,258
Balances at banks and financial institutions	18,428,078	2,706,928	270,850	1,173,340	3,616,809	26,196,005
Deferred sale receivables	169,976,895	-	-	-	-	169,976,895
Ijara Muntahia Bittamleek assets-net	1,896,870	-	-	-	-	1,896,870
International Wakala Investment	58,137,999	18,236,095	3,159,188	-	5,671,500	85,204,782
"Financial assets at fair value through unrestricted investment accounts"	79,833,368	4,035,303	-	-	-	83,868,671
Financial assets at low value through Profit or loss	-	-	-	-	-	-
Qard Hasan-Net	9,951	-	-	-	-	9,951
Property and equipment-net	9,394	-	-	-	-	9,394
Other assets	(5,428,972)	66,691	9,071	-	3,151	(5,350,059)
Total assets	372,108,159	35,752,157	3,814,545	1,173,340	9,591,566	422,439,767
liabilities :						
Banks and financial institutions' accounts	4,599,134	11,521,700	1,319	-	102,507	16,224,660
Customers' (current, saving, term) accounts	277,605,522	20,190,627	3,776,345	343,671	6,999,372	308,915,537
Cash margins accounts	58,622,193	4,166,596	-	-	-	62,788,789
Other liabilities	13,384,661	15,546	10,236	-	4,108	13,414,551
Total liabilities	354,211,510	35,894,469	3,787,900	343,671	7,105,987	401,343,537
Net concentration in current year's financial position	17,896,649	(142,312)	26,645	829,669	2,485,579	21,096,230
"Contingent liabilities outside current year's financial position"	112,266,076	40,653,507	-	-	17,528,421	170,448,004
	31 December 2022					
	US Dollars	Euro	GBP	Japanese Yen	Others	Total
Total Assets	310,673,008	23,980,087	4,342,691	167,372	2,740,751	341,903,909
Total Liabilities	290,721,194	23,545,982	4,273,847	-	1,713,430	320,254,453
Net concentration in current year's financial position	19,951,814	434,105	68,844	167,372	1,027,321	21,649,456
Contingent liabilities outside current year's financial position	140,666,156	7,658,701	-	-	19,583,697	167,908,554

3- Stocks price risk:

Financial assets price risk is related to the supply and demand in the financial markets which causes a change in the fair value of the investments portfolio. The Treasury Department uses scientific and advanced financial bases to mitigate the risk of price change and to ensure that the Bank and the Bank's customers get better rates of return on their investments. The Department uses segmental and geographical distribution methodology and the credit ratings of the best credit rating agencies (Moody's, Standard & Poor, etc...). Moreover, the department analyses the financial indicators of these prices and evaluates them with a fair estimate of the weighted weight for the total investment portfolios managed by the bank to manage them accurately to ensure the risk of price fluctuations .

Below is the effect of market index movement by 5% with the other variables being constant:

2023	Increase in the indicator (5%)	Impact on consolidated Statement of Profit or loss	Impact on equity	Impact on unrestricted investment accounts holders
Indicator		JD	JD	JD
Amman Stock Market	120,438	-	25,400	95,038
Foreign markets	20,583	-	-	20,583
2022	Increase in the indicator (5%)	Impact on consolidated Statement of Profit or loss	Impact on equity	Impact on unrestricted investment accounts holders
Indicator		JD	JD	JD
Amman Stock Market	90,447	-	11,750	78,697
Foreign markets	8,750	-	-	8,750

The impact of the decrease in the exchange rate by 5% has the same impact of the opposite sign.

4- COMMODITIES RISKS

Commodities risks are caused by any fluctuations in the prices of tradable or leasable assets, and relate to the current and future fluctuations in the market values of specific assets. The Bank is exposed to fluctuations in prices of fully-paid commodities after concluding the sale contracts during the year of possession, in addition to being exposed to the fluctuation in the residual value of leased asset at the end of the lease term.

(50/C) LIQUIDITY RISKS

The Cash Liquidity management ensures the Bank's ability to meet short and long-term cash obligations. The Bank's cash liquidity is reviewed and managed regularly. The cash obligations and available funds are assessed daily by the finance department and treasury department. Moreover, review and analysis of cash liquidity of the Bank's assets and liabilities are performed on a monthly basis. Moreover, the maturity of assets and liabilities is analysed. This also includes analysis of the sources of funds according to the nature of the sources and their uses.

First: below is a summary of the maturities of the Bank's undiscounted liabilities and unrestricted investment accounts holders', based on the contractual payment date as of the date of the consolidated financial statements :

31 December 2023 :	Less than one month	1-3 months	3-6 months	6 months to 1 year	1-3 years	More than 3 years	Without maturity	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Bank and financial institutions' accounts	23,144,067	-	-	-	-	-	-	23,144,067
Customers' current accounts	319,719,876	-	-	-	-	-	-	319,719,876
Cash margins accounts	32,560,089	16,761,007	14,822,469	31,729,441	-	-	-	95,873,006
Income tax provisions	11,919,750	-	-	-	-	-	-	11,919,750
Other provisions	163,719	-	-	-	-	-	-	163,719
Lease obligations - long term	-	86,274	-	-	2,181,512	9,266,030	-	11,533,816
Other liabilities	61,603,327	16,104,840	4,482,134	809,146	-	-	-	82,999,447
Unrestricted investment accounts	391,460,160	365,905,027	430,199,238	838,096,089	202,925,325	200,436	-	2,228,786,275
Total undiscounted liabilities and unrestricted investment accounts holders'	840,570,988	398,857,148	449,503,841	870,634,676	205,106,837	9,466,466	-	2,774,139,956
Total assets maturities as expected due dates	440,799,821	162,473,525	186,592,363	231,053,323	1,004,583,918	858,764,309	44,716,217	2,928,983,476
31 December 2022 :	Less than one month	1-3 months	3-6 months	6 months to 1 year	1-3 years	More than 3 years	Without maturity	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Bank and financial institutions' accounts	17,989,093	-	-	-	-	-	-	17,989,093
Customers' current accounts	299,878,280	-	-	-	-	-	-	299,878,280
Cash margins accounts	30,072,762	927,566	753,548	11,349,204	-	-	-	43,103,080
Income tax provisions	8,746,097	-	-	-	-	-	-	8,746,097
Other provisions	440,000	-	-	-	-	-	-	440,000
Lease liabilities - long term	-	-	78,005	5,000	2,496,082	8,709,355	-	11,288,442
Other liabilities	41,388,963	15,679,975	503,036	425,391	-	-	-	57,997,365
Unrestricted investment accounts	365,518,178	394,172,702	378,820,423	735,649,005	116,159,529	10,939,250	-	2,001,259,087
Total undiscounted liabilities and unrestricted investment accounts holders'	764,033,373	410,760,243	380,155,012	747,428,600	118,655,611	19,648,605	-	2,440,701,444
Total assets maturities as expected due dates	345,951,877	148,847,716	139,043,346	250,181,812	626,838,792	1,033,078,386	40,175,326	2,584,117,255

Second: Off statement of financial position items

	Up to 1 year	
	2023	2022
	JD	JD
Letters of credit	68,971,198	29,950,341
Acceptances	7,978,979	39,972,923
Letters of guarantee	44,433,697	43,878,096
Unutilized limits	229,713,569	170,669,703
Total	351,097,443	284,471,063

(51) SEGMENT INFORMATION

a. Information on the Bank's Activities

The Bank is structured for administrative purposes whereby sectors are measured according to the reports used by the executive director and main decision maker at the Bank through three major business sectors :

Retail Accounts:

This sector follows up on the unrestricted investment accounts, deferred sales receivables, financings, and other services related to retail.

Corporate Accounts:

This sector handles unrestricted investment accounts, deferred sales receivables, financings, and other banking services related to corporate customers.

Treasury:

This sector handles the services of brokerage, treasury and management of the Bank's funds.

Information on the Bank's segments according to activities is shown as follows:

	Retail	Corporate	Treasury	Other	2023	2022
					Total	Total
	JD	JD	JD	JD	JD	JD
Total revenues (joint and self financed)	12,226,084	40,163,306	23,028,978	733,543	76,151,911	65,962,449
Expected credit losses (joint and self financed)	(8,708,416)	(7,487,202)	288,429	-	(15,907,189)	(12,027,840)
Results of segment's operations	3,517,668	32,676,104	23,317,407	733,543	60,244,722	53,934,609
Distributed expenses	(3,227,316)	(1,955,028)	(812,665)	-	(5,995,009)	(5,608,430)
Undistributed expenses	-	-	-	(25,925,832)	(25,925,832)	(23,906,204)
Profit for the year before tax	290,352	30,721,076	22,504,742	(25,192,289)	28,323,881	24,419,975
Income tax expense	-	-	-	(10,813,635)	(10,813,635)	(9,307,954)
Profit for the year	290,352	30,721,076	22,504,742	(36,005,924)	17,510,246	15,112,021
					2023	2022
					JD	JD
Segments' assets	856,753,590	1,008,109,277	973,201,608	-	2,838,064,475	2,527,630,664
Undistributed assets	-	-	-	90,919,001	90,919,001	56,486,591
Total assets	856,753,590	1,008,109,277	973,201,608	90,919,001	2,928,983,476	2,584,117,255
Segments' liabilities and total equity of unrestricted investment accounts holders	1,685,972,205	787,728,146	160,595,131	-	2,634,295,482	2,335,084,933
Undistributed liabilities	-	-	-	105,378,254	105,378,254	77,227,981
Total liabilities and Total equity of unrestricted investment accounts holders	1,685,972,205	787,728,146	160,595,131	105,378,254	2,739,673,736	2,412,312,914
					2023	2022
					JD	JD
Capital expenditure					2,319,952	2,201,770
Depreciation and amortization					3,151,714	3,152,976

Geographical Distribution Information

The following disclosure represents the geographical distribution. The Bank performs its operations mainly inside the Kingdom. Distribution of the Bank's revenue, assets and capital expenditure according to geographical area is as follows:

	31 December 2023			31 December 2022		
	Inside Jordan	Outside Jordan	Total	Inside Jordan	Outside Jordan	Total
	JD	JD	JD	JD	JD	JD
Total assets	2,732,645,198	196,338,278	2,928,983,476	2,455,115,206	129,002,049	2,584,117,255
Total revenue	68,448,386	7,703,525	76,151,911	63,206,043	2,756,406	65,962,449
Capital expenditure	2,319,952	-	2,319,952	2,201,770	-	2,201,770

(52) CAPITAL MANAGEMENT

The Bank's management takes into consideration the Central Bank of Jordan's requirements which require the Bank to have sufficient self-financed resources to cover a certain percentage of its risk-weighted assets based on the nature of the finance granted and direct investment made. Accordingly, the capital considered as per the Central Bank of Jordan's requirements is the regulatory capital (both basic and additional capital).

Capital management aims to invest the Bank's fund in various risk-weighted investments (low and high risk) to ensure that the Bank obtains a better rate of return and to maintain a capital adequacy of 12% as required by the Central Bank of Jordan.

The capital adequacy ratio is calculated as on 31 December 2023 according to the instructions of the regulatory capital No. (72/2018) issued by the Central Bank of Jordan in accordance with the revised standard No. (15) issued by the Islamic Financial Services Council (IFSB) in support of the provisions of Article (99) / B) from the Banking Law. The following is the capital adequacy ratio in thousands of dinars:

	31 December	
	2023	2022
	JD''000	JD''000
Basic capital items	179,468	164,358
Authorised and Paid in capital	100,000	100,000
Retained earnings	54,294	39,581
Statutory reserve	35,041	32,209
Full fair value reserve (self)	(25)	15
The bank's share of the fair value reserve in full if the fund's are mixed	(159)	(489)
Intangible assets	(1,697)	(2,002)
Deferred tax assets (self financed)	(888)	(793)
The Bank's share of the deferred tax assets (jointly financed)	(4,853)	(3,591)
Investment in financial institutions, Banks and takaful companies that is less than 10%	(2,245)	(572)
Additional capital	-	-
Supporting capital	4,496	3,509
Self financed general banking risks reserve and the bank's share from the General banking risks reserve (joint) (not to exceed 1.25% of the weighted of financial assets weighted by credit risks)	4,496	3,509
Total regulatory capital	183,964	167,867
Total risk weighted assets	1,124,074	995,811
Capital adequacy ratio (%)	%16.37	%16.86
Basic capital ratio (%)	%15.97	%16.50
First slide ratio Tier 1 (%)	%15.97	%16.50
Second slide ratio Tier 2 (%)	%0.40	%0.35
Leverage ratio	%14.99	%15.35

(53) Liquidity Coverage Ratio

The liquidity coverage ratio in total amounted to 349.9% as on 31 December 2023 with an average rate of 355.3% during the year (235.8% as on 31 December 2022 and an average rate of 367.8% during the year).

The liquidity coverage ratio in Jordanian Dinars reached 355.4% as on 31 December 2023 with an average rate of 328.4% during the year (233.9% as on 31 December 2022 and an average rate of 318.5% during the year).

(54) ASSETS AND LIABILITIES MATURITY ANALYSIS:

Information on the Bank's segments according to activities is as follows:

31 December 2023	Within one year	More than one year	Total
	JD	JD	JD
Cash and balances with Central Bank	255,949,654	-	255,949,654
Balances at Banks and financial institutions	26,513,323	-	26,513,323
International Wakala investments	85,131,319	-	85,131,319
Financial assets at fair value through profit or loss	-	-	-
Deferred sale receivables and other receivables, net	454,790,687	832,579,828	1,287,370,515
Financial assets at fair value through unrestricted investment accounts	23,088,405	429,000,130	452,088,535
Financial assets at fair value through shareholders' equity -self financed	508,000	-	508,000
Investment in associate	349,622	-	349,622
Ijara Muntahia Beltamleek assets, Net	82,339,776	613,432,992	695,772,768
Qard hasan-Net	33,871,079	509,660	34,380,739
Property and equipment-Net	-	20,750,849	20,750,849
Intangible assets-Net	-	1,697,221	1,697,221
Right to use assets	94,597	10,093,764	10,188,361
Deferred tax assets	12,225,792	-	12,225,792
Other assets	46,056,778	-	46,056,778
Total assets	1,020,919,032	1,908,064,444	2,928,983,476
Liabilities and equity of unrestricted investment accounts' holders			
Banks and financial institutions' accounts	23,144,067	-	23,144,067
Customers' current accounts	319,719,876	-	319,719,876
Cash margins accounts	95,274,911	-	95,274,911
Income tax provision	11,919,750	-	11,919,750
Other provisions	163,719	-	163,719
Lease liabilities-long term	85,966	10,209,372	10,295,338
Other liabilities	82,999,447	-	82,999,447
Fair value reserve – Net	(371,067)	-	(371,067)
Unrestricted investment accounts	1,996,362,451	200,165,244	2,196,527,695
Total liabilities and equity of unrestricted investment accounts holders	2,529,299,120	210,374,616	2,739,673,736
Net	(1,508,380,088)	1,697,689,828	189,309,740

31 December 2022	Within one year	More than one year	Total
	JD	JD	JD
Assets			
Cash and balances with Central Bank	203,295,535	-	203,295,535
Balances at Banks and financial institutions	13,551,162	-	13,551,162
International Wakala investments	63,141,396	-	63,141,396
Financial assets at fair value through profit or loss	35,143	-	35,143
Deferred sale receivables and other receivables, net	447,288,661	869,685,496	1,316,974,157
Financial assets at fair value through unrestricted investment accounts	27,945,090	244,714,097	272,659,187
"Financial assets at fair value through shareholders' equity -self financed"	235,000	-	235,000
Financial Assets at Amortized Cost- Net	37,313,000	-	37,313,000
Investment in associate	345,954	-	345,954
Ijara Muntahia Beltamleek assets, Net	61,500,002	551,799,770	613,299,772
Qard hasan- Net	6,190,701	589,657	6,780,358
Property and equipment-Net	-	21,286,068	21,286,068
Intangible assets-Net	-	2,002,476	2,002,476
Right to use assets	2,890	10,014,940	10,017,830
Deferred tax assets	8,268,512	-	8,268,512
Other assets	14,911,705	-	14,911,705
Total assets	884,024,751	1,700,092,504	2,584,117,255
Liabilities and equity of unrestricted investment accounts' holders			
Banks and financial institutions' accounts	17,989,093	-	17,989,093
Customers' current accounts	299,878,280	-	299,878,280
Cash margins accounts	42,900,132	-	42,900,132
Income tax provision	8,746,097	-	8,746,097
Other provisions	440,000	-	440,000
Lease liabilities-long term	81,748	9,962,771	10,044,519
Other liabilities	57,997,365	-	57,997,365
Fair value reserve – Net	(1,016,785)	-	(1,016,785)
Unrestricted investment accounts	1,848,235,434	127,098,779	1,975,334,213
Total liabilities and equity of unrestricted investment accounts holders	2,275,251,364	137,061,550	2,412,312,914
Net	(1,391,226,613)	1,563,030,954	171,804,341

(55) COMMITMENTS & CONTINGENT LIABILITIES :**A.Credit commitments and commitments/Self: ***

	31 December 2023	31 December 2022
	JD	JD
Letters of credit	68,971,198	29,950,341
Acceptances	7,978,979	39,972,923
Letters of guarantees:		
Payment	14,787,127	16,243,883
Performance	16,932,374	16,412,649
Others	12,714,196	11,221,564
Total	121,383,874	113,801,360

B. Contingent credit and commitments/jointly financed

	31 December 2023	31 December 2022
	JD	JD
Direct unutilized credit limits	229,713,569	170,669,703
Total	229,713,569	170,669,703

*Indirect unutilized credit limits / self financed amounted to JD (66,724,589) as of 31 December 2023.

The expected credit losses recorded against contingent credit commitments/self financed amounted under the implementation instructions of FAS (30) issued by Organization for Islamic Financial Institutions to JD 137,628 as at 31 December 2023 (JD175,041 as at 31 December 2022) and recorded in the other liabilities (note22).

The expected credit losses recorded against contingent credit commitments/jointly financed amounted under the implementation instructions of FAS (30) issued by Organization for Islamic Financial Institutions to JD1,402,126 as at 31 December 2023 (JD1,148,342 as at 31 December 2022) and recorded in other liabilities (note 22).

(56) LAWSUITS AGAINST THE BANK

The Bank is a defendant in a number of lawsuits, which amounted to JD1,093,872 as at 31 December 2023 (JD735,575 as at 31 December 2022) and that is within the bank's normal activity. In the opinion of the Bank's Management and its legal advisor, the related provision is adequate should any liabilities arise therefrom.

In addition to the above, there is a case filed against the bank during the year and five other persons (natural and legal), the subject of which is a claim for the annulment and annulment of real estate sales contracts that the bank was not a party at all to the sales contracts that are required to be invalidated, and it is in the stage of submitting the answer to the list of lawsuit and evidence, and according to the opinion of the bank's lawyer, it has no impact on the bank.

(57) FAIR VALUE HIERARCHY

IFRS 13 requires the identification and disclosure of a level in the fair value hierarchy in which fair value measurements are categorized in full, and the fair value measurements are classified according to the levels specified in IFRS. The difference between level (2) and level (3) for fair value measurements means assessing whether information or inputs are observable and the importance of information that is not observable. This requires careful judgment and analysis of the inputs used to measure fair value including consideration of all factors affecting the asset or liability.

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

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

Financial Assets/Financial Liabilities	Fair value as at		Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable	Relationship of unobservable inputs to fair value
	31 December 2023	31 December 2022				
	JD	JD				
Financial assets at fair value through Profit or loss	-	35,143	Level 1	Quoted rates in financial markets	Not applicable	Not applicable
Financial assets at fair value through shareholders' equity -self financed	508,000	235,000	Level 1	Quoted rates in financial markets	Not applicable	Not applicable
Financial assets at fair value through unrestricted investment accounts' holders equity						
Quoted shares	2,312,403	1,748,930	Level 1	Quoted rates in financial markets	Not applicable	Not applicable
Quoted sukuk	83,307,396	52,853,562	Level 1	Quoted rates in financial markets	Not applicable	Not applicable
Unquoted shares	5,881,231	3,951,976	Level 3	The latest financial prices available	Not applicable	Not applicable
Unquoted sukuk	360,587,505	214,104,719	Level 2	A similar financial instrument	Not applicable	Not applicable
Total Financial assets at fair value through unrestricted investments accounts	452,088,535	272,659,187				
Total	452,596,535	272,929,330				

There were no transfer between level 1 and 2 during the year ended 31 December 2023 and the year 2022.

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

'Except for what is detailed in the following table, we believe that the carrying amounts of financial assets and financial liabilities recognized in the Bank's financial statements approximate their fair values .

	31 December 2023		31 December 2022		Fair value hierarchy
	Book value	Fair value	Book value	Fair value	
	JD	JD	JD	JD	
Financial assets not calculated at fair value					
Deferred sales receivables and other receivables	1,287,370,515	1,467,654,710	1,316,974,157	1,495,952,663	Level 2
Financial assets at amortized cost	-	-	37,313,000	38,017,572	Level 2
ljara muntahia Bittamleek assets - Net	695,772,768	695,772,768	613,299,772	613,299,772	Level 2
Total financial assets not calculated at fair value	1,983,143,283	2,163,427,478	1,967,586,929	2,147,270,007	
Financial liabilities not calculated at fair value					
Customers' current accounts and unrestricted investment accounts	2,516,247,571	2,548,506,151	2,275,212,493	2,301,137,367	Level 2
Cash margin accounts	95,274,911	95,873,006	42,900,132	43,103,080	Level 2
Total financial liabilities not calculated at fair value	2,611,522,482	2,644,379,157	2,318,112,625	2,344,240,447	

(58) Accounts managed in favor of clients

Accounts managed in favor of clients amounted to JD 41,754,276 as on 31 December 2023 (JD 18,888,183 as on 31 December 2022). These accounts are not shown among the bank's assets and liabilities in the financial statements. Fees and commissions for managing these accounts are shown in the consolidated statement of profit or loss and comprehensive income, fees and commissions for managing these accounts amounted to JD40.323 for the year 2023 (JD 15,421 for the year 2022).

(59) Standards issued but not yet effective

Financial Accounting Standard 1 - Amended 2021 (Public Presentation and Disclosure in Financial Statements)

This Standard defines and improves the comprehensive presentation and disclosure requirements stipulated in line with international best practices and replaces the accounting standard Finance No.1.

The standard applies to all Islamic financial institutions and other institutions that follow the financial accounting standards 2021 issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI). Financial Accounting Standard No. 1 - Amended 2021 is aligned with the amendments to the "Conceptual Framework for Financial Reporting of the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI)" (Amendment 2020) (Conceptual Framework). Amended Financial Accounting Standard No. 1 – 2021 will help prepare clear, transparent, and understandable financial statements, and in turn, will help users of financial statements to make better economic decisions.

This standard will be applied as of 1 January 2023, with early application permitted.

Financial Accounting Standard No. 40 "Financial Reporting for Islamic Finance Windows

This standard improves and replaces FAS 18 "Islamic financial services provided by conventional financial institutions" and specifies financial reporting requirements applicable to conventional financial institutions that provide Islamic financial services.

This standard requires traditional financial institutions that provide Islamic financial services through Islamic financing windows to prepare and submit financial statements for Islamic financing windows aligned with the requirements of this standard and other financial accounting standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI). This standard provides principles of financial reporting including presentation and disclosure requirements applicable to Islamic finance windows.

This standard will be applied as of 1 January 2024, on the financial statements of Islamic financing windows for conventional financial institutions, allowing the early application, taking into account the simultaneous application of Financial Accounting Standard No. 1 "Public Presentation and Disclosure in Financial Statements".

Financial Accounting Standard No. 42 "Presentation and Disclosure in the Financial Statements of Takaful Institutions"

This standard aims to establish general requirements for the presentation of financial statements, minimum disclosure contents, and the structure of financial statements that facilitate fair presentation in line with Sharia standards and the rules of Takaful institutions.

This standard will be applied as of January 1, 2025 to the financial statements of Takaful entities, with early adoption permitted, taking into account the previous or simultaneous application of Financial Accounting Standard No. 1 "Public Presentation and Disclosure in Financial Statements" and IAS No. 43 "Accounting for Takaful: Recognition And measurement." It is not expected to have a significant impact when implemented.

International Accounting Standard No. 43 "Accounting for Takaful: Recognition and Measurement"

This standard aims to clarify the principles of evidence and measurement for takaful arrangements and the supporting processes to present information related to these arrangements fairly to stakeholders. This standard replaces Financial Accounting Standard 13 "Disclosure of the Basis for Determining and Distributing Surplus or Deficit in Islamic Insurance Companies," Financial Accounting Standard 15 "Allocations and Reserves in Islamic Insurance Companies," and Financial Accounting Standard 19 "Subscriptions in Islamic Insurance Companies."

This standard will be applied as of January 1, 2025 to the financial statements of Takaful entities, with early application permitted, taking into account the simultaneous application of Financial Accounting Standard No. 42 "Presentation and Disclosure in the Financial Statements of Takaful Institutions" and it is not expected to have a material impact upon its application.

International Accounting Standard No. 44 "Determining control of Assets and Business"

Islamic Financial Accounting Standard 44 aims to establish principles for assessing whether an enterprise controls assets and business projects both in the case of assets subject to a participatory structure contract (so as to determine whether they are on or off balancesheet) as well as to enforce the consolidation of the financial statements of subsidiaries.

The date of implementation of the standard is immediately after its issuance, i.e. the beginning of January 2024, and it is not expected to have a material impact when it is applied.

International Accounting Standard No. 45 "Quasi-Equity (Including Investment Accounts)"

Islamic Financial Accounting Standard 45 aims to set out the principles of financial reporting that relate to instruments classified as quasi-equity such as investment accounts and similar instruments invested in Islamic financial institutions. The standard develops and makes improvements to the quasi-equity requirements contained in the previous Islamic Financial Accounting Standard 27 «Investment Accounts» and is better aligned with the «AAOIFI Conceptual Framework for Financial Reporting» and IAS 1 «General Presentation and Disclosure in Financial Statements».

The standard will be implemented from 1 January 2026 and is not expected to have a material impact when applied.

International Accounting Standard No. 46 “Off-Balance-Sheet Assets Under Management”

This standard aims to place the financial reporting principles for off-balance sheet assets under management in line with AAOIFI's Conceptual Framework for Financial Reporting and develops and makes improvements to the requirements contained in the previous standards.

The standard will be implemented as of January 1, 2026, and is not expected to have a material impact when applied.

International Accounting Standard No. 47 “Transfer of Assets Between Investment Pools”

Islamic Financial Accounting Standard 47 «Transfer of Assets between Investment Pools» replaces and makes improvements to the previously issued Islamic Financial Accounting Standard No. 21 «Disclosure of Asset Transfer». The standard aims to establish financial reporting principles and disclosure requirements that apply to all transfers of assets between investment vehicles (and where of relative importance, between material classes) related to equity, quasi-equity and off-balance sheet assets under management in the Islamic financial institution. It also requires the adoption and consistent application of accounting policies for these transfers in accordance with Shari'a principles and provisions, and describes the requirements for public disclosure in order to achieve a higher level of transparency.

The standard will be implemented from 1 January 2026 and is not expected to have a material impact when applied.





Meeting the Diverse Needs
of Customers with Effective Responses



Board of Director Report

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Board of Directors' Report

Ladies and Gentlemen, Honorable Shareholders,

The Board of Directors of Safwa Islamic Bank is pleased to present you with the Annual Report of its financial statements, achievements, and products and services developed during the year 2023. These brought about many successes to the Bank, allowing it to achieve more of its pre-set strategic objectives, thereby, reflecting positively on the Bank's shareholders and customers.

Since its inception in 2010, Safwa Islamic Bank has been working to provide integrated Islamic banking solutions, which combine deep-rooted Islamic values with the latest technological technologies, to provide high quality service with a personal touch to meet the needs of its customers, all of which is embodied in the Bank's slogan philosophy based on "solid principles, innovative solutions."

Achievements of the Bank and Description of Important Events in 2023

The Bank sought to establish a network of branches, equal to 42 branches to date, spread throughout the Kingdom. The branch network provides a system of banking solutions compliant with the provisions of Islamic Sharia within modern principles. The Bank's operations grew and bank assets reached JD 2.9 billion, with a growth rate of 13% from the previous year. The Bank's financing and lease to own portfolio grew to reach JD 2 billion, with a growth rate of 4%, whereas, customer deposits reached JD 2.5 billion with a growth rate of 11%. The following are the most prominent achievements of the various departments of the Bank:

Corporate Banking Services

The Corporate Banking Department has enhanced its direct and indirect facilities portfolio by attracting different segments of customers in several sectors. In addition to expanding with existing customers, its corporate depositor base has also been strengthened. Moreover, the customer base of depositors in the corporate savings account has expanded, which is the first savings account of its kind, and has witnessed growth from various customer segments.

The customer base in various economic sectors has been expanded, by building a diversified portfolio with a focus on portfolio quality, in the large and medium corporate sectors.

We, at Safwa Islamic Bank's Corporate Banking Department, are always keen to focus on establishing strategic and comprehensive relationships with customers in the Jordanian market. We focus on providing them with distinguished services, understanding their financial, and building long-term relationships with these groups, by providing Sharia-compliant banking solutions to meet their needs and achieve their financing goals efficiently. This is done with the support of an experienced team, and experienced relationship managers with avid experience in corporate banking.

Retail Banking

In our continuous endeavor to provide our services at Safwa Islamic Bank, our presence has been expanded in the Hashemite Kingdom of Jordan. The Bank now has a branch network of 42 branches spanning across various regions of the Kingdom, including Amman and the governorates of Irbid, Zarqa, Aqaba, Salt, Jerash, Madaba, Karak, and Mafraq.

Our presence has been strengthened by increasing the number of external ATMs to 32, with the aim of providing a full range of products and services to meet the diverse needs and aspirations of our customers.

In terms of deposits, the Bank offers a wide range of options including current accounts and payroll accounts. There are also multiple savings accounts catering to different categories, such as Kenzi Children's Accounts, Harir Account for Women, in addition to the corporate savings account. The Bank has a distinguished offering of various investment deposits with multiple maturity terms, and investment deposit certificates that give their holders a variety of unique advantages, meeting customers' aspirations and achieving added value. The Bank also provides the opportunity of investing through the Hajj Sukuk product, which allows performing Hajj at an early age.

The Bank has succeeded in attracting a wide customer base, with more than 316,000 accounts, supported by diversified accounts and attractive investments returns.

The Bank excelled in the field of financing services, where it developed Sharia-compliant financing solutions. These included financing cars and goods in Murabaha and lease to own, in addition to financing housing and land and offering competitive offers through our multiple partnerships with major real estate developers and car dealerships and showrooms.

We have also excelled in providing various card services, ranging from debit and prepaid cards to electronic Murabaha card, which reflects our commitment to the principles of Islamic Sharia in the field of financial services.

The Bank also offers a distinguished set of digital services that make it easier for customers to manage their financial affairs with ease. Users can open bank accounts remotely easily and quickly without the need to visit the branch, which makes customer experience easy and effective in the era of accelerated digitization.

Business Transformation and Development

At Safwa, we offer our customers a complete and integrated package of electronic services that aim to provide banking services to customers 24/7. These services come in line with the Bank's strategy that aims to facilitate providing services to customers, offering various communication channels through which customers can access the Bank's products and services.

Our payment solution services varied, making Safwa Islamic Bank the first Islamic bank to launch the Apple Pay service for all types of cards. This service shall enhance all other services available on the electronic portal, including local and international transfer services, instant transfer CliQ, ATM card request service, in addition to card management services of all kinds.

We were also keen at Safwa to provide a mechanism for new customers to join the Safwa family at any time and place, and within the highest levels of security and protection through the Customer Onboarding service.

Banking Services for Small Business

The work of establishing the units of the Small Companies Department across branches has been completed, which are as follows:

- ▶ Small Business Center / Amman
- ▶ South Amman Unit / Wehdat Branch
- ▶ North Amman Unit / Marka Autostrad Branch
- ▶ West Amman Unit / Khalda Branch
- ▶ East Amman Unit Rawnaq Branch
- ▶ Financial Leasing Unit / General Administration
- ▶ South Unit / Karak Branch
- ▶ Small Business Center / Irbid and Zarqa
- ▶ Irbid Unit / Al Hashemi Street Branch
- ▶ Zarqa Unit / New Zarqa Branch

The value of the financing implemented for the year 2023 above amounted to JD 112.8 million, compared to a target for the same period of 63 million, with a completion rate of 11.9%, where the achievements were as follows: (Amounts in JD thousands)

Department Units	Size of the Portfolio by 31/12/2023 (Thousand JDs)	Portfolio Size as at 31/12/2022 (JD 1000s)
East Amman Unit / Al Rawnaq Branch	21,101	9,332
West Amman Unit / Khalda Branch	33,44	27,360
South Amman Unit / Wehdat Branch	16,984	16,248
North Amman Unit / Marka Autostrad Branch	11,002	10,170
Real Estate Development Unit / General Administration	17,469	3,431
South Unit (Karak / Aqaba)	3,101	4,023
Irbid and Zarqa Center	18,885	19,220
Total	112,802	89,784

Treasury and Investment

Over the past few years, Safwa Islamic Bank's Treasury and Investment Department has been at the forefront of Islamic banks operating in the Kingdom in providing modern products and services designed for customers, and compliant with the principles of Islamic Sharia. These aim to achieve the Bank's mission and strategic vision, which is designed to meet all the needs of customers at various asset levels.

During 2023, the Treasury and Investment Department continued its distinguished approach to performance. The Treasury and Investment Department contributed 16% of the Bank's total income, achieved by maximizing the Bank's profits and diversifying its sources of funds at various levels and areas. In addition to raising the rates of return on investment, managing financial positions in foreign currencies, efficiency in managing liquidity and related risks, and increasing the efficiency of financing operations, especially the effective management of the Bank's budget.

The Treasury Department has also expanded and invested in Sharia-compliant hedging products and solutions, especially with regard to the FX promise (Waad Bilsarf) product, which is the first product of its kind in the Jordanian Islamic banking market. This product has provided a wide range of interested customers with a hedging tool against the risks of exchange rate fluctuations. On the other hand, the Financial Institutions Department has reinforced dealing and building distinguished relationships with various local, regional and international financial institutions, in a step to manage the requirements and needs of customers in general, and the Bank in particular.

In addition, the Treasury Sales Department was keen to provide the best products and services, while strengthening the relationship with the Bank's VIP corporate and retail customers. Whereby it is considered the point of contact between the Bank's customers and the Treasury and Investment Department.

To support the national economy and activate the partnership between the public and private sectors, Safwa Islamic Bank continues to ensure that the Bank's customers benefit from investment agreements signed with the Central Bank of Jordan. The agreements mainly aim to provide medium-term sources of financing for various economic sectors that operate in several fields in order to conduct their business at low costs.

Human Capital Management

Based on the significant strategic role of people in Safwa Islamic Bank, and their direct contribution to achieving the strategic objectives of the Bank, we are keen to develop the capabilities and skills of our employees, and enrich and retain their expertise. The following are a collection of the key achievements that took place in 2023:

1. The Safwa Future Stars campaign has been implemented for the fifth consecutive year, which aims to enable students currently studying in Jordanian universities to have a real opportunity to develop their practical skills in our banking institution. The number of trainees who have been appointed in the Bank since the launch of the campaign has reached 16 employees.
2. All management and branch vacancies were covered with professionalism and exceptional time. Whereas, the number of appointments for end of year 2023 reached (134) employees. Most appointments were concentrated in business departments (Retail, Corporate, Treasury) comprising 66% of total appointments.
3. The department's strategic plan (2024-2028) has been prepared. The plan reflects the Bank's vision to be the employer of choice among Jordanian banks, in a way that empowers the workforce and enhances the Bank's internal culture.
4. Developing the skills of employees and enhancing their level of knowledge and experience through:
 - Designing training materials for the Bank such as (Sharia awareness, anti-money laundering, business continuity plan), and presenting them on the e-training platform in a simplified manner that reflects the desired outcomes.
 - Holding several specialized internal training courses such as (Leadership Skills, Stress Management).
5. The Bank's constantly strives to stay up to date with progress, and apply modern methodologies in customer service in line with market requirements. Thus, the following has been done:
 - Changing the name of the Call Center department to become "Contact Center." The center was divided into two work teams, and new tasks have been created that have been added to the center such as (outgoing calls, Apple Pay project, training new employees, Night Shift role).
 - Changing the job title of the position of service and sales representative to become Safwa Digital Advisor. In addition, for the purposes of activating the supervisory role of cashier officials, their old job title has been changed to become the Branch Control Officer.
6. Adopting a new mechanism for recruiting and training new employees (Junior Level) aimed at raising the level of quality and efficiency of employees through:
 - Using the best international standards for the classification of universities, World University Rankings QS. We relied on universities' classifications, that included 3 levels that were linked to appointment requirements. Thereby, raising the level of appointments at the Bank.
 - Introducing a new recruitment exam related to banking awareness, and general knowledge that the candidate must pass as a condition for appointment.
 - Establishing a training center for new employees (Junior Level) in the call center. The center was equipped with the best modern and advanced educational means and technologies to provide a distinctive training environment.
7. The first three branches of each group, and achieving the highest profitability for the year 2022 were honored, with a total of 10 branches.
8. Participation in several job fairs such as (University of Jordan, German Jordanian University, Al Hussein Technical University). We partook in exchanging experiences with local community institutions and learning about the latest developments in the field of human resources, and the technologies used by major companies and competing banks, to explore what may be of benefit, if any. It is also presented an opportunity to communicate with various segments of society.
9. Empowering females in the Bank and activating their leadership role to reach decision-making positions, which resulted in (70) female employees occupying administrative positions in 2023, comprising 27% of the total management positions in the Bank. In comparison with 2022, where their number reached (49) employees and 21% of the total administrative positions. At the end of 2023, female employees constituted 34% of the total employees of the Bank.

Support Departments (Central Operations / Institutional Services / Real Estate and Engineering Evaluation / Total Quality Management)

The strategy of the support departments is generally based on providing the services entrusted to them to the Bank's customers and the various departments and units in the Bank as soon as possible while ensuring no operational losses. To ensure that these goals are met, we focus on providing adequate training and on transferring knowledge to employees, to ensure that the departments' employees have complete knowledge, with the necessity of having a replacement employee. Moreover, process automation is proposed and applied in those departments as much as possible.

We involve many departments in examining programs and applications to be implemented in the Bank. This is carried out to improve the level of service provided to customers, and hasten the service provision process, while ensuring precision in their application.

Digital development in banks remains the cornerstone in the process of developing existing and creating new customer products and services. This requires providing the necessary expertise to examine these systems, identifying weaknesses, and providing

the necessary solutions to reduce these risks. In addition, all current work procedures are studied, to develop them to keep up with new updates, or to create new work policies and procedures (as needed). The Total Quality Department plays the main role in this process, by coordinating with all concerned departments to update, develop and create appropriate work policies and procedures.

The issue of controlling operating expenses and reducing operational losses is still one of the main challenges facing support departments. The Bank's strategy depends on the expansion in the number of branches, and increasing the Bank's customer base. To face these challenges, several processes are being automated. In addition, numerous electronic programs are being applied to accommodate the increased number of daily transactions, without adding employees, as much as possible, while reducing operational losses. When opening a new branch, a thorough study is conducted on the rents in the concerned area, as well as geographical studies of the location to make the best decision in the Bank's best interest. Sufficient engineering studies are also carried out in order to obtain the best prices to equip the branch and limit any change modifications thereon.

Information Technology Department

The IT Department undertakes the task of providing services related to managing the technical environment for information in the Bank. That is, by developing the necessary strategies and policies to enable all departments of the Bank to achieve their goals. It also develops the necessary plans to implement these strategies and policies through projects. The department must ensure alignment with the Bank's strategic objectives, in accordance with the rules of IT governance and related standards, in order to increase the efficiency and effectiveness of work and provide information quickly and appropriately. The department does the following:

- Preparing and updating IT plans and developing the necessary procedures for their implementation.
- Managing and sustaining the IT infrastructure.
- Take the necessary measures to raise the electronic readiness of the Bank, identify strategies for digital transformation in the short and long term, and set priorities in this field to provide comprehensive solutions. Ensure the provision of the best services to its customers, whether companies or individuals, through the development of mobile banking and Internet applications. An important service is opening a bank account through the Safwa Mobile application, without the need to visit the branch within the highest approved standards.
- Follow-up on the Bank's main and alternative digital sites, through specialized staff for those sites, in coordination with concerned parties.
- Continuous follow-up to develop the capabilities of the technical staff and increase the efficiency of employees in the department to keep up with technological developments in IT.
- In accordance with the instructions of the Central Bank of Jordan, the Bank's management was keen to comply with IT governance presented by the COBIT 2019 standard, and maintain the highest level of security and protection standards such as PCIDSS and cybersecurity.

The department implemented a number of projects in 2023 in the fields of smart software development and process automation. These projects aim to provide high quality innovative banking services to our customers to meet work requirements and expectations. The most significant projects that have been completed are:

- Launching Apple Pay: An electronic payment service that enables users of smart devices to conduct financial transactions quickly and securely by uploading credit cards to the wallet of phones and smart watches.
- Requesting and managing ATM cards through mobile banking, and providing card management services (activate/deactivate, view password, renew Internet usage limit).
- Improving the security system of the mobile banking application.
- Abiding by applying the new SWIFT standard (Migration to ISO 20022) for cross-border messaging.
- Focusing on improving systems' performance, and enhancing security for better and safer services.

Sharia Compliance Department

The Sharia Compliance Department derives its power from the presence of a distinguished Sharia Supervisory Board with long-standing banking expertise in the Islamic world. The department is keen to ensure the application of the fatwas and decisions of the Sharia Supervisory Board, concerning all the Bank's activities. Whereby, monitoring all business and conducting a comprehensive study of contract forms, product policies and work procedures.

The Sharia Compliance Department continued to communicate effectively with the Sharia Supervisory Board to present all developments and accurate issues, obtain relevant answers and fatwas, and ensure that its directives and decisions are implemented by the concerned departments.

The department also communicates daily with the various Bank departments and employees to review any issues that may arise during implementation, and respond to them in accordance with the decisions of the esteemed Sharia Supervisory Board.

Department of Corporate Communication and Marketing

The Corporate Communication and Marketing Department continued to strengthen the Bank's position in the local market in 2023. The department launched several marketing campaigns, whether for products and services provided to individuals and companies alike, and branding campaigns to highlight the Bank's image and corporate identity.

The department also adopts many different social responsibility programs that cover most of its pillars in line with development priorities. During 2023, the Bank's employees were involved in most of the activities and initiatives adopted by the Bank. We are always keen to diversify initiatives to include different sectors and groups to make a positive difference.

Due to the rapid changes in Jordanians' daily routines, the department pays special attention to social networking sites. Current or potential customers who leave comments are noted and inquiries are served. In addition, the Bank's services and products are marketed in a modern way that is in line with the development in this field.

The Bank's Contribution to Environmental Protection

Safwa Islamic Bank is keen to be at the forefront of supporting environmental activities and looks forward to a greater presence in various initiatives that support the environment. The Bank offers a conscious model to be followed, in the importance of serving the environment as part of serving the community. The Bank continued to support the "Plant for Good" initiative, where a team of the Bank's employees volunteered to plant trees in various areas in the capital, Amman, in cooperation with the "Plant for Good Foundation." Through this initiative, we reflect our diligent pursuit to actively participate in supporting environmental efforts to advance the implementation of the National Climate Change Policy, develop the Kingdom's environmental performance, which enhances its rank on the Global Environmental Performance Index and the Sustainability Index.

The Bank's Contribution to Serving the Local Community

During the year 2023, the Bank continued to provide material and moral support to community initiatives based on its keenness to participate in the development and advancement of the local community in all its forms. Safwa Islamic Bank made significant material contributions during this year. Some examples of contributions made by the Bank to serve the local community are:

Educational and Religious Initiatives:

- Supporting Madaba Elementary Mixed School by sponsoring the Sunbulah initiative.
- Cooperation with Al-Aman Fund for the Future of Orphans; covering bachelor's degrees scholarships for a number of students benefiting from the fund.
- Supporting Zarqa University by sponsoring the International Conference on Economics and Administrative Sciences.
- Providing support to the Prophet's Guidance Charitable Association.
- Supporting the Higher Council for Science and Technology by participating in the Hassan Bin Talal Award for Scientific Excellence.
- Participation in the Back to School campaign in cooperation with Tkiyet Um Ali and the distribution of bags and stationery to school students. In addition, participation of bank employees in the serving food initiative during the holy month of Ramadan.
- Supporting the Crown Prince Foundation's Nava initiative through the Back to School 2023 campaign project, distributing bags and stationery to a group of students in various governorates of the Kingdom.
- Covering bachelor's degrees scholarships for five students in cooperation with the Hayat Fund for Education Association.
- Supporting the Ministry of Education by sponsoring World Teachers' Day.
- Modernization of teaching halls in the complex of scientific halls at the University of Jordan.
- Cooperating with the Thareed Charitable Endowment to contribute to the fight against hunger and malnutrition, and feed the underprivileged.
- Joining INJAZ with a membership.
- Supporting the Zakat Fund through the purchase of computers.

Humanitarian and Health Initiatives:

- Concluding an agreement with Al-Malath Foundation Association for Palliative Care to support it in achieving its goals.
- Supporting the families of martyrs, and military retirees with special needs through the Public Security Directorate.
- Supporting the Jordan Hashemite Charity Organization by distributing 400 food coupons during the holy month of Ramadan.
- Concluding an agreement with Tkiyet Um Ali to support the programs and activities of the organization by distributing food parcels on a monthly basis.
- Signed an agreement with the King Hussein Cancer Foundation to sponsor several programs throughout the year.
- Sponsoring the 16th pharmaceutical conference in cooperation with the Jordanian Pharmacists Association.
- Supporting the Jordan Nurses and Midwives Council by supporting the Diabetic Children Camp.
- Sponsorship of the 51st International Medical Conference of the Jordanian Society of Surgeons.
- Sponsoring the Conference of the Health Care Accreditation Council.

Supporting Sports Initiatives:

- Supporting our colleague Mohammad Al-Khatib's participation in several championships (bow and arrow).

- Supporting Al Baqa'a Club by sponsoring the 16th Al Qaed International Boxing Championship.
- Supporting Abu Alanda Youth Club.
- Supporting a football team in the Little League Championship in cooperation with English schools.

Supporting Women and Children:

- Providing support to twenty Jordanian women by signing an agreement with the Makani platform, which supports ambitious women's projects by establishing electronic stores for women entrepreneurs, in addition to helping them manage their online stores and implement marketing campaigns for these stores.
- Donating school bags for children in cooperation with Prince Ali bin Al Hussein Club for the Deaf.

Supporting National Initiatives and Conferences:

- Sponsoring the Third National Conference on Economics through the Jasmine Foundation for Training Courses.
- Supporting the projects of the New Ramtha Municipality.
- Sponsoring a special song for Independence Day with the artist Omar Al-Abdallat.
- Sponsoring the celebration of the Jordanian Industry Day through the Amman Chamber of Industry.
- Supporting KHCC by sponsoring the Non-Physician Employees' Provident Fund ceremony.
- Modernization of a training hall belonging to the Agricultural Credit Corporation.
- Supporting the Second Jordanian International Conference on the Safety of Chemical Processes, in cooperation with the Jordanian Engineers Association.



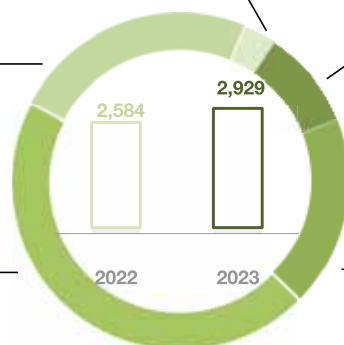
Financial Position Analysis

Assets	Million (JOD)		Relative Weight	
	2023	2022	2023	2022
Cash and Balances with Banks	282	217	%10	%8
Investments	538	374	%18	%15
Deferred Sales & Financing Receivables - net	1,322	1,324	%45	%51
Ijarah	696	613	%24	%24
Fixed Assets & Other	91	56	%3	%2
Total	2,929	2,584	%100	%100

Fixed Assets & Other
%3

Cash and Balances with Banks
%10

Investments
%18



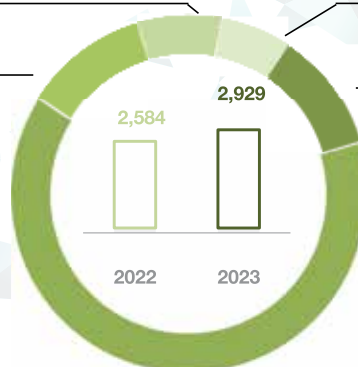
Ijarah
%24

Deferred Sales & Financing Receivables - net
%45

Liabilities and Shareholders' Equity	Million (JOD)		Relative Weight	
	2023	2022	2023	2022
Current Accounts	320	300	%11	%12
Unrestricted Investment Accounts, Term and CDs	1,862	1,684	%64	%65
Unrestricted Investment Accounts, Savings Accounts	334	290	%11	%11
Other Provisions and Liabilities	224	138	%8	%5
Shareholders' Equity	189	172	%6	%7
Total	2,929	2,584	%100	%100

Shareholders' Equity
%6

Current Accounts
%11



Other Provisions and Liabilities
%8

Unrestricted Investment Accounts, Savings Accounts
%11

Unrestricted Investment Accounts, Term and CDs
%64

Key Financial Ratios

		2023	2022	2021	2020
Profitability	Return on Average Equity	9.7%	9.1%	8.9%	6.8%
	Return on Average Assets	0.6%	0.6%	0.7%	0.6%
	Earnings Per Share (EPS) (fills/share)	0/175	0/151	0/141	0/102
	Cost to Income	42%	44%	44%	50%
Assets Quality	Non-Performing Financing (NPL%)	2.4%	2.4%	2.2%	2.3%
	Coverage Ratio	127%	126%	131%	134%
	Equity / Assets	6%	7%	7%	8%
Productivity	Operating Leverage*	1.18	1.21	1.23	1.26
	Assets / Branch (JOD mn.)	69.7	62.3	59.9	48.5
	Assets / Employee (JOD mn.)	4.0	3.8	3.6	2.9

Profitability

- Improved profitability indicators in 2023, whereas Return on Average Equity and EPS improved, while Return on Average Assets remained steady.
- Continuous improvement in Cost to Income reaching 42% in 2023. The Bank strives to continue improving it.

- The portfolio's quality and continuous follow-up with customers contributed to keeping NPL% low.
- The Bank continued to retain adequate extra provisions to face any future credit losses, with a competitive coverage ratio in the banking market.

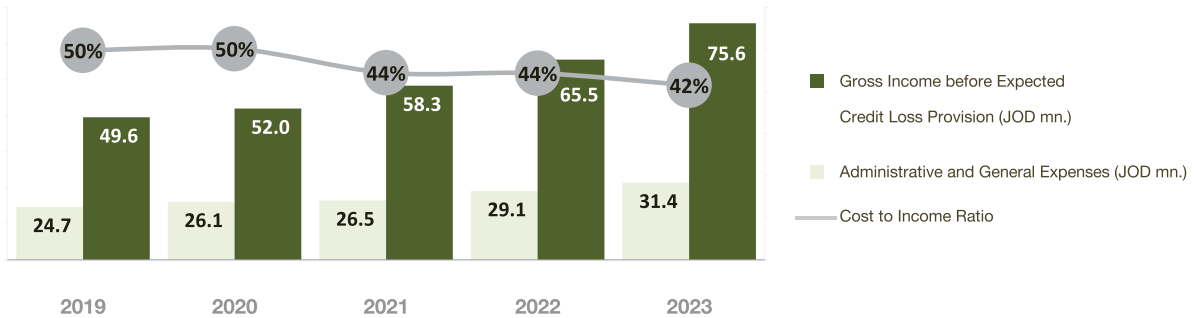
Assets Quality

Productivity

- The Bank witnessed an improvement from last year in covering fixed costs through improved operating financial leverage.
- The productivity indicators for several employees and a number of branches showed improvement, due to the increase in the Bank's budget volume and optimal use of resources during the year.

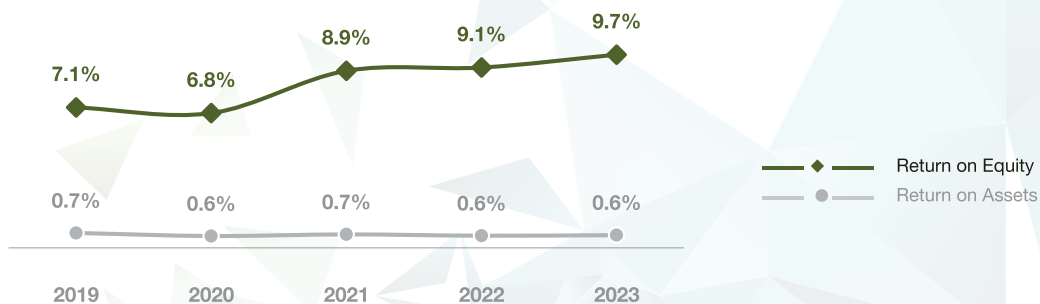
* Operating Leverage: A metric to show the extent to which a company can cover its fixed costs. It is calculated by (total income and other revenues) divided by (total revenue and other income minus administrative and general fixed expenses). The lower it is, the lower the effect of fixed costs on net income.

Cost to Income Ratio



- Improved Cost to Income ratio reaching 42%, as result of growth in gross income before credit loss provision by higher ratios than the growth in administrative and general expenses.
- Gross income before credit loss provision rose by 15% during 2023, as a result of increased volume of Bank business, vs. an increase in administrative and general expenses by 8%.
- The Bank maintained the upward trend in improving the Cost to Income ratio, which has declined by 8% since 2019

Return on Average Equity (ROE) and Return on Average Assets (ROA)

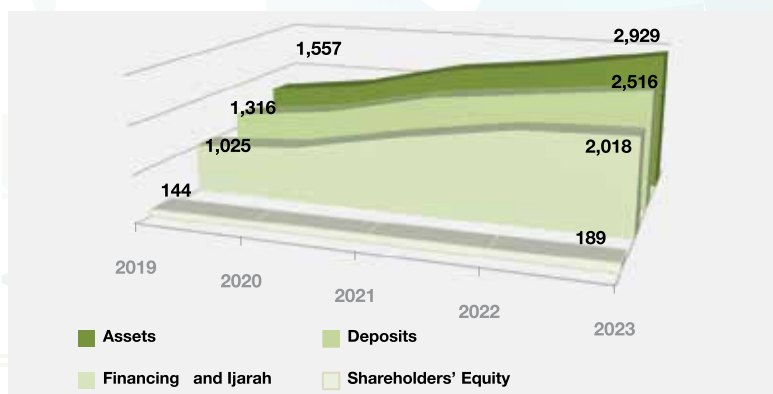


- The year 2023 witnessed an improvement in ROE to reach 9.7%, compared to 2022 (9.1%). This ratio is expected to further improve in the future.
- This improvement was driven by the increase in the Bank's budget volume, and decrease in the ratio of administrative and general expenses to assets, vs. a decrease in margin ratio.
- ROA is within the same range since several years, this year reaching 0.6%.

Time Series of Profit Earnings and Dividends and Net Shareholders' Equity and Share Prices

Time Series (Financial Position)

Growth 2023	
Assets	13%
Deposits	11%
Financing and Ijarah	4%
Shareholder Equity	10%



Million (JOD)	2023	2022	2021	2020	2019	Change in 2023	
						Amount	%
Assets	2,929	2,584	2,336	1,820	1,557	345	13%
Deposits	2,516	2,275	2,031	1,555	1,316	241	11%
Financing and Ijarah	2,018	1,937	1,599	1,178	1,025	80	4%
Shareholders' Equity	189	172	163	155	144	18	10%

- The Bank continued its upward growth trend, with an increase in assets in 2023 of JD 345 million, 13%.
- CAGR during the 4 years since 2019 reached 17%.
- The Bank continued to achieve advanced positions in the growth rates of deposits, financing and Ijarah.

Assets

Deposits

- The Bank continued achieving exceptional results in deposits' growth after successfully attracting new deposits and expanding its customer base. It increased during 2023 by JD 241 million and 11%.
- JD 223 million is the growth in retail banking deposits (from a total deposit growth of JD 241 million), constituting more than 92% of total growth, which helps mitigate concentration and liquidity risks.

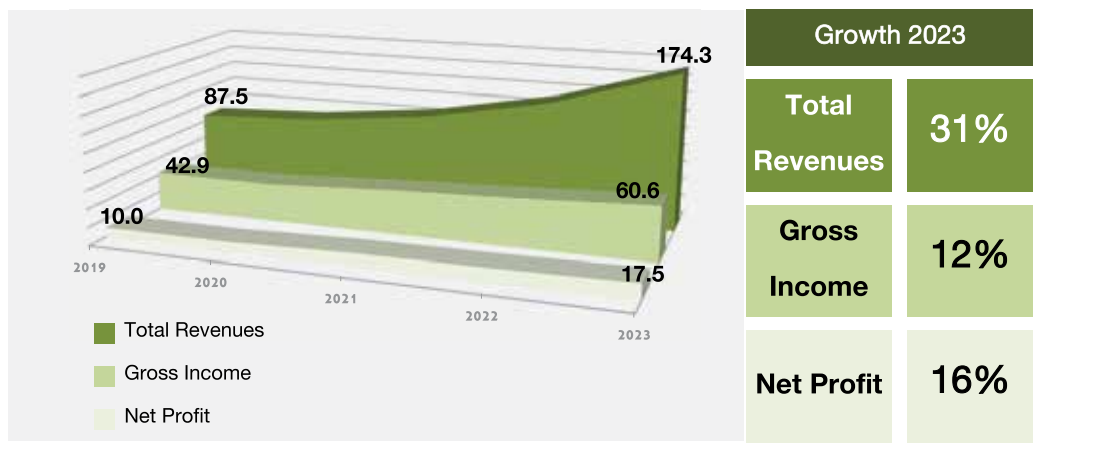
- The Bank's financing rose by 4% to exceed JD 2 billion, as a result of concentrated efforts and numerous marketing campaigns and promotional offers catering for the market

Financing and Ijarah

Shareholders' Equity

- The Bank's business results in 2023 contributed to increasing shareholders' equity by JD 18 million.
- The Bank Board of Directors decided to recommend to the General Assembly to raise the Bank's capital by 20% by distributing free shares to shareholders.

Time Series (Profit and Loss)



Growth 2023

Total Revenues	31%
Gross Income	12%
Net Profit	16%

Million (JOD)	2023	2022	2021	2020	2019	Change in 2023	
						Amount	%
Total Revenues	174.3	132.8	107.1	92.8	87.5	41.6	31%
Gross Income	60.6	54.1	49.2	42.4	42.9	6.6	12%
Net Profit	17.5	15.1	14.1	10.2	10.0	2.4	16%

- Total revenues rose by 31% from JD 133 million in 2022 to JD 174 million in 2023.

Total Revenues

Gross Income

- Gross income increased, driven by the increase in the annual average volume of the Bank budget, for an amount of JD 270 million, despite a decline in margin from 2.8% to 2.6%.

- Growth in net profit after tax by 16% to reach JD 17.5 million, compared to JD 15.1 million in the previous year. The Bank's efficient and effective management of its resources contributed to this growth.

Net Profit

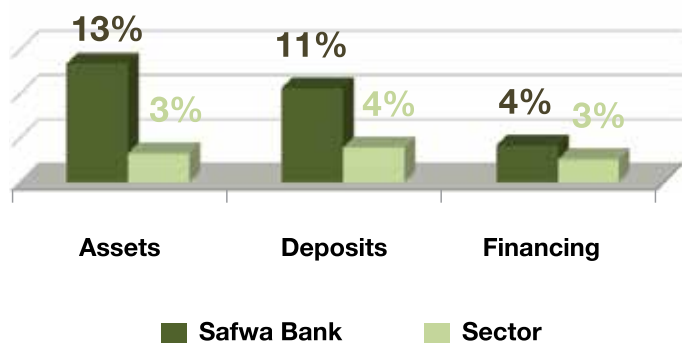
Time Series (Share Price and Dividends)

	2023	2022	2021	2020	2019	Change in 2023
Share Price (JOD)	1.94	1.92	1.91	1.41	1.36	58%
Dividends	20% Free shares*	-	6% Cash	6% Cash	-	20%

The Bank Board of Directors decided to recommend to the General Assembly to raise the Bank's capital by 20% by distributing free shares to shareholders

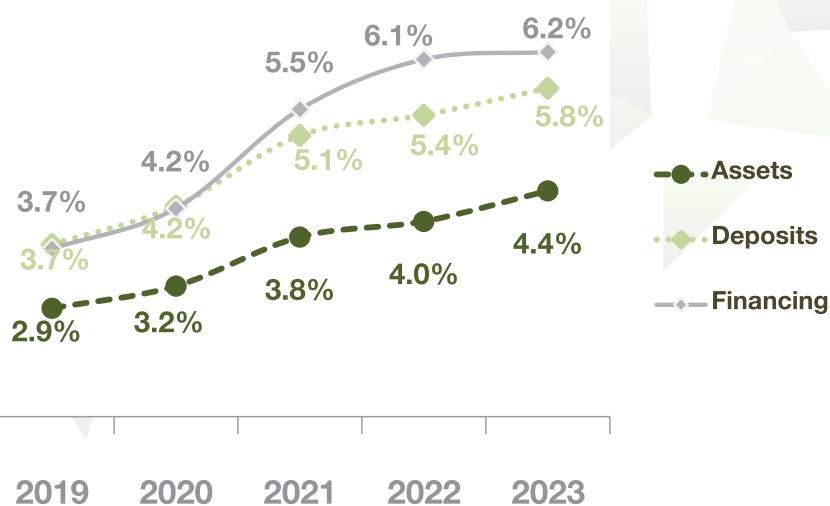
The Bank's Competitive Position within the Banking Sector

The Bank's Competitive Position within the Local Banking Sector



The Bank's Growth Rates compared to the Banking Sector during the year 2023

The Development of the Bank's Share of the Banking Market



The Bank continued increasing its share of the banking market, achieving higher growth rates than the banking sector in terms of assets, financing and deposits.

The year 2023 witnessed

Assets

The Bank increased its share of the banking market from 4.0% to 4.4%, as a result of 13% growth, compared to the growth of the banking sector's assets by 3%.

Deposits

The Bank attracted further deposits for a sum of JD 241 million, raising its banking share from 5.4% to 5.8%, an increase of 11% from the previous year, vs. an increase of banking sector's

Financing

An increase in financing portfolio at the Bank by 4%, compared to the banking sector's growth in financing by 3%.

The financial effect of non-frequent operations, occurred during the

Financial year

In 2023, the Bank, as part of its non-recurring activities, sold repossessed assets by the Bank against debts. The selling process resulted in capital profit of JD 75 thousands.

Bank Capital Investment Volume

The volume of capital investment for the bank reached to JD22.4 million at the end of year 2023 (represent net fixed and intangible assets) compared with JD 23.3 million at the end of year 2022.

Future developments and strategic plan

The Bank updated its strategic plan, where an assessment of the internal situation of the bank was conducted with the participation of all departments, as well as external factors, economic and competitive conditions and a study of their impact on the bank's business, and the results of the studies were relied on to build a clear strategic plan and objectives that have the ability to measure, which allows the bank to evaluate the progress made and enable it to develop plans and correct any delay that may occur as a result of the emerging circumstances during the life of this plan.

Safwa Islamic Bank has been and continues to strive to be the leading community bank in Jordan by providing integrated and comprehensive services through "working in one group" that uses innovative methods, adheres to best practices and the successful implementation of transformative projects for our business operations.

Business Transformation

The Bank has placed business transformation among its main pillars, as it will pay attention to addressing social and environmental issues and transforming the corporate culture, and has shown increasing interest in digital transformation and electronic channels to suit the successive developments and changes in the growing needs of customers, and the Bank not only seeks to keep pace with these developments, but also excellence in providing services without neglecting the factor of security and confidentiality.

Many services have been added to the e-channels, and the mobile banking service has been developed. The Bank seeks to add more services later on through its electronic channels to ensure the excellence of services.

Growth Strategies

The Bank strives to determine an appropriate approach to meet the needs of customers, and to provide banking services and products with fairness to ensure that the Bank assumes its social and environmental responsibilities. The Bank also aims to maintain the pace of growth in the items of the financial position and maximize profits during the next year and beyond, in addition to geographical expansion and improvement of profitability indicators for the benefit of stakeholders.

Structural reforms

As part of ensuring business resilience, the Bank will undertake a series of structural reforms that help in revenue growth, control expenses and maintain asset quality, as well as plans for external cooperation and a number of initiatives that will help achieve the goals.

The main pillars on which the Bank's strategic plan was based did not neglect the role of human capital, risk management and internal control in achieving the desired goals, and the bank will continue to consolidate the successes achieved over the past years, market the Bank's brand and highlight its image and corporate identity to be a distinguished Islamic bank that competes with its counterparts from Islamic banks and conventional banks.

Achieving the objectives of the strategic plan will reflect positively on the bank's financial results and achieve distinguished returns for the Bank's shareholders and depositors. Meanwhile it will maintain solvency and liquidity ratios that ensure the Bank's continuity in business and compliance with the provisions of the legislation and instructions in force, and control operational and capital expenditures to ensure optimal utilization of resources.

Names of the Board of Directors members, their representation, date of designation and their profiles:



Dr. "Mohammed Naser" Abu Hammour
Chairman of the Board
Representative of: Al Etihad Islamic for Investment Co.
The date of joining the Board of directors: 4/1/2017
Date of birth: 20/12/1961

Educational qualifications:

- PhD in economics / Finance from the University of Surrey in the United Kingdom, 1997.
- Master's in economics from the University of Jordan, 1989
- BA in Economics from Yarmouk University, 1984

Professional experience and membership:

- Minister of Finance from 14 / 12 / 2009 – 17 / 10 / 2011
- Chairman of the Board of Directors for the Arab Potash Company from 01 / 11 / 2007 – 14 / 12 / 2009
- President of the Executive Commission for Privatization from 11 / 07 / 2005 – 20 / 11 / 2007.
- Minister of Finance from 25 / 10 / 2003 – 05 / 04 / 2005.
- Ministry of Industry and Trade, Minister, 21/7/2003-22/10/2003.
- Secretary General of the Ministry of Finance from 08 / 02 / 2000 – 21 / 07 / 2003.
- Advisor to HE. Minister of Finance from 08 / 11 / 1998 – 07 / 02 / 2000 and President of the Financial Oversight Unit and Deputy President of the Commission for Assessing the Economic, Financial and Monetary Situation.
- Part-time lecturer at the University of Jordan for students of the Master's in Economics program from 1998 - 2003.
- Member in the discussion on a number of Master's dissertations, 1998-1999.
- Held a number of administrative positions at the Central Bank of Jordan.
- Chairman of the Board of Directors for Al-Salam Transport Company.



Samir Abu Lughod / Independent
Deputy Chairman of the Board of Directors
Date of joining the Board: 13/4/2017

Date of Birth: 7/12/1951

Educational qualification:

- BA in Accounting, 1976

Professional experience and membership:

- Member of the Audit Committee – International Criminal Court / The Hague, (March 2020 - December 2022).
- Chair of the Audit Committee – International Criminal Court / The Hague, (March 2017 - March 2020).
- Member of the Audit Committee – International Criminal Court / The Hague, (January 2016 - March 2017).
- Country Senior Partner – PWC, Jordan (2009 – 2012).
- Managing Partner – EY, Jordan (2002 – 2009).
- Office Managing Partner – Arthur Andersen, Jordan (1979 – 2002).
- Senior auditor – Saba & Co. (1976 – 1979).



Basem Salfiti

Representative of: Al Etihad Islamic for Investment Company

Date of joining the Board: 4/1/ 2017

Date of Birth: 29/4/1972

Educational qualifications

- Master's in Business Administration, Finance and Company Strategies from Columbia Business School in New York, 1998 – 2000
- BA in Electrical Engineering, Brown University, 1989 – 1993

Professional experience and membership:

- General Partner and Co Manager, Hummingbird Ventures London, UK 2012-2016.
- Managing Director, Head of European Technology Investment Banking, Perella Weinberg Partners London, UK 2007-2012.
- Executive Director, Technology Investment Banking, Morgan Stanley & Co. London, UK 2000-2006.
- Chief Operating Officer, BEST IC Laboratories, Inc. Sunnyvale, CA 1994-1998.
- Non-Executive Board Member, Bank Al-Etihad Amman, Jordan 2009-Present.
- Non – Executive Board Member of Delta Insurance and Advisory 2017-Present.
- Chairman of the Council of Al-Hussein Technical University (HTU) 2019 to date
- Member of the Board of Directors at the Arab Center for Engineering Studies 2019 to date
- Member of the Board of Directors of the National Society for the Preservation of Petra, 2019 to date.
- Member of the Board of Directors of the Jordanian ISSF for Leadership 2020 to date



Deema Aqel

Representative of: Al Etihad Islamic for Investment Co.

The date of joining the Board of directors: 4/1/2017

Date of birth: 13/2/1968

Educational qualifications:

- Masters' in Business Administration, 2001, from Imperial College in London, United Kingdom.
- Master's in Financial Markets, 1998
- BA in Electrical Engineering, 1990

Professional experience and membership:

- Deputy General Manager at Etihad Bank Untill 12 / 2023
- Assistant General Manager of Etihad Bank for Risk and Compliance Management until 1/2012.
- Assistant General Manager / Director of Risk and Compliance at Ahli Bank Bank, 2005-2007.
- Head of Risk and Credit Policy Department at Housing Bank, 2004-2005..
- Credit Risk Manager at Arab Bank, 1990-2004.
- Member of the Board of Directors at Etihad Financial Brokerage Company till 12/2022
- Member of the Board of Directors at Etihad Leasing Company 14/2/2023
- Member of the Board of Directors of Palestine Commercial Bank 09 / 2011 – 07/2013



Dr. Ibrahim Saif

Representative of: Al Etihad Islamic for Investment Company

Date of joining the Board: 22 / 10 / 2017

Date of birth: 10/8/1965

Educational qualification:

- PhD in Economics, London University, 2001
- Master's in Economics – London University, 1988
- BA in Economics and Accounting – Yarmouk University, 1986

Professional experience and membership:

- Minister of Planning and International Cooperation from the beginning of 2013 until 2015, and in March 2015, he took over as the Minister of Energy and Mineral Resources until June 2017.
- Researcher at the Carnegie Middle East Center, where his research focused on Middle Eastern Economics from 2012 – 2015.
- Secretary – General of the Economic and Social Council in Jordan, 2009 – 2012
- Professor of Economics and Director of the Center for Strategic Studies at the University of Jordan, 2002 – 2008.
- Executive Director of the Jordan Strategies Forum.



Dr. Nofan Alaqil

Representative of: Social Security Corporation*

Date of joining the Board: 03 / 08 / 2016

Date of Birth: 1/1/1971

*(As of 29 / 04 / 2021, whereby he had previously been a representative of the Governmental Investment Management Company since 03 / 08 / 2016)

Educational qualification:

- PhD in General Law (Administrative Law / Administrative Judiciary), Ain Shams University – Egypt, 2005.
- Master's in General Law (Administrative Law), Al Bayt University, 1997
- BA in Law, Mu'tah University, 1994.

Professional experience and membership:

- Head of the Legislation and Opinion Bureau – Council of Ministers from 30/6/2013 – 8/5/2019.
- Acting Head of the Board of Grievances from 31/12/2014 – 18/10/2015.
- Minister of State for Cabinet Affairs from 8/10/2012 – 30/3/2013.
- Minister of Political Development from 2/5/2012 – 7/10/2012.
- Associate Professor in Public Law at the University of Jordan from 2006 to this date.
- Lawyer and legal advisor from 2006 to date.
- Director of the Legal Department / Telecommunications Regulatory Authority from 8/1/2003 – 20/6/2006.
- Legal Researcher at the Audit Bureau of Jordan from 29/9/1999 - 8/12/1999.



Salem Burqan / Independent

Date of joining the Board: 17/12/2018

Date of Birth: 1/1/1952

Educational qualifications:

- BA in Accounting / University of Jordan, Amman / Jordan
- Professional License / Jordanian Association of Certified Public Accountants.

Professional experience and membership:

- CEO and Chairman of the Board of Directors of the Islamic International Arab Bank.
- Numerous important managerial positions at Arab Bank, inside and outside of Jordan.
- Deputy Chairman of the Board of Directors – Arab National Leasing Company
- Member of the Board of Directors of Al Nisr Al-Arabi Insurance Company, and then he went on to become the Chairman of its Board of Directors
- Chairman of the Board of Directors – Jordan Group of Maritime Agencies
- Chairman of the Board of Directors of the Arab Investment Group / Palestine, and member of the Board of Directors of the Arab Investment Group, Jordan
- Financial and Administrative Director / Arab Insurance Company
- Auditor / Saba and Co.
- He has held membership at the Boards of Directors of several important companies in the Kingdom
- Member of the Board of Directors of Al-Quds Insurance company and still is.



Dr. Khaled Zentuti / Independent

Date of joining the Board as an independent: 17/04/2021

Date of Birth: 24/12/1954

Educational qualifications:

- PhD in Financial Management and Organization and Marketing Management, Bosphorus University Turkey, 1992
- MBA in Managerial Accounting, Hatford C.T. University, United States of America, 1982
- BA in Accounting – Faculty of Economics, University of Benghazi – Libya, 1976

Professional experience and membership:

- (1988 – 2000) Director / Deputy Director of various companies owned by the Libyan Company for Foreign Investments in Italy, Germany, Pakistan and Egypt.
- (2000 – 2002) Assistant Secretary of State for Investment and International Cooperation – Ministry of African Unity – Libyan Council of Ministers.
- (2002 – 2004) Chairman and General Manager of the Libyan Foreign Investment Company
- General Manager and Chairman of the Long-Term Investment Portfolio Management Committee / Libya – Tripoli, 2004 / 2012.
- Part-time faculty member, Academy of Graduate Studies – Tripoli (1997-2011).
- Financial, economic and investment advisor for long-term portfolio / Amman – Jordan, 2016 / 2020.
- Vice Chairman of the Board of Directors of the British Arab Bank, London / United Kingdom, 2004 / 2012.
- Vice Chairman of the Board of Directors / Etihad Bank / Amman – Jordan, 2007 / 2012.
- Vice Chairman of the Board of Directors of the Libyan External Bank / Tripoli, Libya, 2009 / 2012.
- Member of the Board of Directors of the Arab Banking Corporation, ABC, Manama, Bahrain, 2010 / 2012.
- Advisor to Union Bank, Amman / Jordan, 2012 – 2016.



Ihssan Barakat/ Independent

Date of joining the Board: 6/7/2023

Date of Birth: 5/9/1964

Educational qualifications:

- Bachelor Of Law, University of Jordan, 1986
- International training certificates for mediation from Pepperdine University in the United States of America.
- international certificate in the list of justice experts in the areas of rapid responses in investigating cases of sexual violence from the United Nations

Professional experience and membership:

- Approved Attorney before the Jordanian courts (1988 – 2002).
- Legal advisor to the Central Bank - Al-Batra Bank under liquidation 1990
- Judge of Amman First Instance Court (2002 – 2004).
- Director of the international cooperation Unit, Ministry of Justice (2004 – 2005).
- Member of the National Agenda Drafting Committee (legislation and justice axis) 2005
- Judge of Amman Appeal Court (2004 – 2007).
- Head of the Economic Chamber at the Amman Court of Appeal (2004-2007)
- President of the West Amman Court of First Instance (2007-2010)
- Attorney General of Amman (2010 – 2012).
- Judge of Amman Appeal Court (2012 – 2014).
- Inspector of judicial courts (2014 – 2017).
- Judge of Jordanian Cassation Court (2018).
- Director General of the Jordanian Judicial Institute (2018 – 2020).
- Member of the twenty – eighth Senate (2020 – 2022).
- Member of the Supreme Council of the Jordanian Women's Association (2013-present)
- Head of the legal team at the National Committee for Women's Affairs (2015 – present)
- Member of the Arab Parliament (representative of the Senate) (2020 – present)
- Member of the twenty – ninth Senate (2022 – Present).
- Law graduate 1986.
- Lawyer, professor, practicing 1988
- Legal advisor to the Central Bank - to liquidate Petra Bank 1989



Dr. Abd AlGhani Al Ftaihi

Representative of : AL Etihad Islamic Investment Co.

Date of joining the Board 6 4/1/2023

Date of Birth: 31/7/1970

Educational qualification:

- Dr. of Accountancy, University of Huddersfield, UK, 2008.
- Higher Diploma of Social Research and Evaluation Methodologies, University of Huddersfield, UK, 2007.
- MA of Accountancy, Libyan Academy, Janzur, Libya, 2001.
- BA of Accountancy, University of Gharyan, College of Accounting, Gharyan, Libya, 1993.

Professional experience and membership:

- Real Estate and Hotels Portfolio Manager - Libyan Investment Corporation, October 2023 to date
- General Manager of the long-term investment portfolio, the Libyan Investment Authority, October 2023.
- Senior Management Consultant, Libyan Investment Authority, 04/2022-08/2022.
- Risk Management Consultant, Libyan Investment Authority, 10/2016-02/2018.
- Member of the Board of Executive Directors, Islamic Development Bank, Jeddah, 07/2020-08/2021.
- Elected member of the Libyan Parliament, 08/2014-04/2022.
- Member of the Board of Directors of LAVECO, Algeria Holding Company, the Libyan Foreign Investment Company, 09/2017-09/2019.
- Chairman of the Board of Directors, LAICO Brazzaville, the Libyan African Investment Company, 05/2015-09/2019.



Dr. Anas Bohowish

Representative of : AL Etihad Islamic Investment Co.

Date of joining the Board 4/1/2023

Date of Birth: 7/5/1981

Educational qualification:

- D. of International Financial Business, International School of Management, Paris, France.
- MA of Accountancy (specializing in discussing sectoral reports in commercial banks), University of Benghazi, Libya.
- BA of Accountancy, University of Benghazi, Libya.

Professional experience and membership:

- Member of the Board of Directors, the Libyan Investment Corporation.
- Chairman of the Audit, Risk, and Compliance Committee, Libyan Investment Authority.
- Adviser to the Minister of Finance for Investment Affairs (formerly).
- Professor in Accounting Department, University of Benghazi, Libya (formerly).

Members of the Shari'a Supervisory Board and a profile of each of them:



His Eminence Prof. Ali Al Qaradaghi
Chairman of the Sharia Supervisory Board

Date of Birth: 01/01/1949

Date of appointment: 28/04/2018

Educational certificates:

- PhD in Shariah and law in the field of contracts and financial transactions, Al-Azhar 1985.
- Master of Comparative Jurisprudence, Faculty of Sharia and Law, Al-Azhar University, 1980.
- BA in Islamic Sharia, Baghdad 1975.
- Certificate of Scientific of Completion (Ijaza) in Islamic Sciences by Sheikhs in 1970.
- Graduated from the Islamic Institute in 1969.

Professional experience:

- Expert at the International Islamic Fiqh Academy affiliated with the Organization of Islamic Cooperation in Jeddah.
- Vice Chairman of the European Council for Fatwa and Research.
- Professor and Head of the Department of Jurisprudence and Principles at the Faculty of Sharia, Law and Islamic Studies at Qatar University (formerly).
- Member of the Sharia Board for the Auditing Authority for Islamic Financial Institutions.
- Chairman and executive member of the Fatwa and Sharia Supervisory Board for a number of Islamic Banks and Islamic insurance companies inside Qatar, including Qatar Islamic Insurance Company, inside and outside of Qatar, Dubai Islamic Bank, Bahrain Investment Bank and First Investment in Kuwait.

Jobs that he currently holds outside of the Bank:

Chairman or Executive Member of the Fatwa and Sharia Supervisory Board of a number of Islamic banks outside Jordan.



His Excellency Dr. Ahmed Melhem
Deputy Chairman of the Sharia Supervisory Board

Date of birth: 15/02/1961

Date of appointment: 28/4/2018

Educational certificates:

- Doctorate in Comparative Jurisprudence, 1994.
- MA in Jurisprudence and Legislation, 1987.
- Bachelor in Jurisprudence and Legislation 1982.

Professional experience:

- Sharia advisor in the Sharia Supervisory Board affiliated with the World Federation for Islamic Takaful and Insurance Companies in Khartoum.
- Sharia advisor within the advisory board of North African Bank, Libya.
- Part-time lecturer at Al-Zaytoonah Private University.
- Sharia advisor at the Sharia Supervisory Board of the Islamic Insurance company – formerly.
- Sharia advisor in the Sharia Supervisory Board of the Jordanian Engineers Association.
- Sharia advisor in the Sharia Supervisory Board of the Orphans Funds Development Foundation.
- Board of Commissioners of the Securities Commission.

Jobs that he currently holds outside of the Bank:

- Board of Commissioners of the Securities Commission.
- Sharia advisor in the Sharia Supervisory Board of the Jordanian Engineers Association.
- Sharia advisor in the Sharia Supervisory Board of the Orphans Funds Development Foundation



His Eminence Dr. Ali Musa

Member of the Sharia Supervisory Board

Date of Birth: 01 / 01 / 1948

Date of appointment: 29 / 04 / 2021

Educational certificates:

- PhD in Comparative Jurisprudence from Al Azhar University, 1978.

Professional experience:

- University professor at the University of Jordan since 1979.
- University professor at the King Saud University until 1991.
- University professor at Zarqa University until 1996.
- University professor at the University of Kuwait until 2004.
- Member of the Sharia Supervisory Board at the Islamic Insurance Company till 2012.
- Member of the Sharia Supervisory Board at First Financing Company till now.

Jobs that he currently holds outside of the Bank:

- Permanent member of the Association for Islamic Studies
- Permanent member of Jordanian Afaf Charity Organization.



His Eminence, Dr. Safwan Edibat

Member of the Sharia Supervisory Board

Date of Birth: 10/6/1975

Date of appointment: 29 / 04 / 2021

Educational certificates:

- PhD in Jurisprudence and its Principles, 2012.
- Master's in Jurisprudence and its Principles, 2005.
- BA in Jurisprudence and its Principles, 1997.

Professional experience:

- Director of Sharia Supervision and Inspection at the General Ifta' Department.
- Member of the Sharia Supervisory Board at Bandar Trading and Investment Company.
- Representative of the General Ifta' Department, as a Sharia advisor to the Islamic Finance Department in the Cities and Villages Development Bank affiliated with the Ministry of Local Administration.
- Lecturer at the Al-Um International University / Turkey.
- Researcher and arbitrator in Al-Isbah Journal for International Strategic and Political Studies in France.
- Assigned to the National Center for Security and Crises Management, Media Response Unit.

Jobs that he currently holds outside of the Bank:

- Director of Sharia Supervision and Inspection at the General Ifta' Department.
- Member of the Human Resources Committee at the General Ifta' Department.
- Member of the Strategic Planning Committee at the General Ifta' Department.
- Member of the Sharia Supervisory Board at Al-Namothajiyah for Islamic Microfinance.

Members of the Sharia Supervisory Board that resigned during 2023

* There are no resignations from the members of the Sharia Supervisory Board during the year 2023.

Members of the Executive Management and introduction to each of them



Samer «Al Saheb Al Tamimi» / General Manager, CEO

Date of Birth: 30 / 10 / 1966

Mr. Samer Al-Tamimi joined Safwa Islamic Bank at the beginning of 2018. He enjoys extensive banking and managerial experience in banks and financial institutions, spanning for more than 34 years, during which he worked with reputable financial institutions in the Hashemite Kingdom of Jordan, the United Arab Emirates, the State of Qatar and the United States of America, Australia and the United Kingdom.



Rami Al Khayyat /Deputy CEO, Chief of Corporate Banking

Date of Birth: 15 / 8 / 1973

Mr. Rami Al Khayyat joined the Bank on 01/03/2010 as Deputy CEO, Chief of Corporate Banking, with about 29 years of experience in corporate banking in reputable commercial and Islamic Jordanian and regional banks.

Mr. Rami started his career as a Credit Officer at Cairo Amman Bank in 1995, Then he moved to Saudi Arabia as Head of Commercial Banking Division in the Western Region at the Arab National Bank. In 2008 he was the Head of Corporate Banking Division for Dubai and North Emirates at Abu Dhabi Islamic Bank in UAE. In addition to this, he worked as a part-time lecturer at the Arab Academy for Banking and Financial Sciences.

Mr. Rami Al- Khayyat is a member of the Board of Directors of several companies. Mr. Rami holds a master's degree in Banking from the Arab Academy for Financial and Banking Sciences and a bachelor's degree in Accounting & Finance from Yarmouk University in Jordan.



Hani Al-Zrari / Deputy CEO, Chief of Operations

Date of Birth: 10 / 3 / 1963

Mr. Hani joined the Bank on 01 / 07 / 2010 as Deputy CEO and Head of Operations and Information Technology. He enjoys more than 30 years of experience in Central Operations and Information Technology.

He started his career at Cairo Amman Bank, to become Head of the Remittances and Foreign Exchange Department, then moved on to work for Citibank, where he took on numerous jobs, such as central operations, compliance, and internal control.

He then moved to the United Arab Emirates to work at Dubai Islamic Bank as the Head of the International Projects Support Unit. Mr. Hani obtained a BA in Economics from Yarmouk University in Jordan in 1985.



Ziad Kokash / Deputy CEO, Chief Credit Officer

Date of Birth: 31/ 8 /1970

Mr. Ziad joined the Bank on 16 / 09 / 2012 as Deputy CEO, Head of Risk Management. He enjoys extensive experience of up to 32 years in credit and risk management, and currently holds the position of Deputy CEO, Head of the Credit Department. He started his career at Cairo Amman Bank / Facilities Department, where he worked as Credit Facilities Officer. He then became the Director of Credit Facilities – Arab Banking Corporation; whereby he later moved to work at National Bank, where he held the title of Assistant General Manager, Head of the Risk Management Group. Mr. Ziad obtained a Master's degree in Financial Management from the Arab Academy for Banking and Financial Sciences in Jordan in 2006, and a BA in Banking and Financial Sciences from Yarmouk University in Jordan in 1992. Mr. Ziad is the Vice-Chairman of the Board of Directors for Misc for Financial Brokerage Company. He also serves as a member of the Board of directors at Jordan Fertilizer Supply Company, as a representative of the Bank.



Masoud Sakf Al-Hait / Chief of Legal and Board Secretary

Date of Birth: 16/7/1967

Mr. Masoud joined the Bank on 01 / 04 / 2012 as the Head of the Legal Department. He enjoys extensive experience of up to 31 years in the legal domain.

Mr. Masoud started his career as a lawyer at Arab Bank, and then moved to work at Capital Bank as the Head of the Legal Department. He then worked as a lawyer at the Ali Sharif Al Zoubi Law Office.

Mr. Masoud obtained a BA in Law from the University of Jordan in 1992.



Muneer Faroneyah / Head of Sharia Compliance

Date of Birth: 5/6/1971

Mr. Muneer Faroneyah joined the bank on 01/08/2010 as a Sharia auditor with extensive experience of 20 years in Islamic banking and Sharia audit.

Mr. Muneer worked at the Jordan Islamic Bank in several positions and departments and His last position was senior Auditor, Internal and Sharia Audit.

Mr. Muneer holds a Master's degree in Finance and Banking speciality Islamic banks from the Arab Academy for Banking and Financial Sciences and a Bachelor's degree in Finance and Banking from Yarmouk University. He has got the certificate of Certified Shari'ah Advisor and Auditor (CSAA) from the Accounting and Auditing Organization for Islamic Financial Institutions in Bahrain (AAOIFI).



Wael Al-Bitar / Chief of Treasury and Investment

Date of Birth: 16/8/1973

Mr. Wael Al-Bitar joined the Bank on 03/01/2010 as Senior Manager / Head of Financial Institutions Relations, with more than 29 years of experience.

He has worked in numerous fields, including corporate facilities, treasury and investment, credit and financial institutions with many Jordanian banks, the Arab Bank, Arab Banking Corporation (ABC) and Capital Bank (where he held several important positions in the banking business).

Mr. Wael Al-Bitar obtained a Master's in Business Administration / Finance from the University of Jordan in 1999 and a BA in Economics and Finance from Yarmouk University in 1994.

Mr. Wael Al-Bitar is a member of a number of companies: Vice Chairman of the Sukuk Ownership Committee at the National Electric Power Company, Vice Chairman of the Board of Sukuk Owners at the Ministry of Finance, member of the Board of Directors at the Islamic Banks Group Company for Joint Stock Company Contributions, (he holds a license for Issuance Management, from the Secretariat of Issuance and Safe Custody from the Securities Commission).



Nesfat Taha / Chief of Retail Banking

Date of Birth: 26/5/1970

Mr. Nesfat joined the Bank on 21 / 02 / 2010 as Head of the Branch Network, and with extensive experience of up to 30 years in Retail Banking. He started his career at Arab Bank, where his last designation was as Area Manager – Jordan Branches / Major Customers Department. Mr. Nesfat obtained a BA in Business Administration from the American University in Cairo in 1993.



Khalid Al-Issa / Head of Internal and Sharia Audit

Date of Birth: 28/10/1979

Mr. Khalid Al-Issa joined the Bank on 20/02/2011 as a Financial Audit and Operations Department with an extensive experience of 19 years.

He started his career working at the Housing Bank in the Internal Audit Department and his last job was an Operations Auditor.

Mr. Al-Issa holds a bachelor's degree in Accounting from Al-Bayt University in 2004. He Also holds a number of International certificates: CIA, DIP-IFRS, CCSA, CGAP



Rawand Al Turk / Head of Compliance

Date of Birth:11/4/1980

Mrs. Rawand Al-Turk joined the bank on September 14/9/2023, as Head of the Compliance Department, with extensive experience of up to 20 years.

She worked in many areas of the compliance department at several Jordanian banks (Cairo Amman Bank, Bank of Jordan, Bank Audi, National Bank of Abu Dhabi, Société Générale), and the last position she held was Head of Compliance Department at Invest Bank.

Mrs. Rawand holds a bachelor's degree in Business Administration from Al-Ahliyya Amman University in 2003 and the following international certificates: CAMS, CCM, and CCO.



Mohammad Hawari / Head of Human Capital Management

Date of Birth:13/7/1981

Mr. Mohammad joined the Bank on 18 / 01 / 2010 as a manager, Human Resources Operations, with banking experience of up to 20 years. He started his career working in Jordan Kuwait Bank in the Finance Department, and his last job was as Assistant Manager of the Finance Department. Mr. Mohammad obtained a BA in Accounting from Mu'tah University in 2003, and a Master's in Accounting from Amman Arab University for Graduate Studies in 2005. He also holds the CHRM professional certificates, accredited Human Resources Manager and (CIPTM) Certified International Professional Training Manager.



Ahmad Jafer / Head of Risk Management

Date of Birth:20/9/1978

Mr. Ahmad joined the Bank on 06/02/2011 as Senior Manager, Head of Risk Policies, Portfolio Management and Market Risks, with 23 years of banking experience. He began his career working in the Islamic International Arab Bank from 2000 to 2005 within the Banking Regulations and Laws Department, where he later became supervisor of Banking Policies and Laws. He then joined Al-Jazira Bank – Saudi Arabia from 2005 – 2011 as Senior Manager of the Credit Risk Management Department and Basel Decisions. Mr. Ahmad Jaafar holds a bachelor's degree in Accounting from Al-Ahliyya Amman University, 2000, and a master's degree from Amman Arab University in Accounting, 2003, and holds a professional certificate in International Risk Management Legislation.



Ahmad Ghnaim/ Chief Financial & Corporate Strategies Officer

Date of Birth:8/1/1979

Mr. Ghnaim joined the bank on 15/3/2022, as Chief Financial & Corporate Strategies Officer, with more than 20 years of banking experience in finance. He began his career at Citibank – Jordan to become Assistant Chief Financial Officer, and then moved to the UAE to work at Samba Financial Group as a Financial Controller, then returned to Jordan to occupy the position of Chief of Finance in several banks and companies (ABC Bank, Bank Audi, Tamweelcom), and held the position of Chief Business Intelligence Officer at Capital Bank. Mr. Ghnaim holds a Master's degree in Business Administration (MBA) from Western Michigan University – USA, and a Bachelor's degree in Business Administration (Accounting) from Western Michigan University – USA. He is also a Certified Management Accountant (CMA) and a Fellow Chartered and Certified Accountant (FCCA). Mr. Ahmad Ghnaim is a member of the Board of Directors at Misc for Financial Brokerage Company.

Names of Executive Management members that resigned during 2023:



Ahmad Tarteer / Head of Compliance

Date of Birth:11/12/1985

Mr. Ahmad joined the Bank on 21 / 06 / 2015 as a Senior Manager, Head of Compliance and Anti-Money Laundering.

He enjoys experience of up to 16 years in banking. He started his career at the Arab Banking Corporation as an Internal Auditor, and then became an Assistant Manager – Compliance and Anti-Money Laundering Department at the Arab Bank. His last designation was as Head of Compliance and Anti-Money Laundering at the National Bank of Kuwait – Jordan. Mr. Ahmad obtained a BA in Accounting and Commercial Law from the Hashemite University in 2007, and certified Anti-Money Laundering Specialist Certificate from the ACAMS institute in Miami – USA. He also holds the following international certificates: CAMS, CAMS AUDIT, CCM, CCOS, CPT, CGSS. Mr. Ahmad is a member of the Board of Directors at Misc for Financial Brokerage Co

Resigned on 11/5/2023.

Numbers of financial securities owned by Board of Directors members, senior management individuals with executive authority and their relatives, and the companies controlled by them, as the end of 2023 compared to the previous year

31/12/2023							
Member's Name legal entity)	Nationality	Executive/ Non-Executive member	Independent / non-independent member	Member's Name (representative of legal entity)	Nationality	Number of shares held by the legal entity	Direct participation in capital %
Dr. "Mohammed Naser" Abu Hammour	Jordanian	Non-executive	Is not independent				
Basem Salfiti	Jordanian	Non-executive	Is not independent				
Deema Agel	Jordanian	Non-executive	Is not independent	Al-Etihad Islamic for Investment Co.	Jordanian	62,370,249	62.370%
Dr. Abd AlGhani Al Ftaisi (Since 4/1/2023)	Libyan	Non-executive	Is not independent				
Dr. Anas Bohowish (Since 4/1/2023)	Libyan	Non-executive	Is not independent				
Dr.Ibrahim saif	Jordanian	Non-executive	Is not independent				
Dr. Nofan AlAqil	Jordanian	Non-executive	Is not independent	Representative of Social Security Corporation	Jordanian	9,383,037	9.383%
Abd-Al-Rahin Al Hazayneh (until 18/6/2023)	Jordanian	Non-executive	independent	Orphans Fund Development Foundation	Jordanian	4,900,000	4.900%
Name of the board member (representing his personal capacity)	Nationality	Executive/ Non-Executive member	Independent / non-independent member	The number of shares owned by a member of the Board of Directors		The percentage of shares held in the bank's capital%	
Samir Abu Lughod	Jordanian	Non-executive	independent	1,500		0.002%	
Salem Burqan	Jordanian	Non-executive	independent	2,000		0.002%	
Dr.Khaled AlZentuti	Libyan	Non-executive	independent	1,000		0.001%	
Ilssan Barakat (Since 6/7/2023)	Jordanian	Non-executive	independent	2,000		0.002%	
Board member who owns shares in the bank in his personal capacity	Nationality	The number of shares owned by a member of the Board of Directors		The percentage of shares held in the bank's capital%			
Dr. Nofan Al Aqil	Jordanian	1,000		0.001%			
Dr. "Mohammed Naser" Abu Hammour	Jordanian	65,000		0.065%			
Dr.Ibrahim saif	Jordanian	1,500		0.002%			
Basem Salfiti	Jordanian	-		-			
Deema Agel	Jordanian	-		-			
Dr. Abd AlGhani Al Ftaisi(Since 4/1/2023)	Libyan	-		-			
Dr. Anas Bohowish(Since 4/1/2023)	Libyan	-		-			

31/12/2022									
Member's Name legal entity)	Nationality	Executive/Non-Executive member	Independent / Non-independent member	Member's Name (representative of	Nationality	Number of shares held by the legal entity	Direct participation in capital %		
Dr. "Mohammed Naser" Abu Hammour	Jordanian	Non-executive	Is not independent						
Basem Saifiti	Jordanian	Non-executive	Is not independent						
Deema Aqel	Jordanian	Non-executive	Is not independent	Al Etihad Islamic for Investment Co.	Jordanian	62,370,249	62.370%		
Khaled Algonsef (until 4/12/2022)	Libyan	Non-executive	Is not independent						
Dr. Ahmed Mensesi (until 4/12/2022)	Libyan	Non-executive	Is not independent						
Dr.Ibrahim saif	Jordanian	Non-executive	Is not independent						
Dr. Nofan AlAqil	Jordanian	Non-executive	Is not independent	Representative of Social Security Corporation	Jordanian	9,383,037	9.383%		
Abd Al-Rahim Al Hazayneh	Jordanian	Non-executive	independent	Orphans Fund Development Foundation	Jordanian	4,925,000	4.925%		
Name of the board member (representing his personal capacity)	Nationality	Executive/Non-Executive member	Independent / Non-independent member	The number of shares owned by a member of the Board of Directors		The percentage of shares held in the bank's capital%			
Samir Abu Lughod	Jordanian	Non-executive	Independent	1,500		0.002%			
Salem Burqan	Jordanian	Non-executive	Independent	2,000		0.002%			
Dr.Khaled Al-Zentuti	Libyan	Non-executive	Independent	1,000		0.001%			
Board member who owns shares in the bank in his personal capacity	Nationality	The number of shares owned by a member of the Board of Directors	The percentage of shares held in the bank's capital%						
Dr. Nofan AlAqil	Jordanian	1,000	0.001%						
Dr. "Mohammed Naser" Abu Hammour	Jordanian	65,000	0.065%						
Dr.Ibrahim saif	Jordanian	1,500	0.002%						
Basem Saifiti	Jordanian	-	-						
Deema Aqel	Jordanian	-	-						
Khaled Algonsef (until 4/12/2022)	Libyan	-	-						
Dr. Ahmed Mensesi (until 4/12/2022)	Libyan	-	-						
Abd Al-Rahim Al Hazayneh	Jordanian	-	-						

Ownerships of Executive Management and their relatives or companies controlled by Them as at the end of 2023

Name	Position	Nationality	No. of Shares at the end of 2023	No. of shares at the end of 2022
Samer "AL Saheb Tamimi"	General Manager / CEO	Jordanian	23,139	20,000
Rami AL khayyat	Deputy CEO, Chief of Corporate Banking	Jordanian	-	-
Hani Al-Zrari	Deputy CEO, Chief of Central Operations	Jordanian	-	-
Ziad Kokash	Deputy CEO, Chief Credit Officer	Jordanian	-	-
Nasfat Taha	Chief of Retail Banking	Jordanian	-	-
Wael Al-Bitar	Chief of Treasury and Investment	Jordanian	-	-
Rawand Al Turk (Since 14/9/2023)	Head of Compliance	Jordanian	-	-
Masoud "Sakf Al-Hait"	Chief of Legal and Board Secretary	Jordanian	-	-
Muneer Faroneyah	Head of Shari'a Compliance	Jordanian	-	-
Mohammad Hawari	Head of Human Capital Management	Jordanian	-	-
Khalid Al-Issa	Head of Internal and Shari'a Audit	Jordanian	-	-
Ahmad Jafar	Head of Risk Management	Jordanian	-	-
Ahmad Ghnaim	Chief Financial & Corporate Strategies Officer	Jordanian	-	-
Ahmad Tarteer	Head of Compliance (until 11/5/2023)	Jordanian	-	-

- There are no other ownerships by individuals from the Executive Management, their relatives or the companies controlled by them, with the exception of what has been mentioned in the table above.
- There are no ownerships by relatives of the Board of Directors' members, except for the ownerships of the sons of Dr. Nofan Alaqil (Abdullah, Nour, Nouf and Omar), with a total of 1,000 shares owned by each in Safwa Islamic Bank as at the end of 2023 and 2022.
- There are no companies controlled by members of the Board of Directors, or Senior Management individuals with executive authority, nor any of their relatives.

Financing granted by the Bank to and any other operations that have been executed between the Bank and members of the Board of Directors or any parties affiliated with them

Current Board of Directors Members	Direct Financing (JOD)	Indirect Financing (JOD)
Dr. Nofan Al Aqil/ / representative of Social Security Corporation	(477,877)	-
Dr. "Mohammed Naser" Abu Hammour/ Chairman of the Board	(2,407)	(1,500)

- There is no other financing or operations that were executed between the Bank and Board of Directors members, with the exception of what has been mentioned in the table above.
- The profit rates on the financing granted to members of the Board of Directors fall within the limits of the financing granted to the rest of the clients.

Names of major shareholders and the number of shares they own compared to the previous year

name	Nationality	31/12/2023		name	Nationality	31/12/2022	
		Percentage share %	Number of Shares			Percentage share %	Number of Shares
Al-Etihad Islamic for Investment Co.	Jordanian	62.370%	62,370,249	Al Etihad Islamic for Investment Co.	Jordanian	62.370%	62,370,249
Social Security Corporation	Jordanian	9.383%	9,383,037	Social Security Corporation	Jordanian	9.383%	9,383,037
Government Contributions Management Company	Jordanian	5.550%	5,550,000	Government Contributions Management Company	Jordanian	5.550%	5,550,000

Names of shareholders owning 1% or more in the Bank's capital, and the ultimate beneficial owners of these shares as at 31 / 12 / 2023

Shareholder Name	Nationality	No. of shares owned	Percentage of direct contribution in the capital	Percentage of indirect contribution in the capital	Ultimate Beneficial Owner	No. of pledged shares	Percentage of pledged shares from the total contribution	Party to which the shares are pledged
1 Al-Ethhad Islamic for Investment Company	Jordanian	62,370,249	62.370%	-	-	-	-	-
1.1 Bank al Ethhad	Jordanian	36,174,744	36.175%	58.00%	-	-	-	-
					A branch of BLOM Bank in France Bank of NEWYORK 34.37% Rest Shareholders 26.19% Banorabe S.A SPF 18.73 Azhari Family 7.53% Shaker Family 4.83% Saade Family 2.55% Jaroudi Family 2.17% Actionnaires- Unis 1.83% Khoury Family 1.8%			
1.1.1 BANQUE BANORIENT FRANCE	French	11,294,958	2.04%	5.640%	-	-	-	-
1.1.2 Libyan Foreign Investment Company	Libyan	40,517,203	7.329%	20.259%	Libyan Government	-	-	-
					Rajai Salih Holding 100% TRHS Holding 25% ownership (Tareq Rajai Salih) 100% ZRS Holding 25% ownership (Zaid Rajai Salih) 100% FRS Holding 25% ownership (Faisal Rajai Salih) 100% DRS Holding 12.5% ownership (Dina Rajai Salih) 100% SRHS Holding 12.5% ownership (Samia Farah Issa Frahi) 100%	21,312,307	88.72%	Housing Bank for Trade and Finance
1.1.3 RS FINANCE	Cayman Islands	30,026,998	5.430%	15.010%	Same	8,127,223	53.97%	Capital Bank of Jordan
1.1.4 Essam Halim Jaais Salih	Jordanian	14,000,000	2.532%	7.000%	Same	-	-	-
1.1.5 Social Security Corporation	Jordanian	22,056,697	3.986%	11.020%	Government of the Hashemite Kingdom of Jordan	-	-	-
					Tareq Rajai Salih 25% Faisal Rajai Salih 25% Zaid Rajai Salih 25% Dina Rajai Salih 12.50% Samia Farah Issa Frahi 12.50%			
1.1.6 Houria Al Mohaet Investment Company	Jordanian	11,062,476	2.000%	5.530%	Same	-	-	-
1.1.7 Wedad Ayoub Odeh Allan Al Khouri	Jordanian	5,590,375	1.009%	2.790%	Same	-	-	-
1.1.8 Sawt Al-Kanar Investment Company	Jordanian	12,471,304	2.254%	6.230%	Essam Halim Salih 20% Nadim Essam Salih 20% Basem Essam Salih 20% Wasim Essam Salih 20% Samia Sulaiman Al Sukkar 20%	-	-	-
1.2 Libyan Foreign Investment Company	Libyan	26,195,505	26.194%	42%	Libyan Government	-	-	-
2 Social Security Corporation	Jordanian	9,383,037	9.383%	-	Government of the Hashemite Kingdom of Jordan	-	-	-
3 Government Investment Management Company	Jordanian	5,550,000	5.550%	-	Government of the Hashemite Kingdom of Jordan	-	-	-
4 Orphans Fund Development Corporation	Jordanian	4,900,000	4.900%	-	Government of the Hashemite Kingdom of Jordan	-	-	-
5 Bank Al Ethad	Jordanian	3,667,904	3.668%	-	Please revert to point 1.1	-	-	-
6 Zaina Saad Khalaf Al Tai	Jordanian	1,029,342	1.029%	-	Same	-	-	-
7 Tamara Saad Khalaf Al Tai	Jordanian	1,029,341	1.029%	-	Same	-	-	-

Benefits and remunerations enjoyed by the Chairman and members of the Board of Directors

Board of Directors Members	Mobility Allowances & attending BOD Meetings	Accrued and unpaid bonuses for 2023	Total
Dr. "Mohammed Naser" Abu Hammour	193,200	5,000	198,200
Ihssan Barakat(Since 6/7/2023)	24,815	2,500	27,315
Basem Salfiti	37,200	5,000	42,200
Deema Aqel	37,200	5,000	42,200
Dr. Abd AlGhani Al Ftaisi(Since 4/1/2023)	37,200	5,000	42,200
Dr. Anas Bohowish(Since 4/1/2023)	37,200	5,000	42,200
Social Security Corporation	37,200	5,000	42,200
Dr. Ibrahim Saif	37,200	5,000	42,200
Dr. Khaled Zentuti	51,000	5,000	56,000
Samir Abu Lughod	51,000	5,000	56,000
Salem Burqan	51,000	5,000	56,000
Abd Al-Rahim Al-Hazaymeh(until 18/6/2023)	17,360	2,500	19,860
Total	611,575	55,000	666,575

Board of Directors Declaration

The Board of Directors that there are no material issues that could have an impact on the continuity of the Bank in the subsequent fiscal year of 2024.

The Board of Directors declares its responsibility for the financial statements and providing an effective control system in the Bank.



Chairman of the Board of Directors
Dr. "Moh'd Naser" Salem Abu Hammour



Deputy Chairman of the Board
Samir Hasan Ali Abu Lughod



Basem Isam Halim Salfiti



Deema Mefleh Mohammed Aqel



Dr. Nofan Mansour Ageel Alaqil



Dr. Abd AIGHani Al Ftaisi



Dr. Khaled FM Zentuti



Dr. Anas Bohowish



Salem Abdel-Monem Salem Burqan



Ihssan Barakat



Dr. Ibrahim Hasan Mustafa Saif

Board of Directors Declaration

The Board of Directors declares that none of its members have obtained any undeclared benefits from the Bank through their respective memberships of the Board, whether these benefits are of a material or in-kind nature, and whether these benefits are for their own personal use or anyone related to them, during the year 2023.



Chairman of the Board of Directors

Dr. "Moh'd Naser" Salem Abu Hammour



Deputy Chairman of the Board
Samir Hasan Ali Abu Lughod



Basem Isam Halim Safiti



Deema Mefleh Mohammed Aqel



Dr. Nofan Mansour Ageel Alaqil



Dr. Abd AlGhani Al Ftaisi



Dr. Khaled FM Zentuti



Dr. Anas Bohowish



Salem Abdel-Monem Salem Burqan



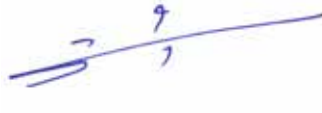
Ihssan Barakat



Dr. Ibrahim Hasan Mustafa Saif

Declaration

The Board of Directors confirms that the Bank abides by the disclosures set out in the standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) - and the disclosures set by the International Financial Reporting Standards (IFRS) and International Accounting Standards (in the absence of standards for Islamic financial institutions) - the instructions of the Central Bank and other relevant legislation. The Board also confirms that the Executive Management is aware of the changes in the terms issued by AAOIFI and IFRS.



Chairman of the Board of Directors
Dr. "Moh'd Naser" Salem Abu Hammour



Deputy Chairman of the Board
Samir Hasan Ali Abu Lughod



Basem Isam Halim Salfiti



Deema Mefleh Mohammed Aqel



Dr. Nofan Mansour Ageel Alaqil



Dr. Abd AIGHani Al Ftaisi



Dr. Khaled FM Zentuti



Dr. Anas Bohowish



Salem Abdel-Monem Salem Burqan



Ihssan Barakat



Dr. Ibrahim Hasan Mustafa Saif

Declaration

We, the undersigned, hereby declare the accuracy, validity and completeness information and data mentioned with the Annual Report of 2023.



Chairman of the Board of Directors

Dr. "Moh'd Naser" Salem Abu Hammour



CEO

Samer "Al Saheb Al Tamimi"



Chief Financial

& Corporate Strategies Officer

Ahmad Ghnaim

Benefits and remunerations enjoyed by the Chairman and members of the Sharia Supervisory Board

Members of The Shari'a Supervisory Board	Transportation and attending the meetings of the Shari'a Supervisory Board	Number of sessions of the Commission attended	Annual Bonus	Total
His Eminence Professor Dr. Ali Al Qaradaghi	6,600	6	31,100	37,700
His Eminence Dr. Ahmad Melhem	6,600	6	7,100	13,700
His Eminence Professor Dr. Ali Musa	6,600	6	7,100	13,700
His Eminence Dr. Safwan Edibat	6,600	6	7,100	13,700
Total	26,400		52,400	78,800

- No. of Sharia Supervisory Body meetings held during 2023 was (6) meetings
- The Sharia Supervisory Board met with the Board of Directors twice during the year 2023
- The Sharia Supervisory Board met with the Audit Committee of the Board of Directors twice during the year 2023
- The Sharia Supervisory Board met with the external auditor twice during the year 2023

Declaration on not obtaining benefits to whom it may concern

may peace, mercy and blessing of Allah be upon you

Referring to Corporate Governance's instructions of Islamic Banks No (3/2023), we, the Sharia Supervisory Board Members, did not get any benefits which we didn't disclose during our work, whether materialistic or non-materialistic, whether to our personal benefit or to any of the stakeholders, in the past year 2023.



Chairman of the Body

Name: Prof. Dr. Ali Al Qaradaghi



Vice Chairman

Name: Prof. Dr. Ahmad Melhem



Member

Name: Prof. Dr. Ali Musa



Member

Name: Dr. Safwan Edibat

Benefits and remunerations enjoyed by members of the Executive management

Name	Job	Salaries and bonuses for the year	Transportation expenses	Total
Samer "Al Saheb Al Tamimi"	General Manager / CEO	781,176	-	781,176
Rami Al khayyat	Deputy CEO, Chief of Corporate Banking	196,336	3,300	199,636
Hani Al-Zrari	Deputy CEO, Chief of Operations	174,816	3,300	178,116
Ziad Kokash	Deputy CEO, Chief of Credit Officer	197,532	3,300	200,832
Masoud "Sakf al-Hait"	Chief of Legal and Board Secretary	165,206	3,300	168,506
Muneer Faroneyah	Head of Sharia Compliance	91,697	2,900	94,597
Wael Al-Bitar	Chief of Treasury and Investment	169,907	3,300	173,207
Nesfat Taha	Chief of Retail Banking	172,166	3,300	175,466
Khalid Al-Issa	Head of Internal and Sharia Audit	78,013	2,900	80,913
Ahmad Tartir*	Head of Compliance	38,461	967	39,428
Mohammad Hawari	Head of Human Capital Management	86,065	2,900	88,965
Ahmad Jafar	Head of Risk Management	109,853	2,900	112,753
Ahmad Ghnaim	Chief Financial & Corporate Strategies Officer	131,140	2,900	134,040
Rawand Al Turk	Head of Compliance(Since 14/9/2023)	29,441	862	30,303
Total		2,421,809	36,129	2,457,938

*Resigned Ahmad Tartir on 11/5/2023.

Number of bank employees according to their academic qualifications as of 31/12/2023

Educational Qualification	No. of Employees	The number of employees in the subsidiary company / MISC for Financial Brokerage Co.
PhD	3	-
Master's	56	3
Higher Diploma	2	-
Bachelors	653	5
Diploma	14	-
Secondary School	4	1
Less than Secondary School	12	-
Total	744	9

Qualification and training programs for the Bank's employees during 2023

Program Name	Number of Programs	Number of Participants	General description of program objectives
Sharia Education Programs	2	554	These programs aim to develop employees' skills in Sharia banking. It provides employees with the basics of Sharia banking to enable them to properly serve customers, and avoid Sharia violations while executing transactions.
Awareness Programs on Policies, Laws and Work Procedures	8	2276	The Bank's management is keen on complying with all approved policies and laws. This contributes to maintaining compliance with relevant regulations and legislations.
Managerial and Positive Behavioral Skills Development	13	1698	These programs aim to develop employees' managerial skills, help managers achieve the Bank's objectives, and provide them with the Skills needed to perform their work in a professional manner.
Customer Service Best Practice Programs	1	12	These programs aim to develop employees' skills in customer service excellence and retention, and handling complaints. The programs assert the Bank's mission in providing distinguished and innovative services, to forge permanent partnerships.
Specialized Programs in Banking	86	1058	These programs aim to confirm and enable employees' knowledge of their specialized areas of work, and learn the latest developments in their fields, to increase their efficiency and effectiveness in performing their respective functions.
Training and Capacity Development Programs for New Employees	2	77	Capacity building of new employees, providing them with all the necessary information and support to ensure their smooth integration into the work environment, and to meet expected levels of performance.
Specialized Professional Certifications	20	26	Capacity building of employees, enhancing their knowledge and skills, through obtaining specialized professional certifications.
Conferences and Seminars	40	77	Attending several conferences and seminars.
Total	172	5778	

The geographical locations of the Bank HQ and branches and the number of employees working at each as of 31/12/2023

Branch / Administration Name	District / Area Name	Street	Building No.	Telephone	No. of employees
Main Headquarters	Abdali / Boulevard project	Finance	38	4602100	325
Headquarters - Jabal Amman	Second Circle	Islamic Scientific College	31	4602100	68
Al-abdali	Abdali / Boulevard project	Finance	38	4602100	10
Jabal Amman	Zahran area	Islamic Scientific College	31	4602100	7
Al-Bayader	Al Rawnaq / Wadi Sir	Hosny Suber	33	4602100	10
Al Madina AlMunawwarah	Al Salam neighborhood / Tla' Al Ali area	Al Madina AlMunawwarah	121	4602100	10
Shmeisani	Shmeisani district / Abdali area	Ilya Abu Madi	6	4602100	8
Al Wehdat	Alawda / Yarmouk area	Prince Al Hassan	313	4602100	7
Sweifiyeh	Sweifieh district /Wadi al-Sir area	Abdul Rahim Al-Haj Mohammed	70	4602100	7
Al Khalidi	Al-Radwan neighborhood / Zahran area	Ibn Khaldun	38	4602100	6
Khalda	Khalda District /Tlaa Al Ali Area	Wasfi Al-Tal	302	4602100	9
Taj Mall	Southern Abdoun district / Zahran area	Saad Abdo Shammout	2	4602100	11
Al Jubaiha	Al-Fadila neighborhood /Sweileh area	Queen Rania Al Abdullah	329	4602100	8
Al Hashemi	Raghadan district / Basman area	Batha	97	4602100	7
Jabal Al - Hussein	Jabal Al Hussein neighborhood /Abdali area	Khalid ibn al-Walid	170	4602100	9
Gardens	Baraka District / Tla' Al Ali Area	The Martyr Wasfi al - Tal	110	4602100	9
Dabouq	Al-Bashaer district / Sweileh area	King Abdullah II	149	4602100	6
Istiklal Mall	Jabal Al Nozha /Basman area	Istiklal	1	4602100	11
Abu Nseir	Al-Amana neighborhood / Abu Nseir area	Abu Nseir	145	4602100	7
Tabarbour	Tarek area	Tarek	78	4602100	9
Mecca Mall	Tla Al-ali area / Um Alsummaq neighborhood	Abdullah Al-Daoud	20	4602100	13
Al Hureyye Street	Mqablain	Al Hureyye	150	4602100	9
Marka	Al Zahraa district	King Abdullah	440	4602100	9
Sports City	Al Hussein Youth City neighborhood	Sarh Al Shaheed	90	4602100	7
Sahab	King Abdullah II City	Banks	254	4602100	8
Marj Al Hamam	Marj Al Hamam area	Princess Taghreed Mohammed	47	4602100	7
Madaba	West District	Al Yarmouk	*****	4602100	7
Al Zarqa - Saadeh Street	The first area	Saadeh	74	4602100	8
Zarqa	New Zarqa / Fifth Area	Street 36	36	4602100	9
Salt	Al-Kharabsheh neighborhood	Amreya Bridge	*****	4602100	6
Jerash	Kairouan	Kairouan roundabout	*****	4602100	8
Irbid	Hashemi	Al Hashemi	84	4602100	10
Irbid City Center	City Center Mall	Prince Hassan	*****	4602100	12
Aqaba	Hotel Area	Al Nahda	722	4602100	7
Al-Karak	Al-Thaniah	Karak	*****	4602100	9
Queen Rania Street	Haj Fund	Queen Rania	19	4602100	5
Abu-Alanda	Abu - alanda / Alnahar commercial complex	Ibrahim Rashed Alhnadi	*****	4602100	10
Al rawnaq district	International Group Complex/ 7th circle/Alrawnaq district	maen bin odai street	1	4602100	7
Ramtha	" Street / Damascus RouteWasfi Al Tal Martyr"	Wasfi Al Tal Martyr	*****	4602100	8
Bab Al Madinah Market / Zarqa	Holy Mosques City Custodian of the Two	king abdullah bin abdul aziz city	*****	4602100	11
Mecca Street	Mecca Street Safwat Complex	Mecca Street	82	4602100	7
Marka Autostrad	Marka	Marka Autostrad		4602100	8
Mafraq Branch	Mafraq	Jerash Main Street		4602100	6
Quba Circle / Irbid	Al Quba Circle	Rateb Al Batayneh	*****	4602100	9
Total					744

The Bank Bonus Policy

The Bank adopts a clearly outlined policy for granting bonuses, which aims to create excellent results for the Bank by promoting an employee culture of excellence and high performance. This in turn contributes to attracting distinguished, highly qualified expertise, in addition to maintaining, supporting and developing the existing ones, to upgrade the Bank and increase its competitiveness.

Bonuses are annually distributed to employees based on the annual performance appraisal and the extent of achieving goals set at the beginning of the year. The bonus system is transparent and fair, and is in line with human capital policies and corporate governance instructions.

Subsidiaries

Misc For Brokerage (LLC)

- Established in 2011, with a capital of JD 750,000.
- Its capital stood at JD 2 million at end of 2023.
- The company's main business is financial brokerage on the Amman Stock Exchange (ASE).
- The Bank owns 100% share of the company.
- Its address is Jabal Amman, next to the Islamic Scientific College.
- Company Employees: 9
- Company objectives: Trading securities on behalf of others and a broker for their account.

Bank and Subsidiaries' External Auditors Fees, and Additional Fees for 2023

The auditors' fees for the Bank and its subsidiary amounted to JD 138,446 in 2023 (including Sharia audit fees).

Also, the auditors' fees for additional services to the Bank and its subsidiary amounted to JD 16,820 in 2023, as follows:

- Annual tax advisory fees for the Bank and its subsidiary for JD 13,340.
- The fee for verifying that Misc implements the provisions of the law and the anti-money laundering instructions issued by the Jordan Securities Commission and the decisions issued pursuant thereto, and the adequacy of related policies and procedures, for JD 3,480.

The Audit Committee of the Board of Directors has reviewed the letters of assignment and contracts with the external auditor and their impact on the independence of the external audit office. Due measures were adopted to maintain the independence of the Bank external auditor.

Extent of Reliance on Specific Suppliers or Major Customers (whether Local or Abroad), who constitute 10% or more of Total Purchases and/or Sales or Revenues respectively

Number	Supplier Name	Percentage Total Purchases Handled
1	First Insurance Co.	17.7%

Description of Any Governmental Protection or Privileges enjoyed by the Bank or any of its Products under Laws, Regulations or otherwise, where there are no Patents or Franchises obtained by the Bank

There is no governmental protection or privileges enjoyed by the Bank or any of its products under laws and regulations or otherwise, and there are no patents or franchises obtained by the Bank.

Description of any Resolutions issued by the Government, International Organizations or others that have a Material Impact on the Bank's Business, Products or Competitiveness

There are no decisions issued by the government, international organizations or others that have a material impact on the Bank's business, products or competitiveness.

Statement of the Contracts, Projects and Agreements concluded by the Bank with Subsidiaries, Sister or Affiliate companies, Chairman of the Board, Board Members, the General Manager or any Employee of the Bank or their Relatives

There are no contracts, projects or engagements concluded by the Bank with subsidiaries, sister or allied companies, Chairman of the Board, members of the Board, the General Manager or any employee of the Bank or their relatives.

The Bank's Application of International Quality Standards

The Bank applies international quality standards. The Bank obtained the "PCI DSS" certification to apply the best international standards of information security in bank card transactions, and to provide the highest levels of protection and confidentiality for electronic payment card data, within the latest version (V 1,2,3).

Donations and Grants made by the Bank during 2023

Item	Amount
Supporting initiatives	532,000
Thareed Endowment	50,000
Nawa for Sustainable Development	35,000
University of Jordan	20,000
King Hussein Cancer Foundation	15,000
Hayat Fund for Education Association	12,500
Jordan Hashemite Charity Organization	10,500
Al-Malath Foundation Association for Palliative Care	10,000
INJAZ to Create Opportunities for Jordanian Youth	7,090
Agricultural Credit Corporation	5,000
Public Security Directorate	5,000
Amman Chamber of Industry	5,000
Tkiyet Um Ali	5,000
Zakat Fund	3,600
Department of Hajj and Umrah	1,820
Higher Council for Science and Technology	1,500
Prince Ali Club	1,218
Miscellaneous (supporting schools, underprivileged families)	1,180
Al-Huda Al-Nabawi Charitable Society	750
Abu Alanda Youth Sports Club	500
Total	722,658

Most Significant Lawsuits Filed by and against Safwa Islamic Bank:

First: most prominent legal cases filed against the Bank

Court	Claim Value	Lawsuit Classification	Lawsuit No.
Jerash Court of First Instance	JD 200,000 for the purposes of fees	Invalidation of the procedures for the execution of debt bonds, a financial claim and an accounting procedure	243/2021
Amman Court of First Instance	JD 200,000 for the purposes of fees	Proof of ownership	8088/2021
Amman Court of First Instance	JD 635,000 for the purposes of fees	Claim for material damage	7381/2022

Second: Most significant lawsuits filed by the Bank:

Case Number	Lawsuit Classification	Claim Value	Court
644/2023	Financial claim	JD 15,830,000	Amman Court of First Instance

Risks to which the bank is exposed to

The risks to which the Bank is exposed to, are considered within the risk appetite as been approved by the Board of Directors. The Board Risk Committee defines the framework for risk management strategies and policies that are approved by the Board of Directors at later stage. A specialized department with qualified and competent team manages the risks at the operational and technical side in line with the direction of the Board and the bank strategy. This department works to implement the international best practices in risk management (Basel III) and in line with the requirements and directions of the Central Bank of Jordan.

Description of the risk management department, its structure and the nature of its operations

The Risk Management Department is the responsible department to manage the risks that the bank is exposed to. It develops and reviews policies and procedures manuals, the controls and the limits of the bank's activities related to managing all types of risks (such as Credit Risk, Operational Risk, Market Risk, Liquidity Risk, Rate Of Return Risk, Reputation Risk, Non-Compliance Risk, Non-Compliance with the Sharea Risk, etc). It assesses, analyzes, measures, and develops measurement methods to mitigate these risks, which affecting the profitability and the bank's capital adequacy as all are in line with the approved risk management framework which is considered as the reference for such policies and the Risk Appetite Policies. Also, the enterprise risk management framework is considered as the reference for the Internal Capital Adequacy Assessment Plan (ICAAP) and the Stress Tests (Stress Testing). Risk Management department develops the risk appetite limits covering all the bank's activities and those limits were approved by the Board of Directors and on a periodic manner, actual exposure levels are compared to limit. In addition, the Risk Management Department generates periodic reports related to risk management latest issues across the bank and presents such reports to the Board of Directors through the Board Risk Committee in order to get their recommendations in this regard.

The Risk Management Division consists of the following departments:

1. Credit Risk Department.
2. Operational Risks, Information Security and Cybersecurity department.
3. Market Risk Department.

Updates and improvements on the Risk Management Division

Updating and improving systems for rating customers across various credit portfolios of the bank will have a positive impact on the bank's ability to evaluate bank credit portfolios. It will contribute to the development of the credit decision-making methodology, in addition to taking a step forward in applying advanced methods in calculating credit risks according to Basel Accord. The bank uses the credit rating system (Credit Lens) provided by Moody's company to evaluate and classify corporate clients, also using the credit rating system Credit Rating (RSS) provided by Loxon company to assess the rating of small business and individual Retail Clients.

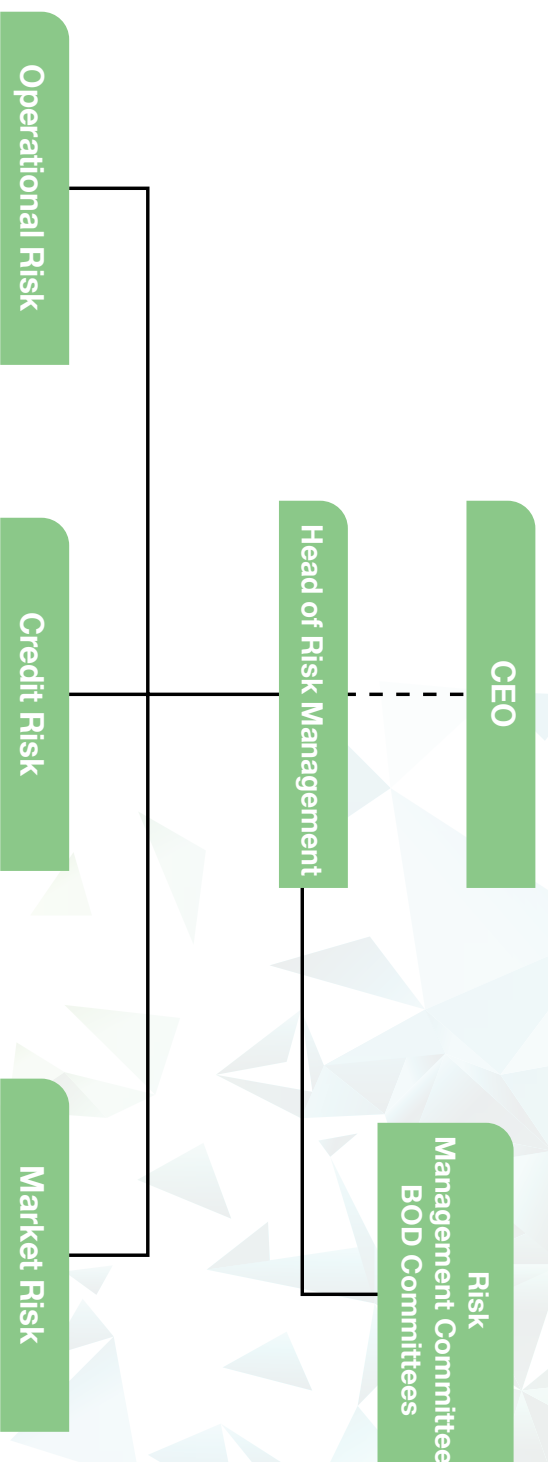
The Risk Management Department also continued the applying of methodologies related to Operational Risk management in terms of completing the implementing the tool of RCSA (Risk & Control Self-Assessment) across the various bank's departments and units including the newly established units according bank's organizational structure. The Risk Management Department also following up with Bank's departments/Units regarding the implementation of the corrective action plans to bridge the control gaps also following up control tests on a regular manner in coordination with other internal control units to ensure that the controls are implemented by the departments and are tested in a documented manner as part of the risk self-assessment process. Risk management department also updates risk profiles of departments and make sure that these profiles are available to the Internal Audit Department and other internal control departments, which provides the basis for applying Risk based review methodologies. Also Risk Management department collects data related to operational losses and other operational incidents, analyzes such data, and links it to risk profiles and specifying control gaps and taking corrective actions as needed.

In the field of Information Security and Cybersecurity, the bank also is complied with Plastic Card Industry Data Security Standards (PCI DSS (version (3.1)). In addition, an integrated strategy of Information Security and Cybersecurity was developed by the Bank through updating Information Security Policies in light of best practices and managing of related projects. This aims to improve the internal control system in the bank's technical environment and in line with the Central Bank of Jordan instructions and global Information Security and Cybersecurity standards, as well as the requirements of the Central Bank regarding the Information Security Governance. The Information and Cybersecurity Unit continuously monitors security incidents records of systems and networks from the Security Operations Center (SOC). A project was established to comply with the cyber security instructions as been issued by the Central Bank of Jordan, with the participation and coordination with the related departments of the bank. Also, Cybersecurity tools and system were deployed to mitigate the related risks in the area of Security Breach checks, several checks and tests were conducted for networks and systems, and specialized testing for banking applications were conducted. As for Information Security and Business Continuity awareness, the risk management department holds annual training workshops for bank staff, as well as sending security awareness messages to our staff and customers periodically and as needed.

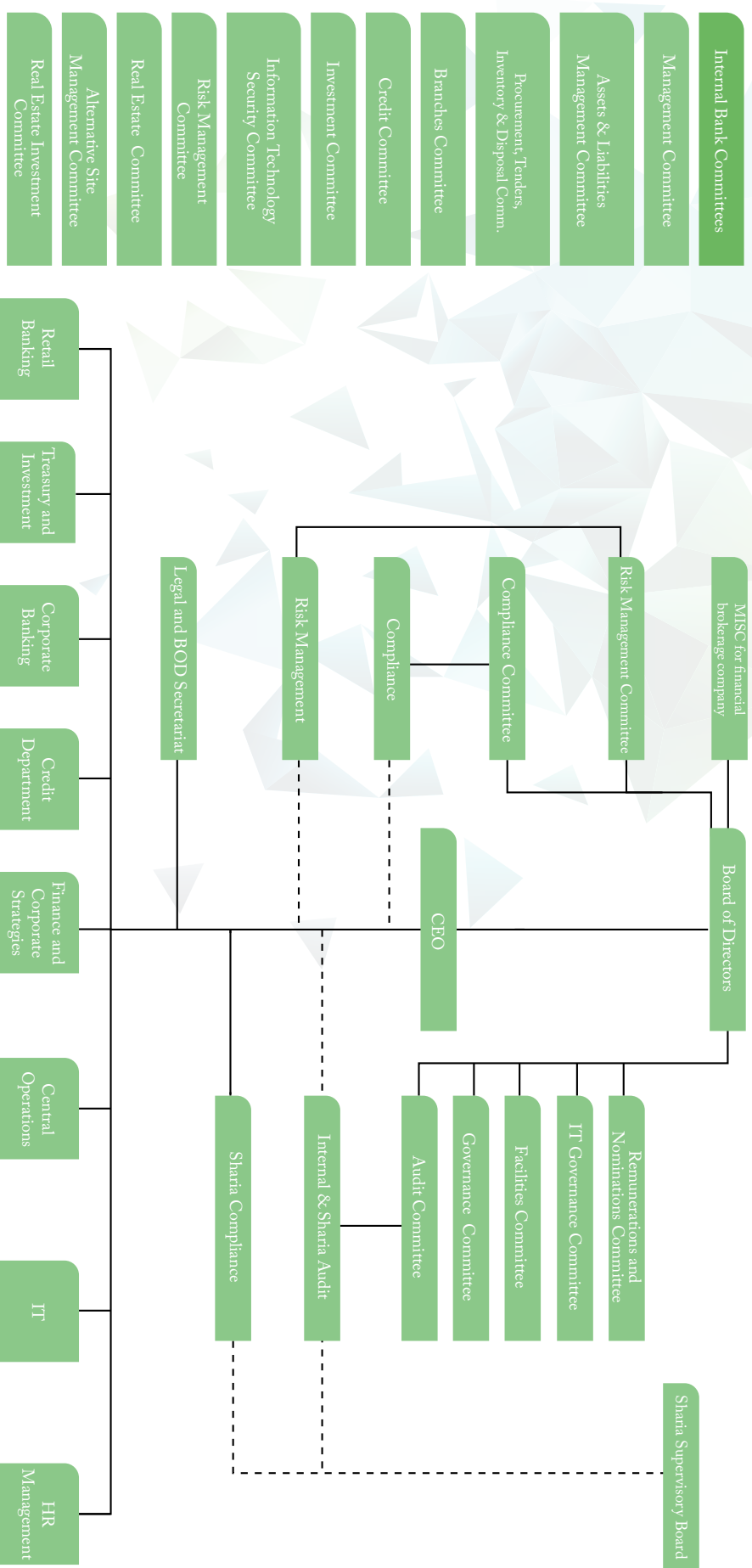
As for Business Continuity Plans, Risk Management department has updated business continuity plans in response to external factors, and tests are being conducted to ensure the level of readiness at the bank's alternative sites. Recently, the alternative site was upgraded by computers and offices to match the number of employees needed in emergency cases. Also, the bank adopted the remote access as part of business continuity strategies. The bank also relocated the alternative business site outside Amman to accommodate with best practices in managing such risks.

Regarding the Market Risk department, rate of return risk reports has been created into monthly basis as well as adopting methodology for that report. In addition to automate the most of market risk department reports through MIS system.

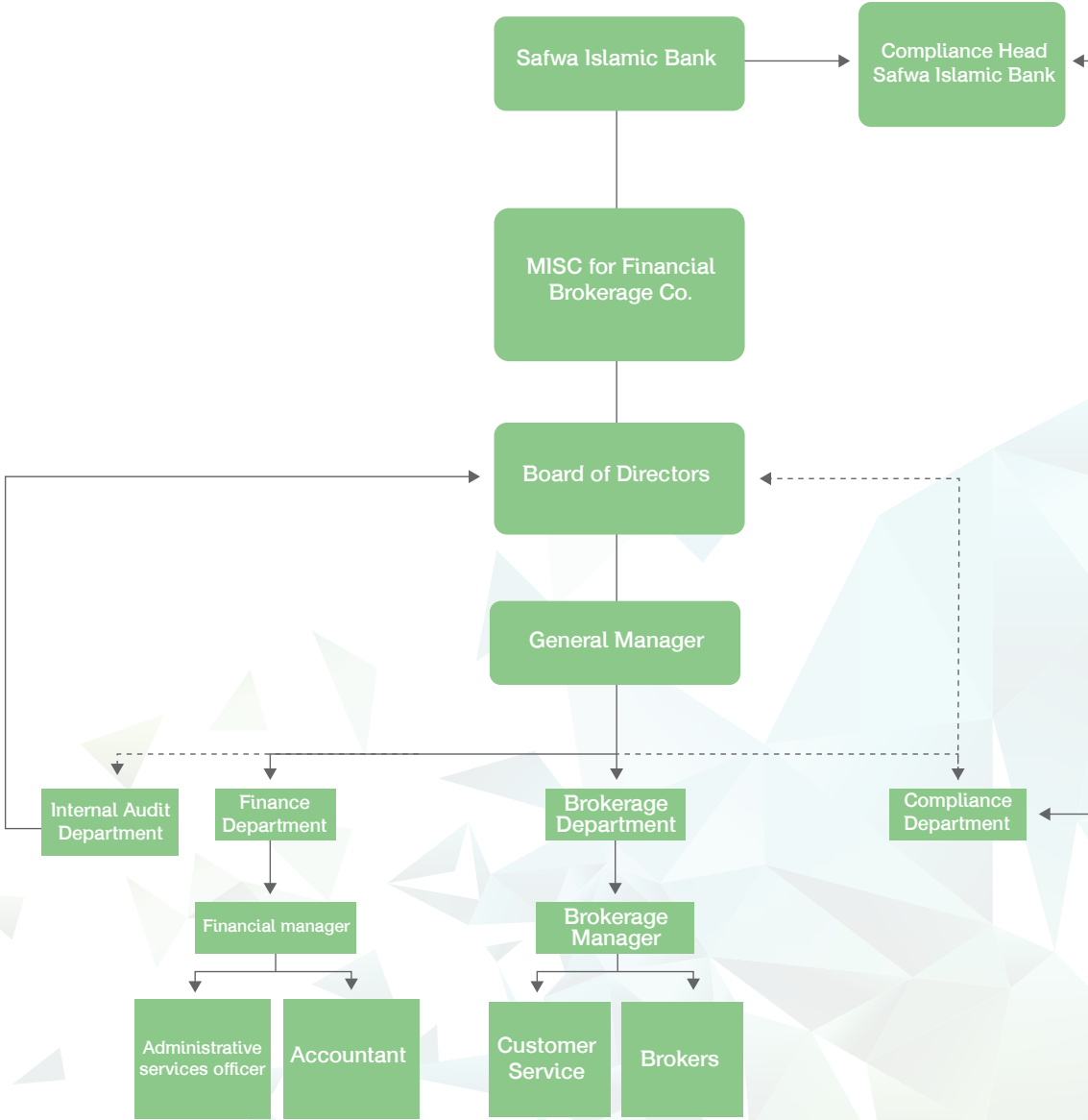
Risk Management Structure



Organizational Structure



The organizational structure of the subsidiary company



Executive Management's Evaluation of the Effectiveness of Internal Controls Systems

The Bank's strategy, operational plans and related policies in various fields (credit, risk, HR, IT) are approved by the Board of Directors. The Bank's Executive Management prepares work procedures that govern all the Bank's operations, implements the approved policies efficiently and effectively. It conducts a periodic review of these procedures and ensures their compatibility with the work environment and requirements, and their ability to fulfill the approved policies optimally.

Safwa Islamic Bank's Board and Executive Management are responsible for establishing, implementing and maintaining the Bank's internal control systems for ensuring and achieving the following:

- Accuracy of information contained in the annual report.
- Accuracy and integrity of the financial and operational statements issued by the Bank.
- Efficient and effective performance of the Bank's operational processes.
- Effectiveness of measures to protect the assets and property of the Bank.
- Compliance with internal work policies and procedures, applicable laws, legislations and instructions.
- Adequacy of Sharia control systems.

This stems from the Bank's belief in the importance of having appropriate and effective internal monitoring and control systems, and following them up continuously. Whereas they are one of the most significant elements of good management, and the basis for the consistency and quality of the Bank's operations. The Bank has adopted a number of internal monitoring and control systems, which the Executive Management is responsible for developing and applying, and verifying their effectiveness, after being approved by the Board. In addition, the Bank's Executive Management prepares, develops and works to implement strategies and policies after their approval by the Board. Further to preparing and updating work procedures in a manner that ensures the identification, measurement, control of the risks facing the Bank, and the application of these procedures. The Bank's Board continuously monitors and evaluates the efficiency and effectiveness of these systems and their ability to achieve the desired objectives and work to enhance them.

In this context, the Board of Directors has drawn up the strategic objectives of the Bank in addition to monitoring its Executive Management, which is responsible for day-to-day operations. The Board also approves the internal control and monitoring systems, and ensures their effectiveness, as well as the extent of the Bank's compliance with the strategic plan, policies and procedures approved or required by the laws and instructions issued pursuant thereto, in addition to ensuring that all the Bank's risks have been properly managed.

Internal control procedures are carried out through the following references:

Sharia Compliance Department

Sharia compliance is an essential part of the Bank's regulatory structure. The Sharia Compliance Department in the Bank examines and evaluates the Bank's compliance with the provisions and principles of Islamic Sharia, fatwas, guidelines, instructions issued by the Bank's Sharia Supervisory Board and the standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI). The Sharia Supervisory Board also issues a report attached to the Bank's annual report on the Sharia opinion on the Bank's business and activities.

The Sharia Compliance Department submits all inquiries to the Sharia Supervisory Board, which reviews all activities, topics, inquiries and financing formulas that the Bank deals with, and then provides the relevant departments with the answer and decision of the esteemed Sharia Supervisory Board.

Human Capital Management

Human capital management activities include the preparation and activation of all controls to place each employee in his appropriate place according to his qualifications and business requirements. In addition to regular follow-up and semi-annual employee performance appraisals. This is achieved by preparing a job description for each employee that fits with the Bank's organizational structure and human capital management policy. Moreover, continuous training for all the Bank's employees is carried out to raise their competencies and ensure that they possess the required qualifications to perform their work with high professionalism.

Internal and Sharia Audit:

The mission of Internal and Sharia Audit Department within Safwa Islamic Bank is improving and protecting the institutional value of the bank through adopting risk based audit approach and providing objective assurance and consulting services, in addition to providing advice and guidance for the related parties within the bank. Internal and Sharia Audit Department reports functionally to the Board's Audit Committee and administratively to the Chief Executive Officer, and raises its reports to the Executive Management and the Board's Audit Committee, in addition to raising its Sharia related audit reports to Sharia Supervisory Board.

Internal and Sharia Audit Department has internal and sharia audit charter approved by the Board of Directors, where it includes Internal and Sharia Audit Department roles, responsibilities, power, the charter has been circulated within the Bank in accordance with the applicable legislations.

The scope of Internal and Sharia Audit Department covers all bank's work centers, activities, operations in addition to subsidiaries in a way that enables the department to assess the appropriateness and effectiveness of internal and sharia control systems, risk management processes, corporate governance and checking compliance with the Bank's internal policies, international standards and relevant legislations and bank's commitment with sharia matters and fatawaas and decisions issued by the Sharia

Supervisory Board, in accordance with the established risk based annual audit plan approved by the Board's Audit Committee.

In accordance with the international internal audit standards issued by the Institute of Internal Auditors (IIA) and corporate governance instructions for banks number (2/2023) issued by the Central Bank of Jordan on 14/02/2023 which stipulated to conduct external assessments at least once every five years by a qualified, independent assessor or assessment team from outside the organization, Internal and Sharia Audit Department contracted with one of the big four auditing firms to conduct an external quality assessment to provide the department with an independent opinion on the conformance of its operations with the code of ethics and the standards, where the external assessor report issued during 2023 pointed out the conformance (General Conformance) of Internal and Sharia Audit Department within Safwa Islamic Bank with all of the international internal audit standards issued by the Institute of Internal Auditors (IIA) and the related legislations and laws.

Risk Management

Risk management framework is the main umbrella for risk management process in the Bank, this framework gives rise to an integrated set of risk management policies that address the various risks the bank may face in its operations.

The Risk Management Department is the responsible unit for developing a robust and effective system for identifying and assessing risks and then managing them efficiently and effectively. The main roles of the Risk Management Department are to develop risk policies and to develop the risk appetite on a regular basis and in accordance with the Bank's strategy, submitting reports of breaches and ensuring that they are addressed, in addition to evaluating the Bank's ability to manage unusual risk scenarios through conducting stress testing. The Risk Department also assess all types of risks to which the Bank is exposed to, and raises the level of risk awareness based on the best practices related to the banking sector.

The implementation of Islamic Financial Accounting Standard No. (30) Within an integrated automated system has contributed to enhancing bank's ability to forecast and determine the expected losses. Also, the risk management regularly reviewing the variables in calculating expected credit losses by expanding the historical database that includes defaults values, guarantees and refunds in order to reflecting the current economy in general and the bank in particular and improving the accuracy of calculating and forecasting expected credit losses. As for the accounts that show signs of default, the early warning and follow-up procedures stated that a corrective and preventive action to be taken, as an effective treatment to mitigate risks and not breach the risk appetite.

Finance and Corporate Strategies Department:

The consolidated financial statements of the Bank are prepared in accordance with the standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), applicable local laws, Central Bank instructions, and Sharia controls. This aims to present the financial position of the Bank in a fair and true manner, and provide the information necessary for the decision-maker to make an appropriate well-informed decision. The Bank's quarterly performance is evaluated objectively and impartially based on the objectives set in the business plans and the estimated budget. The Finance Department also follows up the implementation of the approved policy of the control procedures for current and capital expenditures in the Bank, which covers all relevant areas such as powers, ceilings, approvals, exceptions, methods of measurement and analysis. The department also monitors compliance with business plans and the estimated expense budget of all departments, whether related to the new projects or current expenditures.

Support Departments (Central Operations / Corporate Services / Real Estate Appraisal and Engineering / Total Quality Management)

According to the nature of the work of these departments, especially the Central Operations Department, most of the transactions of the Bank's customers such as remittances, credits, guarantees, Islamic finances are carried out through them. Therefore, it is necessary to focus on providing these services to the Bank's customers as soon as possible, without errors, in order to protect the Bank and its customers and reduce operational losses.

To achieve this, three main axes are relied upon: 1) The principle of dual implementation: ensuring that no employee alone carries out financial operations, 2) Policies and procedures: It is working to provide clear policies and procedures to ensure the reduction of operational risks and work to apply the principle of non-conflict of interest, and finally 3) Automation: It is the process of applying programs and applications for many financial operations to be automated and reduce human intervention.

In addition to the above, there is a key role for many other departments, such as internal and Sharia audits and reviews, which in turn ensure that the support departments implement transactions within the approved policies and compatible with Sharia controls, and alert to any violations or risks.

Information Technology Department

The methodology adopted by the Information Technology Department, which is to determine the ownership of each system, contributes to achieving the process of direct communication and limiting responsibilities, which in turn leads to ensuring the use of these systems with high efficiency and within the highest standards of control and security, and the continuous and uninterrupted maintenance process contributed to the continuity of the work of the systems according to tight work procedures that ensure the protection of these systems, data protection and their continued availability.

Compliance Department

The Compliance Department ensures the Bank's compliance and internal policies with all regulations, laws, instructions, orders, codes of conduct, standards and sound banking practices issued by the local and international regulatory authorities regulating the Bank's business. It develops the Compliance Policy and the Anti-Money Laundering Policy, and holds the necessary training courses, and submits the relevant reports in this regard to the Compliance Committee and the Corporate Governance Committee of the Board.

Through these procedures, the Executive Management confirms that the departments concerned with internal monitoring and control have implemented their set plans, and that their work was at a high level of discipline and professionalism.

Description of the main activities of the Bank and the most important services and products offered by Safwa Islamic Bank

Corporate Banking:

Safwa Islamic Bank offers a range of formulas to suit all financing needs, whether for the purchase of fixed assets or working capital financing. And a variety of financing products compatible with the provisions of Islamic Sharia that provide facilities for large and medium companies, including direct financing such as Murabaha, Murabaha Agency and rents, in addition to indirect financing such as documentary credits and letters of guarantee of all kinds, and the Corporate Banking Department prepares special products for some customers based on their financing need and the nature of their business.

Safwa Islamic Bank has been able to prove its leading role in the field of supporting all corporate financing in the Jordanian market, by understanding the needs of the customer in line with the vision of Safwa Islamic Bank and keenness to be the only customer banking station that meets all his needs and for different sizes and types of companies.

In this regard, we are keen to provide an integrated service of services and products that meet the needs of customers and to develop products and solutions for any customer according to his needs and expectations, with professionalism, high service and a personal touch of attention. Accordingly, we have provided a full range of products and services for unique companies through the implementation of new products that we always seek to develop, as more than one product has been introduced in the department, such as the bonded service that we are currently working on,

The portfolio of companies is distributed among the various economic sectors and the challenges faced by the Bank in the competitive market and difficult economic conditions within the Bank's plans for geographical expansion and providing its services in different governorates to companies, and the Bank's commitment to promoting unfunded banking and achieving sustainable development.

This year, Safwa Islamic Bank has expanded its Internet banking service for companies and cash management service, noting that this service is the only one provided by an Islamic bank in Jordan in a distinct modern way, in addition to the investment savings account product for companies and the only one of its kind in Jordan as well, in addition to providing innovative financial solutions to customers under the umbrella of Islamic banking systems, which include financing large and medium companies in various economic sectors, where the Corporate Banking Department is keen to focus To establish strategic and comprehensive relationships with customers centered on distinguished service to them, and understanding their specific financing needs.

The Corporate Banking Department also financed renewable energy projects (solar and wind energy projects) and focused on developing the e-services product for companies, which enhances cash management by simplifying the process, increasing efficiency, and focusing on CDM and online banking through salary transfer service, completion of leasing and Murabaha contracts, and solving problems under the management of RMs, to reach the provision of advanced electronic services that serve the department and the customer together. It saves time and effort in the process of issuing credits, guarantees and short-term lease contracts through the 81 platform for corporate customers.

We are keen to provide all customers with the finest types of services. Therefore, the Deposits Department and the Corporate Services Operations Department (COSO) have been reinforced. The tasks of the COSO Department have been developed. COSO is the department concerned with completing all corporate transactions related to financing, opening credits, issuing guarantees, making remittances, and others, without the need to revert to an account manager. This resulted in fast, efficient, high-quality customer service, that succeeded in securing customer satisfaction. Representative tasks were added to customers of large, medium and small companies in receiving goods in Murabaha transactions related to financing local bills. A specialized employee was appointed for this task, which led to faster service provision in this area than before.

It is also worth mentioning, the role of the Corporate Banking Department Engineer, who also serves small companies and the Retail Banking Department. The engineer visits the funded projects and makes periodic reports on them, which reflects positively on the contractors' portfolio and the real estate development sector in the Bank.

In the same context, and in order to establish strategic relationships with customers, we have continued to focus on cross-selling with other business departments and services of the Bank from, by the Retail and Treasury Department. This is to serve the corporate customers in the best way possible, and serve the employees of these companies through the implementing offers especially for them.

Retail Banking:

The Retail Banking Department offers the following services:

Senior Customer Services (Safwa Gold):

Safwa Islamic Bank is distinct in being the first Islamic bank in Jordan to offer VIP services that are Sharia-compliant. The Bank provides distinguished services to VIP customers through Safwa Gold, with centers designed to provide maximum convenience and fast service. This includes a dedicated relationship manager and banking consultation covering all of the Bank's products.

Financing Services and Products:

The Bank strives to develop a variety of financing services and products, adhering to the principles of Islamic Sharia. This is reflected in simplifying procedures and improving processes, with a focus on meeting the aspirations and ambitions of customers holistically.

Murabaha financing products:

- Personal financing includes financing commodities, merchandise, stocks, motorcycles, land, cell systems and solar heaters.
- Equity financing service, which provides the option to purchase assets (shares) in companies with permissible activity and in accordance with the standards of financial Sharia analysis prescribed by the Sharia Supervisory Board.
- Financing new and used cars product, with fast procedures and the lowest requirements, as the Bank has succeeded in building strategic relationships with car showrooms and agencies and providing competitive financing offers on easy terms.
- Financing travel expenses for performing Hajj and Umrah rituals, in addition to financing travel tours, wedding halls and study expenses. Done by concluding a beneficial ownership contract between the Bank and the customer.
- Merchandise financing by bargaining product, which allows customers to finance their purchases of goods at the same cash price and without profits through the Bank's approved merchant network.
- Al Yusr product, which allows customers to pay multiple financial obligations with conventional banks (repayment of personal loans, cars and credit cards).

Ijara Lease to Own Financing Products:

- Financing the purchase of apartments and prefabricated houses, in addition to the possibility of financing with the lowest requirements.
- Financing the purchase of land for the purpose of building, and financing farms and residential lands.
- Financing commercial offices such as clinics and engineering offices.
- Refinancing the customer's owned properties.
- Vehicle financing product, through a lease to own system, in cooperation with leading car showrooms and dealerships in the Jordanian market.
- Financing the purchase of apartments and prefabricated houses product, with a fixed return to provide multiple options for customers, that has the advantage of the value of the installment not changing throughout the financing period.

A real estate financing program has also been launched with real estate developers due to the presence of several residential projects financed through the Bank, which provide customers with the opportunity to choose residential properties and villas within multiple advantages.

This is in addition to providing special financing offers to military retirees and veterans, under a royal initiative for comrades in arms through an agreement signed with the Military Trust Fund.

Accounts and Deposits Services:

In the field of accounts and deposits, the Bank offers a variety of accounts and investment deposits to meet the requirements of customers to facilitate banking transactions and achieve returns on their investments. These comprise current accounts and various savings accounts, such as accounts tailored for children "Kenzi" and women "Harir." In addition, there is a savings account for companies, which enables them to enjoy special benefits including opening an account in Jordanian dinars and US dollars, unlimited withdrawals from the account, and returns calculated on the account's daily balances. The Bank is distinguished by offering a term bonded investment deposit product with quarterly returns, which enhances its competitive advantage.

Islamic Depository Certificates are also available to meet the needs of customers looking for high and appropriate returns. The customer can also invest in Hajj Sukuk, which provide an opportunity to perform Hajj at an early age. The Bank also provides iron safe leasing services in multiple branches, providing a safe way for customers to preserve their valuables.

Electronic Banking Services:

Within the framework of the Bank's vision and strategy in digital transformation, new electronic services have been developed and the electronic services that were previously launched have been updated to provide the best quality services and a distinguished experience for the Bank's customers 24/7.

The following are the key services that were launched during 2023:

- Apple Pay service for all types of cards, which will provide a fast and secure method of contactless payment.
- The service of requesting ATM cards through the Banking application and receiving them without the need to visit the branch.
- The service of managing various bank cards through the Banking application.
- Security updates to ensure a safe experience for the Bank's customers.

Other electronic services were developed, such as opening an account on the Banking application, as well as several other services such as opening a sub-account, linking an investment deposit, cheque book request. In addition to various payment

services such as money transfers, bill payment, and instant payment through CliQ, including a cash payment request and a QR code payment service.

With regard to the Bank's website, www.safwabank.com we are working extensively at Safwa Bank to update and continuously develop the website, to enable customers to view all the Bank's services and products.

Bank Cards:

Many promotional campaigns were launched during the year to meet the needs of customers on all religious and social occasions. As a result of the efforts made during the year, Safwa Islamic Bank recorded an increase in the number of electronic Murabaha card issuances by 53.7% compared to what was issued in 2022. During the year, work was done to sign with a number of 69 bargaining merchants. A memorandum of understanding (MOU) was signed with Due Save company to increase the number of merchants for instant debit campaigns for all the Bank's cards. Moreover, a campaign was launched to attract new customers by granting 120% of the ceilings granted to them by other banks, in order to increase the volume of issues, the volume of card use at the Bank, and its market share in the Jordanian market.

Corporate Banking:

The Bank's Corporate Banking Department provides financial banking services to institutions and small companies operating in various economic sectors through the following products:

1. Financing foreign and domestic purchases (working capital / goods, raw material).
2. Internal and external procurement financing product with POS sales guarantee.
3. Leasing services (travel and tourism offices)
4. Fixed assets Murabaha financing (vehicles, machinery, production lines, various equipment).
5. Real estate financing (lands, offices, commercial complexes) with lease to own and Murabaha.
6. Financial leasing to real estate developers.
7. Security credits and financing.
8. Deads of collection and financing.
9. Guarantees of various kinds (payment, tender entry, good performance, maintenance, and external guarantees).
10. Working capital and fixed assets financing products within the programs of the Central Bank (Investment Agreement) as follows:
 - Financing renewable energy.
 - Financing fixed assets and equipment.
 - Financing the tourism sector (tourism financing).
 - Financing the agricultural sector (IFAD program).
 - INHAD Financing (Self-employment program).

Treasury and Investment Department:

As Safwa Islamic Bank continues to expand its portfolio to include a wide range of Sharia-compliant products to enhance and diversify sources of income. Safwa Islamic Bank's Treasury and Investment Department continued to build and implement visionary strategies to enhance the Bank's market share of customer services. Therefore, the Treasury and Investment Department has developed many products and hedging solutions that will serve corporate and individual customers alike to meet and grow their investment desires and aspirations. These services and products include:

- Real-time exchange of foreign currencies.
- Swapping foreign currency futures based on a promise of exchange product with one that aims to hedge the risk of exchange rate fluctuations.
- Investing in international agencies and murabaha.
- Investing in international and local instruments.
- Investing in local, regional and foreign stocks.
- Providing the service of arranging and managing Sukuk issuances for local companies and institutions, especially government ones.
- Providing the service of issuing Sukuk that takes into account the rights of Sukuk holders.
- Providing custody, trading and clearing service for Sukuk.
- Investing in investment certificates of deposit issued by the Bank to customers and financial institutions.
- Service of notification and enhancement of incoming credit.

- Facilitation / re-issuance and enhancement of credits issued to correspondent banks.
- Buying and selling Sharia-compliant shares through Misc Brokerage, which is wholly owned by the Bank.

Statistics on Complaints Received from Customers through various Channels during 2023

Classification of Complaints	Number of Complaints
E-Services	70
Commissions and fees	36
Rates of Dividends/Returns	103
Professional Conduct	203
Payment Cards	42
Contracts and Terms of Dealing	80
Work Environment	73
Remittances	10
Credit Inquiry	17
Other	17
Total	651

Safwa Islamic Bank gives great importance to customer complaints, as it is one of the most important indicators of the level of service quality and product performance, provided by the Bank to its customers. All complaints are handled professionally and effectively as soon as they are received. Follow-up is carried out with the concerned Bank departments to ensure that complaints are delivered and addressed by the concerned units, in order to find solutions at the root cause and avoid their recurrence with other customers.

Summary of the policy regulating the relationship between the Bank (the Mudarib) and investment account holders (owners of funds)

Safwa Islamic Bank

I. Definition of Investment Accounts:

Joint Investment Accounts:

Investment accounts are divided into investment accounts that are managed on the basis of unrestricted Mudaraba, where the Mudarib is authorized to invest money as it sees fit; and investment accounts that are managed on the basis of restricted Mudaraba, where the Mudarib is restricted with a specific type or method of investment specified by the owner of the money (Rub Al-Mal). The relationship between the owners of these accounts and the Bank is a relation between the owner of the money with the Mudarib. In case the Mudarib is one and the owners of the money are more than one, the relation shall be subject to the Islamic Sharia controls on joint Mudaraba.

Unrestricted Investment Accounts:

Sums received by the Bank from depositors, where the sums' owners authorize the Bank to invest on the basis of unrestricted Mudaraba, without linking to a specific investment project or program. The accountholders and the Bank share in the profits, if any, according to the percentages determined for each of them, either in the Mudaraba contract or in the account opening application submitted by the depositor and approved by the Bank. The accountholders bear all the loss pro rata to their share in the capital, except for what resulted from negligence, willful misconduct or breach of conditions, such losses shall be borne by the Bank (Mudarib).

Restricted Investment Accounts:

The sums whose owners authorize the Bank to invest on the basis of Mudaraba registered in a specific investment project or program. The Bank and the accountholder share in the profits, if any, according to the percentage determined for each of them in the Mudaraba contract or the application for opening the account submitted by the depositor and approved by the Bank. The accountholders bear the loss pro rata to their share in the capital, except for what resulted from negligence, willful misconduct or breach of conditions, such losses shall be borne by the Bank.

II. Investment Priority / Equal Opportunity Investment:

The principle of equal opportunity investment is applied between the funds of shareholders and those of the investment accountholders in joint Mudaraba. The Bank's own investments shall appear in separate accounts from the joint investment accounts.

III. Elements / Basis of Profit Distribution:

- Allocation of the Mudarib's share in the profits of the joint pool of funds.
- Scoring (assigning weights to the average balances)
- Determine the sums of shareholders (Rub al-Mal) invested in the joint pool of funds.
- Determine the sums of holders of unrestricted investment accounts (depositors) in the joint pool of funds
- Calculation of net profits of the joint pool of funds
- Profit equalization reserve.

IV. Zakat:

It is the responsibility of shareholders and holders of unrestricted /restricted investment accounts to pay Zakat. Bank's management does not have authorization to pay it directly, nor is there a law regulating its collection, and the Bank's articles of association, the decisions of the General Assembly or a power of attorney from the shareholders are not stipulated to do so. Therefore, the shareholder and the holder of the unrestricted / restricted investment account must pay Zakat on his shares and funds upon fulfillment of Sharia controls for Zakat.

V. Profit Equalization Reserve (PER):

An amount deducted by the Bank from the income of the investments of the joint funds pool (the pool in which depositors share with the shareholders) and before deducting the Mudarib share in order to maintain stable rates of return and avoid sharp fluctuations in the levels of profit distribution to the participating accountholders.

VI. Points (Assigning Weights to the Average Balances):

It is a means for the purposes of calculating the investors' share of the revenues of the joint investment pool, as it is implicitly agreed that the return on deposits and investment certificates of deposits is paid on the average balance of the value of the deposit and the investment certificates of deposit. The weight is allocated based on the size or value of the deposit (according to a pre-determined table that specifies those weights and explains to customers), the deposit and investment certificates of deposit terms, and the frequency of profit payment to the customer.

VII. Allocation of the Mudarib's Share in the Profits of the Joint Pool of Funds:

The value of the Mudarib's share of profits is calculated by applying a predetermined rate on net profits and with the approval of the Bank's Sharia Supervisory Board. This is after calculating the profit share for each category of deposits, and each investment certificates of deposit issuance, and transfers to/from the credit loss provision for the financial period.

VIII. Transfers to or from PER:

The Bank's management may, after obtaining the approval of the Sharia Supervisory Board, deduct part of the income of the joint funds pool before deducting the Mudarib's share, and transfer this portion to PER. The purpose of this reserve is to equalize the rate of return for unrestricted investment accountholders and shareholders in a certain profit period with the market rates of return for the same period.

IX. Income Tax of Holders of Unrestricted / Restricted Investment Accounts "Withholding Tax"

Income tax is deducted from all profits of holders of unrestricted/restricted investment accounts based on the decision of the official department in this regard (Jordan Income and Sales Tax Department) unless such deposits are exempt by law.

X. Profit Realization:

In order for distributable profits to be realized, the following conditions must be met:

1. Capital safety as profit in investment accounts is achieved only after capital protection.
2. Actual or legal realization where profit is realized for investment accounts after liquidation of Mudaraba assets, whether it is actual by converting all assets into cash and collecting all debts, or legal by evaluating non-cash assets and evaluating the debt due for collection, and allocating provisions for debts. Regarding the cash, it is fixed in amounts.

XI. Profit Entitlement:

- The Bank shall announce all types of accounts and certificates of deposit managed within the joint funds portfolio, the approved rates for distribution for each of these accounts, and investment certificates of deposit, placed at all branches of the Bank in a prominent place for public viewing, and on the Bank's website.
- Holders of unrestricted investment accounts are entitled to profit upon distribution and sharing on a percentage basis, and may not be set as a lump sum. The Bank may determine rates that differ or are unified between the Banks and different segments of investment accountholders. Profit rates among investment accountholders may be unified or different, determined on the basis of predetermined weights.
- It is permissible to agree on a mechanism or method for the distribution of profit. Such as paid quarterly, or at the maturity after the performance for each period.
- If the Bank mixes the Mudaraba funds with its own funds idiomatically, it becomes a partner and Mudarib with the other's funds. The realized profit will be divided to both the funds, so the Bank takes the profit of its work and efforts on his invested fund. What applies to its share shall apply to the rest of the investment accountholders.

XII. Disengagement/ Discharge:

It is permissible for one of the accountholders to withdraw all or part of his amount. This represents a reconciliation of his share in the Mudaraba assets, and not a refund of the cash amount (deposited in the account) in whole or in part. If the Bank determines the amount exited so that it does not profit or profits less than what it deserves if it remains, this is permissible, as it is not a deprivation of profit, but it is a withdrawal based on supply and demand. Thus, the joint investment accountholder discharges upon exit the rest of the investors (investment accountholders) of any profit that has not been distributed or did not materialize, the remaining investment risk reserves, PER, and the donation of the remaining funds for the Zakat Fund upon liquidation of the investment pool. The investors who have investment accounts (the withdrawn/discharged investor) are acquitted of any loss that did not materialize. The investor bears the loss to the extent of the time in which the amount remained in the investment account before its withdrawal, and does not bear the loss of the remainder of the year after its withdrawal.

XIII. New Products within the Joint Pool of Funds:

If the Bank launches any new product that has an impact on the profitability of the unrestricted investment accountholders, this requires the prior approval of the Sharia Supervisory Board, so that the new product is offered within the terms and conditions approved by the Bank's Sharia Supervisory Board.

Information and details regarding applying the provisions of Corporate Governance and Companies Governance Guidelines

The Bank Corporate Governance Manual and Governance Report have been prepared in line with the amended Corporate Governance Directives of Islamic banks no. (2/2023), which is issued by the Central Bank of Jordan and the Corporate Governance Regulations of listed companies for the year 2019 issued by Jordan Securities Commission. The Bank top management and under the supervision of the committees emerging from the Board of Directors perform the tasks and procedures necessary to comply with the instructions of the Central Bank of Jordan and the Jordan Securities Commission in addition to submitting periodic reports to the Board of Directors on the extent of compliance with the instructions and procedures taken in this regard





Delivering Genuine
Added Value to Our Customers



Corporate Governance Manual

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Article (1): Introduction

The Corporate Governance Guide was prepared in line with the Corporate Governance Instructions for Banks No. (2/2023) issued by the Central Bank of Jordan on 2/14/2023 and in application of best banking practices in this regard in a manner consistent with the bank's needs and policies.

Applying the principles of corporate governance in the bank provides a basis for future institutional development and performance, supports confidence in the bank's activities and dealings, and enables it to successfully contribute to the development of the Jordanian banking system, which contributes to raising the efficiency of the national economy and creating an atmosphere of reassurance for shareholders and customers.

Article (2): Definitions

The terms and phrases included in this guide shall have the meanings assigned to each hereunder, unless the context indicates otherwise.

Phrase	Definition
Corporate Governance	The system by which the bank is oriented and directed, that aims to identifying and achieving the corporate goals of the bank, managing the bank's operations in a safe and sound manner, protecting depositors interests, committing to the responsibility towards investment account holders, shareholders and other stakeholders, and ensuring the bank's compliance with laws and regulations, and its internal policies and procedures.
Stakeholders	Any party of interest in the bank; depositors, investment accounts holders, shareholders, employees, creditors, customers or concerned regulators.
Board	The Board of directors of the bank.
Independent Member	A board member other than the major shareholders- and who is not under the control of any thereof. He/ she shall have financial or banking qualifications or expertise, and in whom the conditions stipulated in Article)4/e) herein are present.
Sharia Board	The Islamic Jurisprudence Supervision Board of the bank.
Sharia Compliance	The framework that ensures compliance of the agreements, contracts and financial transactions of the Bank with the principles and rules of Islamic Sharia.
Senior Executive Management	Includes the general manager (Chief Executive Officer, "CEO"), deputy general manager, Chief Financial Officer "CFO", Chief Operational Officer "COO", Chief Credit Officer, Chief Treasury (and investment) Officer, Chief Risk Officer "CRO", Internal and Sharia Audit Manager, Chief Compliance Officer "CCO", Chief Sharia Compliance Officer, and any other employee in the bank who occupies the same job position and has an executive power parallel to the powers of the aforementioned and/ or is directly reporting to the general manager.
Fit and Proper	Certain requirements, and standards relating to honesty, integrity, reputation, competence and qualifications in accordance with the requirements contained in this guide to be present in those nominated to be members of the bank's board, its senior executive management, and Sharia board.
Consulting Position	The position whose occupant has a contract or agreement with the bank to provide temporary consulting services, or who does so under an annual contract.
External auditor	Includes the audit office, partners in the audit office, and audit team members.
Audit Office	The office through which the audit team practices the profession and is registered with the Companies Control Department at the Ministry of Industry, Trade and Supply as a civil company to practice the profession in accordance with the legislations in force.
The partner in charge of the audit	The licensed partner in the audit office who is responsible for the audit task and for the report issued on behalf of the audit office, and who possesses the experience, academic qualifications, and professional certificate that qualify him/ her to sign off the audit report.
Audit Team	The team members who perform audit procedures under the supervision of the partner in charge of the audit. This does not include members of the additional service team of non-audit services.

Article (3): Board of Directors Composition

- a. The board should consist of no less than eleven members.
- b. Neither the chairman nor any board member has the right to combine their position with any executive position or any position under which they participate in managing the daily work of the bank or any consulting position therein.
- c. Independent members of the board shall not be less than four, except where the bank is owned by one shareholder.

- d. The diversity and integration of skills and experiences amongst board members shall be taken into account so as to provide a wide range of visions and viewpoints in line with the size of the bank (or banking group), the nature of its activity and its strategy.

Article (4): Fit and Proper Criteria of Board Members

- a. The board shall approve a policy to ensure the fit and proper of its members. Such policy shall include the minimum standards, requirements and conditions, which are to be fulfilled by the candidate member. This policy should be reviewed whenever needed. The board shall also set out adequate procedures and systems to ensure that all members meet these criteria and continue to do such.
- b. Those who assume the chairman (or membership) of the board must meet the following requirements:
 - 1. He/ she shall be of 25 years of age or more.
 - 2. He/ she shall not be a board member, general manager, regional manager, or an employee of any other bank operating in the kingdom, unless the other bank is a subsidiary.
 - 3. He/ she shall not be an attorney, legal counselor, or auditor of the bank, or a counselor of any other bank inside the kingdom.
 - 4. He/ she shall hold a university degree, as a minimum, in economics, finance, accounting, business administration, or any other similar specialties. The nomination and Remuneration committee has the right to consider other specialties (such as Law and Information Technology) if coupled with banking business expertise or activities relating thereto in accordance with Paragraph (3/ d) of This guide.
 - 5. He/ she shall not be a government employee or public official, unless a representative of them.
 - 6. He/ she shall have experience for at least five years in banking, finance, economics, or other fields related to banking activities.
 - 7. He/ she shall not have any relationship, including kinship up to the third degree, with the general manager of the bank, and of the first degree, with any other member of the senior executive management.
- c. The Central Bank's no- objection statement shall be obtained prior to the nomination of any person (and of the nomination of the representative of the legal entity including temporary representative of any government entity, public institution, or public legal institution) to be a board member. Therefore, the bank shall enclose in its no- objection request the board's decision, the recommendation of the nomination and Remuneration committee, which includes its depiction of the added value that the nominated member will provide for the board's tasks, the declaration (the attachment No. 1 and its annex), the declaration of the independent member shown in attachment No. 6, the candidate's CV, all academic certificates, experience, and no- criminal record certificate, and a copy of the identification card (passport for non- Jordanians). The Central Bank will not consider any no-objection request unless it is completed with the above attachments.
- d. The chairman shall make sure to notify the Central Bank of any material information which may negatively affect the fit and proper of any members thereof and of the representative of the legal entity.
- e. The Nomination and Remuneration Committee shall determine the requirements necessary to ensure the independence of the member, which shall include the following conditions as a minimum:
 - 1. He/ she shall be a natural person.
 - 2. He/ she shall not have worked as an employee or a consultant in the bank or in any of its subsidiaries during the past 3 years prior to his/ her nomination.
 - 3. He/ she shall not be related (up to 2nd degree relatives) to any other board member of the bank, or to board/ management committee members of other subsidiaries of the bank, or to any major shareholder thereof.
 - 4. He/ she shall not be related (up to 2nd degree relatives) to any of the senior executive management members of the bank (other than the general manager), or to any of the senior executive management member of subsidiaries thereof.
 - 5. He/ she shall be neither a partner or employee for the external auditor of the bank, nor has been such during the last three years prior to his/ her nomination.
 - 6. He/ she shall not be a major shareholder, or an affiliate of a major shareholder in the bank. Neither his/ her contribution with an affiliate contribution shall equal shares of that of a major shareholder, or of a major shareholder in the bank's subsidiaries, or of a major shareholder in the group owning the bank.
 - 7. He/ she shall not have been a board member of the bank or of any of its subsidiaries or a member of the management committee therein for more than eight aggregate years for the aforementioned memberships. If any member has lost his/ her independence pursuant to this item, the bank has the right to following a cooling- off period of at least (4) consecutive years and in the event of having sufficient justifications, obtain the Central Bank no- objection to consider that member as an independent member.
 - 8. Neither he/ she, their spouse, relative of the 1st degree, or any company in which he/ she is a member of the board or of the senior executive management, which he/ she owns, or in which he/ she is a major shareholder shall have obtained a credit from the bank exceeding 5% of the bank regulatory capital, nor shall he/ she be a guarantor of credit exceeding the mentioned percentage. The Central Bank has the right to consider some cases related to nominated persons who have memberships in public shareholding companies.

- f. The Board has the right to, if it deems it necessary and for clear and specific justifications, appoint a consultant. Doing such shall be within the scope of tasks consistent with the nature of the consultant's work, shall not include supervisory or executive tasks in any way, shall be within a specific timeframe and shall not negatively affect the board role of overseeing the bank's business in line with its tasks stipulated in the legislations, including the Banking Law. The Central Bank no-objection should be obtained for this appointment.

Article (5): The Board tasks

1. The board shall oversee the executive management, approve a policy for monitoring and reviewing their performance to achieve the corporate goals and ensure the soundness of all bank operations.
2. The board shall define the bank's strategic goals, orient the executive management to prepare a strategy to fulfill these goals and, then, approve the strategy and the related action plans that go in line with this strategy.
3. The board shall ensure the availability of policies, plans and work procedures in the bank that cover all of its functions, and which are in line with the concerned regulations. All of such are to be circulated across all managerial levels and reviewed on a regular basis.
4. The board shall establish the bank corporate values, draw clear lines as to the responsibilities and accountability for all bank functions, as well as establish a high- level culture in terms of moral standards, integrity and professional conduct of the bank administrator.
5. The board shall be responsible for carrying out the Central Bank requirements and those of other supervisory and regulatory authorities, and taking care of the stakeholders interests. It shall ensure also that the bank is duly managed within the framework of the laws and regulations and its internal policies, and that the effective monitoring of the bank's activities, including outsourced activities, is always in place.
6. the board, in light of the recommendations made by the relevant committee, must approve the appointment of the general manager, the internal and sharia audit manager - in consultation with sharia board- ,CRO and CCO, and is responsible for accepting their resignations or termination of services.
7. The board shall approve a risk management strategy and monitor its continuous implementation. Such strategy shall include the bank's risk appetite that prevents exposing the bank to high risks. The board shall be aware completely of the operational work environment and associated risks thereto. The board also shall ensure the availability of tools and infrastructure to manage the risks and that they are capable to define, measure, analyze, evaluate, and control all risk types which the bank may be exposed to.
8. The board shall ensure the availability of sufficient Management Information Systems "MIS", that are reliable and covering all the bank activities.
9. The board shall verify that the "bank business credit policy" include an assessment of the customers' corporate governance quality for public shareholding companies, in a way that customers risk assessment shall be done by adopting strength and weakness points according to their governance performance.
10. The board shall develop an environmental and social policy. This policy shall include the bank disclosures of the initiatives it conducts in this regard within its annual report and/ or sustainability report. Such initiatives shall at least be:
 - a. Social initiatives in protecting the environment, health and education.
 - b. Social initiatives to fight poverty and unemployment.
 - c. Encouragement of micro and medium finance.
 - d. Participation in initiatives of added economic value to society.
11. The board should take adequate measures to ensure clear segregation of the powers of major shareholders and those of the executive management. It must also allocate suitable mechanisms to minimize the influence of major shareholders. The senior executive management shall derive its power only from the board and shall act within the framework of delegation granted thereto by the board.
12. The board shall approve the bank's overall organizational structure.
13. The board shall specify the banking operations which require its approval in a way that is not exhaustive and jeopardizing its supervisory role, and shall not grant executive authority, including granting credit, to a sole board member including the chairman.
14. The board members and committees shall have the ability to directly contact the executive management and the board secretary, and they shall be empowered to do the duties entrusted to them. However, no board member shall affect the senior executive management decisions unless through negotiations conducted in the board's or its committees' meetings.
15. The board shall take due diligence measures when deciding on any of the issues related to the bank business, and consider the sound bases in the decisions taken in this regard in a manner that guarantees carrying out its duties at highest levels of professionalism.
16. Verify setting the adequate controls that ensure the compliance of all the banking activities with the provisions and principles of Islamic Sharia, fatwas and Sharia decisions issued by the Sharia board.

17. Approve the policy that organizes the relationship between the bank/ shareholders and the investment accounts holders, provided that such policy is reviewed by the Sharia board and published on the bank's website, so that it includes quantitative and qualitative disclosures.
18. Approve the code of policies and procedures relating to the compliance with the Islamic Sharia provisions and principles. This code shall include the following as a minimum:
 - a. The mechanism of presenting topics to the Sharia board to get the Fatwa and/ or the Sharia board's decisions regarding them.
 - b. Working procedures manual (Action Guide) of the Sharia board.
 - c. The mechanism of ensuring compliance with the Fatwas or decisions issued by the Sharia board.
 - d. A mechanism to facilitate communication of the various bank's units and the bank's customers with the Sharia board.
19. Ensure the availability of a mechanism to provide the bank's customers- upon their request- with a clarification of any Fatwa issued by the Sharia board.
20. Ensuring that all the Fatwas and decisions issued by Sharia board that related to launching a new product or service, or adopting a processing or a mechanism related to the product or service, for which Fatwas and decisions were issued, are published on the bank's website within a period of no more than two months as from the date of issuance/ adoption.
21. Ensure the organizational structure shall include the Sharia board, the internal and sharia audit department and Sharia compliance.
22. Ensure the adherence to the governance standards issued by Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI).
23. Ensure allocating part of the bank's website to include clarification on the rights of investment accounts holders.
24. Verify that the general manager implements all decisions and Fatwas issued by the Sharia board and adheres to them.
25. Ensure that Sharia risks, which the bank may be expose to, are included in the ICAAP methodology of the bank.
26. The chairman must undertake the following as a minimum:
 - a. Establishing a constructive relationship between the board and the senior executive management.
 - b. Encouraging expression of opinions on issues discussed in general, and on those that raise different points of view amongst the board members, and encouraging negotiation and voting on such issues.
 - c. Discussing, in detail, the strategic and important issues in the board meetings.
 - d. That all board members receive and sign the minutes of previous meetings, and that they receive the meeting agenda well before the meeting is held. The agenda shall include enough written information about the topics to be discussed in the meeting. The handing of such shall be made via the secretary of the board.
 - e. The availability of a charter governing and identifying the board scope of work.
 - f. Providing each member in the board, once elected, with the concerned laws related to banking; the Central Bank instructions pertaining to the scope of work of the board; a booklet stating the member's rights and tasks; and the secretary's duties.
 - g. Providing each member with sufficient summary on the bank's operations on the date of appointment or upon request.
 - h. With the assistance of both the bank's legal counselor/ legal department manager and the secretary of the board, deliberating with any new member on the board's responsibilities and roles, especially those relating to legal and organizational requirements, so as to clarify the tasks, authorities, and other matters of membership such as membership term, meetings schedules, committees' responsibilities, remunerations, and the possibility of obtaining independent technical advice when necessary.
 - i. Meeting the board members' needs for developing their expertise and continuous learning. The new board member shall participate in an Orientation (induction) Program that suits his/ her banking background and includes, as a minimum, the following topics:
 1. The bank's organizational structure, corporate governance, and code of conduct.
 2. Corporate goals, the bank's strategic plan, and its approved policies.
 3. Financial position of the bank.
 4. The bank's risks profile and Risks management framework therein.
 5. Sharia controls
27. Each board member must undertake the following as a minimum:
 - a. To have sufficient knowledge of legislations and principles of banking, the bank's operational environment, and to be up to date with the developments taking place therein as well as with related external updates.

- b. Attending all meetings of the board, its committees, and of the General Assembly, as necessary.
 - c. Devoting enough time to undertake his/ her roles and duties as board member. The nomination and Remuneration committee shall find a clear methodology to verify this; (for example but not limited to) the number of memberships of such member in other boards/ bodies/ fora...etc.).
28. The board duties with respect to disclosure and transparency include the following, as a minimum:
- a. Maintain a specific mechanism to ensure interconnection with stakeholders through disclosing and providing significant information on the bank activities by virtue of the following:
 - 1. General Assembly meetings.
 - 2. Annual report.
 - 3. Quarterly reports including financial information, in addition to the board report on bank stocks trading, and its financial position during the year.
 - 4. Website of the bank
 - 5. Shareholders relationship section.
 - b. Make sure of allocating part of the bank website to include clarification on shareholders rights, and encouraging them to attend and cast their votes in the General Assembly meetings. This is in addition to publishing meetings documents including complete text of the invitation and meetings minutes.
 - c. Make sure that the financial and non- financial information of concern to stakeholders has been published at the earliest convenience.
 - d. Make sure that the bank annual report includes a statement from the board to the effect that the board is responsible for the accuracy and sufficiency of financial data, all data included in the report, and the adequacy of the internal controls.
 - e. Make sure of the bank's commitment to disclosures defined under the international financial reporting standards (IFRSs), international accounting standards (IASs), Central Bank instructions, and other legislations of concern. The board shall also ensure that the executive management is aware of the changes on International Financial Reporting Standards.
 - f. Ensure publishing the corporate governance code on the bank's website and through any other suitable means to make it available for public viewing. The bank shall include and disclose in its annual report the presence of the code, and to what extent the bank complies with its contents.
 - g. Ensure that the annual and quarterly reports of the bank include disclosures that enable the current or prospective shareholders to access operations outcomes and the financial position of the bank.
 - h. Make sure that the annual report includes the following, as a minimum:
 - 1. Summary of the bank's organizational structure.
 - 2. Summary of the responsibilities and roles of the board committees and any other authorities delegated by the board for such committees.
 - 3. Information of concern to stakeholders contained in the corporate governance code of the bank.
 - 4. Information on each board member in terms of his/ her qualifications, expertise, shares in the capital, being independent or not, membership in board committees, date of appointment, and memberships in other companies' boards.
 - 5. Information on the risk management department including its structure, nature of operations, and developments undergone thereon.
 - 6. Number of the meetings of the board and its committees and the number of each member's attendance of these meetings.
 - 7. Names of all board members and senior executive management who resigned during the year.
 - 8. Summary on remuneration granting policy in the bank, disclosing all remuneration types and forms of the board members on individual basis, and remuneration of all types which have been granted to the senior executive management on individual basis, for the last year.
 - 9. Declarations by all board members stating that neither they nor any related entity received any benefits, whether financial or otherwise, from the bank without declaring it, for the last year.
 - 10. The board shall ensure the bank's commitment to disclosures defined under the standards of (AAOIFI)- with the disclosures defined under the international financial reporting standards (IFRS) and international accounting standards (IAS) in case there are no standards for Islamic financial institutions- Central Bank instructions, and other related legislations. As well, the board shall ensure that the executive management is aware of the changes on the standards of (AAOIFI) and (IFRS).
 - 11. Disclosures that enable the current or future investment accounts holders to be informed with the operations results and the financial and Sharia position of the bank, and the board and the sharia board shall ensure that this is included in the bank's annual report.
 - 12. Information on each member of the Sharia board regarding his/ her qualifications, expertise, date of appointment, and the

jobs he/ she currently occupies outside the bank and the names of the resigned members. Also, information on the number of the Sharia board meetings as well as the number of each member's attendance of these meetings shall be included.

13. Disclosures of the Remunerations granted to the Sharia board members on individual basis, in addition to declarations by all Sharia board members stating that neither they nor any of their related counterparties received any benefits, whether financial or in-kind from the bank without declaring such, for the previous year.
29. The board shall appoint the board secretary and be responsible for the termination of his/ her services and the determination of his/ her Remunerations and remunerations. The duties of the board secretary include:
 - a. Attending all board meetings, and accurately recording all discussions, suggestions, objections, reservations and voting methods on the drafted board decisions.
 - b. Scheduling the board meetings in coordination with the chairman.
 - c. Verifying that all board members sign the meetings minutes and decisions.
 - d. Following up the execution of decisions made by the board, and the discussion of any topics adjourned from a previous meeting.
 - e. Maintaining the records and documents of the board meetings.
 - f. Taking appropriate actions to ensure that the drafted decisions to be issued by the board are in conformity with the laws and regulations including those issued by the Central Bank.
 - g. Preparing for General Assembly meetings.
 - h. Coordinating with board committees.
 - i. Providing the Central Bank with fit and proper declarations signed by board members.

Article (6): Board Meetings and its Committees

- a. the quorum for any committee meeting shall not be less than (3) members, including the committee chair. It is not permissible to nominate an alternate member in any committee meeting in the absence of any member.
- b. the board members have the right to attend its meetings and those of its committees by any means of video conferencing, provided that the board chairman and the secretary approve the minutes of the board meeting and its quorum, and the committee chair and the secretary approve the minutes of the committee meeting and its quorum.

Article (7): Board Committees

- a. The board of directors shall form committees from its members, approve the charter for each committee that include as a minimum the committee composition, its duties and authorities, frequency and quorum of its meetings, nomination of a secretary thereof, while defining his/ her duties including accurately recording all discussions, suggestions, objections, reservations and methods of voting on the drafted committee decisions. Such committees shall report periodically to the board. The existence of such committees shall not relieve the board from its responsibilities.

- b. The board shall form the following committees as a minimum:

1. Corporate Governance Committee:

It shall consist of at least 3 members, the majority of whom shall be independent, and it shall include the chairman. The committee shall assume the following:

- a. To oversee the preparation of a corporate governance code and its approval from the board, so that to express the bank's view of corporate governance in terms of its concept, importance and basic principles, in a manner that at least conforms with the legislation in force and ensures the achievement of best practices in this field. This code should be updated whenever necessary.
- b. To provide the Central Bank with a letter signed by all the committee members confirming that the code conforms with Corporate Governance Instructions for Banks No. (2/2023) dated 2/14/2023. This should be done within two months from the date of any subsequent amendment.
- c. To verify that the observations contained in the report of the Internal Audit Department- or any other relevant body- have been corrected, with regard to the bank's compliance with the corporate governance code.
- d. To inform the Central Bank immediately upon any violations of the provisions and requirements of Corporate Governance Instructions for Banks No. (2/2023) dated 2/14/2023.

2. Audit Committee:

- a. Subject to the Banking Law, the majority of the committee members including the committee chair shall be independent members. The chair of the committee shall not be a chair of any other committee derived from the board, nor the committee shall include the chairman.
- b. The majority of the committee members must have academic qualifications in the fields of accounting, finance, or to have professional certifications in these two areas. They must also have relevant experience in the fields of accounting, finance, external audit, internal audit, or banking.
- c. In case any member of the audit committee of the Islamic bank does not have appropriate expertise in Islamic bank's

business, he/ she shall be subjected to appropriate training program in fields of the standards of accounting and auditing, and the Sharia controls and the standards issued by (AAOIFI) and (IFSB).

- d. Subject to the Banking Law regarding the committee tasks and authority, it shall review the following matters:
 1. Scope, outcomes, and adequacy of the internal and external audit in the bank.
 2. Accounting issues that have material impact on the bank financial statements.
 3. Internal control systems.
- e. The committee shall recommend to the board the appointment of the external auditor, the termination of their service, determination of their fees, their independency assessment and any other provisions relating to contracting with them. This is in addition to any other services assigned to the auditor.
- f. The committee charter shall include the following:
 1. The committee shall possess the authority to get any information from the executive management either directly or through the internal and sharia audit manager.
 2. The committee shall has the right to call any administrator to attend any of its meetings.
- g. The committee shall hold meetings (separate meetings) with the external auditor, Chief Compliance Officer, Internal and Sharia Audit Manager, Chief Sharia Compliance Officer at least once a year without the presence of other senior executive management members.
- h. The committee shall review, oversee and ensure that the bank has appropriate and effective whistleblowing procedures, which enable the employee to speak up in a confidential way about any errors in the financial statements, Sharia breaches or any other matters. The committee shall also ensure the availability of arrangements necessary for independent investigation and shall ensure following up investigation outcomes, and treatment actions in an objective manner.
- i. The committee shall verify that the internal audit department complies with the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors (IIA), including conducting an independent external evaluation of the internal audit activity at least once every five years and providing the Central Bank with a copy thereof.
- j. The Committee shall verify the availability of sufficient resources and a sufficient number of qualified human staff for the Internal and Sharia Audit Department and enrolling them in specialized training programs, including those in the field of corporate governance, provided that the employees of the internal sharia audit department meet the following minimum requirements:
 1. An appropriate university degree along with knowledge of the principles of the Islamic financial transactions and the terms of every contract and the reasons behind its being void.
 2. Experience and knowledge of standards issued by the (AAOIFI) and (IFSB).
- k. The committee shall verify that the internal audit staff are rotated to the bank audit activities every three years as a maximum. In the event of the inability to achieve this in certain areas, the committee's approval shall be taken regarding the justifications for non- compliance, especially in specialized cases such as the information technology and cybersecurity audit.
- l. The committee shall verify that the internal audit staff are not assigned any executive tasks.
- m. The committee shall ensure that all activities of the bank are subject to internal and sharia audit- in accordance with the risk- based approach- including outsourced activities.
- n. The committee shall evaluate the performance of the internal and sharia audit manager and determine his/ her remunerations in accordance with the performance appraisal policy approved by the board.
- o. Recommending to the board to approve the appointment of the internal and sharia audit manager, accepting his resignation or terminating his services, based on the recommendations made by the nomination and Remuneration committee in consultation with the sharia board, provided that the prior No- objection is obtained from the Central Bank, and the Central Bank has the right to call upon him to inquire about the reasons of resignation or termination of services.
- p. Verify the rotation of the internal sharia audit employees to audit various bank activities every three years as a maximum. In the event that this is not possible in certain areas, the Committee's approval must be obtained on the justifications for non-compliance, especially in specialized cases.
- q. Verify that none of the internal sharia audit employees is assigned with any executive tasks.
- r. recommend to the board to approve the internal and sharia audit charter and verify that it includes the tasks of the internal and Sharia audit department, provided that it shall include the duties, authorities and work methodology of the internal audit department, before circulating it within the bank.
- s. Ensure the adequacy and efficiency of the internal Sharia audit department through reviewing its reports and the executive management's feedback on such reports.
- t. Ensure the capability of the external auditor to review the compliance of the bank with the Sharia controls within the conditions stated in the engagement letter signed with him and make sure he is doing so.

3. Nomination and Remuneration committee:

- a. This committee consists of at least 3 members, the majority thereof including the chair are independent members.
- b. This committee shall have the following roles:
 1. Studying the fit and proper of the members nominated to join the board taking into consideration the candidates' capabilities and qualifications, and raising proper recommendation thereon to the board. In case of a member being re-nominated, his/ her attendance and efficient participation in the board and committees meetings must be considered.
 2. Ensure that the candidate to join the board's membership has knowledge of banking activities that are compatible with the provisions of Islamic sharia.
 3. Informing in writing any member (including the representative of the legal entity), who applies to join the board, of the board's decision which states that he/ she does not meet the provisions of corporate governance instructions for banks No. (2/2023) dated 2/14/2023.
 4. Recommending to the board the qualified candidates to join the senior executive management.
 5. Ensuring that the board members attend banking- related workshops or seminars, especially risks management, corporate governance, and the latest banking developments, especially in the latest Islamic banking developments.
 6. Ensure that the Sharia board members attend banking- related workshops or seminars, especially in the latest Islamic banking developments.
 7. Determining whether the member fulfills the independent member requirements, taking into consideration the minimum conditions stipulated for in Article (4/e) of this guide, and reviewing such on an annual basis. The Central Bank should be provided with any updates on the independence of any of the independent members.
 8. Assessing annually the performance of the board as whole, and of its individual committees and members, while following defined and approved assessment basis that is built on objective assessment standard. The results of this assessment shall be reported to the Central Bank. The board members (other than those of the Nomination and Remuneration Committee) shall, on an annual basis, assess the performance of the Nomination and Remuneration Committee and its individual members.
 9. Providing board members upon request with the required information and summaries on some important matters in the bank, and making sure to keep them abreast of current topics related to the banking sector.
 10. Developing a performance appraisal and Remuneration policy for the bank's administrator, and reviewing it periodically. This policy should include a mechanism for determining the salaries, remunerations, and other privileges of the general manger and other executive management members. The committee does not have the right to delegate this task to the executive management, and this policy must be approved by the Board.
 11. Verify having an experience of at least five years in Islamic banking by the candidates to be appointed in the senior executive management before approving their appointment. Otherwise, the member of the senior executive management shall be subjected to a comprehensive qualifying training program, of no less than three months, in the fields of Islamic banks, accounting and governance standards, Sharia standards issued by (AAOIFI), and (IFSB).
 12. Study the fit and proper of the candidates nominated to join the sharia board, taking into account their qualifications and experience. Also, in the case of re- nominating the member, the number of his attendance, and the effectiveness of his participation in the meetings of the Sharia Board must be considered, and it shall recommend to the board the names of those candidates.
 13. Set specific, approved and objective bases for the purposes of performance appraisal of the sharia board and its members.
 14. Verify the fit and proper of the member of the sharia board, taking into account the minimum conditions mentioned in paragraph (9/ b) of this guide, review this on an annual basis, and provide the Central Bank with any updates on the fit and proper of the member.
 15. Recommend to the board the approval of a policy to determine the Remunerations of the members of the sharia board.

4. Risk Management committee:

- a. This committee shall consist of, at least, three members, the majority of whom, including the chair, should be independent members.
- b. The committee should meet at least once every three months and whenever necessary.
- c. The committee shall have the following roles:
 1. Ensuring the availability of a comprehensive risk management strategy for the bank that includes the type and level of risk appetite for all bank's activities.
 2. Ensuring the availability of policies and tools for identifying, measuring, assessing and monitoring risks, while reviewing such on an annual basis as a minimum to ensure their effectiveness and amending them when necessary.
 3. Ensuring the availability of a risk management system that ensures the accuracy and adequacy of the data used to identify, measure, assess and monitor the risks and losses that may lead to a higher capital requirement.

4. Ensuring the effectiveness of the risk management department procedures and the compliance of executive management with the approved policies and procedures.
5. Reporting to the board periodically on the risks to which the bank is exposed to, including the breaches on the risk appetite and the related treatment procedures.
6. catching up all the updates that might affect the bank management of risks.
7. Ensuring the availability of risk management tools, including but not limited to:
 - a. Risk Self- Assessment and Risk Indicators.
 - b. Developing loss incidents database, identifying the sources of such, and mapping them to the type of risk.
 - c. Ensuring the availability of the necessary tools, appropriate automated systems and quantitative methods.
8. Ensuring the availability of sufficient resources and the needed qualified human staff for the Risk Management Department and meeting their specialized training needs.
9. Appraising the performance of Chief Risk Officer and determining his/ her remunerations in accordance with the performance appraisal policy approved by the board, after seeking the opinion of the general manager.

6. Compliance Committee:

- a. This committee shall consist of, at least, three members, provided that they include an independent member.
- b. The committee shall convene once every three months and whenever necessary.
- c. The committee shall have the following roles:
 1. Ensuring the availability of the bank's compliance policy and procedures issued pursuant thereto, in order to guarantee the establishment of a compliance function capable of performing its tasks effectively. The committee should conduct, at least once a year, an assessment of the effectiveness of the bank's management of non- compliance risks.
 2. Approving the annual plan and reviewing the periodic reports prepared by the Compliance Department, which include non-compliance risks assessment, violations, deficiencies and corrective measures taken.
 3. Overseeing the implementation of the bank's compliance policy, and making sure that the bank's executive management resolves all compliance- related issues in an appropriate and effective manner.
 4. Overseeing the Compliance Department work, and ensuring that appropriate mechanisms are in place to monitor the compliance of all administrative levels in the bank with all regulatory requirements, legislations in force, and international standards, including the recommendations of the Financial Action Task Force (FATF).
 5. Ensuring the availability of sufficient resources and qualified human staff for the Compliance Department and enrolling the latter in specialized training programs.
 6. Assessing the performance of the Chief Compliance Officer and defining his/ her remunerations in accordance with the performance appraisal policy approved by the board, after seeking the opinion of the general manager.

It is prohibited for any board member to be the chair of more than one of the committees mentioned above, nor he/ she can be the chair of more than two of all board committees. The authorities of any board committee mentioned hereof shall not be delegated to any other party. Banks are also prohibited from forming any committee that has any executive authorities, while this does not include the "credit committee" stipulated in this guide.

6. Credit Committee:

The board constitutes this committee to look exclusively into credit exceeding the authority of the highest committee in the executive management, as follows:

- a. The number of the committee members shall not be less than five, one of whom can be independent but not any of them a member in the audit committee.
- b. Its authorities shall be exclusively to take suitable decisions for such credit facilities, which have been recommended by the above-mentioned executive committee.
- c. The highest limits of the authorities granted to this committee with regards to granting, adjusting, renewing, restructuring, scheduling, or settling the credit facilities shall be defined in a way to make such authorities clear for the board.
- d. The minimum quorum to hold the committee meetings is at least four members, and the decisions should be taken by the majority regardless of the number of present members.
- e. It shall report to the board the details of the credit facilities it has approved.

7. IT governance committee:

- a. The committee must consist at least three members that will be elected based on their experience and strategic knowledge in the Information technology field.

- b. The committee must hold meetings on a quarterly basis at least.
- c. The committee shall be responsible for the following:
 1. The committee shall approve the strategic objectives of IT and the appropriate organizational structure, including the steering committees, specifically at the top executive management level (the steering IT committees), in order to guarantee the achievement of the bank's strategic objectives and the best value added from the projects and IT resource investment. The committee shall use the tools and needed measures to supervise and ensure the achievement of these objectives, such as IT Balance Scorecards and the return on investment (ROI). The committee shall measure the impact of contributions made to enhance financial and operational efficiency.
 2. The committee shall approve the general framework of managing, regulating, and supervising IT resources and projects that simulates the best approved international practices in this regard, especially Control Objectives for Information and Related Technology (COBIT) that conform with and achieve the objectives and the requirements of instructions through the continuous fulfillment of the institutional objectives, along with the achievement of the accompanying IT objectives' matrix, and covering the processes of IT governance.
 3. The committee shall approve the institutional objectives matrix and the accompanying IT objectives, consider their givens as minimum requirements, and describe the sub-objectives needed to achieve them.
 4. The committee shall approve the (RACI chart) matrix regarding the main processes of IT governance along with the secondary processes related to: the entity(s), person(s), or party(s) primarily responsible, those who are ultimately responsible (accountable), those who are consulted, and those who are informed for all processes in light of COBIT5 Enabling Processes in this regard.
 5. The committee shall ensure that a general framework for IT risk management is in place. And will be consistent and integrated with the overall framework of risk management in the bank, considering and achieving all IT governance processes.
 6. The committee shall approve the IT projects and resources' budget in accordance with the bank's strategic objectives.
 7. The committee shall undertake the general supervision and monitoring of IT processes, projects, and resources to ensure their sufficiency and effective contribution in achieving the bank's requirements and works.
 8. The committee shall monitor IT auditing reports and take the necessary actions to handle deviations.
 9. The committee shall give recommendations to the Board to take the necessary actions to correct any deviations.

Article (8): Sharia Supervision Board

Taking into consideration article (58) of the Banking Law no. (28) of year (2000) and its amendments, the bank shall comply with the following in respect to the sharia board:

- a. The board of the bank shall be responsible for the following:
 1. Ensure the presence of a fit and proper sharia board and a system of Sharia controls that includes an internal Sharia supervisory system to achieve effective and independent Sharia supervision over each unit of the bank. The board shall also approve appropriate supervisory and Sharia controls that enable it to accountable the senior executive management.
 2. Ensure obtaining the opinion of the sharia board on all policies (including investments, the distribution of profits, allocation of losses, and avoiding earnings on the investment accounts), contracts, transactions, agreements, products and services related to the banking operations only, while non- banking contracts, transactions and agreements shall be presented to the sharia board if they contain sharia dimensions.
 3. Ensure the fit and proper of the members of the Sharia board at the beginning and continuation.
 4. Performance appraisal of the Sharia board as well as its members on an annual basis according to an assessment system developed by the nomination and Remuneration committee. Such system shall set key performance indicators that include as a minimum the extent to which the Sharia board achieves its tasks, and the effectiveness of Sharia controls and supervision system. In addition, these performance assessment standards shall include the role of the member in the meetings of the Sharia board as well as comparing his/ her performance with other members of the Sharia board. A feedback shall be obtained from the assessed member in order to improve the assessment process, and the bank shall notify the Central Bank of this assessment.
 5. Ensure signing an engagement letter between the Sharia board and the bank in which the scope of the Sharia board work is specified in addition to its tasks and Remunerations.
 6. Ensure that the Sharia board has the necessary information and unrestricted access to all bank's activities and to contact any administrator in the bank, and has all the authorities that enable it to perform its tasks.

B. The Sharia board Meetings:

1. The Sharia board shall periodically meet to carry out periodical reviews and to follow up the Sharia compliance of the bank transactions, provided that the meetings shall not be less than (6) meetings a year, and the Sharia board shall meet with the board, the audit committee and the external auditor at least once every six months.
2. The Sharia board members have the right to attend its meetings by any means of video conferencing to discuss the agenda of the meeting, provided that the Chair and the Secretary of the Sharia board ratify the minutes of the meeting and its quorum.

3. The senior executive management, enough time ahead of the Sharia board meeting, shall present full and accurate information to Sharia board members, and the chair of the Sharia board shall verify that.
- c. The Sharia board shall consider the Sharia' and the legislative environment in the Kingdom- taking into consideration the provisions of paragraph (53/ a) of the Banking Law no. (28) of year (2000) and its amendments-.
- a. The Sharia board shall establish a procedures manual that includes the working system of the Sharia board; its specializations and tasks; regulating its relationship with the board and the senior executive management; the mechanism of submitting its reports to the management, the board, and the shareholders; its approach in Sharia supervision and the mechanism of its meetings.
- b. The Sharia board shall suggest the Sharia training programs for the bank's administrators.
- c. The Sharia board shall attend the general assembly meetings and read the report of the Sharia board by its chair or whoever he delegates out of the Sharia board members.
- d. The Sharia board shall give an opinion of the Memorandum of Agreement and the Article of Association of the bank, and ensure their compliance with the Islamic Sharia provisions and principles.
- e. The Code of Conduct of the bank shall apply to the members of the sharia board.
- f. The member of the Sharia board shall avoid conflict of interests and maintain justice and fairness among stakeholders.
- g. The Sharia compliance officer shall be appointed as secretary of the Sharia board, and shall carry out the following tasks:
 1. Attending all the Sharia board meetings and precisely documenting in writing all the discussions, suggestions, objections, reservations, and the voting methods on the Sharia board decisions.
 2. Scheduling the dates of the Sharia board meetings in coordination with the chair of the Sharia board.
 3. Preparing for the Sharia board meetings and receiving Sharia inquiries from all bank's departments to present them to the Sharia board.
 4. Verifying that the Sharia board members sign on the meetings minutes and decisions.
 5. Following up the implementation of Fatwas and decisions taken by the Sharia board, and providing the internal and Sharia audit department and Sharia compliance department with such and with any amendments or developments thereto, in order to notify and work on them, and follow up on the discussion of any topics adjourned from a previous meeting.
 6. Maintaining the records and documents of the Sharia board meetings.
 7. Providing the Central Bank with the fit and proper declarations of the Sharia board members.
- k. The Sharia board shall carry out the activities of the Fatwa and Sharia supervision according to the following:
 1. Give opinion of and approve all policies (including investments, the distribution of profits, allocating losses, and avoiding earnings on the investment accounts), contracts, transactions, agreements, products, services related to banking operations only, and non- banking contracts of transactions and agreements if they contain sharia dimensions.
 2. Agree on allocating any losses resulting from the bank's operations regarding the holders of investment accounts.
 3. Review the policies and instructions related to the Islamic Sharia provisions and approve them.
 4. Provide consultation to the parties providing services to the bank such as auditors, lawyers, and consultants.
 5. Approve semi- annual/ annual report about the Sharia commitment, which includes the efficiency of internal Sharia controls and any weaknesses in the systems of the Sharia controls and the internal Sharia supervision, which have a crucial impact. The semi- annual report shall be submitted to the board of directors and the annual report to the general assembly of shareholders with a copy of each sent to the audit committee and the Central Bank.

Article (9): Fit and Proper criteria of Sharia Supervision Board Members

The bank shall ensure the fit and proper of the Sharia board members through the following:

- a. The board shall approve a policy to ensure the fit and proper of the Sharia board members. Such policy shall include the minimum standards, requirements, and conditions to be fulfilled by the nominated and appointed member. This policy shall be subject to review whenever needed.
- b. Those who assume the chair and membership of the Sharia board must meet the following requirements:
 1. To hold a Bachelor degree, as a minimum, in Sharia science in the fields of Islamic jurisprudence and principles, Islamic economy, or Islamic finance.
 2. To have at least a three- year experience in issuing Fatwa and Sharia provisions and/ or experience in teaching or research of no less than four years after graduation.
 3. Not to get any funding for himself/ herself, his/ her spouse, or for any of his/ her second degree relatives from the bank or from any of the subsidiary companies of the bank during his/ her membership in the Sharia board.
 4. Not to have worked as an employee of the bank or of any of its subsidiary companies during the two years prior to the date of nomination.

5. Not to be a member of a Sharia board at any other licensed Islamic bank in the Kingdom. Neither shall he/ she be a member of Sharia boards of more than four financial institutions that do not accept deposits and are operating in the Kingdom.
 6. Not to be a member of the bank's board of directors or owning a company, which the bank deals with, except for transactions arising because of the services, and/ or ordinary business, which the bank delivers to its clients provided that the same terms, of similar transactions with any other party, are applied without any preferential terms.
 7. Not up to a second degree relative to any of the board's members or any other person from the senior executive management at the bank. He/ she shall not get from the bank any salary, cash amounts, Remuneration, privileges, or gifts except what he/ she receives in return of his/ her membership in the Sharia board or in return of any additional tasks he/ she is assigned without affecting his/ her fit and proper.
 8. Not to be a shareholder of the bank, a shareholder of any of the subsidiary companies of the bank, or a shareholder of the group owning the bank.
- c. The chair/ member of the Sharia board in the bank shall be appointed for four renewable years.
 - d. The bank shall obtain a no- objection letter from the Central Bank to nominate any person for membership of the Sharia board, provided that the recommendations of the Nomination and Remuneration Committee and of the board, the declaration (according to the attached form No. (3) and its annex), the nominee's CV, academic certificates, experience certificates, a certificate of no- criminal record, and a copy of the identification card (passport for non-Jordanians) are attached to the no- objection request. The Central Bank will not consider any no- objection request unless it is completed with the above attachments.
 - e. The chairman of the board shall make sure that the Central Bank is notified of any material information that may negatively affect the fit and proper of any member in the Sharia board.
 - f. When there is a need to appoint members of the Sharia board who reside outside the kingdom, the number of such members shall not exceed half of the Sharia board members.

Article (10): The Executive Management Tasks

- a. To execute and manage the bank's activities in accordance with the strategies/ policies approved by the board, systems, risk management, operations and controls necessary to manage all kinds of risks to which the bank is exposed, to ensure that the levels of risk appetite approved by the board are not exceeded, and to comply with all legislations in force and the bank's internal policies.
- b. To verify that there are comprehensive work procedures for all bank's activities, that are in line with the legislations in force and the strategies/ policies approved by the board, provided that these procedures are approved by the general manager (except for the supervisory departments since they must be approved by the relevant committee/ sharia board), and to ensure that these procedures are applied.
- c. To prepare the financial statements.
- d. To develop the general organizational structure of the bank and approve it by the board, as well as developing the sub-organizational structures of all units operating in the bank and approving them by the general manager, except for the sub-organizational structures of the supervisory departments in local banks that are approved by the board based on the recommendation of the relevant committee/ authority, provided that these structures indicate the hierarchical order and reflect the lines of authority and responsibility in a detailed and clear manner, and that the general organizational structure includes, at a minimum, the following:
 1. The board and its committees.
 2. The executive management and its committees.
 3. Separate departments for risk management, compliance, and internal and Sharia audit, in a manner that enables them to carry out their tasks with complete independence including not performing any executive activities, so that their connection to the relevant committee is shown in a continuous line and in a dotted line with the general manager.
 4. Units that are not engaged in the executive activities such as the employees of credit review and middle office.
 5. Subsidiaries and foreign branches.
- e. To prepare an annual budget, approve it by the board and periodically reporting to the board showing the deviation of the actual performance from the estimated and its reasons.
- f. To refrain from doing any practices that could affect the independency and objectivity of the supervisory departments, since the cooperation of these departments with the bank's various units and the executive management is essential to carry out their tasks. Supervisory departments are required to inform the senior executive management of any important issues that require immediate measures to be addressed if they are identified by any of these departments. This does not prevent these departments from informing the relevant committee/ sharia board about these matters.
- g. To provide the supervisory entity, the external and internal audit and any other relevant entities, at the time specified by such entities, with the required information and statements which are necessary to carry out their tasks in an optimal manner.
- h. To develop the bank's Code of Conduct, approve it by the board, and circulate it among all administrators in the bank.

- i. To develop the skills and professional behavior of the bank's employees to comply with the latest standards of ethics and code of professional conduct.
- j. To verify that there are appropriate supervisory controls for each activity or operation, and to separate the procedures administratively and practically among the tasks of approval and execution.
- k. The general manager, in addition to legislations in force, shall:
 - 1. Develop the strategic direction of the bank.
 - 2. Implement bank's strategies and policies.
 - 3. Implement the board decisions.
 - 4. Provide guidance for executing short and long- term action plans.
 - 5. Establish mechanisms to convey bank's vision, mission and strategy to employees.
 - 6. Inform the board of all important aspects of the bank's activities.
 - 7. Manage the daily activities of the bank.
- 8. To approve a detailed description of the tasks of each organizational unit (except for the supervisory departments that must be approved by the relevant committee/ sharia board), provided that all staff of the bank are informed of it each according to their specialization.

Article (11): Fit and Proper criteria of the Senior Executive Management Members

- a. The board shall approve a policy to ensure the fit and proper of the senior executive management members in the bank. Such policy shall include the standards, requirements and conditions that must be met by any member of the senior executive management. The board shall review this policy periodically, and set out adequate procedures and systems to ensure that all senior executive management members meet the fit and proper criteria and continue to do such.
- b. The board shall verify that the general manager enjoys integrity and has technical competency and banking expertise.
- c. The bank shall obtain the board's approval on appointing/ transferring/ promoting/ assigning or accepting the resignation of, or terminating the services of any of the senior executive management members in the bank.
- d. The board shall set up a succession plan to the senior executive management members in the bank, and review it at least once a year.
- e. The chairman shall ensure that the Central Bank is notified of any material information that may negatively affect the fit and proper of any member of the senior executive management.
- f. Any member appointed in the senior executive management of the bank shall meet the following conditions:
 - 1. Not to be a board member of any other bank unless it is a subsidiary.
 - 2. To be fully devoted for the management of the bank's activities.
 - 3. To hold a bachelor degree, as a minimum, in economics, finance, accounting, business administration, or any other similar specialties related to the bank business.
 - 4. To have at least five years of experience in the field of banking (mostly in the field of the job for which he is nominated) or related business, except for the general manager who must have at least ten years of experience in the field of banking.
 - 5. Not to be a major shareholder and not to be related to the chairman of the board, or any of the board's members, or any major shareholder in the bank up to a third degree kinship in the case of the general manager, and to a first degree kinship in the case of any other member of the senior executive management.
- g. The Bank shall obtain a No- Objection from the Central Bank before appointing/ transferring/ promoting/ assigning any member of the senior executive management, provided that the board's decision, the relevant committee's recommendation, the approved general organizational structure, the member's declaration (according to attachment (2) and its annex), CV, academic and experience certificates, a no- criminal record certificate, and a copy of the identification card (passport for non- Jordanians) shall be attached to the No- Objection request, since the Central Bank will not consider any No- objection request unless it is complete with the above attachments.
- h. The Bank shall obtain a No- Objection from the Central Bank on the resignation or termination of the services of the general manager, the internal and Sharia audit manager, risk management manager, compliance manager, Sharia compliance officer, and the Central Bank has the right call upon any administrator to inquire about the reasons of resignation or termination of services.

Article (12): Conflict of Interests

- a. The board shall approve a policy that governs conflict of interests of all forms including those arising from the bank's connection to the companies within the banking group, and shall approve the necessary measures to ensure the adequacy of the controls and internal supervision to monitor the compliance to this policy and prevent violations thereof. This policy shall include the following as a minimum:

1. Avoid activities that result in a conflict of the bank's interest and the interest of any administrator in the bank or of any sharia board member of all forms.
2. Immediate disclosure upon the verification of any issue that resulted in or may result in a conflict of the bank's interest and the interest of any administrator in the bank or of any sharia board member of all forms.
3. The board member shall not disclose the confidential information of the bank or use it to his/ her own interest or for the benefit of others, and the representative of the legal entity shall not disclose any confidential information circulated during the meetings of the board or its committees to any person, including any administrator of the legal entity.
4. The board member shall favor the bank's interest in all business transactions conducted with any other company in which he/ she has a personal interest. In addition, he/ she shall not use the bank's commercial business opportunities to his/ her own interest, and shall avoid conflict of interests and disclose to the board in detail any conflict of interests, if any, with a commitment not to attend a meeting or participate in a decision taken therein, where such a topic is discussed, and to record this disclosure in the minutes of any meeting of the board or its committees..
5. Examples of cases that result into conflict of interests, provided that they include conflicts that arise between the interest of the board member and the interest of the bank, or between the interest of the member of the Sharia Board and the interest of the bank, or between the interest of the member of the executive management and the interest of the bank, or between the interest of any of the companies within the banking group, subsidiaries or affiliates of the bank and the interest of the bank.
6. Identify the bank's related counterparties in accordance with the legislations in force and determine the conditions of transactions with those parties in a manner that ensures that the bank's related counterparty does not get better conditions than the conditions applied by the bank to another customer who does not have a relationship with the bank, and this includes all the bank's transactions with any of the companies within the banking group of which the bank is a part.
7. Determine the nature of transactions with the related counterparties to include all types of transactions without being limited to credit facilities only.
8. Procedures followed by the bank when identifying cases of non- compliance with the above policy.
 - b. The Board shall approve a code of professional conduct enabling the bank to carry out its business with high integrity, and includes at a minimum the cases that may result in a conflict of interests, and shall verify that it has been circulated to all administrative levels of the bank.
 - c. The internal audit department shall conduct a test at least once a year to ensure that all the transactions carried out with the bank's related counterparties have been executed in accordance with the legislations in force and the bank's internal policies and approved procedures, and it shall submit its reports and recommendations thereon to the audit committee. The audit committee shall inform the Central Bank upon verification of any violation of any of the legislations in force and internal policies in this field.
 - d. The board shall ensure that the executive management has high integrity in conducting their work, avoids conflict of interests, and objectively implements the approved policies and procedures.
 - e. The board shall approve controls for transfer of information among the various departments to prevent its exploitation for personal interest.

Article (13): Assessment of administrators Performance

- a. The board shall ensure the presence of a system to assess its business and its members and committees' businesses. Such system shall include the following at a minimum:-
 1. Key Performance Indicators (KPIs) derived from strategic plans and goals to be used for performance appraisal of the board and its committees.
 2. The communication between the board and the shareholders, and its periodicity.
 3. Periodicity of the meetings between the board and the senior executive management.
 4. The member's attendance of the meetings of the board and its committees and his/ her active participation in these meetings, as well as comparing his/ her performance with that of other members. A feedback shall be obtained from the concerned member in order to improve the evaluation process.
 5. The extent to which the member has developed his knowledge of the banking business through his/ her participation in training programs.
- b. The board shall annually assess the performance of the general manager according to a system prepared by the nomination and Remuneration committee and approved by the board, where it includes setting key performance indicators. The assessment standards of the general manager performance shall include at a minimum the financial and administrative performance of the bank compared to the size of the risks, and the general manager achievement of the bank's medium and long- term plans and strategies. A suitable weighting is set for each item of the assessment, provided that the committee shall notify the Central Bank of this assessment.
- c. The board shall approve a system to measure the performance of the bank's administrators other than the board members and the general manager. Such system shall take into consideration performance indicators that differ according to the nature of the departments' business and the extent to which they achieve their goals, provided that it shall include, as a minimum, the following:

1. A suitable weighting to measure the compliance with the framework of the risk management department and the compliance department and the implementation of internal controls and organizational requirements.
2. Gross income or profit shall not be the sole factor to measure the performance; that is other factors shall be considered to measure the performance of administrators such as, risks associated with major operations and the achievement of every department's goals and their annual plans, in addition to measuring customer satisfaction as applicable.
- d. The performance of the internal audit department's employees shall be assessed by the internal audit manager, in accordance with the performance appraisal policy approved by the board.

Article (14): Financial Remunerations for the administrators

- a. The board shall set procedures to determine its members' Remuneration based on the approved assessment system.
- b. The policy for granting financial Remuneration shall include the following elements as a minimum:
 1. To be designed to recruit and retain competent, skilled and experienced administrators as well as to motivate them and develop their performance.
 2. The controls related to the Remuneration of the chairman of the board, its members and committees for the tasks they carry out as stipulated in this guide; these Remunerations may vary according to the performance assessment of the board/ committees/ members and the bank's solvency and performance.
 3. To be designed to ensure that the administrators are motivated to achieve the bank's goals without causing high risks that may negatively affect the bank's solvency or reputation or expose it to legal risks.
 4. Granting the financial Remuneration shall not be based on the current year performance only, but it shall be based also on the medium and long- term performance (3-5) years.
 5. A mechanism for postponing the payment of a reasonable percentage of the Remunerations (excluding salaries), so that this percentage and the period of postponement are determined based on the nature and risks of the work as well as on the concerned administrator's activities.
 6. The form of Remuneration shall be determined in the form of fees, salaries, allowances, bonuses, stock options or any other benefits, provided that the instructions of effective interest ownership are considered.
 7. A mechanism for claw back the deferred Remuneration granted to the administrator in case it turns out later that there are any problems in his/ her performance or that he/ she exposed the bank to high risks due to the decisions that fall within his/ her authorities and were taken by him/ her and could have been avoided.
 8. Financial Remunerations shall not be granted to administrators of supervisory departments based on the results of the work of the departments under their supervision.

Article (15): Internal and Sharia Audit Department

- a. The board shall take the necessary measures to promote the effectiveness of the internal and sharia audit by giving the necessary importance to the internal and sharia audit activity and establishing it in the bank, ensuring and enhancing the independence of internal and sharia auditors, and giving them an appropriate position in the bank's career ladder. The board shall ascertain that they have the knowledge, skills and competence necessary to perform their tasks, and shall guarantee their access to all records and information, and to contact with any administrator to enable them to perform the duties assigned to them and prepare their reports without any interference.
- b. The board shall verify that the internal and sharia audit department is subject to the direct supervision of the audit committee, and that it reports directly to the audit committee with a copy sent to the general manager. In addition, the general manager has the right, with the approval of the audit committee chair, assign the internal and sharia audit department with assurance or consulting tasks, provided that this assignment does not affect the independence of the internal and sharia audit department.
- c. The internal audit department:

The internal audit shall carry out the following tasks as a minimum:

1. Verifying the adequacy of the internal control and monitoring systems for the activities of the bank and its subsidiaries and compliance with them, and reviewing and documenting any modifications made to the structure of these systems.
2. Developing an audit plan that comprises the bank's activities including the activities of other supervisory departments and outsourced activities, according to the risk degree of these activities, provided that this plan is approved by the audit committee.
3. Reviewing the compliance with the corporate governance code and its related policies and charters on an annual basis, preparing a detailed report thereof, and submitting it to the audit committee with a copy sent to the corporate governance committee.
4. Reviewing the accuracy and comprehensiveness of stress testing in accordance with the methodology approved by the board.
5. Ensuring the accuracy of the procedures followed for Internal Capital Adequacy Assessment Process (ICAAP).

6. Auditing the financial and managerial matters.
7. Following up the violations and observations included in the reports of the supervisory authority and the external auditor, and making sure to address them and that the executive management has the appropriate controls to prevent their recurrence.
8. Ensuring the availability of the procedures required for receiving, handling and keeping the complaints of the bank's customers, and the observations related to the accounting system, internal control, auditing processes, and submitting periodic reports thereof.
9. Keeping the audit reports and working papers, for a period consistent with the provisions of the legislations in force in this regard, in an orderly and safe manner to be ready for reviewing by the supervisory authority and the external auditor.

D. The internal sharia audit department:

1. The internal sharia audit department shall share draft preliminary reports and observations with the Sharia board to obtain their opinions and conclusions regarding Sharia issues when needed.
2. The audit committee shall make sure that the internal Sharia audit department is capable of carrying out the following tasks as a minimum:
 - a. Ensure the presence of an appropriate governance framework in line with the principles and rules of Sharia.
 - b. Check and assess the adequacy and effectiveness of the internal Sharia supervisory system in the bank.
 - c. Follow up the compliance of the bank to Sharia aspects, Fatwa and decisions issued by the Sharia board.
 - d. Follow- up the Sharia observations and violations contained in the reports of the supervisory entity and the external auditor, and ensure that they are addressed and that appropriate controls are in place with the executive management so as not to repeat them.
 - e. Set the internal Sharia audit plan, which contains bank's activities related to Sharia aspects including supervisory departments' activities according to the level of Sharia risks in those activities and commit to implement its provisions, provided that it is approved by the audit committee.
 - f. Check the liabilities and finances classified as Non- Performing Facilities or those which have been decided to be written off, and which have been funded by the joint investment accounts to verify not having trespassing or negligence by the bank.
 - g. Filtrate the gains violating Sharia and follow up the way they are dealt with as per the Sharia board decisions.
 - h. Verify that the executive management sticks to the policy which organizes the relationship among the shareholders and the investment accounts holders, in particular the bases of dividends distribution.
 - i. Submit an annual report about the efficiency and effectiveness of internal Sharia control and supervision systems, and any weakness in those systems, while providing proper corrective recommendations, to the audit committee and a copy for the Sharia board.

Article (16): Risk Management Department

- a. The board shall ensure the independence of the Risk Management Department and grant the department the authorities required to access information from other bank's departments and to cooperate with other committees to perform its tasks.
- b. The board shall verify the remedy of the overrides beyond the risk appetite, including accountability of the concerned senior executive management with such overriding.
- c. The board shall make sure that the Risk Management Department uses periodical Stress Testing to measure the bank's ability to withstand the high risks & stressed conditions. The board shall have also the main role in approving the used assumptions and scenarios, discussing the results of such tests, and approving the procedures to be taken in light of these results.
- d. The risk management department shall carry out the following tasks at the minimum:
 1. Implementing the risk management strategy in addition to developing policies and work procedures to manage all risks types.
 2. Developing a risk management policy(s) that covers all bank's activities and sets clear limits and thresholds for each type of risk, and ensuring that all the employees, each according to his/ her administrative level, are fully informed and aware of this/ these policy(s), while reviewing them periodically, provided that the risk management policy(s) shall be approved by the board.
 3. Developing a comprehensive statement for all the risk appetite by the bank and approving it by the board.
 4. Reviewing the Risk Management framework in the bank and approving it by the board.
 5. Developing the Internal Capital Adequacy Assessment Process Document (ICAAP), reviewing it periodically and verifying the implementation thereof, so that it shall be comprehensive, effective and capable to identify all risks that the bank may expose, taking into consideration the strategic plan of the bank and the capital plan, and this ICAAP document shall be approved by the board.
 6. Developing methodologies to identify, measure, analyze, assess and monitor every risks type.

7. Verifying the integration of the risk measurement mechanisms and methodologies with MIS used therein.
8. Developing Business Continuity Plan (BCP and approving it by the board, provided that it is tested periodically.
9. Before launching/ introducing any new (product/ service/ process/ system), ensuring that it is consistent with the bank's strategy, and that all risks arising therefrom, including operational/ information security/ cyber risks, have been identified and that the new monitoring controls and procedures or amendments made are in accordance with the bank's risk appetite threshold.
10. Providing necessary information on the bank risks, to be used for disclosure purposes.
11. Recommending to the Board committee on the bank exposures to risks, and recording the cases of exceptions to risk management policy.
12. Monitoring the adherence of the bank's executive departments with the risk appetite levels.
13. Reporting to the board through the Board committee, copying the bank general manager that includes information on actual risk profile of all bank's activities compared with the risk appetite document, and following up the remedy of negative deviations. The executive management has the right to request special reports, as needed, from the bank's Risk Management Department.

Article (17): Compliance Department

- a. The board shall ensure the independence of compliance department.
- b. The board shall approve the tasks of the compliance department, so that these tasks are as a minimum:
 1. Develop a compliance policy to ensure the bank's commitment to all related regulations, and to ensure that all the employees, each according to his/ her administrative level, are fully informed and aware of this policy, provided that such policy is approved by the board.
 2. Develop an annual compliance plan, and approve it by the compliance committee.
 3. Monitor the compliance of all the administrative levels in the bank with all the supervisory requirements and legislations in force and international standards including the FATF Recommendations.
 4. Develop periodic reports that include assessing the risks of non- compliance, violations, deficiencies and the corrective actions taken, and submitting them to compliance committee, with a copy sent to the general manager.

Article (18): Sharia Compliance

- a. The board shall ensure that there is a Sharia compliance function and that it performs its tasks effectively.
- b. The Sharia Board shall supervise the Sharia compliance function, which is in dotted line with the Sharia board- and submits its reports (quarterly/ annual) to the general manager and a copy of them to the Sharia board. The board must communicate, effectively and periodically, with the Sharia board to obtain its views on the general situation of Sharia compliance within the bank.
- c. The Sharia Board shall recommend to the board to approve the appointment of a Sharia Compliance Officer and accept his/ her resignation or terminate his/ her services based on the recommendation of the Nomination and Remuneration Committee.
- d. The Sharia board shall ensure supporting the Sharia compliance function with adequate resources and a sufficient number of qualified staff, provided that the employees shall have the following requirements as a minimum:
 1. An appropriate university degree along with knowledge of the origins of the Islamic financial transactions and the terms of contracts and the reasons behind their being void.
 2. Experience and knowledge of standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) as well as the Islamic Financial Services Board (IFSB).
- e. The bank shall identify the Sharia compliance requirements for each department, the person in charge within that department who is responsible for ensuring Sharia compliance in the course of work or during the performance of their tasks, and shall clearly define the scope of the Sharia compliance function and communicate it to the relevant staff.
- f. The bank shall ensure the independence of the Sharia compliance function from executive activities.
- g. The bank shall take the necessary procedures in case of Sharia non- compliance by the bank's employees, provided that these procedures include consideration of this in evaluating the employees' performance and their Remuneration.
- h. Sharia Compliance shall perform the following tasks, as a minimum:
 1. Preparing a comprehensive Sharia compliance policy, in coordination with the Sharia board, and having it approved by the board.
 2. Preparing a Sharia compliance code approved by the Sharia board, which includes defining the risks of Sharia non-compliance, as well as the procedures, supervisory controls, documentation and evaluation of the risks of Sharia non-compliance, and preparing an annual plan and developing Sharia compliance programs.

3. Preparing a system to monitor material risks related to Sharia non-compliance in coordination with the Risk Management Department, and developing an effective mechanism for reporting and managing the risks, and including these risks under the "Operational Risks" item while referring to them in the internal and regulatory risk reports, for purposes including calculating regulatory capital requirements.
4. Reviewing all new products and services before they are launched, as well as reviewing the policies, procedures, processes and transaction models related to them, to ensure their compatibility with the decisions and Fatwas of the Sharia board and the legislations that govern the work of the Islamic bank and with the provisions and principles of Islamic Sharia.
5. Cooperating with the bank in developing the Sharia skills of the bank's employees.
6. Coordinating with the internal Sharia audit department and the external auditor on matters related to Sharia compliance.
7. Cooperating with the Risk Management Department to periodically conduct comprehensive tests to identify, analyze and assess the risks of Sharia non-compliance regarding the products, services, processes, and policies, and to prepare a comprehensive scope of Sharia non-compliance risks.

Article (19): External Audit

- a. The bank shall develop a policy for external audit, and approve it by the board, provided that it is amended when necessary. Such policy shall include as a minimum the following:
 1. The mechanism of nomination and assignment of the auditing office.
 2. The mechanism of setting fees of the auditing office.
 3. The periodical alteration of the auditing office and team.
 4. The independence requirements of the external audit stipulated in paragraph (D) of this article as a minimum.
 5. The tasks of the auditing office and team.
 6. The relation between the auditing committee and the auditing office and team.
 7. Non-audit services that can be assigned to the audit office.
 8. Criteria of selecting the audit office and the partner in charge, taking into account the following requirements as a minimum:

A. Audit office:

1. The number of partners in charge for auditing at the office should be no less than two partners.
2. The office or the international company, which the office is deemed a member of, should have adequate experience of no less than (10) years in auditing banks.
- b. The partner in charge:
 1. Is to be of good conduct and behavior with sound professional reputation.
 2. Should not be convicted in any felony or crime for any act considered against honor, or duty of trust.
 3. Hold a valid certificate of practicing the profession of auditing, and is registered with the Jordanian Association of Certified Public Accountants according to the provisions of the law regulating the profession of accounting.
 4. Should not be suspended from practicing the auditing profession within the last five years, or have been convicted of a final judgment because of professional fault or legal violation related to practicing the profession.
 5. Must hold at a minimum a bachelor degree in the field of accounting or any of the fields relevant to the banking business.
 6. Hold one of the professional certificates in the field of accounting or auditing issued by one of the internationally acknowledged professional associations for legal accountants or auditors that is recognized by the Jordanian Association of Certified Public Accountants.
 7. Have a practical experience in the field of auditing for a period of no less than (10) years, with at least (7) years of which being in the field of banks' auditing, and to be fully knowledgeable of banking business and their risks as well as the related legislations including the legislations issued by the Central Bank.
 8. As for the experience and knowledge required for auditing Islamic banks, the auditor must:
 - a. Have practical experience in the field of auditing accounts for a period of no less than (10) years, at least (7) years of which being in the field of auditing banks' accounts, with no less than (2) years of it being in the field of auditing Islamic banks, and to be fully knowledgeable of legislations related to Islamic banks' business including the legislations issued by the Central Bank.
 - b. Be fully knowledgeable of Islamic banks' business, their risks, and the standards for accounting and auditing issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) and the Islamic Financial Services Board (IFSB).
 - c. The bank shall ensure regular rotation of the external auditor every seven years as a maximum, provided that the external auditor shall not be changed during the contract period except after obtaining the approval of the Central Bank and based

on substantial reasons.

- d. The previous office should not be re- elected before at least three years from the date of its last election with the bank.
- e. The audit committee shall verify the independence of the external auditor during the contract period, beginning and continuing, so as to ensure absence of any conflict of interests between the bank and the external auditor, and the board shall ensure that, and verify that the terms of contract with the external auditor include the following as a minimum:
 1. The external auditor cannot be a member of the bank's board or of the board of directors of any of its subsidiaries.
 2. The external auditor cannot permanently carry out any technical, administrative or consultative tasks for the bank or for any of its subsidiaries during the audit mission.
 3. The external auditor cannot be partner with any member of the bank's board/ sharia board/ senior executive management, or with any member of the subsidiaries' board/ Sharia Board/ directors' body/ senior executive management.
 4. The partner in charge or any member of the auditing team shall not relate, up to the second degree, with any member of the board, any member of the Sharia Board, any member of the senior executive management of the bank or any of its subsidiaries.
 5. The external auditor cannot own or deal with the shares of the bank or any of the bank's subsidiaries, whether directly or indirectly.
 6. The external auditor shall not combine auditing of the bank's accounts and any of non-audit services assigned to the office.
- e. The Audit Committee shall verify the qualifications and effectiveness of the external auditor and shall ensure that the letter of engagement clearly includes the scope of the audit, fees, contract period and any other conditions, taking into consideration the nature of the bank, the size of its business, the complexity of its operations and risks.

Article (20): General Provisions

- a. The chairman of the board shall, well ahead of time, invite the Central Bank to attend the General Assembly meetings by nominating a representative.
- b. The chairman of the board shall provide the Central Bank with the General Assembly meeting minutes within no more than 5 days since the date of attesting the minutes by the companies' controller or its representative.
- c. The bank shall inform the Central Bank, at least 30 days prior to the General Assembly meeting date, of its desire to nominate the external auditor to be elected (or re- elected) by the General Assembly.
- d. The bank shall verify that any major shareholder in the bank is not related, including kinship up to the third degree, to the General Manager and the first degree to any other member of the senior executive management.
- e. The bank shall take into account the representation of women in the membership of the board and in the senior executive management.
- f. The bank shall obtain a no- objection letter from the Central Bank to nominate any member to the board or any member to the Sharia board prior to the date of the meeting of the general assembly of the bank with a sufficient period of not less than one month, and it shall notify those who wish to be nominated that there must be a no- objection letter of the Central Bank to that.
- g. The bank shall provide the Central Bank with its general organizational structure when making any amendment to it, with a clarification of that amendment.
- h. The bank shall provide the Central Bank with information on the board members, its committees, members of its senior executive management, and of its Sharia board according to the attached forms (4/1, 4/2, 4/3, 4/4) once an amendment takes place.
- i. The bank shall provide the Central Bank with information on the board members, and senior executive managements of its subsidiaries (including the subsidiaries thereof) inside and outside the Kingdom, according to the attached forms (5/1, 5/2, 5/3) once an amendment takes place.

Governance Report

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Names of the Board of Directors members 2023

name	date of re-election	Trait of independence / Representative
Dr. "Mohammed Naser" Abu Hammour	Chairman of the Board since 29/4/2021	Non-independent Representative of Al Etihad Islamic for Investment Co
Samir Abu Lughod	He was re-elected to the Board of as Since of 29/04/2021 Deputy Chairman of the Board Since 20/7/2023	Independent
Basem Salfiti	Since 29/4/2021	Non-independent Representative of Al Etihad Islamic for Investment Co
Deema Aqel	Since 29/4/2021	Non-independent Representative of Al Etihad Islamic for Investment Co
Dr. Nofan Alaqil	Since 29/4/2021	Non-independent Representative of Social Security Corporation
Dr. Ibrahim Saif	Since 29/4/2021	Non-independent Representative of Al Etihad Islamic for Investment Co
Dr. Abd AlGhani Al Ftaisi	Since 4/1/2023	Non-independent Representative of Al Etihad Islamic for Investment Co
Dr. Anas Bohowish	Since 4/1/2023	Non-independent Representative of Al Etihad Islamic for Investment Co
Dr. Khaled Zentuti	Since 29/4/2021	Independent
Salem Burqan	Since 29/4/2021	Independent
Ihssan Barakat	Since 6/7/2023	Independent

All board members are non-executives.

name	Resignation date	Trait of independence / Representative
Abd Al-Rahim Al-Hazaymeh	18/6/2023	Independent Orphans Fund Development Foundation

Names of the Members of Shari'a Supervisory Board 2023

His Eminence Prof. Dr. Ali Al Qaradaghi	Since 22/9/2020 *	Chairman of the Shari'a Supervisory Board
His Eminence Dr. Ahmad Melhem Deputy	Since 22/11/2020 **	Chairman of the Shari'a Supervisory Board
His Eminence Dr. Ali Musa	Since 29/4/2021	Member of the Shari'a Supervisory Board
His Eminence Dr. Safwan Edibat	Since 29/4/2021	Member of the Shari'a Supervisory Board

* * The Sharia Supervisory Board approved the appointment of Prof. Dr. Ali Al Qaradaghi as Chairman of the Sharia Supervisory Board and an executive member of it on 22/9/2020, noting that Prof. Dr. Ali Al Qaradaghi held the position of Vice President from 28/4/2018 until 21/9/2020.

** The Sharia Supervisory Board approved the appointment of His Eminence Dr. Ahmad Melhem Deputy as Vice-Chairman of the Sharia Supervisory Board on 22/11/2020, knowing that His Eminence Dr. Ahmad Melhem Deputy held the position of a member of the Sharia Supervisory Board from 28/4/2020 until 21/11/2020.

Resigned Shari'a Supervisory Board members during 2023

There are no resignations among the members of the Bank's Sharia Supervisory Board during the year 2023

Executive Management of Safwa Islamic Bank

Samer “Al Saheb Al Tamimi”	General Manager/ Chief Executive Officer
Rami Al khayyat	Deputy CEO, Chief of Corporate Banking
Hani Al-Zrari	Deputy CEO, Chief of Operations
Ziad Kokash	Deputy CEO, Chief Credit Officer
Nesfat Taha	Chief of Retail Banking
Wael Al-Bitar	Chief of Treasury and Investment
Rawand Al Turk(Since 14/9/2023)	Head of Compliance
Masoud “Sakf al-Hait”	Chief of Legal and Board Secretary
Muneer Faroneyah	Head of Sharia Compliance*
Mohammad Hawari	Head of Human Capital Management
Khalid Al-Issa	Head of Internal and Sharia Audit**
Ahmad Jafar	Head of Risk Management
Ahmad Ghnaim	Chief Financial & Corporate Strategies Officer

***Mr. Muneer Faroneyah was transferred to the position of Head of Sharia Compliance instead of Head of Internal Sharia Audit, effective 19/9/2023.**

**** The job title of Mr. Khalid Al-Issa has been modified to become Head of Internal and Sharia Audit, effective 19/9/2023**

Resigned Executive Management members during 2023

Ahmad Tarteer	11/5/2023	Head of Compliance
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Name of Governance Officer in the Bank

Rawand Al Turk / Head of Compliance

Names of Committees Originating from the Board

- NRC Committee
- Governance Committee
- Risk Committee
- Compliance Committee
- Audit Committee
- IT Steering Committee
- Facilities Committee

Name of head and members of Governance Committee, NRC Committee And Risk Committee

Corporate Governance Committee

- Dr. "Mohammed Naser" Abu Hammour (Chairman)
- Samir Abu Lughod (Deputy Chairman)
- Ihssan Barakat

NRC Committee

- Salem Burqan (Chairman)
- Samir Abu Lughod (Deputy Chairman)
- Basem Salfiti

Risk Committee

- Dr. Khaled Zentuti (Chairman)
- Deema Aqel (Deputy Chairman)
- Salem Burqan
- Samir Abu Lughod
- Dr. Abd AlGhani Al Ftaisi

Name of the Audit Committee Members and a brief profile on their relative qualifications and experiences concerning financial and accounting affairs:

Samir Abu Lughod (Chair of the Committee)

Qualifications:

- Bachelor's Degree in Accounting 1976.

Professional experience and membership:

- Member of The Audit Committee – The International Criminal Court / The Hague, Netherlands March 2020-December 2022.
- Chair of the Audit Committee - The International Criminal Court / The Hague, Netherlands March 2017-March 2020.
- Member of the Audit Committee - The International Criminal Court / The Hague, Netherlands January 2016-March 2017.
- Country Senior Partner - PWC, Jordan (2009-2012).
- Managing Partner - EY, Jordan (2002-2009).
- Office Managing Partner - Arthur Andersen, Jordan (1979-2002).
- Senior Auditor - Saba&Co 1976-1979.

Dr. Khaled Zentuti

Qualifications:

- PhD in Finance Administration and Management of Organization and Marketing , Bosphorus University Turkey 1992.
- MBA in Management Accounting University of Hartford C.T USA (Hons) 1982.
- Bachelor of Accounting, Faculty of Economics, Qaryounis University, Benghazi, Libya 1976.

Experience and Memberships:

- (1988 – 2000) Different positions , as Manager and DM in different companies owned by Libyan Arab Foreign Investment Company (LAFICO) in Turkey, Italy, Germany, Pakistan, Egypt.
- (2000 – 2002) State Secretary – Investment and International Cooperation – Libyan Cabinet.
- (2002 – 2004) Chairman and General Manager Libyan Arab Foreign Investment Co. (LAFICO).
- (2012 – 2016) Full time Ass. Proff. Of Finance and Accounting at PUST University.
- (2004 – 2012) General Manager and Chairman of the Management Committee / Long Term Investment Portfolio /Libya - Tripoli.
- (2012 - 2016) Advisor to Bank Al-Etihad Amman / Jordan.
- (2004 - 2012) Vice Chairman of the Board of Directors of the British Arab Bank London / Britain.
- (2007 - 2012) Vice Chairman / Union Bank Amman Jordan 2007/2012.
- (2009 - 2012) Vice Chairman of the Board / Libyan Foreign Bank / Tripoli Libya.
- (2010 - 2012) Member of the Board of Directors of the Arab Banking Corporation ABC Manama Bahrain.

Dr. Anas Bohowish

Qualifications:

- D. of International Financial Business, International School of Management, Paris, France.
- MA of Accountancy (specializing in discussing sectoral reports in commercial banks), University of Benghazi, Libya.
- BA of Accountancy, University of Benghazi, Libya.

Experience and Memberships:

- Member of the Board of Directors, the Libyan Investment Corporation.
- Chairman of the Audit, Risk, and Compliance Committee, Libyan Investment Authority.
- Adviser to the Minister of Finance for Investment Affairs (formerly).
- Professor in Accounting Department, University of Benghazi, Libya (formerly).

Number of BOD Meetings and its Committee's during 2023

Board / Committee	NRC Committee	Governance Committee	Compliance	Audit Committee	Risk Committee	IT Steering Committee	Facilities Committee	Board of Directors Meetings
Number of Meetings	3	3	4	7	5	4	16	7
BOD Number Name								
Dr. "Mohammad Naser" Salem Abu Hammour	-	3/3	-	-	-	-	16/16	7/7
Samer Abu Lughod	3/3	3/3	2/2(B)	7/7	3/3(D)	-	-	6/7
Abd Al-Rahim Al-Hazaymeh ((since 18/6/2023)	-	2/2(J)	2/2(A)	2/2(E)	-	-	-	3/3
Dr. Nofan Alaqil	-	-	4/4	-	-	4/4	-	7/7
Deema Aqel	-	-	4/4	-	5/5	-	16/16	7/7
Basem Slfiti	3/3	-	-	-	-	4/4	15/16	7/7
Dr. Abd AlGhani Al Ftaisi (Since 4/1/2023)	-	-	-	-	3/3(F)	-	-	7/7
Dr. Anas Bohowish (Since 4/1/2023)	-	-	-	5/5(G)	-	3/4	-	7/7
Dr. Ibrahim Saif	-	-	-	-	-	4/4	16/16	7/7
Dr. Khaled Zentuti	-	-	2/2(C)	7/7	5/5	-	-	7/7
Salem Burqan	3/3	-	-	-	7/7	-	16/16	8/8
Ihssan Barakat Since (6/7/2023)	-	1/1(H)	2/2(I)	-	-	-	-	4/4

* A specialized adjudication committee met with the supervisor, the president's criteria, the Sharia president's criteria, and the head of audit and legitimacy Once during the year, without the presence of any other members of senior executive management.

* The Board of Directors met with the Sharia Supervisory Board (twice) during the year 2023

- A. From meeting No. 1/2023 until meeting No. 2/2023, as its membership ended based on the corporate governance instructions for banks No. 2/2023 dated 2/14/2023.
- B. From Meeting No. 1/2023 until Meeting No. 2/2023, when the committee was reconstituted on 6/18/2023.
- C. From Meeting No. 1/2023 until Meeting No. 2/2023, since the committee was reconstituted on 6/18/2023.
- D. From Meeting No. 3/2023 until Meeting No. 5/2023, since the committee was reconstituted on 6/18/2023.
- E. From meeting No. 1/2023 until meeting No. 2/2023, as its membership ended based on the corporate governance instructions for banks No. 2/2023 dated 2/14/2023.
- F. From Meeting No. 3/2023 until Meeting No. 5/2023, since the committee was reconstituted on 6/18/2023.
- G. From meeting No. 3/2023 until meeting No. 7/2023, since the committee was reconstituted on 6/18/2023.
- H. One meeting was held after joining the Board of Directors membership
- I. From meeting No. 3/2023 until meeting No. 4/2023, where two meetings were held after she joined the membership of the Board of Directors.
- J. From the 1/2023 meeting until the 2/2023 meeting, as his membership ended based on the corporate governance instructions for banks No. 2/2023 dated 2/14/2023.

Membership of the Board of Directors, which is occupied by a member of the Board of Directors in other companies

Dr. "Mohammed Naser" Abu Hammour - Chairman of the Board

- Chairman of the Board of Al Salam Transport Company
- Chairman of the Board of Al Salam Investment Company
- Chairman of the Board of Directors of the Luxury Restaurants Company
- Chairman of the Board of Directors of the Jordanian Institute of Marine Studies

Samir Abu Lughod

- No membership.

Basem Salfiti

- Non-Executive Board Member, Bank Al-Etihad.
- Member of the Board of Directors, Al-Etihad Islamic Investment Co..
- Non-Executive Board Member of Delta Insurance and Advisory .
- Vice Chairman of the Board of Directors of Sout Al Kanar
- Investment Company Chairman of the Amman Store Managers Authority for Real Estate Projects Management

Deema Aqel

- Non-Executive Board Member, AL Etihad Brokerage Company.

Dr. Nofan Alaqil

- No membership.

Dr. Abd AlGhani Al Ftaisi

- No membership.

Dr. Anas Bohowish

- Member of the Board of Directors of the Libyan Investment Corporation

Dr. Khaled Al Zantouti

- No membership.

Dr. Ibrahim Saif

- Member of the Board of Director, Jordan Loan Guarantee Corporation.
- Member of the Board of Director of the Jordanian National Shipping Lines Company.
- Member of the Board of Directors of Manaseer Group for Industrial & Commercial Investments.
- Member of the Board of Directors of Jordan Institute of Maritime Studies.
- Member of the Board of Directors of Jordan Maritime Complex Real Estate Investments.
- Member of the Board of Directors of Doha Al Adab Educational Investment.
- Member of the Board of Directors of Blue Diamond Company for Trading Oil Derivatives

Salem Burgan

- Member of the Board of Directors, Jerusalem Insurance Company

Ihssan Barakat

- No membership

Chairman of the Board

Dr. "Moh'd Naser" Salem Abu Hammour





Introducing a Novel and Innovative
Banking Model to Meet Contemporary Demand



IT Governance Guide for Information Management and Associated Technology

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Introduction

Safwa Islamic Bank (formerly Jordan Dubai Islamic Bank) was established in Amman, in the Hashemite Kingdom of Jordan, and was registered as a public shareholding company in the Companies Register on 23/6/1963 under No. 8 under the name Industrial Development Bank. It was established under Law No. 5 of 172, which was repealed by the Law of Repeal of the Industrial Development Bank Law No. 26 of 2008, to be replaced by Safwa Islamic Bank legally and in actuality.

In line with the Instructions for Information Governance and Associated Technology, the Safwa Islamic Bank Board and Executive Management have approved several measures to equate the Information Technology Department with other important key business departments in the Bank. The Bank used the COBIT 2019 framework for governance and management of information, technology and IT projects. It helps to create optimal value from IT by maintaining a balance between achieving benefits and improving risk levels and resource utilization. COBIT 2019 also enables IT to comprehensively control entire projects. It takes into account functional and technological responsibilities from start to finish and considers IT-related interests from internal and external stakeholders. It works on an integrated IT risk management framework that is consistent with the Bank's overall risk management processes, based on sound procedures and practices that lead to sound risk-based decision-making mechanisms. It ensures achieving added value at the lowest costs, while mitigating expected losses and risks in a way that reflects the Bank's vision in this regard and within the risk appetite as much as possible.

Definitions

The following words and phrases, wherever stated in in regulation, shall have the meanings ascribed to them, unless context requires otherwise:

Concerned word	phrase
Bank	Safwa Islamic Bank
Board	The Board of Directors of Safwa Islamic Bank
Committee	Governance and management of IT and associated technology
Organizational Structure	The organizational structure of the Bank, contained in the annex.
	The organizational structure of the Bank, contained in the annex.
Senior Executive Management	Comprises the Bank General Manager, Deputy General Manager, Chief Financial Officer, Chief Operations Officer, Risk Management Director, Internal and Sharia Audit Director, Internal Sharia Audit Department Manager, Treasury Director (Investment), Compliance Director in addition to any employee at the Bank who has executive power parallel to any of the foregoing and is functionally directly linked to the General Manager, in a manner that does not conflict with human capital policies.
Stakeholders	Any party who has an interest in the Bank such as shareholders, employees, creditors, customers, external suppliers or relevant regulatory authorities.
Relevant Parties	Persons, groups or institutions that have a direct or indirect interest in the Bank, as they effect or are affected by its practice or activities.
Guide	A guide to the governance and management of information and associated technology, which aims to provide recommendation and guidance for the work of the Committee.
Information Governance and Associated Technology	Distribution of roles and responsibilities, and describing relations between various parties, entities and stakeholders, such as the Board of Directors and Executive Management. In order to maximize the institution's added value, by following the optimal approach that ensures a balance between risks and expected returns. Done by adopting the rules, foundations and mechanisms necessary for decision-making, determining the strategic directions and objectives of the Bank, and mechanisms for monitoring and assessing degree of compliance, in a manner that ensures the Bank's sustainability and development.
Information Management and Associated Technology	A set of ongoing activities that fall under the responsibility of the Executive Management and include planning for the purpose of achieving strategic objectives, including alignment and organization; construction and development activities, including procurement and implementation; operational activities, including service delivery and support; monitoring activities, including measurement and evaluation; in a manner that ensures the sustainability of the Bank's objectives and strategic directions.
IT Governance Processes	A set of practices and activities emanating from the institution's policies, necessary to achieve the objectives of information and associated technology.
Information and Associated Technology Objectives	A set of main and sub-objectives related to governance and management activities for information and associated technology necessary to achieve institutional objectives.
Corporate Objectives	A set of objectives related to governance and institutional management necessary to meet the needs of stakeholders and the objectives of these instructions.
Auditor	The person (natural or legal) or the competent authority to examine the Bank's operations pertaining to IT, in line with the requirements of the instructions in this regard. The Bank's management shall agree with the person to achieve those requirements for a period not less than 3 consecutive years and not more than 6 consecutive years.
Cyber Adaptation	The Bank's ability to anticipate, endure, contain and recover quickly from attack.
Cybersecurity	Maintaining the confidentiality, integrity and availability of the Bank's information and information assets within cyberspace from any cyber threat through a set of relevant means and policies.
On-Site, for the Head Office Building	Place of operation is in the same head office building of the Bank Jordan.
Off-Site, for a different building	Place of operation is in a building other than the that of the Bank head office in Jordan, but in the same governorate.
Near-Site	Place of operation is in a governorate other than that of the Bank head office in Jordan.
Off-Shore, for a different country	Place of operation is in a country other than that of the Bank head office in Jordan.

Scope of Work

The IT Department is responsible for this guide. Compliance with application is monitored by all the Bank's supervisory departments. The guide shall be reviewed when the need arises.

The scope of application of this guide covers all Safwa Islamic Bank's operations that use IT in the different branches and departments. All parties shall be considered stakeholders concerned in the implementation of these instructions, each according to their position and role.

General Policies and Provisions

Key Stakeholders' Responsibilities:

- The Chairman, Board members and external experts whose responsibilities include managing the governance project/program, approving project tasks and duties, supporting and providing the necessary funds.
- General Manager and Senior Management:
 - Their responsibilities include hiring persons with the right expertise in the Bank's operations to represent them in the project, and outline their tasks and responsibilities.
- IT Department and Project Management Office (PMO):
 - Their responsibilities include project/program management.
- Internal and External Audit:
 - Their responsibilities include directly auditing the implementation of instructions, participating in the project/program, which represents the role of internal audit in operational matters as an independent consultant and observer to facilitate the success and completion of the project/program, ensure instructions are implemented, and submit the necessary reports to the concerned parties in accordance with the approved audit plan.
- Ensure the availability of the necessary human competencies and supporting systems that enable the department to play the audit role in this area to the fullest.
- Risk Management, Information Security, Compliance and Legal Departments:
 - Their responsibilities include participation in the project/program representing the role of those departments.
- Specialists, and those certified with technical and professional certificates (COBIT Design 2019/ COBIT Foundation) who are appointed from within and outside the Bank:
 - Their responsibilities include the role of a mentor to disseminate knowledge of a certain standard, and facilitate the implementation process.
- The Board of Directors of Safwa Islamic Bank is responsible for overseeing the implementation of the five governance processes, which include administrative organization; assessment, guidance and monitoring; as well as the "Risk Optimization Assurance" process (EDM 03) and the "APO12 Risk Management" process, in line with the governance instructions issued by the Central Bank of Jordan.

The objectives of Governance and Management of Information and Associated Technology are to achieve the following:

A. Meeting the needs of stakeholders and achieving the Bank's objectives by benefitting from the governance framework as follows:

- Facilitate the creation of added value by providing electronic services that comply with the instructions of governance and management of information and associated technology, to ensure that risks are dealt with diligently, and promote the optimal use of resources.
- Provide information quality assurance to support decision-making.
- Provide the infrastructure for electronic services that enable the Bank to achieve its objectives.
- Sustain the development of the Bank's operations by increasing the automation of the implemented processes and activating the use of effective, reliable and purposeful technological systems.
- Risk management for IT to ensure the necessary protection of the Bank's assets.
- Building an electronic system that complies with the requirements of laws, regulations and instructions.
- Improve the reliability of the internal control environment.
- Maximize the level of satisfaction of IT users efficiently and effectively to meet their business needs.
- Manage the services provided by suppliers or partners (outsourcing) who provide their services/products to the Bank, or implement the Bank's operations, services and products.

- B. The use of COBIT 2019 is the reference standard for the design of all electronic systems and successful and effective solutions, in order to achieve the objectives of the Bank and all stakeholders.
- C. Separation of governance and management, in accordance with internationally recognized standards of governance and management of information and associated technology.
- D. Achieving inclusiveness in governance and management of information and associated technology, not only technology itself, but also providing the seven enablers according to COBIT 2019.
- E. Building work practices and rules and organization according to the best international standards with regard to both fields: IT governance, and IT projects and resources.
- F. Strengthening the mechanisms of self-censorship, independent control and compliance examination in the areas of governance and management of information and associated technology, in a way that contributes to the continuous work development and improvement.
- G. COBIT objectives and the remaining six enablers associated with activities related to cybersecurity, risk management, privacy and data protection, compliance, monitoring, auditing, and strategic compliance, shall be considered high importance and priority focus areas.
- H. The Capability Level of activities related to the objectives contained in the reference framework COBIT 2019, and associated enablers, must be directly proportional to the level of importance and priority. This shall be based on the results of the study conducted by the Information Technology Governance Committee referred to above, provided that the capability level of the activities related to the objectives of high importance and priority is not less than Level 3 (Fully Achieved), according to the COBIT 2019 capability scale. Within the goals of senior management (with no more than 9 of 35 total goals) as goals of the lowest importance and priority, depending on the results of the study of governance and management of information and associated technology system approved by the Information Governance Committee.

3. Internal and External Audit:

External and internal audit should review the allocation and management of IT resources, projects and all operations related to the Bank's business, as well as participate in what represents the role of internal audit in executive matters as an independent consultant and observer. It is permissible to approve internal and external auditor reports by the Information Technology Governance Committee.

4. Risk, Compliance and Legal Affairs:

One of the most important risk-related roles in the Bank, is the integration of governance and management of risk in general with IT governance and associated technology, and its management within the Bank. The Legal Department is involved in providing legal advice and guidance on legal issues such as sales, procurement, customer support, partnership, licensing, and others. As for the Compliance Department, it performs its role in keeping the Bank's activities in compliance with all relevant instructions (whether they are instructions by legislative bodies in Jordan or internationally mandatory) and ensure the Bank's compliance with these instructions.

Attribution

A. This guide is based on Central Bank of Jordan' Instructions No. 65/2016 and Circular No. 10/6/984 dated 21/1/2019, in addition to the COBIT 2019 framework. It must be reviewed and updated on a regular basis by the IT Governance Committee, or when instructions are issued in this regard by the Central Bank of Jordan.

B. The Bank shall publish this guide on the Website in a manner suitable for public viewing. The Bank shall disclose in its annual report the existence of a special guide for the governance and management of information and the extent of compliance with it.

Committees

Safwa Islamic Bank has formed the following committees:

A. Information Governance Committee - Board of Directors.

B. Information Technology and Security Steering Committee.

C. Safwa Islamic Bank's Board has approved the organizational structures (hierarchical and committee structures) for IT resource management and projects, information risk and security management, which meet the operational needs of its governance of information and associated technology system, and achieves efficiency and effectiveness.

Information Technology Governance Committee - Board of Directors:

1. In accordance with Central Bank instructions, the Bank has formed its IT Governance Committee. The committee comprises at least three members selected for their expertise and strategic knowledge in the IT field.

2. The committee shall meet on a quarterly basis at least, and shall keep documentation of the meetings. The committee bylaws shall include the following tasks:

- A. Adopting IT strategic objectives of IT and suitable organizational structures, including steering committees at the level of senior executive management, in particular the IT steering committee. This is to ensure the achievement and fulfillment of the strategic objectives of the Bank and gain the best added value from IT resource projects and investments. The use of necessary tools and standards to monitor and ensure the extent to which this has been achieved, such as the IT Balanced Scorecard system. Calculating return on investment (ROI), and measuring the contribution to increased financial and operational efficiency.
- B. Adopting the general framework for the management, control and monitoring of IT resources and projects that simulates the best accepted international practices in this regard, specifically COBIT. It shall be aligned with, and meet the objectives and requirements of the governance and management of information and associated technology Instructions No. 65/2016 by achieving institutional objectives in a sustainable manner, and achieving the objectives matrix of information and associated technology.
- C. Adopting the matrix of institutional objectives, and the objectives of information and associated technology, considering their inputs as a minimum, and describing the sub-objectives necessary to achieve them.
- D. Adopting a matrix of responsibilities (RACI Chart) for the main processes of IT governance and its sub-processes in terms of: The entity(s), or persons or parties primarily Responsible, those ultimately held Accountable, those Consulted and those who are Informed, for all operations guided by the COBIT 2019 Enabling Processes in this regard.
- E. Ensuring that there is a general framework for IT risk management, in line and integrated with the overall risk management framework in the Bank, and that takes into account and meets all IT governance processes.
- F. Approving the budget for IT resources and projects in line with the strategic objectives of the Bank.
- G. General supervision and review of the progress of IT operations, resources and projects to ensure their adequacy and effective contribution to achieving the Bank's requirements and business.
- H. Review the audit IT reports, and take the necessary measures to address deviations.
- I. Recommending to the Board to take the necessary measures to correct any deviations.
- J. Submitting periodic reports to the Board.
- K. Deciding on the importance and prioritization of Governance and Management Objectives, and the extent to which they are related to Enterprise Goals and Alignment Goals. In addition, determining their link to the rest of the six enablers or components contained in the instructions. This shall be based on a qualitative and/or quantitative study prepared for this purpose at least annually, and taking into account the Design Factors contained in COBIT 2019 Design Guide.

Information Technology and Security Steering Committee:

The Bank has formed an IT Steering Committee of senior executive management to ensure strategic alignment of IT and achieve the Bank's strategic objectives in a sustainable manner. Therefore, the committee was appointed and formed under the chairmanship of the CEO, and the membership of each of the senior managers of the executive management, including the Director of Information Technology, Director of Risk Management and Director of Information Security. One of the members of the Board of Directors was elected to be an observer member of this committee as well as the Head of the Internal and Sharia Audit Department. Other parties may be invited to attend the meetings, when needed. The committee shall document its meetings, provided that meetings are held periodically at least once every three months for this committee. The bylaws contained the following tasks:

1. Develop annual plans to ensure the achievement of the strategic objectives approved by the council, supervise their implementation to ensure their achievement, and monitor the internal and external factors affecting them on an ongoing basis.
2. Linking the matrix of institutional objectives with the matrix of information objectives and associated technology, approving and reviewing them on an ongoing basis in a manner that ensures the achievement of the Bank's strategic objectives and the objectives of the instructions, taking into account the definition and review of a set of measurement standards, and assigning the concerned executive management to monitor them on an ongoing basis and inform the committee of this.
3. Recommending the allocation of financial and non-financial resources necessary to achieve the objectives and IT governance processes. The use of the competent and appropriate human element in the right place through organizational structures that include all the processes necessary to support the objectives taking into account the separation of tasks and non-conflict of interest. The development of technological infrastructure and other related services to serve the objectives. Oversees the implementation of IT governance projects and processes.
4. Arranging IT projects and programs according to priority.
5. Monitoring the level of technical and technological services and working to raise their efficiency and improve them continuously,

6. Submitting the necessary recommendations to the IT Governance Committee regarding the following matters:
 - A. Allocate the necessary resources and mechanisms to achieve the tasks of the Information Technology Governance Committee.
 - B. Any deviations that may adversely affect the achievement of strategic objectives.
 - C. Any risks beyond the risk appetite related to technology, security, information protection and cybersecurity.
 - D. Performance reports and compliance with the requirements of the general framework for the management, control and monitoring of IT resources and projects.
7. Providing the IT Governance Committee with the minutes of meetings, as soon as they occur, and obtaining feedback upon their review.

IT Governance Objectives and Processes

The Information and Associated Technology Governance Committee are responsible for adopting a set of objectives for the Bank and IT, in accordance with the COBIT 2019 framework. The objectives shall be presented, reviewed and appropriate ones specified, which meet stakeholders' needs. The IT Steering Committee is primarily responsible for ensuring compliance to achieving its requirements. The IT Governance Committee, and the Board as a whole, assume the ultimate responsibility in this regard. All the Bank's departments, in particular IT, information security management and project management define and reformulate their processes to simulate and cover the requirements of all IT governance processes.

Safwa Islamic Bank has adopted successive objectives in COBIT 2019 to translate the needs of stakeholders into specific, implementable and customized goals, and objectives related to IT and enablers (components). This translation allows setting specific goals at all levels and in all departments and branches of the Bank to support the general objectives and requirements of stakeholders.

The Board and the Risk Management Department are directly responsible for «Ensuring Prudent IT Risk Management» and «Risk Management» processes.

Principles, Policies and Frameworks

The Information and Associated Technology Governance Committee undertakes the necessary policies to ensure the management of IT operations. They shall be considered a minimum, with the possibility of combining these policies according to the nature of the work.

The five core principles of the governance framework:

Safwa Islamic Bank's Information and Technology Governance Framework is based on five core principles of COBIT 2019:

- Principle 1: Applying a flexible governance system
- Principle 2: Achieving inclusiveness
- Principle 3: Creating value for stakeholders
- Principle 4: Implementing an integrated governance system
- Principle 5: Compliance with the requirements and needs of the Bank
- Principle 6: Separation of governance from management

Governance Framework

Flexible, adjustable and updatable framework

Built as a Conceptual model

Adopting business practices and rules and organization according to the main standards

The Board, or its delegated committees, shall adopt principles, policies and frameworks, in particular those related to IT risk management, information security management, and human resources management, that meet the requirements of IT governance processes.

Information and Reports

The Board and the senior executive management are responsible for developing the necessary infrastructure and information systems to provide information and reports to its users as a basis for the Bank's decision-making processes.

IT Services, Software and Infrastructure

The Board, or its delegated committees and senior management, shall approve the system of services, programs and infrastructure supporting to achieve the objectives of the Bank and reach an acceptable level in the governance of information and associated technology.

Knowledge, Skills and Experience

- A. The Board, or its delegated committees, shall approve the HR Competencies matrix, and HR management policies, which are necessary to meet the requirements of IT governance processes, and the requirements of these instructions in general. Meanwhile, ensuring that the right person is placed in the right position.
- B. The Bank's management shall recruit qualified and trained human resources from persons with experience in the fields of IT resource management, risk management, information security management and internal and external IT audit management. They shall be hired based on the standards of academic and professional knowledge, and practical experience, recognized by qualified international associations under the International Accreditation Standards for Professional Certification Institutions (ISO/IEC 17024) and/or any other equivalent standards, each according to its specialization. Existing employees shall also be trained and requalified to meet the aforementioned requirements within two years from the date of these instructions.
- C. Executive management is responsible for providing employees with continuous training and education programs, to maintain a level of knowledge and skills that meets and achieves IT governance processes.
- D. The executive management is responsible for including objective measurement criteria to employees' annual performance evaluation mechanisms, which shall take into account the contribution through the job position to achieving the Bank's objectives.

Value, Morals and Behavior System

- A. The Board, or its delegated committees, shall adopt an institutional professional ethical system that reflects the accepted international professional code of conduct regarding the handling of information and associated technology. The system shall clearly define the desirable and undesirable rules of conduct and their consequences.
- B. The Board and senior executive management employ various mechanisms to encourage the application of desirable behaviors, and avoidance of undesirable behaviors, through the adoption of governance methods.



