ARAB CO-OPERATION FOR FINANCIAL INVESTMENTS COMPANY
(A LIMITED LIABILITY COMPANY)
AMMAN – JORDAN

FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023 TOGETHER WITH THE INDEPENDENT AUDITOR'S REPORT

ARAB CO-OPERATION FOR FINANCIAL
INVESTMENTS COMPANY
(A LIMITED LIABILITY COMPANY)
AMMAN - JORDAN
DECEMBER 31, 2023

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INDEPENDENT AUDITOR'S REPORT

AM/ 017623

To the Partner of
Arab Co-Operation for Financial Investments Company
(A Limited Liability Company)
Amman - Jordan

Report on the Audit of the Financial Statements

Opinion
We have audited the financial statements of Arab Co-Operation for Financial Investments Company (a Limited Liability Company), which comprise of the statement of financial position as at December 31, 2023, and the statement of profit or loss and other comprehensive income, statement of changes in partner's equity and statement of cash flows for the year then ended, and a summary of material accounting policies information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS Accounting Standards).

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

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

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

The Company's management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRS Accounting Standers), and for such internal control as management determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also

- Identify and assess the risks of material misstatement of the 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 the one resulting from error, as fraud may involve collusion, forgery, intentional omission, 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 internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidenced obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty 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 Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represents the underlying transactions and events in a manner that achieves fair presentation.

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.

Also, we provide with those in charge with governance evidence of our compliance to the profession ethics and independence, yet communicating with them in regards of all these matters and other matters that might affect our independence and whichever applicable to protect our independency and ethics.

Report on Other Legal and Regulatory Requirements
The Company maintains proper accounting records duly organized and in line with the accompanying financial statements. We recommend to approve these financial statements.

Deloitte & Touche

Amman – Jordan
March 11, 2024

Deloitte & Touche (M.E.) – Jordan

Deloitte & Touche (M.E.)
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ARAB CO-OPERATION FOR FINANCIAL INVESTMENTS COMPANY
(A LIMITED LIABILITY COMPANY)
AMMAN – JORDAN
STATEMENT OF FINANCIAL POSITION

	Note	December 31, 2023	December 31, 2022
		JD	JD
ASSETS			
Balances with banks and other financial institutions	4	5,752,771	7,126,579
Trade receivables - Spot	5/A	2,810,641	2,504,426
Trade receivables - Margin	5/B	31,425,155	32,100,927
Other debit balances	6	148,766	213,216
Land held for sale	7	1,696,734	1,696,734
Deferred tax assets	12/C	1,391,766	1,198,072
Property and equipment – net	8	60,690	76,630
Intangible assets	9	61,128	79,941
TOTAL ASSETS		43,347,651	44,996,525
LIABILITIES AND PARTNER'S EQUITY			
LIABILITIES:			
Due to banks	10	12,293,076	11,602,175
Accounts payables – Financial Brokerage		5,738,851	7,067,819
Other credit balances	11	185,198	1,331,197
Cash margins		54,539	94,305
Income tax provision	12/A	266,958	395,706
TOTAL LIABILITIES		18,538,622	20,491,202
PARTNER'S EQUITY:			
Paid up capital	13/A	15,600,000	15,600,000
Statutory reserve	13/B	6,231,786	6,188,895
Retained earnings	14	2,977,243	2,716,428
TOTAL PARTNER'S EQUITY		24,809,029	24,505,323
TOTAL LIABILITIES AND PARTNER'S EQUITY		43,347,651	44,996,525

THE ACCOMPANYING NOTES FROM (1) TO (24) CONSTITUTE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

ARAB CO-OPERATION FOR FINANCIAL INVESTMENTS COMPANY
(A LIMITED LIABILITY COMPANY)
AMMAN – JORDAN
STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME

	Note	For the Year Ended December 31, 2023	2022
		JD	JD
REVENUE:			
Trading commissions	15	854,385	816,083
Interest income		3,502,084	3,051,721
(Losses) from currency differences		(34,748)	(97,876)
Other revenue		22,252	33,190
Total Revenue		4,343,973	3,803,118
EXPENSES:			
Administrative expenses	16	1,946,054	1,886,819
Provision for expected credit losses on financial assets	4 & 5	1,071,107	(19,203)
Provision for expected credit losses - Indirect facilities	11	300	(1,304)
Financing costs		851,775	338,269
Depreciation and amortization	8 & 9	45,827	29,112
Total Expenses		3,915,063	2,233,693
Profit for the year before income tax		428,910	1,569,425
Income tax expense	12/B	(125,204)	(427,432)
Profit for the year / Total comprehensive income		303,706	1,141,993

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ARAB CO-OPERATION FOR FINANCIAL INVESTMENTS COMPANY
(A LIMITED LIABILITY COMPANY)
AMMAN – JORDAN
STATEMENT OF CHANGES IN PARTNER'S EQUITY

	Paid up-Capital	Statutory Reserve	Retained Earnings	Total
	JD	JD	JD	JD
For the Year 2023				
Balance as of January 1, 2023	15,600,000	6,188,895	2,716,428	24,505,323
Total comprehensive income for the year	-	-	303,706	303,706
Transferred to statutory reserve	-	42,891	(42,891)	-
Balance – End of the Year	15,600,000	6,231,786	2,997,243	24,809,029
For the Year 2022				
Balance as of January 1, 2022	15,600,000	6,031,953	2,780,031	24,411,984
Total comprehensive income for the year	-	-	1,141,993	1,141,993
Transferred to statutory reserve	-	156,942	(156,942)	-
Dividends (note 13/c)	-	-	(1,048,654)	(1,048,654)
Balance – End of the Year	15,600,000	6,188,895	2,716,428	24,505,323

- An amount of JD 1,391,766 within the retained earnings balance as of December 31, 2023 is restricted, against the deferred tax assets to the actual recognized amount according to the instructions of the Central Bank of Jordan and the Jordan Securities Commission (JD 1,198,072 as of December 31, 2022).

THE ACCOMPANYING NOTES FROM (1) TO (24) CONSTITUTE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE ACCOMPANYING INDEPENDENT AUDITOR’S REPORT.

ARAB CO-OPERATION FOR FINANCIAL INVESTMENTS COMPANY
(A LIMITED LIABILITY COMPANY)
AMMAN – JORDAN
STATEMENT OF CASH FLOWS

	Notes	For the Year Ended December 31, 2023	2022
		JD	JD
CASH FLOW FROM OPERATING ACTIVITIES			
Profit for the year before income tax		428,910	1,569,425
Adjustments			
Depreciation and amortization	8 & 9	45,827	29,112
Provision (surplus) for expected credit losses on financial assets	4 & 5	1,071,107	(19,203)
Provision (surplus) for expected credit losses - Indirect facilities	11	300	(1,304)
Losses (gain) on disposal of property and equipment		-	2,395
Cash Flows from Operating Activities before changes in Working Capital		1,546,144	1,580,425
Changes in working capital:			
(Increase) in trade receivables		(701,550)	(3,988,636)
Decrease (increase) in other debit balances		64,450	(43,757)
(Decrease) in trade payables – Financial Brokerage		(1,328,968)	(336,917)
(Decrease) in other credit balances		(97,645)	(49,690)
(Decrease) increase in cash margins		(39,766)	69,931
Net Cash Flows (used in) Operating Activities before Income tax paid		(557,335)	(2,768,644)
Income tax paid	12/A	(447,464)	(597,532)
Net Cash Flows (used in) Operating Activities		(1,004,981)	(3,366,176)
CASH FLOW FROM INVESTING ACTIVITIES			
(Purchase) of property and equipment	8	(10,649)	(65,701)
(Purchase) of intangible assets	9	(425)	(67,783)
Net Cash Flows (used in) Investing Activities		(11,074)	(133,484)
CASH FLOW FROM FINANCING ACTIVITIES			
Dividends paid		(1,048,654)	(1,200,388)
Net Cash Flows (used in) Financing Activities		(1,048,654)	(1,200,388)
Net (Decrease) in Cash		(2,064,709)	(4,700,048)
Cash and cash equivalents - Beginning of the year		(4,475,596)	224,452
Cash and Cash Equivalents - End of the Year	4	(6,540,305)	(4,475,596)
Non-Cash transactions:			
Financing Activities			
Unpaid dividends		-	1,048,654

THE ACCOMPANYING NOTES FROM (1) TO (24) CONSTITUTE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

1. General Information

Arab Co-Operation for Financial Investments was registered and incorporated as a limited liability Company in Jordan on January 25, 1990. The Company registered "ABC Investments" as its trade name on September 30, 2002. The Company's activities include assets management and brokerage on behalf of its clients at Amman Stock Exchange and abroad, in addition to offering financial consulting services for investing in securities and for new stock offerings.

The Company is a wholly owned subsidiary of Arab Banking Corporation (Jordan), of which the Arab Banking Corporation (Bahrain) owns approximately 86.7%.

The Board of Directors approved the financial statements on February 11, 2024.

The financial statements of the Company are consolidated with the financial statements of Arab Banking Corporation (Jordan).

2. Material Accounting Policies

- The financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS Accounting Standards) issued by the International Accounting Standards Board (IASB) and the Interpretations of the International Financial Reporting Interpretations Committee.

- The financial statements have been prepared on the historical cost basis.

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

- The accounting policies used in the preparation of the financial statements are consistent with those used in the preparation of the annual financial statements for the year ended December 31, 2022, except for the effect of the application of the new and revised standards as stated in notes (3 – (a) & (b)).

Below are the significant accounting policies used by the Company:

Segment Information

- Business sectors represent a Company of assets and operations that jointly provide products or services subject to risks and returns different from those of other business sectors (measured in accordance with the reports sent to the operations management and decision makers in the Company).

- The geographical sector relates to providing products or services in a specific economic environment subject to risk and returns different from those of sectors functioning in other economic environments.

Financial Instruments

Initial Recognition and Measurement

Financial assets and financial liabilities are recognized in the Company's statement of financial position when the Company becomes a party in the contractual clause.

Recognized financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributed to the acquisition or to the issuance of the financial assets and financial liabilities are either added to, or deducted from, the fair value of the financial assets or financial liabilities, according to the necessity during the initial recognition. Moreover, transaction costs that are directly attributed to the acquisition of financial assets or financial liabilities at fair value through the statement of profit or loss are recognized immediately in profit or loss statement.

If the transaction price differs from the fair value at initial recognition, the Company will process the difference as follows:

- Fair value is recognized at a quoted price in active markets for assets or liabilities identical in nature, or according to a valuation method that only uses input data that are measurable in the markets. Where profit or loss differences are recognized at initial recognition (i.e., profit or loss in day one).

- In all other cases, fair value is adjusted to be in line with the transaction price (i.e., which means that the profit or loss from day one will be deferred and included to the assets or liability recorded at the initial carrying amount).

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

Financial Assets

Initial Recognition

All financial assets are recognized on the trading date when the purchase or sale of a financial asset is under a contract which terms require delivery of the financial asset within the timeframe established by the targeted market. Financial assets are initially measured at fair value, plus transaction costs, except for those financial assets classified at fair value through the statement of profit or loss. Transactions cost directly attributed to the acquisition of the classified financial assets at fair value through the profit or loss are recognized in the statement of profit or loss.

Subsequent Measurement

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

- Debt instruments held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI), are subsequently measured at amortized cost;
- Debt instruments held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are SPPI, are subsequently measured at fair value through other comprehensive income;
- All other debt instruments (e.g., debt instruments managed on a fair value basis or held for sale) and equity investments are subsequently measured at fair value through the statement of profit or loss.

However, the Company may irrevocably make the following selection /designation at the initial recognition of a financial asset on an asset - by-asset basis:

- The Company may irrevocably select to present subsequent changes in fair value of an equity investment that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies, in other comprehensive income; and

- The Company may irrevocably designate a debt instrument that meets the amortized cost or fair value through other comprehensive income criteria as measured at fair value through the statement of profit or loss, if doing so eliminates or significantly reduces an accounting mismatch (referred to as the fair value option).

Debt Instruments at Amortized Cost or at Fair Value through Other Comprehensive Income
The Company assesses the classification and measurement of a financial asset based on the contractual cash flow characteristics of the asset and the Company business model for managing the asset.

For an asset to be classified and measured at amortized cost or at fair value through other comprehensive income, contractual terms should bring cash flows that are solely payments of principal and interest on the principal outstanding (SPPI).

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

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

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

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

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

- The stated policies and objectives of the portfolio and application of those policies whether the management strategy focuses on obtaining contractual revenues, maintaining specific profit rate matching the profit of financial assets with the period of financial liabilities that finance those assets.
- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel; and
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way in which those risks are managed; and

- How the business managers are compensated (e.g., whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

At initial recognition of a financial asset, the Company determines whether newly recognized financial assets are part of an existing business model or whether they reflect the commencement of a new business model. The Company reassess its business models each reporting period to determine whether the business models have changed since the preceding period.

When a debt instrument measured at fair value through other comprehensive income is derecognized, the cumulative gain/loss previously recognized in other comprehensive income is reclassified from equity to the statement of profit or loss. In contrast, for an equity investment designated as measured at fair value through other comprehensive income, the cumulative gain/loss previously recognized in OCI is not subsequently reclassified to profit or loss but transferred within equity.

Debt instruments that are subsequently measured at amortized cost or at fair value through other comprehensive income are subject to impairment.

<u>Reclassifications</u>
If the business model under which the Company holds financial assets changes, the financial assets affected are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the change in business model, which results in reclassifying the Company's financial assets. During the current financial year and previous accounting period, there was no change in the business model under which the Company holds financial assets; and therefore, no reclassifications were made. The changes in the contractual cash flows are considered under the accounting policy on the modification and de-recognition of financial assets described below.

<u>Impairment</u>
The Company recognizes the expected credit loss on the following financial instruments that are not measured at fair value through the statement of profit or loss:

- Balances and deposits at banks and financial institutions.
- Accounts receivable.
- Off statement of financial position exposures subject to credit risk (Issued Financial Guaranteed contracts).

No impairment loss is recognized on equity instruments.

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

- 12-month ECL, i.e., lifetime ECL that results from those default events on the financial instrument that are possible within 12 months after the reporting date, (referred to as Stage 1); or

- 12-month ECL, i.e., lifetime ECL that results from all possible default events over the life of the financial instrument, (referred to as Stage 2 and Stage 3).

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

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

For unutilized loan limits, the ECL is the difference between the present value of the difference between the contractual cash flows that are due to the Company if the holder of the commitment draws down the loan and the cash flows that the Company expects to receive if the loan is utilized; and

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

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

Credit-impaired Financial Assets

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

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or past due event;
- The lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- The disappearance of an active market for a security because of financial difficulties; or
- The purchase of a financial asset at a deep discount that reflects the incurred credit losses.

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

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

Definition of Default

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

The Company considers the following as constituting an event of default:

- The borrower is past due more than 90 days on any material credit obligation to the Company; or
- The borrower is unlikely to pay its credit obligations to the Company in full.

Defaults are design appropriately to reflect the different characteristics of different types of assets.

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

Significant Increase in Credit Risk

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

The Company does not consider financial assets with "low" credit risk at the date of issuing the financial statements that it has not had a significant increase in credit risks. As a result, the Company monitors all financial assets, issued loan commitments, and financial guarantee contracts that are subject to impairment for significant increase in credit risk.

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

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

For corporate lending, forward-looking information includes the future prospects of the industries in which the Company's counterparties operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organizations, as well as consideration of various internal and external sources of actual and forecast economic information. For retail lending, forward-looking information includes the same economic forecasts as corporate lending with additional forecasts of local economic indicators, particularly for regions with a concentration to certain industries, as well as internally generated information of customer payment behavior. The Company allocates its counterparties to a relevant internal credit risk grade depending on their credit quality. The quantitative information is a primary indicator of significant increase in credit risk and is based on the change in lifetime PD by comparing:

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

The PDs used are forward looking, and the Company uses the same methodologies and data used to measure the loss allowance for ECL.

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

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

As a backstop when an asset becomes more than (30) days past due, the Company considers that a significant increase in credit risk has occurred, and the asset is in stage 2 of the impairment model, i.e., the loss allowance is measured as the lifetime ECL.

Modification and De-recognition of Financial Assets

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

The Company renegotiates loans to customers in financial difficulty to maximize collection and minimize the risk of default. A loan forbearance is granted in cases where although the borrower made all reasonable efforts to pay under the original contractual terms, there is a high risk of default, or default has already happened, and the borrower is expected to be able to meet the revised terms. The revised terms in most of the cases include an extension of the maturity of the loan, changes to the timing of the cash flows of the loan (principal and interest repayment), reduction in the amount of cash flows due (principal and interest forgiveness) and amendments to covenants. The Company has an established forbearance policy, which applies for corporate and retail lending.

When a financial asset is modified, the Company assesses whether this modification results in de-recognition. In accordance with the Company's policy, a modification results in de-recognition when it gives rise to substantially different terms. To determine if the modified terms are substantially different from the original contractual terms, the Company considers the following:

- Qualitative factors, such as contractual cash flows after modification are no longer SPPI, change in currency or change of counterparty, the extent of change in interest rates, maturity, covenants. If these do not clearly indicate a substantial modification, then;
- A quantitative assessment is performed to compare the present value of the remaining contractual cash flows under the original terms with the contractual cash flows under the revised terms, both amounts discounted at the original effective interest.

In the case where the financial asset is derecognized, the loss allowance for ECL is re-measured at the date of de-recognition to determine the net carrying amount of the asset at that date. The difference between this revised carrying amount and the fair value of the new financial asset with the new terms will lead to a gain or loss on de-recognition. The new financial asset will have a loss allowance measured based on (12) month ECL except in the rare occasions where the new loan is considered to be originated- credit impaired. This applies only in the case where the fair value of the new loan is recognized at a significant discount to its revised nominal amount because there remains a high risk of default which has not been reduced by the modification. The Company monitors credit risk of modified financial assets by evaluating qualitative and quantitative information, such as if the borrower is in past due status under the new terms.

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

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

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

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

The Company derecognizes a financial asset only when the contractual rights to the asset's cash flows expire (including expiry arising from a modification with substantially different terms), or when the financial asset and substantially all the risks and rewards of ownership of the asset are transferred to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and recognizes a collateralized borrowing for the proceeds received.

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

Write-off

Financial assets are written off when the Company has no reasonable expectations of recovering the financial asset. This is the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. A write-off constitutes a de-recognition event. The Company may apply enforcement activities to financial assets written off. Recoveries resulting from the Company's enforcement activities will result in the statement of profit or loss.

Provision for Expected Credit Losses

Receivables with fixed or determined payments not quoted in an active market are classified as loans and receivables. Furthermore, they are initially recognized at amortized cost plus directly attributable acquisition costs, if any, and are subsequently measured at amortized cost using the effective interest method less the provision for impairment (also referred to as the "expected credit loss provision"), if any.

The effective interest method is defined as the method of calculating the amortized cost of any financial asset and allocating interest income during the period in question. The effective interest rate is the rate that accurately discounts the estimated future cash receipts during the expected life of the financial asset, or upon completion, through a shorter period.

Interest income (if any) is recognized through applying the effective interest rate, except for short-term receivables where the recognition of interest is immaterial.

The Company recognizes a provision for expected credit losses in receivables and on financial guaranteed contracts, if any. The expected credit losses are updated on each reporting date to reflect the changes in creditworthiness since the initial recognition of the relevant financial instrument.

The Company continually records the expected credit losses over the lifetime of the receivables. Moreover, the expected credit losses of such financial assets are estimated using certain systems for the provision based on the Company's past credit loss experience and adjusted in line with the factors relating to the debtors, general economic conditions, and the assessment of both the current and future conditions at the date of the financial statements, including the time value of the asset as required.

For all other financial assets, the Company recognizes the expected credit losses over their lifetime if there has been a significant increase in credit risk since initial recognition. However, if there have been no significant changes in the credit risk of the financial instrument since initial recognition, the Company measures the loss provision for the financial instrument at an amount equivalent to the expected credit losses for 12 months.

The Lifetime Expected Credit Losses represent the expected credit losses that result from all possible default events over the expected life of a financial instrument. In contrast, the 12-month Expected Credit Losses denote the portion of the Lifetime Expected Credit Losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

In assessing whether the credit risk on a financial instrument has increased substantially since initial recognition, the Company compares the risk of default on the financial instrument at the reporting date with the risk of default on the financial instrument at the date of initial recognition. In this regard, the Company takes into consideration reasonable and supportable information, both quantitative and qualitative, including historical experience and future information available at no cost or major effort. Moreover, future information includes future prospects for the areas in which the Company's debtors operate and is obtained from the reports of economic experts, financial analysts, government bodies, think tanks and other similar organizations, as well as consideration of various external sources and the forecasting of economic information related to the Company's core operations.

Financial assets are assessed as impaired when one or more events have a negative impact on the estimated future cash flows of the assets.

The expected credit losses are the discounted outcome of both the Probability of Default (PD), Loss Given Default (LGD), and Exposures at Default (EAD).The probability of default is the probability that the debtor will fail to meet his financial obligations either over the next 12 months (probability of default for 12 months) or over the remaining time period (probability of default for the lifetime) of the financial liabilities. Moreover, the loss given default represents the expected exposure at default. In this respect, the Company derives the loss given default based on the default of the current exposure of the financial instruments and the likely changes in the allowable amounts in the contract including amortization. The loss given default for each financial asset is the total of its carrying amount. Meanwhile, the exposures at default are the expected loss on the occurrence of default, its expected value when realized, and the time value of the asset.

The Company expects to apply the approach applied in the parent Company of the Arab Banking Corporation to recognize the expected credit losses over the life of the receivables as permitted by IFRS (9). Accordingly, non-impaired receivables do not contain a core financing component within the second stage, and the expected credit losses are recognized over their lifetime.

The objective evidence that the debt instrument has been impaired is whether there is any settlement of principal and interest overdue for more than 90 days, or whether there are any known difficulties in cash flows, including the sustainability of the counterparty's business plan, low credit rating, and breach of the original terms of the contract and its ability to improve performance when financial difficulties arise, as well as the deterioration in the value of collaterals, etc. In this respect, the Company assesses whether there is objective evidence of impairment on an individual basis for each asset of individual value, and collectively for other assets that are not significant on an individual basis,

Provisions for the expected credit losses are presented as a deduction from the total carrying amount of the financial assets at amortized cost.

Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to receive the cash flows from the asset expire, or the Company has transferred the financial asset with all significant risks and rewards of ownership to any other enterprise. If the Company has neither transferred nor retained substantially the risks and rewards of ownership of the transferred asset, the Company recognizes its recoverable amount in the transferred asset and the related liabilities that the Company may have to pay. However, if the Company retains substantially all the risks and rewards of ownership of the transferred asset, the Company continues to recognize the financial asset.

Upon derecognition of any financial asset measured at amortized cost, the difference between the carrying amount of the asset and the considerate receivable or accrued receivable amount is recognized in the statement of profit or loss.

Financial Liabilities and issued equity instruments

Debit classification or equity instruments

Debits and equity instruments are classified either as financial liabilities or owners’ equity all in accordance with the content of the contractual arrangements and definitions of the financial liabilities and the owners’ equity.

Equity instruments

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

Financial Liabilities

All financial liabilities are subsequently measured at amortized cost using the effective yield method or at fair value through profit or loss. Financial liabilities that are not (1) likely to be incurred by the acquiree in a business combination, (2) held for trading, or (3) determined at fair value through profit or loss are subsequently measured at amortized cost using the effective yield method.

Other accounts payable initially classified as "financial liabilities" are measured at fair value less transaction costs and are subsequently measured at amortized cost using the effective yield method. Interest expense is recognized on an effective yield basis except for short-term liabilities if it is not essential to recognize the yield.

The effective yield method is the method of calculating the amortized cost of financial liabilities and the distribution of interest expense over the period. The effective interest rate is the rate that exactly discounts the expected future cash payments within the expected life of the financial obligation or through a shorter period, as appropriate.

Derecognition of financial liabilities
The Company derecognizes financial liabilities when it receives exemption from such liabilities, or the liabilities are cancelled or expire. The difference between the book value of the canceled liability and the payment against it or the accrued amount is recognized through profit or loss.

Foreign Currency Exchange Gains and Losses
The carrying amount of financial assets recorded in foreign currency is determined and translated at the rate prevailing at the end of each reporting period, specifically:

- For financial assets measured at amortized cost that are not part of a designated hedging relationship, exchange differences are recognized in the statement of profit or loss; and

- For debt instruments measured at fair value through comprehensive income that are not part of a designated hedging relationship, exchange differences on the amortized cost of the debt instrument are recognized in the statement of profit or loss while other exchange differences are recognized in comprehensive income in the revaluation reserve; and

- If the financial liabilities are part of a portfolio managed on a fair value basis, in accordance with a documented risk management or investment strategy; or

- If there is a derivative included in the underlying financial or non-financial contract and the derivative is not closely related to the underlying contract.

Fair Value
The closing (bid) price (purchasing assets/selling liabilities) at the date of the financial statement reporting in active markets represents the fair value of the financial instruments that has a quoted price. In case of unavailability of a quoting price nor any trading activity for some of the financial instruments or unactive markets, fair value is estimated using a variety of methods such as:

- Comparing the current market value for the financial instrument with other much alike financial instrument.

- Analyzing the forecasted future cash flow and deduct the expected cash flows by a percentage of usage of alike financial instrument.

- Options pricing forms.

These pricing methods aims to reflect an expected fair value in markets, considering market factors and any other related risks or expected beneficiaries may arise in the estimation of the financial instrument, moreover in case of existence of instruments that are not expected to be priced fairly to rely on, the instruments are presented at cost after decommissioning any impairments in its value.

Land Held for Sale
Land held for sale is valued at the lower of cost or net realizable value, Impairment losses on land held for sale is recognized in the statement of profit or loss and statement of comprehensive income.

Property and Equipment
Property and equipment are measured at cost less accumulated depreciation and any impairment, Property and equipment are depreciated when they are ready for use, using straight-line method over its expected useful life at annual rates from 15% to 25%.

Where the carrying values of property and equipment exceed the estimated recoverable amounts, the assets are written down to their recoverable amount, and the impairment is recorded in the statement of profit or loss and statement of comprehensive income.
Useful life of property and equipment is reviewed at each year end; changes in the expected useful life are treated as changes in accounting estimates.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal.

Intangible Assets
Intangible assets are initially measured at cost.

Intangible assets are classified based on assessment of their useful lives to definite and indefinite. Intangible assets with finite lives are amortized over their useful economic lives and records as an expense in the statement of profit or loss, while intangible assets with indefinite useful lives are assessed for impairment at each reporting date, and impairments is recorded in the statement of profit or loss and statement of comprehensive income.

Indications of impairment of intangible assets are reviewed and their useful economic lives are reassessed at the date of the financial statements. Moreover, the useful life of the intangible assets is reviewed and any, adjustments are reflected in the subsequent periods.

Internally generated intangible assets are not capitalized and are expensed in the profit or loss statement.

Revenue Recognition
Interest income is recorded using the effective interest rate method except for fees and interest on doubtful debts, on which interest is transferred to the interest in suspense account and not recognized in the statement of profit or loss.

Commission income is recognized upon rendering of the related services.

Cash and Cash Equivalents
Cash and cash equivalents comprise cash on hand and balances with Company’s and other financial institutions that mature within three months, less due to Company’s due within three months and restricted cash balances.

Income Tax
Income tax expenses represent accrued taxes.

Current tax is based on taxable profits, which may differ from accounting profits published in the financial statements. Accounting profits may include non-taxable profits or tax-deductible expenses which may be exempted in the current or subsequent financial years, or accumulated losses which are accepted for tax purpose, or other nontaxable or deductible items.

Taxes are calculated based on the tax rates prescribed according to the prevailing laws, regulations, and instructions in Jordan.

Deferred taxes are taxes expected to be paid or recovered as a result of temporary timing differences between the value of the assets and liabilities in the financial statements and the value of the taxable amount. Moreover, deferred taxes are calculated on the basis of the statement of financial position liability method according to the tax rates expected to be applied at the tax settlement date or the realization of the deferred tax assets or liabilities.

Provisions
Provisions are recognized when the Company has a present obligation arising from a past event and the costs to settle the obligation are both probable and able to be reliably measured.

Offsetting
Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the

recognized amounts and the Company intends to either settle on a net basis, or to realize the asset and settle the liability simultaneously.

Lease Contracts
Leasing contracts are classified as financing lease once the terms of the lease states to transfer all related risks and benefits in eventually the lease ownership transfers to the lessee essentially, all other leasing contracts are classified as operating lease.

The Company as a Lessor
Operating leases are recoded in the fixed installments method the lease lifetime, initial condemned direct cost in the terms and arrangements of the operating lease are added to the book value of the lease assets and recorded in accordance to the fixed instruments to the lifetime of lease contract method.

The Company as a Lessee
Obtained assets through financing lease contracts are recorded upon initial recognition at fair value in the beginning of the lease or at current lowest value of installments, whichever is lowest, and lease payables are recorded at the same current amount due to. Lease installments are divided between lease expenses and impairment of financing lease payable to achieve a stable interest rate on the remaining balance of the lease, and it's recorded as lease expenses directly to the profit or loss statement.

Operating lease are recorded as expenses according to the fixed rate installments upon lifetime of the lease contract method.

3. Adoption of New and Revised Standards

a. New and amended IFRS Standards that are effective for the current year

The following new and revised IFRSs, which became effective for annual periods beginning on or after January 1, 2023, have been adopted in these financial statements. The application of these revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

IFRS 17 Insurance Contracts (including the June 2020 and December 2021 Amendments to IFRS 17)

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts.

IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach. The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees.

The Company does not have any contracts that meet the definition of an insurance contract under IFRS 17.

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements— Disclosure of Accounting Policies

The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The IASB has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.

Amendments to IAS 12 Income Taxes—Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences. Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting profit nor taxable profit.

Following the amendments to IAS 12, an entity is required to recognise the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12.

Amendments to IAS 12 Income Taxes— International Tax Reform—Pillar Two Model Rules

The IASB amends the scope of IAS 12 to clarify that the Standard applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the OECD, including tax law that implements qualified domestic minimum topup taxes described in those rules.

The amendments introduce a temporary exception to the accounting requirements for deferred taxes in IAS 12, so that an entity would neither recognise nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes

Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors—Definition of Accounting Estimates

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". The definition of a change in accounting estimates was deleted.

b. New and revised IFRS Accounting Standards in issue but not yet effective

At the date of authorisation of these financial statements, the Compnay has not applied the following new and revised IFRS Accounting Standards that have been issued but are not yet effective The Management anticipates that these new standards, interpretations and amendments will be adopted in the Company financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments, may have no material impact on the financial statements of the Company in the period of initial application:

Amendments to IFRS 10 Financial Statements and IAS 28 Investments in Associates and Joint Ventures—Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The effective date of the amendments has yet to be set by the IASB; however, earlier application of the amendments is permitted.

Amendments to IAS 1 Presentation of Financial Statements—Classification of Liabilities as Current or Non-current

The amendments to affect only the presentation of liabilities as current or noncurrent in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2024, with early application permitted.

Amendments to IAS 1 Presentation of Financial Statements—Non-current Liabilities with Covenants

The amendments specify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date (and therefore must be considered in assessing the classification of the liability as current or noncurrent). Such covenants affect whether the right exists at the end of the reporting period, even if compliance with the covenant is assessed only after the reporting date (e.g. a covenant based on the entity's financial position at the reporting date that is assessed for compliance only after the reporting date).

The IASB also specifies that the right to defer settlement of a liability for at least twelve months after the reporting date is not affected if an entity only has to comply with a covenant after the reporting period. However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants (including the nature of the covenants and when the entity is required to comply with them), the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2024, with early application permitted.

Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures—Supplier Finance Arrangements

The amendments add a disclosure objective to IAS 7 stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows. In addition, IFRS 7 was amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to concentration of liquidity risk.

The term 'supplier finance arrangements' is not defined. Instead, the amendments describe the characteristics of an arrangement for which an entity would be required to provide the information.

To meet the disclosure objective, an entity will be required to disclose in aggregate for its supplier finance arrangements:

- The terms and conditions of the arrangements
- The carrying amount, and associated line items presented in the entity's statement of financial position, of the liabilities that are part of the arrangements
- The carrying amount, and associated line items for which the suppliers have already received payment from the finance providers
- Ranges of payment due dates for both those financial liabilities that are part of a supplier finance arrangement and comparable trade payables that are not part of a supplier finance arrangement
- Liquidity risk information

The amendments, which contain specific transition reliefs for the first annual reporting period in which an entity applies the amendments, are applicable for annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted.

Amendment to IFRS 16 Leases—Lease Liability in a Sale and Leaseback
The amendments to IFRS 16 add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. The amendments require the seller-lessee to determine 'lease payments' or 'revised lease payments' such that the seller-lessee does not recognise a gain or loss that relates to the right of use retained by the seller-lessee, after the commencement date.

The amendments do not affect the gain or loss recognised by the seller-lessee relating to the partial or full termination of a lease. Without these new requirements, a seller-lessee may have recognised a gain on the right of use it retains solely because of a remeasurement of the lease liability (for example, following a lease modification or change in the lease term) applying the general requirements in IFRS 16. This could have been particularly the case in a leaseback that includes variable lease payments that do not depend on an index or rate.

As part of the amendments, the IASB amended an Illustrative Example in IFRS 16 and added a new example to illustrate the subsequent measurement of a right-of-use asset and lease liability in a sale and leaseback transaction with variable lease payments that do not depend on an index or rate. The illustrative examples also clarify that the liability, that arises from a sale and leaseback transaction that qualifies as a sale applying IFRS 15, is a lease liability.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted.

Significant Accounting Judgments and key Sources of Uncertainty Estimates
Preparation of the financial statements and application of the accounting policies require the Company management to make judgments, estimates, and assumptions that affect the amounts of financial assets and financial liabilities and to disclose potential liabilities. Moreover, these estimates and judgments affect revenues, expenses, provisions, in general, expected credit losses, as well as changes in fair value that appear in the statement of comprehensive income and within shareholders' equity. In particular, the Bank's management requires judgments to be made to estimate the amounts and timing of future cash flows. These estimates are necessarily based on multiple hypotheses and factors with varying degrees of estimation and uncertainty. Meanwhile, the actual results may differ from estimates due to the changes arising from the conditions and circumstances of those estimates in the future.

Judgments, estimates, and assumptions are reviewed periodically. Moreover, 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. On the other hand, the effect of the change in estimates is recognized in the financial period in which the change occurs and in future periods if the change affects the financial period and future financial periods. Management believes that its estimates in the financial statements are reasonable. The details are as follows:

Impairment of property acquired
Impairment in value of properties acquired is recognized based on recent real estate valuations by qualified independent evaluators for calculating the asset impairment, which is reviewed periodically.

Productive lifespan of tangible assets and intangible assets
The Company management periodically recalculates the useful lives of tangible assets and intangible assets for calculating annual depreciation and amortization based on the general condition of those assets and estimated future useful lives. The impairment loss is recognized in the statement of profit or loss for the year.

Income tax
The fiscal year is charged with the income tax expense in accordance with the accounting regulations, laws and standards. Moreover, deferred tax assets and liabilities and the required tax provision are recognized.

Litigation provision
A provision is made to meet any potential legal liabilities based on a legal study prepared by the Company legal counsel. This study identifies potential future risks and is reviewed periodically.

Provision for end-of-service indemnity
The provision for end-of-service indemnity, representing the Company obligations to employees, is calculated in accordance with the company internal regulations.

Assets and liabilities at cost
Management periodically reviews the assets and liabilities at cost for estimating any impairment in value, which is recognized in the statement of Profit or Loss for the year.

Provision for credit losses
Management is required to use significant judgments and estimates to estimate the amounts and timing of future cash flows and assess the risks of a significant increase in credit risks for financial assets after initial recognition and future measurement information for the expected credit losses. The most important policies and estimates used by the Company management are detailed in Note (5).

Evaluation of the business model

The classification and measurement of financial assets depend on the results of the principal, interest payments test on the principal outstanding, and the business model test. The Company defines a business model at a level that reflects how the Company's 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 assets and measure their performance, the risks that affect the performance of assets and how they are managed, and how asset managers are compensated. The Company monitors financial assets measured at amortized cost or fair value through other comprehensive income and derecognized before maturity to understand the reason for derecognition, and whether the reasons are consistent with the objective of the business held. In this respect, control is part of the Company 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 the first stage, or the credit loss over the life of the assets of the second or third stage. The asset moves to the second stage if credit risk increases significantly since initial recognition. IFRS (9) does not specify what constitutes a significant increase in credit risk. In assessing whether the credit risk of any asset has increased significantly, the Company takes into account reasonable and reliable quantitative and qualitative information. The estimates used by the Company management concerning the significant change in credit risk that result in a change in the classification within the three stages (1, 2 and 3) are shown in detail in note (5).

Establishing groups of assets with similar credit risk characteristics

When the expected credit losses are measured on a collective basis, the financial instruments are grouped on the basis of common risk characteristics (e.g., instrument type, credit risk, collateral type, initial recognition date, remaining maturity period, industry, borrower's geographic location, etc.). The Company 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.

Re-division of portfolios and movements between portfolios

The re-division of portfolios and movements between portfolios is more common when credit risk increases significantly (or when such a large increase is reflected). Therefore, assets are transferred from expected credit losses of between (12) months to another portfolio or vice versa. However, this may happen within the portfolios that continue to be measured on the same basis as expected credit losses for a 12-month period or a lifetime, but the amount of the expected credit loss changes due to the varying credit risks of portfolios.

Models and assumptions used

The Company 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 (5). 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.

a. Classification and measurement of financial assets and liabilities

   The Company classifies financial instruments or components of financial assets at initial recognition either as a financial asset or a financial liability, or as an equity instrument in accordance with the substance of the contractual agreements and the definition of the instrument. The reclassification of a financial instrument is subject to the substance of the financial statements and not to its legal form.

The Company shall determine the classification at initial recognition and reassess such determination, if possible and appropriate, at each date of the statement of financial position.

When measuring financial assets and liabilities, certain assets and liabilities of the company are re-measured at fair value for financial reporting purposes. In assessing the fair value of any assets or liabilities, the company uses available observable market data. In the absence of Tier 1 inputs, the company conducts evaluations using professionally qualified independent evaluators. Moreover, the company works closely with qualified external evaluators to develop appropriate valuation and data valuation techniques.

b. Fair value measurement
If the fair values of financial assets and financial liabilities included in the statement of financial position cannot be obtained from active markets, these fair values are determined using a range of valuation techniques involving the use of accounting models. If possible, the entered data for those models will be extracted from the market data. In the absence of such market data, fair values are determined by making judgments. These provisions include liquidity considerations and model data such as derivative volatility, longer-term discount rates, pre-payment ratios and default rates on asset-backed securities. Management believes that the valuation techniques used are appropriate to determine the fair value of financial instruments.

c. Derivative financial instruments
The fair values of derivative financial instruments measured at fair value are generally obtained by reference to quoted market prices, discounted cash flow models and, where appropriate, recognized pricing models. In the absence of prices, fair values are determined using valuation techniques that reflect observable market data. These techniques include a comparison with similar instruments at observable market prices, discounted cash flow analysis, pricing option models, and other valuation techniques commonly used by market participants. The main factors that Management takes into consideration when applying the model are:

- The expected timing and probability of future cash flows on the instrument where such cash flows are generally subject to the terms of the instrument, although Management's judgment may be required where the counterparty's ability to repay the instrument in accordance with contractual terms is in doubt; and

- An appropriate discount rate for the instrument. Management determines the instrument discount rate at a rate higher than the non-risk rate. In assessing the instrument by reference to comparative instruments, Management considers the maturity, structure, and degree of classification of the instrument based on the system in which the existing position is compared. When evaluating tools on a model basis using the fair value of the main components, Management also considers the need to make adjustments for a number of factors, such as bid differences, credit status, portfolio service costs, and uncertainty about the model.

Extension and termination options in leases
Extension and termination options are included in a number of leases. These terms are used to increase operational flexibility in terms of contract management, and most of the retained extension and termination options are renewable by both the Company and the lessor.

Determine the duration of the lease
When determining the duration of the lease, management takes into account all the facts and circumstances that, create an economic incentive for the extension option, or no termination option. Extension options (or periods following termination options) are included only in the lease term if the lease is reasonably certain to be extended (or not terminated). The assessment reviewed in the event of a significant event or significant change in the circumstances affecting this assessment that are under the control of the lessee.

Key Sources of Uncertainty Estimates

The principal estimates used by Management in applying the Company accounting policies that have the most significant effect on the amounts recognized in the financial statements are as follows:

Determining the number and relative weight of scenarios, 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 Company uses reasonable and supported future information based on the assumptions of the future movement of the various economic drivers and the manner in which they affect each other.

Probability of default

The potential for default is a key input in measuring the expected credit loss. The probability of default is an estimate of the probability of default over a given period of time, which includes the calculation of historical data, assumptions, and expectations relating to future circumstances.

Loss given default

Loss given default is an estimate of the loss arising from default. It is based on the difference between the contractual cash flows due and those that the financer expects to collect, taking into account cash flows from collateral and integrated credit adjustments.

Fair value measurement and valuation procedures

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

Discount the lease payments

Lease payments are deducted using the Company's incremental borrowing rate ("IBR"). The management applied the terms and estimates to determine the incremental borrowing rate at the Beginning of the lease term.

4. Balances with Banks and Other Financial Institutions

This item consists of the following:

	December 31,	
	2023	2022
	JD	JD
Balances at local banks	43,461	107,382
Balances at foreign banks	571,744	265,717
Current accounts with related parties (Note 17)	2,171,234	5,191,811
Balances at other financial institutions	2,969,706	1,562,805
Provision for expected credit losses on banks and financial institutions	(3,374)	(1,136)
	5,752,771	7,126,579

- Balances with banks and other financial institutions include an amount of JD 5,649,294 for the year 2023 (JD 7,103,841 for the year 2022) which represents current accounts restricted against brokerage trade payables and computed according to the instructions of the Jordan Security Commission, noting that there is a surplus in the current accounts and that there is no interest due on these accounts.

- Below is the movement on balances with banks and other financial institutions:

	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	JD	JD	JD	JD
Total balance at the beginning of the year	7,127,715	-	-	7,127,715
New balances during the year	3,694,924	-	-	3,694,924
Settled balances	(5,066,494)	-	-	(5,066,494)
Less: provision for expected credit losses on the balances *	(3,374)	-	-	(3,374)
Total balance at the end of the year	5,752,771	-	-	5,752,771

* The movement on the provision for expected credit losses on the balances with banks and financial institutions is as follows:

	December 31, 2023	December 31, 2022
	JD	JD
The beginning of the year	1,136	-
Additions during the year	2,238	1,136
The end of the year	3,374	1,136

The cash and cash equivalent included in the cash flow consist of the below balances which are mentioned in the statement of financial position:

	December 31, 2023	December 31, 2022
	JD	JD
Balances at banks and other financial institutions	5,752,771	7,126,579
Due to banks	(12,293,076)	(11,602,175)
	(6,540,305)	(4,475,596)

5. Trade Receivables

a. Trade Receivables – Spot

This item consists of the following:

	December 31, 2023	December 31, 2022
	JD	JD
Trade receivables	3,625,331	4,443,397
Less: Suspended interests	(151,227)	(420,957)
Less: Provision for expected credit losses	(663,463)	(1,518,014)
	2,810,641	2,504,426

The brokerage receivables – spot which are doubtfully to be collected according to client basis has amounted to JD 811,226 as of December 31, 2023, compared to JD 1,905,988 as of December 31, 2022.

The following is the movement on the provision for expected credit losses - spot:

	2023	2022
	JD	JD
Balance at the beginning of the year	1,518,014	1,383,240
(Surplus) deduction from revenue during the year – net	(21,662)	134,774
Written-off facilities *	(832,889)	-
Balance at the end of the year	663,463	1,518,014

The movement on the suspended interests was as follows:

	2023	2022
	JD	JD
Balance at the beginning of the year	420,957	354,922
Additions during the year	1,235	66,035
Written-off interests *	(270,965)	-
Balance at the end of the year	151,227	420,957

* According with the decisions of the Board of Directors in this regard dated October 11, 2023.

Below is the aging schedule of Receivables expected to be settled as of December 31:

	Receivables Past Due And expected to be collected			
	1-30 days	31-60 days	61-90 days	Total
	JD	JD	JD	JD
2023	2,782,637	27,237	4,231	2,814,105
2022	1,913,180	489,015	135,214	2,537,409

b. Trade Receivables – Margin

This item consists of the following:

	December 31,	
	2023	2022
	JD	JD
Trade receivables – margin	33,635,991	35,217,887
Less: Suspended Interests	(252,839)	(358,748)
Less: Provision for brokerage clients' receivables - margin	(1,957,997)	(2,758,212)
	31,425,155	32,100,927

The brokerage receivables – margin which are doubtfully to be collected according to client basis has amounted to JD 3,912,853 as of 31 December 2023 compared to JD 4,203,527 as of December 31, 2022.

The following is the movement on the provision for expected credit loss – direct facilities margin:

	2023	2022
	JD	JD
Balance at the beginning of the year	2,758,212	2,917,366
(Surplus) deducted from revenue during the year – net	1,090,531	(155,113)
Written-off facilities	(1,890,746)	(4,041)
Balance at the end of the year	1,957,997	2,758,212

The movement on suspended interest was as follows:

	2023	2022
	JD	JD
Balance at the beginning of the year	358,748	297,249
Additions during the year	129,810	61,499
Written-off interests	(235,719)	-
Balance at the end of the year	252,839	358,748

c. Descriptive Disclosure

- Definition of default implementation and its processing mechanism:
  The Company applies IFRS (9) by identifying internal indicators and standards, according to which non-performing credit facilities are manually individually classified on a case-by-case basis according to their current status. This is reflected in the Company's internal system and is embodied in the following classifications (substandard, doubtful, and bad debts).

1) The Company's application of the default concept:
   The Company's Management Assembly adopts an internal policy regarding the classification of defaults and provisions are booked in accordance with it.

2) Default processing mechanism:
   - Taking legal action when it comes to collecting the Company's rights.
   - Moving non-performing accounts to performing accounts for each case separately according to its current status.

The Governance Implementation of IFRS (9) requirements, including the responsibilities of the Company's Management Assembly and the Executive Management to ensure compliance with the requirements of this standard.

- The board of directors of the Company must approve the policies related to the standards, methodologies, and foundations for calculating the requirements of IFRS (9), as it reviews periodically the results of calculating expected credit losses and finds out about developments and developments related to these results, and the foundations and matters related to the calculation.

- The Company's Credit Committee approves any exceptions and cases where provisions for expected credit losses are being booked against it and the resulted amendments to of the calculation on the expected losses which is required according to have clear and documented justifications.

- A steering committee has been formed at the parent Company headed by the General Manager and the membership of each of the heads of the executive departments concerned in the implementation in addition to the membership of the CEO of the Company, where this committee is responsible for implementing the standard and the general supervision of the implementation mechanism. Furthermore, the committee ensures that the concerned departments implement this plan each according to its competence to adhere with the roles assigned to them and the implementation of the procedures related to the execution of the steps and phases of adopting this standard in the Company, in addition to presenting the results of completion all in, and coordinating with the Company's credit committee in order to obtain the necessary approvals for the cases which require amendments on the outcome of the calculation of the expected losses exposures.

Definition and Calculation Mechanism of the Probability of Default (PD), Exposure at Default (EAD), and Rate of Loss Given Default (LGD)

- Accordance with IFRS (9), the expected credit loss measurement model has been applied within the following framework:

- Expected credit loss = size of exposure at default * client's probability of default * rate of loss at default.

- Credit exposure at default has been calculated for banks and financial institutions credit exposures, as well for credit facilities granted to the Company's customers within the margin financing and cash financing products.

- The rate of loss at default for credit exposures related to banks and financial institutions is calculated using the systems adopted by the external supplier, Moody's, assuming the occurrence of default after the calculation of the recoverable amount of the credit exposure and the timing of the recoverable amount, taking into account the collaterals provided against the credit exposure and the application of the discount rates determined in accordance with the internal standard adopted by the Company, this is implemented in coordination with the parent Company's concerned parties in this regard.

- The expected credit loss calculation is based on a cumulative level of the credit portfolio granted by the Company for margin financing and cash financing products, as well as other products, such portfolios or products carry similar credit risk and share several components (type of product, quality of collateral provided, purpose of grants, sector, etc.

- The stress testing required in accordance with the standard have been adopted, these tests are part of the expected credit loss calculation process, Moreover, three scenarios have been adopted to study future forecasts and their effect on the variables of the expected credit loss measurement model, These scenarios represent the normal scenario, worst-case scenario, and best-case scenario, whereby the weighted probability value of these scenarios has been adopted.

- For calculating credit loss in the third stage (bad debts), adoption of the Company’s internal policy has continued as regards the classification of non-performing debts and the calculation of the provisions thereon and acceptable discount rates of collaterals.

Determinants of the significant change in the credit risk on which the Company relied in calculating the expected credit losses

- To calculate the credit loss of the existing credit exposures within the Company's assets in all types, such as balances at banks and other on an individual basis, Where the determinants of the significant change in credit risk (high level of credit risk) approved by the Company were adopted such as margin and cash accounts contribution ratios, exceeding the granted ceilings, the ratio of collateral coverage (shares) for credit exposures, in addition to the extent of stock liquidity.

- A decline or decrease in the actual internal credit rating of the borrower (banks) according to the internal rating system applied by the parent Company compared to the internal rating of the borrower / credit exposure at granting.

- Accounts that need to be closely monitored as set by the Company.

The Company's policy in identifying the common elements (characteristics) with the parent company based on which the credit risk and the expected loss are measured on a collective basis.

- The expected credit loss calculation on a cumulative basis for the granted credit portfolio by the Company regarding margin financing and cash financing products, as well as other products, Such portfolios or products carry similar credit risk and share several components (type of product, quality of collateral provided, nature of financing, purpose of funding, sector, etc,).

- A separate and more detailed methodology was adopted in order to calculate the expected credit losses exposure for the credit portfolio granted by the Company, representing in financing of shares within the margin financing and cash financing products for Stage 1, Stage 2 and Stage 3, noting that the degree of risks for performing customers portfolio classified under Stage 1 is one notch less than the risk degree of the country (Jordan). Meanwhile, the risk degree of the classified customers under Stage 2 is four notches less than the degree of the country (Jordan). As for the maturity of the facilities, the maturity date was considered depending on the type of the product and the stage of exposure classification, as follows:

<table>
<tr><th>Product</th><th>Classification stage</th><th>Maturity Date</th></tr>
<tr><td rowspan="2">Cash financing</td><td>First</td><td rowspan="2">3 Month</td></tr>
<tr><td>Second</td></tr>
<tr><td rowspan="2">Margin financing</td><td>First</td><td>**Remaining maturity**</td></tr>
<tr><td>Second</td><td>**Contractual maturity or 2 years from reporting period whichever is greatest**</td></tr>
</table>

As for the loss given default (LGD), a 5% of LGD floor has been considered for customers classified under Stage 1 (which has been calculated according to the coverage ratio of the collateral to the existing credit facilities) and a 10% LGD floor for customers classified under Stage 2. Moreover, for Stage 3 classifications (Defaulted Accounts); the Company follows the approved internal policy in this regard.

Major/Key economic indicators used by the Company to calculate the Expected Credit loss (PD)

The parent Company has used the external supplier Moody's to calculate the expected credit loss (ECL) Relying on three scenarios to study the future forecasts and its impact to the variables of the credit loss measurement model, Using the economic factors referred in the economic growth rates in Jordan and the stock price index.

The movement of the direct credit facilities on a collective bas as of December 31:

	2023					
	Stage 1		Stage 2			Net Movement
	Individual	Collective	Individual	Collective	Stage 3	on Exposers
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year (spot – margin)	-	30,286,876	-	3,264,893	6,109,515	39,661,284
New exposers during the year	-	7,667,365	-	1,280,369	40,985	8,988,719
Exposures settled during the year	-	(5,762,612)	-	(1,139,738)	(93,478)	(6,995,828)
Transferred to Stage 1	-	80,398	-	(80,398)	-	-
Transferred to Stage 2	-	(1,723,000)	-	1,723,000	-	-
Transferred to Stage 3	-	(1,257,563)	-	(639,813)	1,897,376	-
Changes resulting from changing classification between stages	-	(344,096)	-	(818,438)	-	(1,162,534)
Written – off credit facilities *	-	-	-	-	(3,230,319)	(3,230,319)
Total balance at year-end	-	28,947,368	-	3,589,875	4,427,079	37,261,322

	2022					
	Stage 1		Stage 2			Net Movement
	Individual	Collective	Individual	Collective	Stage 3	on Exposers
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year (spot – margin)	-	25,130,955	-	4,680,038	5,737,994	35,548,987
New exposers during the year	-	10,446,073	-	1,011,370	185,448	11,642,891
Exposures settled during the year	-	(4,062,347)	-	(806,058)	(1,118,315)	(5,986,720)
Transferred to Stage 1	-	-	-	-	-	-
Transferred to Stage 2	-	(12,687)	-	12,687	-	-
Transferred to Stage 3	-	(110,742)	-	(1,199,645)	1,310,387	-
Changes resulting from changing classification between stages	-	(1,104,376)	-	(433,499)	-	(1,537,875)
Written – off credit facilities *	-	-	-	-	(5,999)	(5,999)
Total balance at year-end	-	30,286,876	-	3,264,893	6,109,515	39,661,284

* The Company's Board of Directors approved in its meeting No. 05_2023 held on October 15, 2023 to write off bad debts with a total amount of JD 3,230,319.

Total movement on expected credit losses (ECL) for direct credit facilities during the year:

	2023					
	Stage 1		Stage 2			Net Movement on ECL
	Individual	Collective	Individual	Collective	Stage 3	
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	-	46,504	-	180,192	4,049,530	4,276,266
Impairment loss on new exposures during the year	-	8,448	-	3,843	649,966	662,257
Recovered impairment loss on exposures paid during the year	-	(10,553)	-	(22,737)	-	(33,290)
Transferred to Stage 1	-	127	-	(127)	-	-
Transferred to Stage 2	-	(35,136)	-	35,136	-	-
Transferred to Stage 3	-	(359,401)	-	(197,203)	556,604	-
Changes resulting from changing classification between stages	-	388,297	-	51,605	-	439,902
Written – off credit facilities	-	-	-	-	(2,723,635)	(2,723,635)
Total expected credit loss balance at year-end	-	38,286	-	50,709	2,532,465	2,621,460

	2022					
	Stage 1		Stage 2			Net Movement on ECL
	Individual	Collective	Individual	Collective	Stage 3	
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	-	35,220	-	779,684	3,485,702	4,300,606
Impairment loss on new exposures during the year	-	17,613	-	35,586	238,886	292,085
Recovered impairment loss on exposures paid during the year	-	(4,577)	-	(358,844)	(142,982)	(506,403)
Transferred to Stage 1	-	-	-	-	-	-
Transferred to Stage 2	-	(196)	-	196	-	-
Transferred to Stage 3	-	(52,950)	-	(419,015)	471,965	-
Changes resulting from changing classification between stages	-	51,394	-	142,585	-	193,979
Written – off credit facilities	-	-	-	-	(4,041)	(4,041)
Total expected credit loss balance at year-end	-	46,504	-	180,192	4,049,530	4,276,226

The total movement on the suspended interest on direct credit facilities during the year:

	2023					
	Stage 1		Stage 2			Net Movement Suspended
	Individual	Collective	Individual	Collective	Stage 3	Interest
	JD	JD	JD	JD	JD	JD
Balance at beginning of the year	-	-	-	-	779,705	779,705
Suspended interest on new exposures during the year	-	-	-	-	131,045	131,045
Suspended Interest transferred to revenue due to exposures paid during the year	-	-	-	-	-	-
Transferred to Stage 1	-	-	-	-	-	-
Transferred to Stage 2	-	-	-	-	-	-
Transferred to Stage 3	-	-	-	-	-	-
Changes resulting from changing classification between stages	-	-	-	-	-	-
Suspended Interest on bad debt exposures	-	-	-	-	(506,684)	(506,684)
Adjustments due to changes in currency exchange rates	-	-	-	-	-	-
Total suspended interest balance at year-end	-	-	-	-	404,066	404,066

	2022					
	Stage 1		Stage 2			Net Movement Suspended
	Individual	Collective	Individual	Collective	Stage 3	Interest
	JD	JD	JD	JD	JD	JD
Balance at beginning of the year	-	-	-	-	652,171	652,171
Suspended interest on new exposures during the year	-	-	-	-	355,505	355,505
Suspended Interest transferred to revenue due to exposures paid during the year	-	-	-	-	(226,013)	(226,013)
Transferred to Stage 1	-	-	-	-	-	-
Transferred to Stage 2	-	-	-	-	-	-
Transferred to Stage 3	-	-	-	-	-	-
Changes resulting from changing classification between stages	-	-	-	-	-	-
Suspended Interest on bad debt exposures	-	-	-	-	(1,958)	(1,958)
Adjustments due to changes in currency exchange rates	-	-	-	-	-	-
Total suspended interest balance at year-end	-	-	-	-	779,705	779,705

The movement on the expected credit loss (ECL) for direct credit facilities during the year:

	2023		
	Corporations	Individuals	Total
	JD	JD	JD
Balance at the beginning of the year	1,111,537	3,164,689	4,276,226
Impairment loss on new exposures during the year	53,404	608,853	662,257
Recovered impairment loss on exposures paid during the year	(23,671)	(9,619)	(33,290)
Transferred to Stage 1	-	-	-
Transferred to Stage 2	-	-	-
Transferred to Stage 3	-	-	-
Changes resulting from changing classification between stages	369,413	70,489	439,902
Written – off credit facilities	(1,022,476)	(1,701,159)	(2,723,635)
Total Balance at year-end	488,207	2,133,253	2,621,460
Reclassifications:			
Provision on Individual Level	-	-	-
Provision on Collective Level	488,207	2,133,235	2,621,460

	2022		
	Corporations	Individuals	Total
	JD	JD	JD
Balance at the beginning of the year	1,190,600	3,110,006	4,300,606
Impairment loss on new exposures during the year	6,586	285,499	292,085
Recovered impairment loss on exposures paid during the year	(137,043)	(369,360)	(506,403)
Transferred to Stage 1	-	-	-
Transferred to Stage 2	-	-	-
Transferred to Stage 3	-	-	-
Changes resulting from changing classification between stages	51,394	142,585	193,979
Written – off credit facilities	-	(4,041)	(4,041)
Total Balance at year-end	1,111,537	3,164,689	4,276,226
Reclassifications:			
Provision on Individual Level	-	-	-
Provision on Collective Level	1,111,537	3,164,689	4,276,226

The total distribution of direct credit facilities according to the economic sectors and to the stages of implementation of IFRS (9) for financial instruments.

	2023					
	Stage 1		Stage 2			
Sector	Individual	Collective	Individual	Collective	Stage 3	Total Individually
	JD	JD	JD	JD	JD	JD
Trade	-	1,310,428	-	-	-	1,310,428
Real-estate	-	2,671,232	-	714,819	81,605	3,467,656
Agricultural	-	-	-	-	-	-
Shares	-	-	-	-	-	-
Individual	-	19,970,569	-	1,637,962	3,358,609	24,967,140
Other	-	4,995,139	-	1,237,094	1,283,865	7,516,098
Total	-	28,947,368	-	3,589,875	4,724,079	37,261,322

	2022					
	Stage 1		Stage 2			
Sector	Individual	Collective	Individual	Collective	Stage 3	Total Individually
	JD	JD	JD	JD	JD	JD
Trade	-	1,257,004	-	-	-	1,257,004
Real-estate	-	3,897,875	-	12,687	-	3,910,562
Agricultural	-	1,192,949	-	-	-	1,192,949
Shares	-	940,185	-	1,127,050	1,247,758	3,314,993
Individual	-	22,070,591	-	2,125,156	4,861,757	29,057,504
Other	-	928,272	-	-	-	928,272
Total	-	30,286,876	-	3,264,893	6,109,515	39,661,284

The total distribution of direct credit facilities according to the geographical sectors and to the stages of implementation of IFRS (9) for financial instruments.

	2023					
	Stage 1		Stage 2			
Sector	Individual	Collective	Individual	Collective	Stage 3	Total
	JD	JD	JD	JD	JD	JD
Inside the Hashemite Kingdom of Jordan	-	28,947,368	-	3,589,875	4,724,079	37,261,322
Other Middle Eastern countries	-	-	-	-	-	-
Europe	-	-	-	-	-	-
Asia	-	-	-	-	-	-
Africa	-	-	-	-	-	-
United States of America	-	-	-	-	-	-
Other countries	-	-	-	-	-	
Total	-	28,947,368	-	3,589,875	4,724,079	37,261,322

	2022					
	Stage 1		Stage 2			
Sector	Individual	Collective	Individual	Collective	Stage 3	Total
	JD	JD	JD	JD	JD	JD
Inside the Hashemite Kingdom of Jordan	-	30,286,876	-	3,264,893	6,109,515	39,661,284
Other Middle Eastern countries	-	-	-	-	-	-
Europe	-	-	-	-	-	-
Asia	-	-	-	-	-	-
Africa	-	-	-	-	-	-
United States of America	-	-	-	-	-	-
Other countries	-	-	-	-	-	-
Total	-	30,286,876	-	3,264,893	6,109,515	39,661,284

Disclosure of the distribution of the direct credit facilities and financing according to the Company's internal credit rating categories for corporations:

	2023						2022
	Stage 1 Individual	Stage 1 Collective	Stage 2 Individual	Stage 2 Collective	Stage 3	Total	Total
Credit rating classifications based on the Company's internal system:	JD	JD	JD	JD	JD	JD	JD
1	-	-	-	-	-	-	-
2	-	-	-	-	-	-	-
3	-	-	-	-	-	-	-
4	-	-	-	-	-	-	-
5	-	-	-	-	-	-	-
6	-	8,976,799	-	-	-	8,976,799	8,216,284
7	-	-	-	1,951,914	-	1,951,914	1,139,737
8		-	-	-	-	-	-
9	-	-	-	-	-	-	-
10	-	-	-	-	1,257,563	1,257,563	110,742
11	-	-	-	-	107,906	107,906	1,137,016
Total	-	8,976,799	-	1,951,914	1,365,469	12,294,182	10,603,779

Disclosure of the movement on the direct credit facilities and financing related to corporations is as follows:

	2023					
	Stage 1 Individual	Stage 1 Collective	Stage 2 Individual	Stage 2 Collective	Stage 3	Total
	JD	JD	JD	JD	JD	JD
Total exposures – beginning of the year	-	8,216,284	-	1,139,737	1,247,758	10,603,779
New exposures during the year	-	3,264,617	-	1,237,095	-	4,501,712
Settled exposures during the year		(205,202)		(1,139,738)	(2,836)	(1,347,776)
Transferred to Stage (1)	-	-	-	-	-	-
Transferred to Stage (2)	-	(714,820)	-	714,820	-	-
Transferred to Stage (3)	-	(1,257,563)	-	-	1,257,563	-
Changes resulting from changing classification between stages	-	(326,517)	-	-	-	(326,517)
Written – off exposures	-	-	-	-	(1,137,016)	(1,137,016)
Adjustments due to change in exchange rates	-	-	-	-	-	-
Total exposures at the year end	-	8,976,799	-	1,951,914	1,365,469	12,294,182

Disclosure of the movement in the expected credit loss (ECL) for corporate direct credit facilities:

	2023					
	Stage 1		Stage 2			
	Individual	Collective	Individual	Collective	Stage 3	Total
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	-	13,374	-	22,737	1,075,426	1,111,537
Impairment loss on new exposures during the year	-	3,306	-	2,978	47,120	53,404
Recovered impairment losses on exposures paid during the year	-	(934)	-	(22,737)	-	(23,671)
Transferred to Stage 1	-	-	-	-	-	-
Transferred to Stage 2	-	(14,638)	-	14,683	-	-
Transferred to Stage 3	-	(359,401)	-	-	359,401	-
Changes resulting from changing classification between stages	-	369,413	-	-	-	369,413
Impairment loss on bad debt exposures	-	-	-	-	(1,022,476)	(1,022,476)
Adjustments due to changes in currency exchange rates	-	-	-	-	-	-
Total expected credit losses at year-end	-	11,120	-	17,616	459,471	488,207

Disclosure of the distribution of direct credit facilities and financing according to the Bank's internal credit rating for individuals:

	2023						2022
	Stage 1		Stage 2				
	Individual	Collective	Individual	Collective	Stage 3	Total	Total
Credit rating classifications based on the Company's internal system:	JD	JD	JD	JD	JD	JD	JD
1	-	-	-	-	-	-	-
2	-	-	-	-	-	-	-
3	-	-	-	-	-	-	-
4	-	-	-	-	-	-	-
5	-	-	-	-	-	-	-
6	-	19,970,569	-	-	-	19,970,569	22,070,592
7	-	-	-	1,637,961	-	1,637,961	2,125,156
8	-	-	-	-	-	-	-
9	-	-	-	-	1,205	1,205	59
10	-	-	-	-	632,098	632,098	37
11	-	-	-	-	2,725,307	2,725,307	4,861,661
Total	-	19,970,569	-	1,637,961	3,358,610	24,967,140	29,057,505

Disclosure of the movement in direct credit facilities and financing related to individuals is as follows:

	2023					
	Stage 1		Stage 2			
	Individual	Collective	Individual	Collective	Stage 3	Total
	JD	JD	JD	JD	JD	JD
Total exposures at the beginning of the year	-	22,070,592	-	2,125,156	4,861,757	29,057,505
New exposures during the year	-	4,402,748	-	43,274	40,985	4,487,007
Settled exposures during the year		(5,557,410)		-	(90,642)	(5,648,052)
Transferred to Stage 1		80,398		(80,398)	-	-
Transferred to Stage 2	-	(1,008,180)	-	1,008,180	-	-
Transferred to Stage 3	-	-	-	(639,813)	639,813	-
Changes resulting from changing classification between stages	-	(17,579)	-	(818,438)	-	(836,017)
Written – off exposures	-	-	-	-	(2,093,303)	(2,093,303)
Adjustments due to change in exchange rates	-	-	-	-		-
Total exposures at year-end	-	19,970,569	-	1,637,961	3,358,610	24,967,140

Disclosure of the movement in expected credit loss (ECL) for individuals' direct credit facilities:

	2023					
	Stage 1		Stage 2			
	Individual	Collective	Individual	Collective	Stage 3	Total
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	-	33,130	-	157,455	2,974,104	3,164,689
Impairment loss on new exposures during the year	-	5,142	-	865	602,846	608,853
Recovered impairment losses on paid exposures during the year	-	(9,619)	-	-	-	(9,619)
Transferred to Stage 1	-	127	-	(127)	-	-
Transferred to Stage 2	-	(20,498)	-	20,498	-	-
Transferred to Stage 3	-	-	-	(197,203)	197,203	-
Changes resulting from changing classification between stages	-	18,884	-	51,605	-	70,489
Impairment loss on bad debt exposures	-	-	-	-	(1,701,159)	(1,701,159)
Adjustments due to changes in currency exchange rates	-	-	-	-	-	-
Total expected credit losses at year-end	-	27,166	-	33,093	2,072,994	2,133,253

The distribution of the fair value of collaterals against direct credit facilities:

- Total credit facilities according to the requirements of IFRS (9):

Item	Total Credit Facilities	Guarantees Fair Value: Cash Guarantees	Marketable Securities	Acceptable Bank Guarantees	Real-estate	Vehicles and Machines	Other	Total Value of Guarantees	Net Facilities after Guarantees	Expected Credit Loss (ECL)
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Brokerage receivables – margin	33,635,991	-	31,492,166	-	-	-	-	31,492,166	2,143,825	1,957,997
Brokerage receivables - spot	3,625,331	-	2,814,016	-	-	-	-	2,814,016	811,315	663,463
Total	37,261,322	-	34,306,182	-	-	-	-	34,306,182	2,955,140	2,621,460

- Direct credit facilities listed within stage 3 according to the requirements of IFRS (9):

Item	Total Credit Facilities	Guarantees Fair Value: Cash Guarantees	Marketable Securities	Acceptable Bank Guarantees	Real-estate	Vehicles and Machines	Other	Total Value of Guarantees	Net Facilities after Guarantees	Expected Credit Loss (ECL)
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Brokerage receivables – margin	3,912,853	-	1,769,028	-	-	-	-	1,769,028	2,143,825	1,872,467
Brokerage receivables - spot	811,226	-	16	-	-	-	-	16	811,210	659,998
Total	4,724,079	-	1,769,044	-	-	-	-	1,769,044	2,955,035	2,532,465

6. Other Debit Balances

This item consists of the following:

	December 31,	
	2023	2022
	JD	JD
Prepaid expenses	77,136	99,353
Refundable deposits	1,420	1,420
Settlement guarantee fund contribution	25,000	25,000
Employee receivables	45,210	74,158
Other	-	13,285
	148,766	213,216

7. Land Held for Sale

This item represents lands seized by the Company a repayment of due debts of financial brokerage clients, consisting of 9,916 square meters of land located in the Um Rummaneh area, South of Amman, held for sale with a value of JD 1,153,658 and another land with an area of 83,442 square meters located in the Quneitra region, South of Amman, held for sale with a value of JD 1,153,588.

	December 31,	
	2023	2022
	JD	JD
Cost of land	2,307,246	2,307,246
Provision for impairment loss	(610,512)	(610,512)
	1,696,734	1,696,734

The movement in the impairment loss provision was as follows:

	2023	2022
	JD	JD
Balance – beginning of the year	610,512	610,512
Balance – end of the year	610,512	610,512

8. Property and Equipment - Net

This item consists of the following:

For the year ended December 31, 2023:	Furniture and Fixtures	Office Equipment	Vehicles	Leasehold Improvements	Total
	JD	JD	JD	JD	JD
Cost:					
Balance – beginning of the year	13,679	185,878	24,000	-	223,557
Additions	-	10,649	-	-	10,649
Balance – end of the year	13,679	196,527	24,000	-	234,206
Accumulated Depreciation:					
Balance – beginning of the year	13,671	109,258	23,998		146,927
Depreciation for the year	-	26,589	-		26,589
Balance – end of the year	13,671	135,847	23,998	-	173,516
Net book value as of December 31, 2023	8	60,680	2	-	60,690
Annual depreciation rate %	15	25	15	25	
For the year ended December 31, 2022:					
Cost:					
Balance – beginning of the year	326,901	279,947	24,000	88,377	719,225
Additions	-	65,701	-	-	65,701
Disposals	(313,222)	(159,770)	-	(88,377)	(561,369)
Balance – end of the year	13,679	185,878	24,000	-	223,557
Accumulated Depreciation:					
Balance – beginning of the year	324,377	250,695	23,998	88,371	687,441
Depreciation for the year	276	18,184	-	-	18,460
Disposals	(310,982)	(159,621)	-	(88,371)	(558,974)
Balance – end of the year	13,671	109,258	23,998	-	146,927
Net book value as of December 31, 2023	8	76,620	2	-	76,630
Annual depreciation rate %	15	25	15	25	

- Fully depreciated property and equipment amounted to JD 119,595 as of December 31, 2023 (JD 119,595 as of December 31, 2022).

9. Intangible Assets

This item consists of the following:

	Software	
	December 31	
	2023	2022
Cost:	JD	JD
Balance at the beginning of the year	201,231	133,448
Additions	425	67,783
Balance – end of the year	201,656	201,231

	2023	2022
Accumulated Amortization:	JD	JD
Balance – beginning of the year	121,290	110,638
Amortization for the year	19,238	10,652
Balance – end of the year	140,528	121,290
Net book value	61,128	79,941
Annual depreciation rate %	20	20

- Fully amortized computer software amounted to JD 109,215 as of December 31, 2023 (JD 105,215 as of December 31, 2022).

10. Due to Banks

This item consists of the following:

	December 31,	
	2023	2022
	JD	JD
Arab Banking Corporation – Bahrain (Note 17)	2,481,500	9,217,000
Arab Banking Corporation – Jordan	1,005,604	364,023
Cairo Amman Bank - Overdraft	5,970,881	2,021,152
Arab Jordan Investment Bank - Overdraft	2,835,091	-
	12,293,076	11,602,175

The overdraft limits granted to the Company are as follows:

	Granted limit	Interest rate
	JD	%
Arab Banking Corporation – Bahrain	11,344,000	6
Arab Banking Corporation – Jordan	1,255,000	7.5
Capital Bank of Jordan - Overdraft	3,000,000	9
Cairo Amman Bank - Overdraft	6,000,000	7.625
Arab Jordan Investment Bank - Overdraft	3,000,000	7.75

11. Other Credit Balances

This item consists of the following:

	December 31,	
	2023	2022
	JD	JD
Accrued expenses	94,889	205,327
Litigation provision	65,000	50,000
Others	23,544	25,751
Provision for expected credit losses - indirect credit facilities	1,765	1,465
Accrued dividends (Note 14)	-	1,048,654
	185,198	1,331,197

Disclosure of the movement in indirect credit facilities on a collective basis as of December 31, 2023:

Sector	2023					
	Stage 1		Stage 2			
	Individual	Collective	Individual	Collective	Stage 3	Total
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the Year	-	954,638	-	-	-	954,638
New credit facilities during the year	-	1,041,669	-	-	-	1,041,669
Settled credit Facilities during the year	-	(660,983)	-	-	-	(660,983)
Transferred to Stage 1	-	-	-	-	-	-
Transferred to Stage 2	-	-	-	-	-	-
Transferred to Stage 3	-	-	-	-	-	-
Changes resulting from changing classification between stages	-	-	-	-	-	-
Total	-	1,335,324	-	-	-	1,335,324

* Total movement on expected credit losses for indirect credit facilities during the year:

Sector	2023					
	Stage 1		Stage 2			
	Individual	Collective	Individual	Collective	Stage 3	Total
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	-	1,465	-	-	-	1,465
Impairment loss on new exposures during the year	-	1,377	-	-	-	1,377
Recovered impairment loss on exposures paid during the year	-	(1,077)	-	-	-	(1,077)
Transferred to Stage 1	-	-	-	-	-	-
Transferred to Stage 2	-	-	-	-	-	-
Transferred to Stage 3	-	-	-	-	-	-
Changes resulting from changing classification between stages	-	-	-	-	-	-
Total	-	1,765	-	-	-	1,765

12. Income Tax

a. The movement in the income tax provision is as follows:

	2023	2022
	JD	JD
Balance - Beginning of the year	395,706	572,679
Income tax paid	(447,646)	(597,532)
Income tax expense for the year	318,898	420,559
Balance – End of the year	266,958	395,706

b. Income tax expense shown in the statement of profit or loss and comprehensive income consists of the following:

	2023	2022
	JD	JD
Income tax expense for the year	318,898	420,559
Deferred tax assets effect - net	(193,694)	6,873
	125,204	427,432

c. The movement in deferred tax assets during the year was as follows:

	2023					2022
	Beginning Balance	Amounts Released	Amounts Added	Ending Balance	Deferred Tax	Deferred Tax
	JD	JD	JD	JD	JD	JD
Expected credit losses	4,278,827	(2,723,635)	1,071,407	2,626,599	735,448	1,198,072
Written-off non-performing loans	-	-	2,343,993	2,343,993	656,318	-
Total	4,278,827	(2,723,635)	3,415,400	4,970,592	1,391,766	1,198,072

- The movement in deferred tax assets was as follows:

	2023	2022
	Deferred tax assets	Deferred tax assets
	JD	JD
Balance at the beginning of the year	1,198,072	1,204,945
Addition	956,312	44,356
Disposal	(762,618)	(51,229)
Balance – End of the year	1,391,766	1,198,072

- Deferred tax assets have been calculated based on the new tax rates in accordance with the income tax law which equaled to 28% as of December 31, 2023 and 2022.

Summary of the reconciliation of accounting and taxable profit:

	2023	2022
	JD	JD
Accounting profit	428,910	1,569,425
Non-taxable expenses	1,202,452	127,534
Taxable expenses	(492,439)	(48,669)
Non-taxable profit	1,138,923	1,648,290
Statutory income tax rate	%28	%28
Effective income tax rate	%28	%25,5

- The income tax provision on profit for the year has been calculated in accordance with the Jordanian Income Tax Law No. (34) for the year 2014.

- A final settlement has been reached with the Income and Sales Tax Department up to the year 2022, except for the year 2021. The income tax return for the year 2023 was submitted and reviewed by the Income and Sales Tax Department, and no final decision has been issued yet.

13. Shareholder's Equity

a. Paid-up Capital

The Company's paid-up capital amounted to JD 15,600,000 divided in to 15,600,000 shares at a par value of JD 1 per share.

b. Statutory Reserve

This account represents 10% of the annual profit before tax accumulated over the years and is not available for distribution to partners.

c. Declared Dividends Payable

- The Management Committe approved in its meeting held on October 11, 2023 not to pay the distributable dividends at the year end on an amount of JD 1,022,394 to the partner (Arab Banking Corporation Bank - Jordan) from retained earnings.

- The Management Assembly approved in their meeting held on December 5, 2022 to distribute an amount of 1,048,654 on the partner (Arab Banking Corporation- Jordan) from the retained earnings.

14. Retained Earnings

The details of this item are as follows:

	2023	2022
	JD	JD
Beginning Balance	2,716,428	2,780,031
Profit for the year	303,706	1,141,993
Transferred to/from statutory reserve	(42,891)	(156,942)
Accrued partner dividends	-	(1,048,654)
Balance – End of the year	2,977,243	2,716,428

15. Trading Commissions

This item consists of the following:

	2023	2022
	JD	JD
Local market trading commissions	549,335	440,839
International market trading commissions	293,490	357,479
Regional market trading commissions	11,560	17,765
	854,385	816,083

16. Administrative Expenses

This item consists of the following:

	2023	2022
	JD	JD
Salaries and bonuses	1,108,085	1,176,479
Social security contribution	120,306	116,091
Other employee expenses	14,339	15,030
Courses and training	1,252	3,871
Postage and telephone	156,774	141,447
Management committee transportation and bonuses	71,409	71,897
Fees and licenses	48,886	43,142
Fees and expenses Legal	80,110	10,517
Hospitality	7,808	2,502
Software subscriptions and systems	38,769	41,472
Maintenance	17,383	19,504
Banking commissions	11,139	11,893
Life insurance and medical expenses	52,564	48,194
Stationery and printing	6,434	4,844
Rent expense	11,375	10,230
Compensation for broker mistakes	959	6,065
Professional fees	19,676	19,676
Stamps and Letters of guarantee commissions	38,761	9,005
Cost of services provided by the Arab Banking Corporation – Jordan (Note 17)	102,615	102,615
Vehicles expenses	1,276	1,846
Other	36,134	30,499
	1,946,054	1,886,819

17. Related Party Transactions

Related parties represent the partner (Arab Bank Corporation Company), sister companies, and key management. Prices and conditions of these transactions are approved by the Company's management.

These related parties' transactions are within the normal course of business and are subject to commercial interest rates and commissions.

	December 31,	
	2023	2022
	JD	JD
Statement of Financial Position items:		
Balances at Banks and other financial institutions	2,171,234	5,191,811
Due to a bank	(3,487,104)	(9,581,023)
Statement of profit or loss items:		
Interest income	10,634	7,737
Interest and commission expenses	(365,083)	(245,888)
Stamps and commission Bank guarantees	(13,783)	(13,783)
Cost of services provided by the Arab Banking Corporation – Jordan*	(102,615)	(102,615)

* This item represents administrative services provided by the parent Company "Arab Banking Corporation – Jordan), such as the leasing of sites and staff garages, costs of water and electricity, and services related to human resources, in addition to information system services. Later in accordance with the executive instructions No. (3) for the year 2021 regarding the transfer pricing for income tax purposes No. (40) for the year 2021. The cost of these services was calculated using the comparative pricing method. Noting that the effective date for these services was in July 2021.

The following is a summary of the senior executive management benefits:

	2023	2022
	JD	JD
Salaries and bonuses	489,378	479,890

	2023	2022
	JD	JD
Off – Statement of Financial Position items		
Letters of guarantee	1,684,000	1,722,000
Unutilized Company facility limits- Jordan	249,396	890,977
Unutilized Company facility limits- Bahrain	8,862,500	2,127,000

18. Commitments and Contingent Liabilities

This item consists of the following:

	2023	2022
	JD	JD
Unutilized customer facility limits	1,135,324	954,638
Guarantee *	2,439,000	2,132,000
	3,574,324	3,086,638

* This item includes a guarantee of JD 1,835,000 issued in favor of the Jordan Securities Commission as a performance guarantee for the Company brokerage license as an intermediate in the Jordan Securities Commission in addition to a guarantee of JD 100,000 as a performance guarantee for the underwriting license and a guarantee of JD 159,000 issued in favor of Securities Depository Center as a clearance guarantee to ensure settlement and lawsuits guarantee amount JD 345,000.

19. Risk Management

a. Credit Risk

The Company's credit policy requires that all customers granted credit limits in regional and international markets are subject to procedures including approval by the Board of Directors. In addition, the Credit Committee checks the credit worthiness and determines a credit limit for each customer prior to approval. No trading is allowed by the customer prior to this approval. Debit balances of customers are subject to continuous monitoring and follow-up by the Credit Control Department, which reports to the Credit Committee. Debit balances are guaranteed by investment portfolios covering a minimum of 150% of the credit granted to the customer. The account receivables balance and the market values the market values of the securities guaranteeing them as at December 31, 2023 distribution as follows:

Product	Balance	Portfolio Market Value/ Cash Margin
	Thousand JD	Thousand JD
For the year 2023		
Trade receivables- margin		
Trade receivables- non-performing margin	29,723	54,383
	3,913	2,359
For the year 2022		
Trade receivables- margin	31,014	64,730
Trade receivables- non-performing margin	4,204	1,763

The credit risk of Company balances at banks and other financial institutions ,trade receivables, and other receivables as of December 31, are as follows:

	Corporate	Individual	Government	Total
For the year 31, 2023	Thousand JD	Thousand JD	Thousand JD	Thousand JD
Balances at banks and other financial institutions	5,753	-	-	5,753
Trade receivables	11,797	22,439	-	34,236
Others	-	45	26	71
Total	17,550	22,484	26	40,060

	Corporate	Individual	Government	Total
For the year 2022	Thousand JD	Thousand JD	Thousand JD	Thousand JD
Balances at banks and other financial institutions	7,127	-	-	7,127
Trade receivables	9,373	25,232	-	34,605
Others	-	74	26	100
Total	16,500	25,306	26	41,832

The geographical distribution of credit exposures is as follows:

For the year 2023	Within the Kingdom	Other Middle Eastern Countries	Europe	Total
Geographical area:	Thousand JD	Thousand JD	Thousand JD	Thousand JD
Balances at banks and other financial institution	2,187	716	2,850	5,753
Trade receivables	34,236	-	-	34,236
Other debit balances	71	-	-	71
Total for 2023	36,494	716	2,850	40,060
Total for 2022	39,804	714	1,314	41,832

b. Currency Risk

Risk of changes in currency exchange rates that affect the Company's assets and liabilities in foreign currencies. The Company prepares sensitivity analyses to monitor the effect of changes of (+/-1%) in foreign exchange rates on its net profits and equity.

Most of the Company's transactions are in Jordanian Dinars and US Dollars. The Jordanian Dinar is pegged to the US Dollar (USD 1,41 equals one Jordanian Dinar). Therefore, currency risk for the Company's is not considered to be significant and the Company does not usually hold major financial positions in other currencies that might affect the Company since the Company acts as a brokerage firm on behalf of its customers.

The Company prepares sensitivity analyses to monitor the effect of currency rate changes of (+/-10%) on its net profit and loss and equity:

Currency	Financial position	Effect of 10% of currency exchange rate changes on Statement of Comprehensive Income
	JD	JD
For the year 2023		
USD	65,139	(65)
GBP	1,981	2
EUR	21	-
QAR	1,289	1
For the year 2022		
USD	(340,851)	(341)
GBP	68	-
EUR	31	-
QAR	535	-

c. Concentration in Currency Risk:

The concentration in currency risk distribution is as follows:

For the year 2023	US Dollar	EUR	GBP	Others	Total
Assets:	Thousand JD	Thousand JD	Thousand JD	Thousand JD	Thousand JD
Balances at Banks and other financial institutions	3,794	82	1,101	725	5,702
Account receivables	1	-	-	-	1
Other	-	-	-	-	-
Total assets	3,795	82	1,101	725	5,703
Liabilities:					
Due to banks	2,482	-	-	-	2,482
Trade payables	2,251	82	1,099	730	4,162
Cash margins	55	-	-	-	55
Other credit balances	6	-	-	-	6
Total liabilities	4,794	82	1,099	730	6,705
Net concentration in the statement of financial position	(999)	-	2	(5)	(1,002)
For the year 2022					
Total Assets	4,494	59	842	1,093	6,488
Total liabilities	12,492	58	842	1,092	14,484
Net Concentration in the Statement of Financial Position	(7,998)	1	-	1	(7,996)

d. Equity Price Risk

The Company has no significant exposure to equity price risk since it does not have such investments.

e. Interest Rate Risk

The following schedule represents the statement of profit or loss's sensitivity to reasonable changes in currency exchange rates, whereby all other variables remain constant:

Year	Increase Points	Effect on profit JD
2023	10	18,046
2022	10	23,003

If the changes were negative, the effect would be the same as shown above but with a reversed sign.

Interest rate sensitivity gap is as follows:

For the year 2023	Up to 3 Months	3 – 6 Months	6 Months – 1 Year	1 – 3 Years	Over 3 Years	Zero Interest Elements	Total	Average Interest Rate
Assets:	Thousand JD	Thousand JD	Thousand JD	Thousand JD	Thousand JD	Thousand JD	Thousand JD	%
Balances at banks and other financial institutions	-	-	-	-	-	5,753	5,753	-
Account receivables	8,804	8,450	16,982	-	-	-	34,236	10.5
Other debit balances	31	6	12	19	-	81	149	5
Land held for sale	-	-	-	-	-	1,697	1,697	-
Property and equipment - net	-	-	-	-	-	60	60	-
Intangible Assets	-	-	-	-	-	61	61	-
Deferred tax assets	-	-	-	-	-	1,392	1,392	-
Total assets	8,835	8,456	16,994	19	-	9,044	43,348	
Liabilities:								
Due to banks	12,293	-	-	-	-	-	12,293	7.84
Trade payables	-	-	-	-	-	5,739	5,739	-
Cash margins	-	-	-	-	-	55	55	-
Other credit balances	-	-	-	-	-	185	185	-
Income tax provision	-	-	-	-	-	267	267	-
Total Liabilities	12,293	-	-	-	-	6,246	18,539	
Interest Rate Sensitivity Gap	(3,458)	8,456	16,994	19	-	2,789	24,809	

For the year 2022	Up to 3 Months	3 – 6 Months	6 Months – 1 Year	1 – 3 Years	Over 3 Years	Zero Interest Elements	Total	Average Interest Rate
Assets:	Thousand JD	Thousand JD	Thousand JD	Thousand JD	Thousand JD	Thousand JD	Thousand JD	%
Balances at banks and other financial institutions	-	-	-	-	-	7,127	7,127	-
Account receivables	8,287	7,291	19,027	-	-	-	34,605	10
Other debit balances	34	8	17	35	-	119	213	5
Land held for sale	-	-	-	-	-	1,697	1,697	-
Property and equipment - net	-	-	-	-	-	77	77	-
Intangible Assets	-	-	-	-	-	80	80	-
Deferred tax assets	-	-	-	-	-	1,198	1,198	-
Total assets	8,321	7,299	19,044	35	-	10,298	44,997	
Liabilities:								
Due to banks	11,602	-	-	-	-	-	11,602	7.5 – 6.5
Trade payables	-	-	-	-	-	7,068	7,068	-
Cash margins	-	-	-	-	-	94	94	-
Other credit balances	-	-	-	-	-	1,331	1,331	-
Income tax provision	-	-	-	-	-	396	396	-
Total Liabilities	11,602	-	-	-	-	8,889	20,491	
Interest Rate Sensitivity Gap	(3,281)	7,299	19,044	35	-	1,409	24,506	

f. Liquidity Risk

Liquidity risk is the risk that the Company will be unable to meet its liabilities when they fall due. To manage this risk, management maintains a sufficient amount of cash balances and enough financing through credit limits. To limit this risk, management has arranged diversified funding sources, manages assets with liquidity in mind, and maintains a sufficient amount of cash and cash equivalents.

The undiscounted contractual maturity profile of the Company's liabilities as of December 31, on the basis of the remaining period to maturity and current market prices is as follows:

	Up to 1 Month	1 – 3 Months	3 – 6 Months	6 Months – 1 Year	1 – 3 Years	Over 3 Years	No Specific Maturity	Total
	Thousand JD	Thousand JD	Thousand JD	Thousand JD	Thousand JD	Thousand JD	Thousand JD	Thousand JD
For the year 2023								
Liabilities:								
Due to banks	12,293	-	-	-	-	-	-	12,293
Trade payables	5,739	-	-	-	-	-	-	5,739
Cash margins	55	-	-	-	-	-	-	55
Other liabilities	28	-	86	-	71	-	-	185
Income tax provision	100	-	167	-	-	-	-	267
Total Liabilities	18,215	-	235	-	71	-	-	18,539
For the year 2022								
Liabilities:								
Due to banks	11,602	-	-	-	-	-	-	11,602
Trade payables	7,068	-	-	-	-	-	-	7,068
Cash margins	94	-	-	-	-	-	-	94
Other liabilities	27	535	13	749	7	-	-	1,331
Income tax provision	62	-	334	-	-	-	-	396
Total Liabilities	18,853	535	347	749	7	-	-	20,491

20. Capital Management

The primary objective of the management of the Company's capital is to ensure that it maintains adequate capital ratios in order to support the Company's activities and maximize the partner's value.

The Company manages the capital structure and makes the necessary adjustments in the light of changes in the working conditions. However, the Company did not make any amendments to the objectives, policies or procedures relating to the structuring of capital during the current or previous year.

The items included in the capital structure are the paid-up capital, retained earnings, statutory reserves, and general risk reserve, totaling JD 24,809,029 as of December 31, 2023, compared to JD 24,505,323 as at December 31, 2022.

21. Maturity Analysis of Assets and Liabilities

The table below shows an analysis of assets and liabilities according to when they are expected to be recovered or settled:

	Within 1 year	More than 1 year	Total
	Thousand JD	Thousand JD	Thousand JD
For the year 2023			
Assets:			
Cash and balances at banks and other financial institutions	5,753	-	5,753
Trade receivables	34,236	-	34,236
Other debit balances	128	21	149
Lands held for sale	-	1,697	1,697
Property and equipment - net	-	60	60
Intangible assets	-	61	61
Deferred tax assets	-	1,392	1,392
Total Assets	40,117	3,231	43,348
Liabilities:			
Due to banks	12,293	-	12,293
Trade payables	5,739	-	5,739
Cash margins	55	-	55
Other credit balances	114	71	185
Income tax provision	267	-	267
Total Liabilities	18,468	71	18,539
Net Assets	21,649	3,160	24,809

	Within 1 year	More than 1 year	Total
	Thousand JD	Thousand JD	Thousand JD
For the year 2022			
Assets:			
Cash and balances at banks and other financial institutions	7,127	-	7,127
Trade receivables	34,605	-	34,605
Other debit balances	162	51	213
Lands held for sale	-	1,697	1,697
Property and equipment - net	-	77	77
Intangible assets	-	80	80
Deferred tax assets	-	1,198	1,198
Total Assets	41,894	3,103	44,997
Liabilities:			
Due to banks	11,602	-	11,602
Trade payables	7,068	-	7,068
Cash margins	94	-	94
Other credit balances	1,324	7	1,331
Income tax provision	396	-	396
Total Liabilities	20,484	7	20,491
Net Assets	21,410	3,096	24,506

22. Off Statement of Financial Position

In the normal course of business, the Company manages the investments of customers. These accounts are separated from the Company's assets and do not appear on the financial statements. There are no investments managed by the Company on behalf of customers as of December 31, 2023 and 2022.

23. Lawsuits Against the Company

There is lawsuits raised against the Company amounted thousand USD 87 (amounted to thousand JD 62) as of December 31, 2023 and 2022. The court of appeal issued a decision to dismiss the appeal submitted by the Company and ruled against the Company with the same amount of fees, expense and attorney fees. A cassation was filed over the over the aforementioned decision. In the opinion of the Company's management and its legal advisor, no obligations will arise which will exceed the provision recorded of an amount equivalent to JD 65,000 as of December 31, 2023, against to the amount of JD 50,000 as of December 31, 2022.

24. Fair Value of Financial Assets and Financial Liabilities with no determined Fair Value

The carrying amounts of the financial assets and financial liabilities recognized in the Company's financial statements approximate their fair values for the year ended December 31, 2023.