

SAFWA ISLAMIC BANK  
(PUBLIC SHAREHOLDING LIMITED COMPANY)  
AMMAN-THE HASHEMITE KINGDOM OF JORDAN

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION  
FOR THE NINE MONTHS ENDED 30 September 2022  
TOGETHER WITH THE INDEPENDENT  
AUDITOR'S REVIEW REPORT

SAFWA ISLAMIC BANK  
(PUBLIC SHAREHOLDING LIMITED COMPANY)  
AMMAN-THE HASHEMITE KINGDOM OF JORDAN  
30 SEPTEMBER 2022

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In the Name of Allah, the Beneficent, the Merciful

Review Report

AM/ 014589

To the chairman and the Board of Directors  
Safwa Islamic Bank  
(Public Shareholding Limited Company)  
Amman – The Hashemite Kingdom of Jordan

**Introduction**

We have reviewed the condensed consolidated interim statement of financial position of Safwa Islamic Bank (a Public Shareholding limited Company) as of September 30, 2022 and the related condensed consolidated interim statements of profit or loss and comprehensive income for the three months and nine months period ended September 30, 2022, changes in shareholders' equity and cash flows for the nine months then ended, and a summary of significant accounting policies and other explanatory information. Management is responsible for the preparation and fair presentation of this condensed consolidated interim financial information in accordance with the Financial Accounting Standards issued by Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) as adopted by the Central Bank of Jordan. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

**Scope of Review**

We conducted our review in accordance with International Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Company. A review of condensed consolidated interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information is not prepared, in all material respects, in accordance with the Financial accounting standards issued by accounting and auditing organisation for Islamic financial institutions (AAOIFI) as adopted by the Central Bank of Jordan.

**Other Matters**

The accompanying condensed consolidated interim financial information is a translation of the statutory condensed consolidated interim financial information in the Arabic language, to which reference is to be made.

Amman – The Hashemite Kingdom of Jordan  
October 30, 2022

Deloitte & Touche (M.E.) - Jordan

Deloitte & Touche (M.E.)

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Deloitte & Touche

**SAFWA ISLAMIC BANK**  
**(PUBLIC SHAREHOLDING LIMITED COMPANY)**  
**AMMAN-THE HASHEMITE KINGDOM OF JORDAN**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**

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**(1) INCORPORATION AND ACTIVITIES**

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

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

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

Etiihad Islamic Investment Company owns 62.37% of the bank's capital.

The condensed consolidated financial information for the nine months ended 30 September 2022 has been approved by the Bank's Board of Directors at its meeting No. (7/2022) on 30 October 2022.

**(2) BASIS OF PREPARATION**

**A-Basis of preparation of the Condensed Consolidated Interim Financial Information**

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

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

The main differences between the Islamic accounting standards issued by the accounting and Auditing Organization for Islamic Financial Institution and the International Financial Reporting standards as they should be applied and what has been approved by central Bank of Jordan consist of the following:

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

- Sukuk issued or guaranteed by the Jordanian government are excluded so that credit exposures on the Jordanian government and guaranteed by it are addressed without credit losses.
- When calculating credit losses against credit exposures, the results are obtained according to FAS (30) issued by the Organization for Islamic Financial Institutions are compared with the instructions of the Central Bank of Jordan No. (47/2009) dated 10, December 2009 for each stage separately. The most stringent result is selected.
- Revenue and commissions are suspended on non-performing credit financing granted to clients in accordance with the Central Bank of Jordan instructions.

**Second:** Assets seized by the bank against debts are disclosed in the condensed consolidated interim statement of financial position under "Other Assets", and recorded using the acquisition value or fair value, whichever is less, and they are revaluated individually at the date of the consolidated financial statements. Any impairment in its value is recorded as a loss in the Condensed Consolidated Interim Statement of Profit or Loss and Comprehensive Income however, the increase in value is not recorded as revenue. Subsequent increase in fair value is recorded in the Condensed Consolidated Interim Statement of Profit or Loss and Comprehensive Income to the extent that it does not exceed the value of the decrease that has been previously recorded. Also, a progressive provision is recorded for the assets seized against debts, according to the Central Bank of Jordan letter No. 10/3/13246 dated on 2 September 2021 as (5%) of the total book values of these properties starting from the year 2022 to achieve the required percentage of (50%) for these properties by the end of year 2030, On October 10, 2022, a subsequent circular was issued by the central Bank of Jordan canceling the deductions of the provisions against the violating seized real estates, emphasizing the necessity of maintaining the already provisioned amounts against violating seized real estates of the banking law, provisions are to be released only when the related seized real estates are disposed.

The condensed consolidated interim financial information is presented in Jordanian Dinar (JD), which is the functional currency of the Bank.

The separation between what belongs to the Shareholders' equity and what belongs to the unrestricted investment accounts holders is taken into consideration.

Unrestricted investment accounts mean joint investment accounts wherever they are mentioned.

The interim condensed consolidated financial information does not include all the information and explanations required for the annual consolidated financial statements prepared in accordance with the Accounting Standards for Islamic Financial institutions issued by the Accounting and Auditing Organization for Islamic financial institutions as approved by the central bank of Jordan , and it must be read with the annual Financial statements of the bank as of 31 December 2021 ,Moreover, the results of the nine – months operations ending 30 September 2022 do not represent the inclusion of the expected results for year ending 31 December 2022. Also, the bank did not deduct the legal reserves on the profits for the nine-month period ending on 30 September 2022, according to the provisions of the Companies Law and the issued instructions, as this financial information is interim, and that the deductions are made at the end of the fiscal year.

#### **B- Significant Accounting Judgments, Key Sources of Uncertainty Estimation and Risks Management:**

The preparation of the condensed consolidated interim financial information and application of the accounting policies are required from the bank's management to make judgments, estimates, and assumptions that affect the amounts of financial assets and financial liabilities disclose contingent liabilities. Moreover, these estimates and judgments affect revenue, expenses, provisions in general ,

and expected credit losses as well as the changes in fair value that appear in the condensed consolidated interim statement of profit or loss and within the shareholders' equity. In Particular, the Bank's management is required to make judgments to estimate the amount and timing of future cash flows. These estimates are necessarily based on multiple believes hypothesis 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.

The bank mangment belives that estimates used in the preparation of this condensed consolidated interim financial information are reasonable and consistent with those used in the preparation of the Bank's annual consolidated financial statements for the year ended 2021.

### **C-Basis of Consolidation of the Condensed Consolidated Interim Financial Information**

The condensed interim financial information comprises of the condensed consolidated interim financial information of the Bank and its subsidiary which are financed by the self funds of the Bank that has the control to govern the operational and financial policies of the Subsidiaries to obtain benefits from their activities, all inter-company balances, transactions, revenue, expenses and off –balance sheet items between the Bank and its subsidiary are eliminated.

The condensed consolidated interim financial information of the subsidiary is prepared for the same reporting period as the Bank, using same accounting policies applied the Bank.

The subsidiary of the Bank at 30 September 2022 is as follows:

<b>Subsidiary name</b>	<b>Paid in Capital</b>	<b>Source of Funding</b>	<b>Ownership %</b>	<b>Company Main Activity</b>	<b>Operation location</b>	<b>Acquisition Date</b>
	(JD)					
Misc for brokerage company	2,000,000	Self	100%	Brokerage	Amman	2011

The subsidiary operations results are consolidated in the condensed consolidated information of profit or loss and comprehensive income from the acquisition date which is the date the bank actually obtains control on the subsidiary. The subsidiary ceased operations result are consolidated in the condensed consolidated information of profit or loss and comprehensive income, Which is the date that the bank loses the control on its subsidiary.

Non-controlling interests represent the portion of owners' equity that is not owned by the Bank in its subsidiary.

### **3-Accounting policies**

The accounting policies used in preparing the condensed consolidated interim financial information for the period ended on 30 September 2022 are consistent with those followed in preparing the consolidated financial information for the year ended 31 December 2021, except for the effect of the new Accounting Standards for Islamic institutions that became affective at the beginning of the year 2022, which are mentioned in Note (26).

"Statement A"

**Safwa Islamic Bank**  
**(A Public Shareholding Limited Company)**  
**Amman-The Hashemite Kingdom of Jordan**

**Condensed Consolidated Interim Statement of Financial Position**

	Note	30 September 2022 (Reviewed) JD	31 December 2021 (Audited) JD
<b><u>Assets</u></b>			
Cash and balances at the Central Bank	4	265,662,333	358,653,364
Balances at banks and financial institutions		11,480,130	8,293,931
International wakala investments-net	5	70,464,764	86,124,648
Financial assets at fair value through profit or loss		-	1,565,294
Deferred sales receivables and other receivables-net	6	1,263,158,868	1,063,215,294
Financial assets at fair value through shareholders' equity -self financed		198,900	-
Financial assets at fair value through unrestricted investment accounts' holders equity-net	7	245,364,373	164,363,677
Financial assets at amortized cost-net		37,313,000	64,752,000
Investment in associate		345,954	343,708
Ijara Muntahia Bittamleek assets-net	8	594,417,761	533,805,256
Qard Hasan-net		3,238,567	1,619,321
Property and equipment-net		21,387,031	22,333,251
Intangible assets - net		2,161,679	1,919,527
Right of use assets		10,429,289	9,367,268
Deferred tax assets	10/C	7,573,955	6,734,092
Other assets	9	16,224,560	13,044,688
<b>Total Assets</b>		<b>2,549,421,164</b>	<b>2,336,135,319</b>
<b><u>Liabilities</u></b>			
Banks and financial institutions accounts		15,868,773	16,530,718
Customers' current accounts		305,643,345	290,066,768
Cash margins		50,799,153	56,124,802
Income tax provision	10/A	5,816,112	8,332,402
Other provisions		440,000	440,000
Lease liabilities		10,014,787	9,342,554
Other liabilities	11	67,541,431	51,211,325
<b>Total Liabilities</b>		<b>456,123,601</b>	<b>432,048,569</b>
<b><u>Unrestricted Investment Accounts Holders' Equity</u></b>			
Unrestricted investment accounts	12	1,926,232,746	1,741,326,610
Fair value reserve		(1,135,143)	82,413
<b>Total Unrestricted Investment Accounts Holders' Equity</b>		<b>1,925,097,603</b>	<b>1,741,409,023</b>
<b><u>Shareholders' Equity</u></b>			
Paid up capital		100,000,000	100,000,000
Statutory reserve		29,766,889	29,766,889
Fair value reserve - Self		1,293	-
Retained earnings		26,910,838	32,910,838
Profit for the period - Statement ( B )		11,520,940	-
<b>Total Shareholders' Equity</b>		<b>168,199,960</b>	<b>162,677,727</b>
<b>Total Liabilities, Unrestricted Investment Accounts Holders' and Shareholders' Equity</b>		<b>2,549,421,164</b>	<b>2,336,135,319</b>
<b>Wakala Investments accounts</b>		<b>1,588,690</b>	<b>4,288,847</b>

The accompanying notes constitute an integral part of these condensed consolidated interim financial information and should be read with it and the accompanying review report.

## Statement "B"

**Safwa Islamic Bank**  
**(Public Shareholding Limited Company)**  
**Amman-The Hashemite Kingdom of Jordan**  
**Condensed Consolidated Interim Statement of Profit or Loss and Comprehensive Income**

	Note	For The Three Month Period		For The Nine Month Period	
		Ended 30 September		Ended 30 September	
		2022	2021	2022	2021
		(Reviewed)	(Reviewed)	(Reviewed)	(Reviewed)
		JD	JD	JD	JD
Deferred sales revenue	13	18,571,813	15,420,078	51,587,892	42,999,242
Ijara Muntahia Bittamleek assets revenue		10,170,540	8,686,212	28,667,422	24,867,042
Gain from International wakala investments		431,565	56,735	666,793	217,766
Gain from financial assets at fair value through unrestricted investment accounts' holders equity	14	1,625,775	393,029	3,369,293	1,521,579
(Losses) Gains from financial assets at fair value through statement of profit or loss	15	7,206	69,529	(25,240)	70,658
Gain from financial assets at amortized cost		514,449	798,011	1,766,983	2,741,631
Share of joint funds from profits of associate		-	-	8,496	451
(Losses) from Foreign currencies evaluation		(25,832)	(1,990)	(171,875)	(23,341)
Other revenue - jointly financed - net		94,909	(73,356)	560,027	99,343
<b>Total revenue from unrestricted investment</b>		<b>31,390,425</b>	<b>25,348,248</b>	<b>86,429,791</b>	<b>72,494,371</b>
Deposit guarantee fees joint investment accounts		(597,594)	(482,249)	(1,792,784)	(1,446,749)
Share of unrestricted investment accounts holders'	12	(16,122,927)	(12,072,120)	(42,959,859)	(32,899,111)
Expected credit losses on joint items	5 & 6 & 7 & 11	(3,264,252)	(2,195,304)	(8,598,845)	(7,654,209)
<b>Bank's share of revenue from unrestricted investments as a mudarib and rab mal</b>		<b>11,405,652</b>	<b>10,598,575</b>	<b>33,078,303</b>	<b>30,494,302</b>
Bank's self financed revenue	16	201,821	170,466	546,108	510,223
Bank's share from the restricted investments revenue as agent (wakeel)		16,687	25,809	67,964	109,356
Gain from foreign currencies		350,028	381,911	1,244,205	1,109,595
Banking services revenue-net		2,271,226	1,581,240	6,747,042	4,762,258
Other revenue		24,834	7,757	36,929	138,722
Deposit guarantee fees - self financed		(405,791)	(296,073)	(1,217,373)	(888,226)
<b>Gross Income</b>		<b>13,864,457</b>	<b>12,469,685</b>	<b>40,503,178</b>	<b>36,236,230</b>
Employees' expenses		(4,000,818)	(3,694,266)	(11,492,590)	(10,589,371)
Depreciation and amortization		(793,866)	(817,108)	(2,347,165)	(2,430,149)
Depreciation of Ijara muntahia bittamleek assets- self financed		(117,859)	(95,947)	(301,864)	(287,189)
(Expense)provision expected credit losses on self items	6 & 11 & Statement "E"	(63,520)	(2,272)	(282,320)	(25,352)
Amortisation of right of use assets		(421,262)	(367,424)	(1,236,089)	(1,085,589)
Finance costs / discount on lease liability		(90,336)	(74,286)	(261,262)	(225,399)
Rent expenses		(47,892)	(49,404)	(132,485)	(137,932)
Other expenses		(2,018,006)	(1,426,243)	(5,855,937)	(4,301,396)
<b>Total expenses</b>		<b>(7,553,559)</b>	<b>(6,526,950)</b>	<b>(21,909,712)</b>	<b>(19,082,377)</b>
<b>Profit for the period before tax</b>		<b>6,310,898</b>	<b>5,942,735</b>	<b>18,593,466</b>	<b>17,153,853</b>
Income tax expense	10/B	(2,384,658)	(2,288,081)	(7,072,526)	(6,556,801)
<b>Profit for the period / Total Comprehensive income for the period</b>		<b>3,926,240</b>	<b>3,654,654</b>	<b>11,520,940</b>	<b>10,597,052</b>
<b>Comprehensive income items</b>					
<b>Add: other comprehensive Income items after tax that will not be reclassified subsequently to the condensed consolidated interim statement of profit or loss :</b>					
Net change in fair value reserve for financial assets		-	-	1,293	-
<b>Total comprehensive income for the period</b>		<b>3,926,240</b>	<b>3,654,654</b>	<b>11,522,233</b>	<b>10,597,052</b>
		FILS/JD	FILS/JD	FILS/JD	FILS/JD
Basic and diluted earnings per share for the period	17	0/039	0/037	0/115	0/106

The accompanying notes constitute an integral part of these condensed consolidated interim financial information and should be read with it and the accompanying review report.

Statement "C"

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

	Paid up capital	Statutory reserve	Fair value reserve - Self	Retained Earnings*	Profit for the period	Total
	JD	JD	JD	JD	JD	JD
<b>For the nine month period ended 30 September 2022</b>						
Balance as at the beginning of the year	100,000,000	29,766,889	-	32,910,838	-	162,677,727
Dividends**	-	-	-	(6,000,000)	-	(6,000,000)
Total comprehensive Income for the period - statement (B)	-	-	1,293	-	11,520,940	11,522,233
<b>Balance as of 30 September 2022</b>	<b>100,000,000</b>	<b>29,766,889</b>	<b>1,293</b>	<b>26,910,838</b>	<b>11,520,940</b>	<b>168,199,960</b>
<b>For the nine month period ended 30 September 2021</b>						
Balance as at the beginning of the year	100,000,000	27,485,171	-	27,132,236	-	154,617,407
Dividends**	-	-	-	(6,000,000)	-	(6,000,000)
Total comprehensive Income for the Period - statement (B)	-	-	-	-	10,597,052	10,597,052
<b>Balance as of 30 September 2021</b>	<b>100,000,000</b>	<b>27,485,171</b>	<b>-</b>	<b>21,132,236</b>	<b>10,597,052</b>	<b>159,214,459</b>

- Retained earnings include a balance of JD 698,286 as of 30 September 2022 (JD 669,296 as at 31 December 2021) which represents deferred tax assets -self financed and it is restricted from use based on the Central Bank of Jordan instructions.

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

\*\* In its meeting held on April 24, 2022, the General Assembly approved the recommendation of the Board of Directors to distribute cash dividends of JD (6) million to shareholders for the year 2021 at a rate of 6% of the capital.

**The accompanying notes constitute an integral part of these condensed consolidated interim financial information and should be read with it and the accompanying review report.**

Statement "D"

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

	For the nine month period ended 30 September		
	Note	2022 (Reviewed ) JD	2021 (Reviewed ) JD
<b><u>Cash Flows from Operating Activities</u></b>			
Profit for the period before tax - statement (B)		18,593,466	17,153,853
<b>Adjustments for non cash items:</b>			
Depreciation and amortization		2,347,165	2,430,149
Depreciation of Ijara Muntahia Bittamleek assets(self & jointly financed)		32,966,569	31,500,015
Depreciation of right of use assets		1,236,089	1,085,589
Finance costs (discount on lease liabilities)		261,262	225,399
Unrealized losses for financial assets at fair value through statement of profit or loss		-	25,581
Expected credit losses provision - joint		8,598,845	7,654,209
Expected credit losses provision - self		282,320	25,352
(Decrease) in other provisions - net		-	(479,597)
Net share of joint funds from (profits) of associate		(8,496)	(451)
Loss from sale /disposal of property and equipment		-	1,133
Provision for impairment seized realestates / joint Funds	9	239,356	436,671
Losses from sale of seized assets against debts		13,833	39,607
<b>Cash Flows from Operating Activities before Changes in working capital</b>		<b>64,530,409</b>	<b>60,097,510</b>
<b>Changes in operating working capital :</b>			
(Increase) in deferred sales receivables and other receivables		(208,398,053)	(272,534,717)
(Increase) in Ijara Muntahia Bittamleek assets		(93,579,074)	(92,417,574)
(Increase) decrease in the Qard Hasan		(1,842,968)	346,989
(Increase) in other assets		(3,778,161)	(1,816,557)
Increase in customers' current accounts		15,576,577	41,156,184
(Decrease) increase in cash margin accounts		(5,325,649)	13,921,628
Increase in other liabilities		15,903,423	6,985,214
<b>Net cash (used in) operating activities before income tax paid</b>		<b>(216,913,496)</b>	<b>(244,261,323)</b>
Income tax paid	10/A	(10,428,679)	(10,143,483)
<b>Net cash (used in) operating activities</b>		<b>(227,342,175)</b>	<b>(254,404,806)</b>
<b><u>Cash Flows from Investing Activities</u></b>			
(Purchase) of financial assets at fair value through unrestricted investment accounts holders equity		(82,372,990)	(17,173,306)
Net sale (purchase) of financial assets at fair value through statement of profit or loss		1,565,294	(3,949,706)
(Purchase) financial assets at fair value through shareholders' equity, net - Self		(197,607)	-
Maturity of financial assets at amortized cost		27,439,000	27,439,000
Cash dividends from an associate		6,250	6,250
(Purchase) of intangible assets		(831,376)	(255,335)
(Purchase) of property and equipment		(811,722)	(882,265)
Proceeds from sale of property and equipment		-	55
Proceeds from sale of seized assets against debts		345,100	343,000
Net decrease (increase) in International Wakala Investments		15,909,770	(38,851,609)
<b>Net cash ( used in) investing activities</b>		<b>(38,948,281)</b>	<b>(33,323,916)</b>
<b><u>Cash Flows from Financing Activities</u></b>			
Increase in unrestricted investment holders equity		184,906,136	305,769,535
Paid of Lease liability		(1,887,139)	(1,591,566)
(Dividends) to shareholders		(5,871,428)	(5,737,019)
<b>Net cash flows from financing activities</b>		<b>177,147,569</b>	<b>298,440,950</b>
<b>Net ( decrease ) increase in cash and cash equivalents</b>		<b>(89,142,887)</b>	<b>10,712,228</b>
Cash and cash equivalents at beginning of the year		350,416,577	336,278,754
<b>Cash and cash equivalents at end of the period</b>	18	<b>261,273,690</b>	<b>346,990,982</b>

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Statement "E"

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

	30 September 2022 (Reviewed)	31 December 2021 (Audited)
	JD	JD
<b>Balance as at the beginning of the period / year</b>	1,279,581	981,882
Sources of the fund from :		
Shareholders' equity	(9,049,627)	(6,152,124)
<b>Total sources of the fund's assets during the period / year</b>	<b>(9,049,627)</b>	<b>(6,152,124)</b>
Uses of the fund on :		
Corporate	10,559,556	6,444,856
Employees	11,248	4,967
<b>Total uses during the period / year</b>	<b>10,570,804</b>	<b>6,449,823</b>
<b>Total balance</b>	<b>2,800,758</b>	<b>1,279,581</b>
Add: overdrawn accounts	861,792	540,001
Less : expected credit losses provision	(423,983)	(200,261)
<b>Balance at the end of the period / year - Net</b>	<b>3,238,567</b>	<b>1,619,321</b>

**SAFWA ISLAMIC BANK**  
**(PUBLIC SHAREHOLDING LIMITED COMPANY)**  
**AMMAN-THE HASHEMITE KINGDOM OF JORDAN**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**

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**(1) INCORPORATION AND ACTIVITIES**

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

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

Etiihad Islamic Investment Company owns 62.37% of the bank's capital.

The condensed consolidated financial information for the nine months ended 30 September 2022 has been approved by the Bank's Board of Directors at its meeting No. (7/2022) on 30 October 2022.

**(2) BASIS OF PREPARATION**

**A-Basis of preparation of the Condensed Consolidated Interim Financial Information**

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

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

The main differences between the Islamic accounting standards issued by the accounting and Auditing Organization for Islamic Financial Institution and the International Financial Reporting standards as they should be applied and what has been approved by central Bank of Jordan consist of the following:

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

- Sukuk issued or guaranteed by the Jordanian government are excluded so that credit exposures on the Jordanian government and guaranteed by it are addressed without credit losses.
- When calculating credit losses against credit exposures, the results are obtained according to FAS (30) issued by the Organization for Islamic Financial Institutions are compared with the instructions of the Central Bank of Jordan No. (47/2009) dated 10, December 2009 for each stage separately. The most stringent result is selected.
- Revenue and commissions are suspended on non-performing credit financing granted to clients in accordance with the Central Bank of Jordan instructions.

**Second:** Assets seized by the bank against debts are disclosed in the condensed consolidated interim statement of financial position under "Other Assets", and recorded using the acquisition value or fair value, whichever is less, and they are revaluated individually at the date of the consolidated financial statements. Any impairment in its value is recorded as a loss in the Condensed Consolidated Interim Statement of Profit or Loss and Comprehensive Income however, the increase in value is not recorded as revenue. Subsequent increase in fair value is recorded in the Condensed Consolidated Interim Statement of Profit or Loss and Comprehensive Income to the extent that it does not exceed the value of the decrease that has been previously recorded. Also, a progressive provision is recorded for the assets seized against debts, according to the Central Bank of Jordan letter No. 10/3/13246 dated on 2 September 2021 as (5%) of the total book values of these properties starting from the year 2022 to achieve the required percentage of (50%) for these properties by the end of year 2030, On October 10, 2022, a subsequent circular was issued by the central Bank of Jordan canceling the deductions of the provisions against the violating seized real estates, emphasizing the necessity of maintaining the already provisioned amounts against violating seized real estates of the banking law, provisions are to be released only when the related seized real estates are disposed.

The condensed consolidated interim financial information is presented in Jordanian Dinar (JD), which is the functional currency of the Bank.

The separation between what belongs to the Shareholders' equity and what belongs to the unrestricted investment accounts holders is taken into consideration.

Unrestricted investment accounts mean joint investment accounts wherever they are mentioned.

The interim condensed consolidated financial information does not include all the information and explanations required for the annual consolidated financial statements prepared in accordance with the Accounting Standards for Islamic Financial institutions issued by the Accounting and Auditing Organization for Islamic financial institutions as approved by the central bank of Jordan , and it must be read with the annual Financial statements of the bank as of 31 December 2021 ,Moreover, the results of the nine – months operations ending 30 September 2022 do not represent the inclusion of the expected results for year ending 31 December 2022. Also, the bank did not deduct the legal reserves on the profits for the nine-month period ending on 30 September 2022, according to the provisions of the Companies Law and the issued instructions, as this financial information is interim, and that the deductions are made at the end of the fiscal year.

### **B- Significant Accounting Judgments, Key Sources of Uncertainty Estimation and Risks Management:**

The preparation of the condensed consolidated interim financial information and application of the accounting policies are required from the bank's management to make judgments, estimates, and assumptions that affect the amounts of financial assets and financial liabilities disclose contingent liabilities. Moreover, these estimates and judgments affect revenue, expenses, provisions in general ,

and expected credit losses as well as the changes in fair value that appear in the condensed consolidated interim statement of profit or loss and within the shareholders' equity. In Particular, the Bank's management is required to make judgments to estimate the amount and timing of future cash flows. These estimates are necessarily based on multiple believes hypothesis 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.

The bank mangment belives that estimates used in the preparation of this condensed consolidated interim financial information are reasonable and consistent with those used in the preparation of the Bank's annual consolidated financial statements for the year ended 2021.

### **C-Basis of Consolidation of the Condensed Consolidated Interim Financial Information**

The condensed interim financial information comprises of the condensed consolidated interim financial information of the Bank and its subsidiary which are financed by the self funds of the Bank that has the control to govern the operational and financial policies of the Subsidiaries to obtain benefits from their activities, all inter-company balances, transactions, revenue, expenses and off –balance sheet items between the Bank and its subsidiary are eliminated.

The condensed consolidated interim financial information of the subsidiary is prepared for the same reporting period as the Bank, using same accounting policies applied the Bank.

The subsidiary of the Bank at 30 September 2022 is as follows:

<b>Subsidiary name</b>	<b>Paid in Capital</b>	<b>Source of Funding</b>	<b>Ownership %</b>	<b>Company Main Activity</b>	<b>Operation location</b>	<b>Acquisition Date</b>
	(JD)					
Misc for brokerage company	2,000,000	Self	100%	Brokerage	Amman	2011

The subsidiary operations results are consolidated in the condensed consolidated information of profit or loss and comprehensive income from the acquisition date which is the date the bank actually obtains control on the subsidiary. The subsidiary ceased operations result are consolidated in the condensed consolidated information of profit or loss and comprehensive income, Which is the date that the bank loses the control on its subsidiary.

Non-controlling interests represent the portion of owners' equity that is not owned by the Bank in its subsidiary.

### **3-Accounting policies**

The accounting policies used in preparing the condensed consolidated interim financial information for the period ended on 30 September 2022 are consistent with those followed in preparing the consolidated financial information for the year ended 31 December 2021, except for the effect of the new Accounting Standards for Islamic institutions that became affective at the beginning of the year 2022, which are mentioned in Note (26).

#### (4) CASH AND BALANCES AT THE CENTRAL BANK

The details of this item are as follows:

	30 September 2022 (Reviewed)	31 December 2021 (Audited)
	JD	JD
Cash on hand	23,899,464	22,099,424
<b>Balances at the Central Bank of Jordan:</b>		
Current accounts	157,653,268	259,858,283
Statutory cash reserve	84,109,601	76,695,657
<b>Total</b>	<b>265,662,333</b>	<b>358,653,364</b>

- Except for the statutory cash reserve, there are no other restricted cash balances at the Central Bank of Jordan as at 30 September 2022 and 31 December 2021 .

- Provision for expected credit losses has not been calculated on the balances at the Central Bank of Jordan , as they are exposures to the Jordanian government.

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

	Stage 1 (individual)	Stage 1 (individual)
	For the period ended 30 September	For the year ended 31 December
	2022	2021
	JD	JD
Balance at the beginning of the period / year	336,553,940	330,865,686
New balances during the period / year	-	430
Changes resulting from modifications	(94,791,071)	5,687,824
<b>Balance at the end of the period / year</b>	<b>241,762,869</b>	<b>336,553,940</b>

#### (5) INTERNATIONAL WAKALA INVESTMENTS - NET

	Jointly financed	
	30 September 2022(Reviewed)	31 December 2021(Audited)
	JD	JD
<b>Matures:</b>		
Within a month	47,413,940	66,701,844
From a month to three months	17,182,668	17,209,456
From three to six months	1,922,858	2,771,936
From six to twelve months	4,254,000	-
<b>Total International Wakala Investments</b>	<b>70,773,466</b>	<b>86,683,236</b>
Less: Expected credit losses for international wakala investment	(308,702)	(558,588)
<b>Net International Wakala Investments</b>	<b>70,464,764</b>	<b>86,124,648</b>

**(6) DEFERRED SALES RECEIVABLES AND OTHER RECEIVABLES - NET**

The details of this item are as follows :

	Jointly financed		Self financed		Total	
	30 September 2022(Reviewed)	31 December 2021(Audited)	30 September 2022(Reviewed)	31 December 2021(Audited)	30 September 2022(Reviewed)	31 December 2021(Audited)
	JD	JD	JD	JD	JD	JD
<b>Individuals (retail)</b>						
Murabaha to the purchase orderer	410,979,333	357,150,865	1,608,364	1,387,424	412,587,697	358,538,289
Ijara Muntahia Bittamleek - receivables	1,714,315	1,440,495	780	246	1,715,095	1,440,741
Other receivables	6,289,236	5,243,641	30,560	30,612	6,319,796	5,274,253
<b>Real estate financing</b>	21,541,516	23,922,928	-	-	21,541,516	23,922,928
Ijara Muntahia Bittamleek - receivables	476,256	431,709	-	-	476,256	431,709
<b>Corporate</b>						
International Murabaha	11,882,746	-	-	-	11,882,746	-
Murabaha to the purchase orderer	524,973,895	430,360,904	-	-	524,973,895	430,360,904
Ijara Muntahia Bittamleek - receivables	1,414,395	2,161,551	-	-	1,414,395	2,161,551
Other receivables	-	-	456,379	779,145	456,379	779,145
<b>Small and medium enterprises</b>						
Murabaha to the purchase orderer	49,462,395	44,951,938	-	-	49,462,395	44,951,938
Ijara Muntahia Bittamleek - receivables	136,243	20,110	-	-	136,243	20,110
Other receivables	-	-	953,553	1,922,767	953,553	1,922,767
<b>Government and the public sector</b>	453,580,450	384,465,171	-	-	453,580,450	384,465,171
<b>Total</b>	<b>1,482,450,780</b>	<b>1,250,149,312</b>	<b>3,049,636</b>	<b>4,120,194</b>	<b>1,485,500,416</b>	<b>1,254,269,506</b>
<b>Less: Deferred revenue</b>	166,558,079	144,157,955	204,834	174,257	166,762,913	144,332,212
Suspended revenue	2,551,740	2,149,584	7,112	7,112	2,558,852	2,156,696
Expected credit losses	52,986,716	44,532,900	33,067	32,404	53,019,783	44,565,304
<b>Net deferred sales receivable and other receivables</b>	<b>1,260,354,245</b>	<b>1,059,308,873</b>	<b>2,804,623</b>	<b>3,906,421</b>	<b>1,263,158,868</b>	<b>1,063,215,294</b>

- The non- performing deferred sales receivables , other receivables , facilities and Ijara Muntahia bittamleek receivables amounted to JD 39,315,814 as of 30 September 2022, representing 2.64 % of deferred sales receivables, other receivables, facilities and Ijara Muntahia Bittamleek receivables ( JD 30,246,226 as of 31 December 2021 , representing 2.41 % of deferred sales receivables, other receivables, facilities and Ijara Muntahia Bittamleek receivables).
- The non- performing deferred sales receivables , other receivables ,facilities and Ijara Muntahia Bittamleek receivables after deducting the suspended revenue amounted to JD 36,756,962 as at 30 September 2022, representing 2.47% of deferred sales receivable , other receivables ,facilities and Ijara Muntahia Bittamleek ( JD 28,089,530 as at 31 December 2021, representing 2.24% of deferred sales receivable , other receivables ,facilities and Ijara Muntahia bittamleek).
- The provision for impairment of the jointly financed facilities , which is calculated based on the Central Bank of Jordan's Instructions No.(47/2009) in the (under supervision) portfolio amounted to JD 927,651. Moreover, the provision calculated based on the "individual customer"(non-performing) amounted to JD 31,351,261 as at 30 September 2022 ( JD 642,260 and JD 24,646,935 respectively as at 31 December 2021 ).
- The deferred sales receivables and other receivables and facilities granted to and guaranteed by the Government of the Hashemite Kingdom of Jordan amounted to JD 378,585,966 as at 30 September 2022 representing 25.49% of the balance of deferred sales receivables , other receivables and facilities ( JD 235,350,835 as at 31 December 2021, representing 18.76% of the balance of deferred sales receivables , other receivables and facilities).

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

**A- Self financed (Deferred sales receivables , other receivable and Qard hasan)**

Item	For the nine month period ended 30 September 2022 (Reviewed)					
	Stage 1		Stage 2		Stage 3	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD	JD	JD
<b>Total balance at the beginning of the period</b>	1,814,416	2,146,470	242,810	1,015,554	539,157	5,758,407
New facilities during the period	1,979,465	654,781	51,837	129,721	331,382	3,147,186
Settled facilities	(802,928)	(151,973)	(534)	(20,710)	(683)	(976,828)
Transfer to Stage 1	52,802	35,052	(52,802)	(34,584)	(468)	-
Transfer to Stage 2	(192,619)	(39,978)	192,619	39,978	-	-
Transfer to Stage 3	-	(72,964)	-	(35,617)	108,581	-
The total impact on the size of exposures as a result of changing the classification between stages	53,709	(20,604)	(86,433)	(22,266)	(662)	(76,256)
Changes resulting from modifications	(137,496)	(630,254)	(37,162)	(545,386)	(1,971)	(1,352,269)
<b>Total balance at the end of the period</b>	<b>2,767,349</b>	<b>1,920,530</b>	<b>310,335</b>	<b>526,690</b>	<b>975,336</b>	<b>6,500,240</b>

- The movement on provision for expected credit losses on credit facilities / self financed :

Item	For the nine month period ended 30 September 2022 (Reviewed)					
	Corporate	Small and medium enterprises	Individual (Retail)	Real estate loans	Government and the public sector	Total
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the period	24,306	55,397	152,962	-	-	232,665
Impairment loss on new financing during the period	171,018	1,309	40,432	-	-	212,759
Recoverable from the loss on settled facilities	(10,133)	(141)	(1,006)	-	-	(11,280)
Transfer to Stage 1	13	-	-	-	-	13
Transfer to Stage 2	(13)	-	(8)	-	-	(21)
Transfer to Stage 3	-	-	8	-	-	8
Effect on the provision - as at the end of the period - as a result of the change in classification between the three stages during the period	1,042	23,430	1,227	-	-	25,699
Changes resulting from modifications	(275)	(1,280)	(1,238)	-	-	(2,793)
<b>Total balance at the end of the period</b>	<b>185,958</b>	<b>78,715</b>	<b>192,377</b>	<b>-</b>	<b>-</b>	<b>457,050</b>

**Redistribution:**

Provisions on an individual basis	185,958	78,229	184,443	-	-	448,630
Provisions at a collective basis	-	486	7,934	-	-	8,420

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

**B- Jointly financed**

Item	For the nine month period ended 30 September 2022					
	Stage 1		Stage 2		Stage 3	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD	JD	JD
<b>Total balance at the beginning of the period</b>	666,727,092	302,213,964	69,779,932	37,610,805	27,509,980	1,103,841,773
New facilities during the period	203,893,827	108,425,474	45,836,594	2,931,093	4,570,022	365,657,010
Settled facilities	(74,991,443)	(23,636,225)	(5,891,862)	(2,730,967)	(627,653)	(107,878,150)
Transfer to Stage 1	12,102,016	8,861,204	(12,102,016)	(8,838,412)	(22,792)	-
Transfer to Stage 2	(15,020,035)	(9,561,638)	15,020,035	10,578,533	(1,016,895)	-
Transfer to Stage 3	-	(1,480,127)	(3,939,097)	(2,437,096)	7,856,320	-
The total impact on the size of exposures as a result of changing the classification	(1,861,938)	(1,276,590)	3,370,724	(634,088)	(2,123,609)	(2,525,501)
Changes resulting from modifications	891,909	(29,740,145)	(14,608,849)	(1,874,571)	(422,515)	(45,754,171)
<b>Total balance at the end of the period</b>	<b>791,741,428</b>	<b>353,805,917</b>	<b>97,465,461</b>	<b>34,605,297</b>	<b>35,722,858</b>	<b>1,313,340,961</b>

- The movement on provision for expected credit losses on credit facilities - jointly financed :

Item	For the nine month period ended 30 September 2022					
	Corporate	Small and medium enterprises	Individual (Retail)	Real estate loans	Government and the public sector	Total
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the period	29,450,057	1,574,594	9,478,100	4,030,149	-	44,532,900
Loss on new financing during the period	9,829,414	72,750	554,950	310,447	-	10,767,561
Recoverable from impairment loss on settled facilities	(2,249,132)	(70,588)	(650,217)	(147,590)	-	(3,117,527)
Transfer to Stage 1	(23,421)	(1,316)	493,568	438	-	469,269
Transfer to Stage 2	(1,678,112)	(1,692)	97,575	(320,203)	-	(1,902,432)
Transfer to Stage 3	1,701,533	3,008	(591,143)	319,765	-	1,433,163
Effect on the provision - as at the end of the period - as a result of the change in classification between the three stages during the period	2,346,323	55,021	1,931,024	81,552	-	4,413,920
Changes resulting from modifications	(3,584,471)	335,773	946,150	(1,307,590)	-	(3,610,138)
<b>Total balance at the end of the period</b>	<b>35,792,191</b>	<b>1,967,550</b>	<b>12,260,007</b>	<b>2,966,968</b>	<b>-</b>	<b>52,986,716</b>
<b>Redistribution:</b>						
Provisions on an individual basis	35,792,191	1,349,958	8,978,145	2,966,410	-	49,086,704
Provisions at a collective basis	-	617,592	3,281,862	558	-	3,900,012

**Suspended revenue :**

The movement on suspended revenue is as follows:

	Self financed							
	For the nine month period ended 30 September 2022 (Reviewed)				For the year ended 31 December 2021 (Audited)			
	Individual (Retail)	Corporate	Small and medium enterprises	Total	Individual (Retail)	Corporate	Small and medium enterprises	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Balance at the beginning of the period / year	-	7,112	-	7,112	-	7,112	-	7,112
Add: suspended revenue during the period / year	-	-	-	-	-	-	-	-
Less: suspended revenue transferred to revenue	-	-	-	-	-	-	-	-
<b>Balance at the end of the period / year</b>	<b>-</b>	<b>7,112</b>	<b>-</b>	<b>7,112</b>	<b>-</b>	<b>7,112</b>	<b>-</b>	<b>7,112</b>

  

	Jointly financed							
	For the nine month period ended 30 September 2022 (Reviewed)				For the year ended 31 December 2021 (Audited)			
	Individual (Retail)	Corporate	Small and medium enterprises	Total	Individual (Retail)	Corporate	Small and medium enterprises	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Balance at the beginning of the period / year	984,711	1,081,696	83,177	2,149,584	815,512	932,660	34,853	1,783,025
Add: suspended revenue during the period / year	462,539	198,007	39,168	699,714	461,987	222,544	51,489	736,020
Less: suspended revenue transferred to revenue	290,368	6,656	534	297,558	292,788	73,508	3,165	369,461
<b>Balance at the end of the period / year</b>	<b>1,156,882</b>	<b>1,273,047</b>	<b>121,811</b>	<b>2,551,740</b>	<b>984,711</b>	<b>1,081,696</b>	<b>83,177</b>	<b>2,149,584</b>

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

\* It includes intermediate accounts for an amount of JD 17,758,206 as of 30 September 2022 (JD 10,993,035 as of 31 December 2021), which is the value of credits and deferred policies, and

	Jointly financed	
	30 September 2022 (Reviewed)	31 December 2021 (Audited)
	JD	JD
<b>Quoted Financial Assets :</b>		
Corporate Shares	996,664	478,651
Islamic Sukuk	35,615,541	71,457,019
<b>Total Quoted Financial Assets</b>	<b>36,612,205</b>	<b>71,935,670</b>
<b>Unquoted Financial Assets:</b>		
Corporate Shares	3,898,706	2,564,807
Islamic Sukuk	205,241,000	90,096,000
<b>Total Unquoted Financial Assets</b>	<b>209,139,706</b>	<b>92,660,807</b>
<b>Total Financial Assets At Fair Value through Unrestricted Investment Accounts Holders' Equity</b>	<b>245,751,911</b>	<b>164,596,477</b>
Less: Expected Credit Losses provision of financial assets	(387,538)	(232,800)
<b>Financial Assets at Fair Value through Unrestricted Investment Accounts Holders' Equity-Net</b>	<b>245,364,373</b>	<b>164,363,677</b>

**(8) IJARA MUNTAHIA BITTAMLEEK ASSETS - NET**

	Jointly financed			Self financed			Total		
	Cost	Accumulated Depreciation	Net Value	Cost	Accumulated Depreciation	Net Value	Cost	Accumulated Depreciation	Net Value
	JD	JD	JD	JD	JD	JD	JD	JD	JD
<b><u>30 September 2022 (Reviewed)</u></b>									
Ijara Muntahia Bittamleek assets-Real Estate	650,137,663	(104,659,418)	545,478,245	7,872,151	(1,635,246)	6,236,905	658,009,814	(106,294,664)	551,715,150
Ijara Muntahia Bittamleek assets-Machines	56,773,534	(16,954,593)	39,818,941	-	-	-	56,773,534	(16,954,593)	39,818,941
Ijara Muntahia Bittamleek assets-vehicles	3,036,125	(152,455)	2,883,670	-	-	-	3,036,125	(152,455)	2,883,670
<b>Total</b>	<b>709,947,322</b>	<b>(121,766,466)</b>	<b>588,180,856</b>	<b>7,872,151</b>	<b>(1,635,246)</b>	<b>6,236,905</b>	<b>717,819,473</b>	<b>(123,401,712)</b>	<b>594,417,761</b>

	Jointly financed			Self financed			Total		
	Cost	Accumulated Depreciation	Net Value	Cost	Accumulated Depreciation	Net Value	Cost	Accumulated Depreciation	Net Value
	JD	JD	JD	JD	JD	JD	JD	JD	JD
<b><u>31 December 2021 (Audited)</u></b>									
Ijara Muntahia Bittamleek assets-Real Estate	580,679,266	(91,816,833)	488,862,433	6,879,147	(1,421,957)	5,457,190	587,558,413	(93,238,790)	494,319,623
Ijara Muntahia Bittamleek assets-Machines	51,976,724	(12,579,226)	39,397,498	-	-	-	51,976,724	(12,579,226)	39,397,498
Ijara Muntahia Bittamleek assets-vehicles	117,976	(29,841)	88,135	-	-	-	117,976	(29,841)	88,135
<b>Total</b>	<b>632,773,966</b>	<b>(104,425,900)</b>	<b>528,348,066</b>	<b>6,879,147</b>	<b>(1,421,957)</b>	<b>5,457,190</b>	<b>639,653,113</b>	<b>(105,847,857)</b>	<b>533,805,256</b>

- The accrued Ijara installments amounted to JD 3,741,989 as of 30 September 2022 ( JD 4,054,111 as of 31 December 2021 ). Moreover, the accrued Ijara installments were presented under deferred sales receivables and other receivables-Net (Note 6).

- The non-performing Ijara Muntahia Bittamleek amounted to JD 5,372,951 as of 30 September 2022, representing 0.90% of the balance of Ijara Muntahia Bittamleek assets ( JD 3,583,586 as of 31 December 2021, representing 0.67% of the balance of Ijara Muntahia Bittamleek assets).

**(9) OTHER ASSETS**

The details of this item are as follows:

	30 September 2022 (Reviewed)	31 December 2021 (Audited)
	JD	JD
Checks under collection	681,808	145,876
Seized assets by the bank against debts-Net*	8,894,335	7,941,658
Prepaid expenses	1,086,680	1,120,008
Deposit Insurance Corporation fees/Prepaid	1,003,386	-
Accrued revenue	2,544,023	1,580,066
Stationery and printing inventory	197,161	228,399
Remittances clearing	75,065	33,694
Withholding income tax	18,276	31,180
Petty cash and advances	51,032	134,170
Other accounts receivable	786,517	648,306
Others	886,277	1,181,331
<b>Total</b>	<b>16,224,560</b>	<b>13,044,688</b>

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

	For the nine month period ended 30 September 2022 (Reviewed)			For the year ended 31 December 2021 (Audited)
	Seized real estates -self financed	Seized real estates- jointly financed	Total	Total
	JD	JD	JD	JD
Balance at the beginning of the period / year	409,833	8,620,321	9,030,154	6,945,645
Additions	-	1,531,607	1,531,607	2,468,822
Sales and disposals	(17,589)	(321,985)	(339,574)	(384,313)
<b>Total</b>	<b>392,244</b>	<b>9,829,943</b>	<b>10,222,187</b>	<b>9,030,154</b>
Provision of seized assets(CB) Instructions) /impairment of real estate	(343,441)	(984,411)	(1,327,852)	(1,088,496)
<b>Balance at the end of the period / year</b>	<b>48,803</b>	<b>8,845,532</b>	<b>8,894,335</b>	<b>7,941,658</b>

- The Central Bank of Jordan's regulations require disposal of seized assets during a maximum period of 2 years from the date of repossession, and in some exceptional cases the Central Bank of Jordan can extend the period for additional 2 years.
- The recorded provision for seized assets against debts that violate Article (48) of the Banks Law No.(28) for the year 2000 and its amendments. Moreover, the provision for seized real estates /self-financed amounted to JD 260,254 as of 30 September 2022 (JD 225,754 as of 31 December 2021).

The following is the movement on the provision for expropriated real estate (Central Bank of Jordan instructions / impairment of real estate):

	For the nine month period ended 30 September 2022 (Reviewed)			For the year ended 31 December 2021 (Audited)
	Seized real estates -self financed	Seized real estates- jointly financed	Total	Total
	JD	JD	JD	JD
Provision balance at the beginning of the period / year	(343,441)	(745,055)	(1,088,496)	(445,132)
Additions to the provision for depreciation in real estate	-	(212,723)	(212,723)	(662,240)
Additions to the provision for violating real estate (instructions of the Central Bank of Jordan)	-	(34,500)	(34,500)	(12,197)
Disposal from the provision for impairment of real estate	-	7,867	7,867	30,240
Provision of seized assets(CB) Instructions) /impairment of real estate	-	-	-	833
<b>Balance at the end of the period / year</b>	<b>(343,441)</b>	<b>(984,411)</b>	<b>(1,327,852)</b>	<b>(1,088,496)</b>

## (10) INCOME TAX

### A- Income tax provision

The movement on the income tax provision is as follows :

	For the nine month period ended 30 September	For the year ended 31 December
	2022 (Reviewed)	2021(Reviewed)
	JD	JD
Beginning balance for the period/year	8,332,402	8,298,808
Accrued income tax	7,912,389	10,177,077
Less: Income tax paid	(10,428,679)	(10,143,483)
<b>Ending balance for the period/year</b>	<b>5,816,112</b>	<b>8,332,402</b>

B- The income tax expense presented in the Condensed Consolidated Interim Statement of Profit or Loss and Comprehensive Income consists of the following:

	For the nine month period ended 30 September	
	2022 (Reviewed)	2021(Reviewed)
	JD	JD
Income tax due	(7,912,389)	(7,779,618)
Add: Release deferred tax assets- self financed	-	(237,880)
Less: Deferred tax assets- self financed	28,990	82,490
Less: Deferred tax assets- jointly financed	810,873	1,378,207
<b>Total</b>	<b>(7,072,526)</b>	<b>(6,556,801)</b>

- A rate of 35% was used to calculate the income tax provision in accordance with the law amending the Income and Sales Tax Law No. (38) for the year 2018 in addition to a rate of 3% as national contributions.

#### **Tax status :**

##### **The bank:**

- A tax clearance was obtained from the Income and Sales Tax Department until the end of 2020.

- The annual tax returns for the year 2021 was submitted within the statutory period and not yet been reviewed by the Income and Sales Tax Department to the date of preparing the condensed consolidated Interim financial information.

##### **The Subsidiary :**

Misk Financial Brokerage Company :

- A tax clearance was obtained from the Income and Sales Tax Department until the end of 2021 the tax returns for the year 2019 which had been submitted and still pending review by the Income and Sales Tax Department .

- Regarding the tax returns for the years 2011, 2012 and 2013, a court decision was issued to write off the amounts and accept the tax returns as they are. The court's decision has not been implemented by the Income and Sales Tax Department to date.

\* It includes intermediate accounts for an amount of JD 17,758,206 as of 30 September 2022 (JD 10,993,035 as of 31 December 2021), which is the value of credits and deferred. In the opinion of the bank's management the provisions taken in the interim condensed consolidated Financial information are sufficient for the purposes of tax liabilities.

**C- Deferred tax assets**

The details of this item are as follows:

	For the nine month period ended 30 September				For the year ended 31 December	
	Beginning Balance for the year	Released Amounts	2022 (Reviewed)		2021 (Audited)	
			Additional Amounts	Ending Balance for the period	Deferred tax	Deferred tax
	JD	JD	JD	JD	JD	JD
<b>Deferred tax assets - self financed</b>						
Provision of lawsuits against the bank	340,000	-	-	340,000	129,200	129,200
Provision for impairment of assets seized by the bank against debts and provision for impairment of seized real estate - (CB) regulations )	343,441	-	-	343,441	130,508	130,508
Provision for credit losses for the first and second stages - self	283,830	-	76,289	360,119	136,845	107,855
Difference in the application of Standard 32 islamic private - Lease	636,762	-	-	636,762	241,970	241,970
Provision for contingent liabilities	100,000	-	-	100,000	38,000	38,000
Unpaid Employee bounses	57,272	-	-	57,272	21,763	21,763
<b>Total Deferred tax assets - self financed</b>	<b>1,761,305</b>	<b>-</b>	<b>76,289</b>	<b>1,837,594</b>	<b>698,286</b>	<b>669,296</b>
<b>Deferred tax assets - jointly financed</b>						
Provision for impairment of expropriated real estate - jointly financed	643,364	-	239,356	882,720	335,434	244,478
Provision for credit losses for the first and second stages - jointly financed	15,316,625	-	1,894,519	17,211,144	6,540,235	5,820,318
<b>Total Deferred tax assets - jointly financed</b>	<b>15,959,989</b>	<b>-</b>	<b>2,133,875</b>	<b>18,093,864</b>	<b>6,875,669</b>	<b>6,064,796</b>
<b>Total</b>	<b>17,721,294</b>	<b>-</b>	<b>2,210,164</b>	<b>19,931,458</b>	<b>7,573,955</b>	<b>6,734,092</b>

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

	For the nine month	For the year ended
	period ended	31 December
	30 September	
	2022 (Reviewed)	2021 (Audited)
	JD	JD
Balance at the beginning of the period/year	669,296	807,460
Additions during the period/year	28,990	158,616
Amortized during the period/year	-	(296,780)
<b>Balance at the End of the period/year</b>	<b>698,286</b>	<b>669,296</b>

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

	For the nine month period ended 30 September 2022 (Reviewed)	For the year ended 31 December 2021 (Audited)
	JD	JD
Balance at the beginning of the period/year	6,064,796	4,506,415
Additions during the period/year	810,873	1,558,381
<b>Balance at the end of the period/year</b>	<b>6,875,669</b>	<b>6,064,796</b>

**(11) OTHER LIABILITIES**

The details of this item are as follows:

	30 September 2022 (Reviewed)	31 December 2021 (Audited )
	JD	JD
Accrued expenses and not paid	2,049,897	410,517
Certified cheques	7,397,311	5,925,643
Expected credit losses on Off - balance sheet items-self financed(Note 23)**	399,472	341,537
Expected credit losses on off balance sheet items - Jointly financed(Note 23)***	1,082,102	841,925
Shareholders and customers deposits	12,008,973	10,702,612
Customers' share of profits from unrestricted investment	20,270,879	17,867,612
Temporary deposits*	19,936,035	12,591,008
Visa Claims	2,640,838	2,099,032
Others	1,755,924	431,439
<b>Total</b>	<b>67,541,431</b>	<b>51,211,325</b>

\* It includes intermediate accounts for an amount of JD 17,758,206 as of 30 September 2022 (JD 10,993,035 as of 31 December 2021), which is the value of credits and deferred policies, and the value will be paid when due.

• Expected credit losses

\*\* Expected credit loss of indirect facilities

A- Self financed

- Movement on indirect facilities for the nine month period ended 30 September 2022 :

Item	Stage 1		Stage 2		Stage 3	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD		
<b>Total balance at the beginning of the period</b>	90,741,077	-	9,059,946	-	125,309	99,926,332
New exposures during the period	68,396,879	-	3,319,517	-	-	71,716,396
Accrued exposures	(41,369,134)	-	(6,631,305)	-	-	(48,000,439)
Transfer to Stage 1	510,090	-	(500,090)	-	(10,000)	-
Transfer to Stage 2	(257,800)	-	258,300	-	(500)	-
Transfer to Stage 3	-	-	-	-	-	-
Effect on the provision as a result of the change in classification between the stages	(106,443)	-	18,300	-	-	(88,143)
Changes resulting from modifications	18,322,839	-	(144,275)	-	-	18,178,564
Written off debts	-	-	-	-	-	-
Adjustments due to change in exchange rates	-	-	-	-	-	-
<b>Total balance at the end of the period</b>	<b>136,237,508</b>	<b>-</b>	<b>5,380,393</b>	<b>-</b>	<b>114,809</b>	<b>141,732,710</b>

- Movement on the provision for expected credit losses ( indirect facilities /self financed) for the nine month period ended 30 September 2022 :

Item	Stage 1		Stage 2		Stage 3	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD		
Balance at the beginning of the period	276,031	-	65,506	-	-	341,537
Impairment loss on new exposures during the period	138,877	-	22,069	-	-	160,946
Impairment loss of matured / derecognized exposures	(106,637)	-	(35,355)	-	-	(141,992)
Transfer to Stage 1	3,957	-	(3,957)	-	-	-
Transfer to Stage 2	(986)	-	986	-	-	-
Transfer to Stage 3	-	-	-	-	-	-
Effect on the provision - as at the end of the period - as a result of the change in classification between the three stages during the period	(2,752)	-	2,805	-	-	53
Changes resulting from modifications	38,331	-	597	-	-	38,928
Written off debts	-	-	-	-	-	-
Adjustments due to change in exchange rates	-	-	-	-	-	-
<b>Total balance at the end of the period</b>	<b>346,821</b>	<b>-</b>	<b>52,651</b>	<b>-</b>	<b>-</b>	<b>399,472</b>

\*\*\* Expected credit loss of indirect facilities

B- jointly financed

- Movement on indirect facilities for the nine month period ended 30 September 2022 :

Item	Stage 1		Stage 2		Stage 3	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD		
Total balance at the beginning of the period	115,142,593	-	4,163,458	-	-	119,306,051
New exposures during the period	44,570,050	-	1,274,121	-	-	45,844,171
Accrued exposures	(28,120,589)	-	(1,370,540)	-	-	(29,491,129)
Transfer to Stage 1	444,650	-	(444,650)	-	-	-
Transfer to Stage 2	(275,633)	-	275,633	-	-	-
Transfer to Stage 3	-	-	-	-	-	-
Effect on the provision as a result of the change in classification between the stages	(173,759)	-	(150,568)	-	-	(324,327)
Changes resulting from modifications	33,618,644	-	(204,870)	-	-	33,413,774
Written off debts	-	-	-	-	-	-
Adjustments due to change in exchange rates	-	-	-	-	-	-
<b>Total balance at the end of the period</b>	<b>165,205,956</b>	<b>-</b>	<b>3,542,584</b>	<b>-</b>	<b>-</b>	<b>168,748,540</b>

- Movement on the provision for expected credit losses ( indirect facilities /jointly financed) for the nine month period ended 30 September 2022 :

Item	Stage 1		Stage 2		Stage 3	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD		
Balance at the beginning of the period	774,674	-	67,251	-	-	841,925
Impairment loss on new exposures during the period	238,554	-	21,381	-	-	259,935
Impairment loss of matured / derecognized exposures	(159,580)	-	(20,352)	-	-	(179,932)
Transfer to Stage 1	6,304	-	(6,304)	-	-	-
Transfer to Stage 2	(2,140)	-	2,140	-	-	-
Transfer to Stage 3	-	-	-	-	-	-
Effect on the provision - as at the end of the period - as a result of the change in classification between the three stages during the period	(5,464)	-	2,064	-	-	(3,400)
Changes resulting from modifications	165,963	-	(2,389)	-	-	163,574
Written off debts	-	-	-	-	-	-
Adjustments due to change in exchange rates	-	-	-	-	-	-
<b>Total balance at the end of the period</b>	<b>1,018,311</b>	<b>-</b>	<b>63,791</b>	<b>-</b>	<b>-</b>	<b>1,082,102</b>

## (12) UNRESTRICTED INVESTMENT ACCOUNTS

The details of this item are as follows:

	30 september 2022 (Reviewed)					
	Individual	Corporate	Small and medium enterprises	Governmental and Public sector	Banks and Financial Institutions	Total
	JD	JD	JD	JD	JD	JD
Saving accounts	174,179,511	31,021,981	41,732,282	6,927,274	27,384,410	281,245,458
Term accounts/ Investing deposits	916,278,830	202,760,556	86,353,528	186,912,913	4,866,659	1,397,172,486
Certificates of investing deposit	130,149,385	5,251,408	10,707,007	17,504,693	41,242,450	204,854,943
<b>Total</b>	<b>1,220,607,726</b>	<b>239,033,945</b>	<b>138,792,817</b>	<b>211,344,880</b>	<b>73,493,519</b>	<b>1,883,272,887</b>
Depositors' share from investments' revenue	27,979,877	5,477,415	2,760,241	5,269,826	1,472,500	42,959,859
<b>Total unrestricted investment accounts</b>	<b>1,248,587,603</b>	<b>244,511,360</b>	<b>141,553,058</b>	<b>216,614,706</b>	<b>74,966,019</b>	<b>1,926,232,746</b>

  

	31 December 2021 (Audited)					
	Individual	Corporate	Small and medium enterprises	Governmental and Public sector	Banks and Financial Institutions	Total
	JD	JD	JD	JD	JD	JD
Saving accounts	153,230,289	37,799,497	21,999,806	2,219,758	28,071,380	243,320,730
Term accounts/ Investing deposits	845,988,575	142,699,456	105,834,239	163,084,662	7,894,984	1,265,501,916
Certificates of investing deposit	114,130,375	5,080,952	10,693,672	18,388,208	38,552,077	186,845,284
<b>Total</b>	<b>1,113,349,239</b>	<b>185,579,905</b>	<b>138,527,717</b>	<b>183,692,628</b>	<b>74,518,441</b>	<b>1,695,667,930</b>
Depositors' share from investments' revenue	30,363,437	4,735,740	3,699,343	5,537,513	1,322,647	45,658,680
<b>Total unrestricted investment accounts</b>	<b>1,143,712,676</b>	<b>190,315,645</b>	<b>142,227,060</b>	<b>189,230,141</b>	<b>75,841,088</b>	<b>1,741,326,610</b>

- Unrestricted investment accounts share of profit is calculated as follows:
- 20% to 34% of the minimum balance of saving accounts in Jordanian Dinar.
- 14% to 33% of the minimum balance of saving accounts in foreign currencies.
- 53% to 95% of the average term accounts in Jordanian Dinar.
- 18% to 51% of the average term accounts in foreign currencies.
- 90% of the average balances of investing certificates of deposit in Jordanian Dinar.
- 80% to 85% of average balances of certificates of investing deposit in foreign currencies .
- The general percentage of the profit on the Jordanian Dinar for the period ended 30 september 2022 is (3.36%) (for the same period last year was 3.27%).
- The general percentage of the profit on USD for the period ended 30 september 2022 is (1.52%) (for the same period last year was 1.13%).
- The unrestricted investment accounts for the Government and Public sector amounted to JD 216,614,706 as of 30 september 2022 which represents 11.25% of the total unrestricted investment accounts (As of 31 December 2021 amounted to JD 189,230,141 which represents 10.87% of the total unrestricted investment accounts).
- The restricted accounts amounted to JD 988,399 as of 30 september 2022 which represents 0.05% of the total unrestricted investment (As of 31 December 2021 amounted to JD 437,006 which represent 0.03% of the total unrestricted investment).
- The dormant accounts as of 30 september 2022 amounted to JD 19,498,780 (As of 31 December 2021 amounted to JD 18,797,250).

**(13) DEFERRED SALES REVENUE**

The details of this item are as follows:

	For the nine month period ended 30 september			
	2022 (Reviewed)		2021 (Reviewed)	
	Jointly financed	Self financed	Jointly financed	Self financed
	JD	JD	JD	JD
<b>Individuals(Retail)</b>				
Murabaha to the purchase orderer	18,958,396	71,885	15,899,851	72,271
<b>Real estate facilities</b>	1,828,026	-	1,448,622	-
<b>Corporate</b>				
International Murabaha	35,744	-	4,814	-
Murabaha to the purchase orderer	17,605,039	-	15,708,548	-
<b>Small and medium enterprises</b>				
Murabaha to the purchase orderer	2,150,937	-	1,517,594	-
<b>Government and the public sector</b>	11,009,750	-	8,419,813	-
<b>Total</b>	<b>51,587,892</b>	<b>71,885</b>	<b>42,999,242</b>	<b>72,271</b>

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

The details of this item are as follows:

	Jointly financed	
	For the nine month period ended	
	2022	2021
	(Reviewed)	(Reviewed)
	JD	JD
* It includes intermediate accounts for an amount of	38,251	19,941
(Losses) gains on sale of financial assets	(12,029)	189,424
Islamic Sukuk profits	3,343,071	1,312,214
<b>Total</b>	<b>3,369,293</b>	<b>1,521,579</b>

**(15) (LOSSES) GAINS FROM FINANCIAL ASSETS AT FAIR VALUE THROUGH STATEMENT OF PROFIT OR LOSS**

The details of this item are as follows:

	Jointly financed							
	For the nine month period ended 30 September							
	2022 (Reviewed)				2021 (Reviewed)			
	Realized gains	Unrealized (losses)	Dividends	Total	Realized gains	Unrealized gains	Dividends	Total
JD	JD	JD	JD	JD	JD	JD	JD	
Corporate Shares	(23,987)	-	541	(23,446)	19,888	(3,121)	429	17,196
Sukuk	(964)	-	-	(964)	78,341	(22,460)	-	55,881
<b>Total</b>	<b>(24,951)</b>	<b>-</b>	<b>541</b>	<b>(24,410)</b>	<b>98,229</b>	<b>(25,581)</b>	<b>429</b>	<b>73,077</b>
<b>Less:</b>								
Contract commission	830	-	-	830	2,419	-	-	2,419
<b>Total</b>	<b>(25,781)</b>	<b>-</b>	<b>541</b>	<b>(25,240)</b>	<b>95,810</b>	<b>(25,581)</b>	<b>429</b>	<b>70,658</b>

#### (16) BANK'S SELF FINANCED REVENUE

The details of this item are as follows:

Note	Self financed	
	For the nine month period ended	
	30 September	
	2022 (Reviewed)	2021 (Reviewed)
	JD	JD
Ijara Muntahia Bittamleek revenue	473,467	435,864
Deferred sales revenue	71,885	72,271
Gain from financial assets at fair value through statement of profit or loss self - financed	756	2,088
<b>Total</b>	<b>546,108</b>	<b>510,223</b>

#### (17) EARNINGS PER SHARE FOR THE PERIOD

The details of this item are as follows:

	For the nine month period ended	
	30 September	
	2022 (Reviewed)	2021 (Reviewed)
	JD	JD
Profit for the period	11,520,940	10,597,052
	Share	Share
Weighted average number of shares	100,000,000	100,000,000
	JD/Fils	JD/Fils
Basic and diluted earnings per share for the period	<b>0/115</b>	<b>0/106</b>

#### (18) CASH AND CASH EQUIVALENTS

The details of this item are as follows:

	For the nine month period ended	
	30 September	
	2022 (Reviewed)	2021 (Reviewed)
	JD	JD
Cash and balances at the CBJ maturing within three months	265,662,333	357,140,386
Add: cash at banks and banking institutions maturing within three months	11,480,130	8,413,266
Less: banks and financial banking accounts maturing within three months	(15,868,773)	(18,562,670)
<b>Total</b>	<b>261,273,690</b>	<b>346,990,982</b>

**(19) RELATED PARTY TRANSACTIONS**

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

	Main shareholders	Senior management	Board of Directors members	Etihad Islamic investment company*	Sharia directors members	Total	
						30 September	31 December
						2022 (Reviewed)	2021 (Audited)
	JD	JD	JD	JD	JD	JD	JD
<b><u>Condensed consolidated interim statements of financial position items</u></b>							
Balances at banks and banking institutions	-	-	-	267,656	-	267,656	270,824
Unrestricted investments accounts and current accounts	178,276	799,976	21,989,670	10,391,439	89,498	33,448,859	32,042,165
Deferred sales receivables and facilities	-	306,793	153	-	-	306,946	256,660
Ijara Muntahia Bittamleek assets	-	1,565,980	487,219	-	-	2,053,199	1,908,945

**Condensed consolidated interim statement of profit or loss and comprehensive income items**

						For the nine months ended 30 September	
						2022 (Reviewed)	2021 (Reviewed)
Dividends	66	14,692	478,887	251,289	1,173	746,107	689,843
Salaries and bonuses	-	1,324,721	41,251	-	39,302	1,405,274	1,394,092
Transportation	-	-	363,200	-	21,120	384,320	375,800
Card Services	-	-	-	6,381	-	6,381	4,256

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

-The lowest and highest received Murabaha rate were 5.47% and 9.96% respectively.

-The lowest and highest rate of Ijara Muntahia Bittamleek received by the Bank were 3.71% and 7.45% respectively.

-The lowest and highest distributed profit rate were 0.77% and 4.55% respectively.

-Executive management salaries and benefits for the year ended 30 September 2022 amounted to JD 1,324,721 (JD 1,313,542 as of 30 September 2021).

-All facilities granted to related parties are performing and no provisions were recorded for it .

## (20) SEGMENT INFORMATION

### A. Information on the Bank's Activities

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

#### Individuals Accounts:

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

#### Corporate Accounts:

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

#### Treasury:

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

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

	Individuals	Corporate	Treasury	Other	For the nine month period ended	
					30 September	
					2022 (Reviewed)	2021 (Reviewed)
	JD	JD	JD	JD	Total	Total
Net revenue (joint and self financed)	19,955,989	17,005,469	11,278,023	862,542	49,102,023	43,890,439
Expected credit losses (joint and self financed)	(2,821,322)	(6,135,914)	76,071	-	(8,881,165)	(7,679,561)
<b>Results of segment's operations</b>	<b>17,134,667</b>	<b>10,869,555</b>	<b>11,354,094</b>	<b>862,542</b>	<b>40,220,858</b>	<b>36,210,878</b>
Distributed expenses	(2,803,418)	(896,646)	(583,518)	-	(4,283,582)	(3,208,487)
Undistributed expenses	-	-	-	(17,343,810)	(17,343,810)	(15,848,538)
<b>Profit for the period before tax</b>	<b>14,331,249</b>	<b>9,972,909</b>	<b>10,770,576</b>	<b>(16,481,268)</b>	<b>18,593,466</b>	<b>17,153,853</b>
Income tax expense	-	-	-	(7,072,526)	(7,072,526)	(6,556,801)
<b>Profit for the period</b>	<b>14,331,249</b>	<b>9,972,909</b>	<b>10,770,576</b>	<b>(23,553,794)</b>	<b>11,520,940</b>	<b>10,597,052</b>

  

	Individuals	Corporate	Treasury	Other	30 September	31 December
					2022 (Reviewed)	2021 (Audited)
					JD	JD
Segments' assets	763,247,752	932,528,892	521,786,497	-	2,217,563,141	1,911,882,196
Undistributed assets	-	-	-	331,858,023	331,858,023	424,253,123
<b>Total assets</b>	<b>763,247,752</b>	<b>932,528,892</b>	<b>521,786,497</b>	<b>331,858,023</b>	<b>2,549,421,164</b>	<b>2,336,135,319</b>
Segments' liabilities and total equity of unrestricted investment accounts holders	1,785,025,144	427,562,886	89,605,598	-	2,302,193,628	2,103,470,211
Undistributed liabilities	-	-	-	79,027,576	79,027,576	69,987,381
<b>Total liabilities and Total equity of unrestricted investment accounts holders</b>	<b>1,785,025,144</b>	<b>427,562,886</b>	<b>89,605,598</b>	<b>79,027,576</b>	<b>2,381,221,204</b>	<b>2,173,457,592</b>

	For the nine month period ended	
	30 September	
	2022 (Reviewed)	2021 (Reviewed)
	JD	JD
Capital expenditure	1,643,098	1,137,600
Depreciation and amortization	2,347,165	2,430,149

#### Geographical Distribution Information

The following disclosure represents the geographical distribution. The Bank performs its operations mainly inside the Kingdom.

\* It includes intermediate accounts for an

Distribution of the Bank's revenue, assets and capital expenditure according to geographical area is as follows:

	30 September 2022 (Reviewed)			31 December 2021 (Audited)		
	Inside Jordan	Outside Jordan	Total	Inside Jordan	Outside Jordan	Total
	JD	JD	JD	JD	JD	JD
<b>Total assets</b>	<b>2,423,669,764</b>	<b>125,751,400</b>	<b>2,549,421,164</b>	<b>2,169,640,925</b>	<b>166,494,394</b>	<b>2,336,135,319</b>

	For the nine month period ended			For the nine month period ended		
	30 September 2022 (Reviewed)			30 September 2021 (Reviewed)		
	Inside Jordan	Outside Jordan	Total	Inside Jordan	Outside Jordan	Total
	JD	JD	JD	JD	JD	JD
<b>Net revenue</b>	<b>47,377,358</b>	<b>1,724,665</b>	<b>49,102,023</b>	<b>42,125,130</b>	<b>1,765,309</b>	<b>43,890,439</b>
<b>Capital expenditure</b>	<b>1,643,098</b>	<b>-</b>	<b>1,643,098</b>	<b>1,137,600</b>	<b>-</b>	<b>1,137,600</b>

## (21) CAPITAL MANAGEMENT

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

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

The capital adequacy ratio is calculated as on 30 September 2022 according to the instructions of the regulatory capital No. (72/2018) issued by the Central Bank of Jordan in accordance with the revised standard No. (15) issued by the Islamic Financial Services Council (IFSB) in support of the provisions of Article (99) / B) from the Banking Law. The following is the capital adequacy ratio in thousands of dinars:

	<b>30 September</b>	<b>31 December</b>
	<b>2022 (Reviewed)</b>	<b>2021 (Audited)</b>
	<b>JD''000</b>	<b>JD''000</b>
<b>Basic capital items</b>	<b>161,370</b>	<b>151,339</b>
Authorised and (Paid) up capital	100,000	100,000
Retained earnings	26,911	32,911
Statutory reserve	29,767	29,767
Proposed dividends	-	(6,000)
Full fair value reserve - Self financed	1	-
The bank's share of the fair value reserve in full if the fund's are mixed	(534)	35
Profit for the period after tax and after proposed dividends	11,521	-
Intangible assets	(2,162)	(1,920)
Deferred tax assets	(698)	(669)
The Bank's share of the deferred tax assets in case of (jointly financed)	(3,233)	(2,614)
The bank's share in the capital of banks and financial Institutions that is less than 10%	(203)	(171)
<b>Additional capital</b>	<b>3,499</b>	<b>2,133</b>
Self financed general banking risks reserve and the bank's share from the General banking risks reserve (joint) (not to exceed 1.25% of financial assets weighted by credit risks)	3,499	2,152
Investment in financial banks and takaful companies that is less than 10%	-	(19)
<b>Total regulatory capital</b>	<b>164,869</b>	<b>153,472</b>
<b>Total risk weighted assets</b>	<b>965,535</b>	<b>846,971</b>
<b>Capital adequacy ratio (%)</b>	<b>%17.08</b>	<b>%18.12</b>
Basic capital ratio (%)	%16.71	%17.87
First slide ratio Tier 1 (%)	%16.71	%17.87
Second slide ratio Tier 2 (%)	%0.36	%0.25
Leverage ratio	%14.39	%14.04

## (22) Liquidity Coverage Ratio

\* It includes intermediate accounts for an amount of JD 17,758,206 as of 30 September 2022 (JD 10,993,035 as of 31 December 2021), which is the value of credits and deferred policies, and the value will be paid when due.

- The liquidity coverage ratio in Jordanian Dinars reached 311.2% as at 30 September 2022 with an average rate of 326.9% during the period (269.9% as at 31 December 2021 and an average rate of 252.9% during the year).

### (23) CONTINGENT COMMITMENTS (OFF BALANCE SHEET)

#### A- Contingent credit and commitments/self financed\*

	30 September 2022 (Reviewed)	31 December 2021 (Audited)
	JD	JD
Letters of credit	54,679,485	51,060,277
Acceptances	48,782,450	9,862,493
Letters of guarantee:		
Payment	10,157,807	9,091,293
Performance	15,886,848	12,988,791
Others	12,226,120	16,923,478
<b>Total</b>	<b>141,732,710</b>	<b>99,926,332</b>

#### B. Contingent credit and commitments/jointly financed

Direct unutilized credit limits	168,748,540	119,306,051
<b>Total</b>	<b>168,748,540</b>	<b>119,306,051</b>

\*Indirect unutilized credit limits / self financed amounted to JD 26,415,306 as of 30 September 2022 .

The expected credit losses recorded against contingent credit commitments/self financed amounted under the implementation instructions of FAS (30) issued by Organization for Islamic Financial Institutions to JD 399,472 as of 30 September 2022 (JD 341,537 as of 31 December 2021) and recorded in the other liabilities (note 11).

The expected credit losses recorded against contingent credit commitments/jointly financed amounted under the implementation instructions of FAS (30) issued by Organization for Islamic Financial Institutions to JD 1,082,102 as of 30 September 2022 (JD 841,925 as of 31 December 2021) and recorded in other liabilities (note 11).

### (24) LAWSUITS AGAINST THE BANK

The Bank is a defendant in a number of lawsuits, which amounted to JD 728,120 as of 30 September 2022 (JD 720,885 as of 31 December 2021) and that is within the bank's normal activity. In the opinion of the Bank's Management and its legal advisor, the related provision is adequate should any liabilities arise therefrom.

## (25) FAIR VALUE HIERARCHY

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

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

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

Financial Assets/Financial Liabilities	Fair value as at		Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable	Relationship of unobservable inputs to fair value
	30 September 22 (Reviewed)	31 December 2021 (Audited)				
	JD	JD				
<b>Financial assets at fair value through statement profit or loss</b>	-	<b>1,565,294</b>	Level 1	Quoted rates in financial markets	Not applicable	Not applicable
<b>Financial assets at fair value through unrestricted investment accounts' holders equity - Net</b>						
Quoted shares	996,664	478,651	Level 1	Quoted rates in financial markets	Not applicable	Not applicable
Quoted sukuk	35,228,003	71,224,219	Level 1	Quoted rates in financial markets	Not applicable	Not applicable
Unquoted shares	3,898,706	2,564,807	Level 3	The latest financial prices available	Not applicable	Not applicable
Unquoted sukuk	205,241,000	90,096,000	Level 2	A similar financial instrument	Not applicable	Not applicable
<b>Total Financial assets at fair value through unrestricted investments accounts - Net</b>	<b>245,364,373</b>	<b>164,363,677</b>				
<b>Total</b>	<b>245,364,373</b>	<b>165,928,971</b>				

There were no transfer between level 1 and 2 during the period ended 30 September 2022 and the year 2021.

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

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

Financial assets not determined at fair value	30 September 2022 (Reviewed)		31 December 2021 (Audited)		Fair value hierarchy
	Book value	Fair value	Book value	Fair value	
	JD	JD	JD	JD	
Deferred sales receivables and other receivables - Net	1,263,158,868	1,429,921,781	1,063,215,294	1,207,547,506	Level 2
Financial assets at amortized cost	37,313,000	37,503,123	64,752,000	65,774,037	Level 2
<b>Total financial assets not determined at fair value</b>	<b>1,300,471,868</b>	<b>1,467,424,904</b>	<b>1,127,967,294</b>	<b>1,273,321,543</b>	
<b>Financial liabilities not determined at fair value</b>					
Customers' current accounts and unrestricted investment accounts	2,231,876,091	2,251,955,704	2,031,393,378	2,049,090,448	Level 2
Cash margin accounts	50,799,153	50,990,419	56,124,802	56,295,344	Level 2
<b>Total financial liabilities not determined at fair value</b>	<b>2,282,675,244</b>	<b>2,302,946,123</b>	<b>2,087,518,180</b>	<b>2,105,385,792</b>	

**(26) Analysis of the impact of the standards recently issued by the Accounting and Auditing Organization for Islamic financial institutions (AAOIFI)**

**Islamic Accounting standard that issued and effect as of the first of January 2022 :**

**Financial Accounting Standard No. 37 “Financial Reporting for Endowment Establishments”**

This standard sets out the comprehensive accounting and financial reporting requirements for endowment institutions and similar institutions, including requirements for public presentation and disclosure and special presentation requirements such as yield requirements and basic accounting treatments related to some aspects of endowment institutions.

The principles contained in this standard are consistent with the principles and provisions of Sharia, and this helps to reach a better understanding of the information contained in the general-purpose financial statements and enhances the confidence of stakeholders in endowment institutions. This standard will be applied as of 1 January 2022, with early application permitted. The newly established endowment institutions must apply this standard since its establishment

**Financial Accounting Standard No. 38 “(Promise), (Option), (Hedging)”**

This standard describes the accounting and reporting principles and requirements for (promise), (option), and (hedging) arrangements for Islamic financial institutions. Many products such as Murabaha and Ijara offered by institutions incorporate the implementation of a promise or option in one way or another. An additional promise or option that aligns with this Standard is a promise or option associated with a Shariah-compliant arrangement concerning its structure that does not generate any asset or liability unless it turns into an impairment contract or liability. On the other hand, a Waad product is a stand-alone arrangement that is compatible with Sharia and is used either as a regular product or, in some cases, for hedging purposes . It can take the form of a single transaction or a series or a group, of financial transactions and it can become a future transaction or a series of transactions in line with the principles and rules of Sharia. Such transactions result in an asset or a liability to the counterparties according to the conditions set out in the standard.

The effective date for this is 1 January 2022.