

BANK AL ETIHAD
(PUBLIC SHAREHOLDING COMPANY)
AMMAN – HASHEMITE KINGDOM OF JORDAN

CONDENSED CONSOLIDATED INTERIM FINANCIAL
INFORMATION FOR THE
NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2022
TOGETHER WITH THE REVIEW REPORT

BANK AL ETIHAD
(PUBLIC SHAREHOLDING COMPANY)
AMMAN - HASHEMITE KINGDOM OF JORDAN
SEPTEMBER 30, 2022

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Independent Auditor's Review Report

AM/ 010932

To the Chairman and Board of Directors Members
Bank Al Etihad
(A Public Shareholding Company)
Amman – Hashemite Kingdom of Jordan

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of Bank Al Etihad (a Public Shareholding Company) "Bank" and its subsidiaries "Group" 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 owners' equity and cash flows for the nine months period then ended and a summary of significant accounting policies and other explanatory notes. Management is responsible for preparation and fair presentation of this condensed consolidated interim financial information in accordance with the international accounting standard (34) " Interim Financial Reporting " as adopted by Central Bank of Jordan. Our responsibility is to express a conclusion on these 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 Entity". 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 amended International Accounting Standard (34) " Interim Financial Reporting " as adopted by Central Bank of Jordan.

Other Matter

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

**Amman –Jordan
October 31, 2022**



Deloitte & Touche (M.E.) – Jordan

Deloitte & Touche (M.E.)

ديلويت أند توش (الشرق الأوسط)

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BANK AL ETIHAD
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - THE HASHEMITE KINGDOM OF JORDAN
CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

		September 30, 2022 (Reviewed Not Audited)	December 31, 2021 (Audited)
	Note	JD	JD
<u>Assets:</u>			
Cash and balances at the Central Bank of Jordan	5	790,483,029	934,430,468
Balances at banks and financial institutions- net	6	395,511,937	541,476,707
Deposits at banks and financial institutions- net	7	23,980,639	8,770,685
Financial assets at fair value through profit or loss	8	19,686,628	18,296,366
Direct credit facilities and financing - net	9	3,767,964,396	3,351,124,328
Financial assets at fair value through other comprehensive income	10	57,828,349	44,159,121
Financial assets at amortized cost- net	11	1,287,754,415	1,099,096,231
Investments in associate		345,954	343,708
Property and equipment - net		67,963,354	66,425,046
Deferred tax assets		27,954,641	27,747,673
Right of use assets- net		29,709,454	27,555,989
Intangible assets - net		28,054,665	27,451,684
Other assets- net	12	142,223,725	115,643,211
TOTAL ASSETS		<u>6,639,461,186</u>	<u>6,262,521,217</u>
<u>LIABILITIES AND OWNERS' EQUITY:</u>			
<u>LIABILITIES:</u>			
Banks' and financial institutions' deposits		267,799,913	316,782,838
Customers' deposits	13	5,232,890,273	4,910,374,102
Cash margins		289,795,479	244,827,786
Borrowed funds	16/a	125,810,244	108,566,531
Subordinated loans	16/b	21,300,000	21,300,000
Sundry provisions		1,126,981	858,903
Lease liabilities		28,891,599	27,366,812
Income tax provision	14	17,842,421	21,931,794
Deferred tax liabilities		249,265	161,769
Other liabilities	15	103,395,045	80,883,165
TOTAL LIABILITIES		<u>6,089,101,220</u>	<u>5,733,053,700</u>
<u>OWNERS' EQUITY:</u>			
<u>BANK'S SHAREHOLDERS' EQUITY:</u>			
Authorized and paid-up Capital	23	160,000,000	160,000,000
Share premium	23	80,213,173	80,213,173
Statutory reserve	24	68,169,340	68,169,340
Voluntary reserve	24	46,167,117	46,167,117
Fair value reserve	18	5,075,764	1,741,270
Retained earnings	17	57,152,414	71,721,054
Profit for the period		27,110,527	-
TOTAL BANK'S SHAREHOLDERS' EQUITY		443,888,335	428,011,954
Non-controlling interests		106,471,631	101,455,563
TOTAL OWNERS' EQUITY		<u>550,359,966</u>	<u>529,467,517</u>
TOTAL LIABILITIES AND OWNERS' EQUITY		<u>6,639,461,186</u>	<u>6,262,521,217</u>

THE ACCOMPANYING NOTES FROM (1) TO (30) CONSTITUTE AN INTEGRAL PART OF THESE CONDENSED
CONSOLIDATED INTERIM FINANCIAL INFORMATION AND SHOULD BE READ WITH THEM AND WITH THE
REVIEW REPORT.

Chairman of the Board of Directors

Chief Executive Officer

BANK AL ETIHAD
(PUBLIC SHAREHOLDING COMPANY)
AMMAN - HASHEMITE KINGDOM OF JORDAN
CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS

	Note	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
		2022 (Reviewed)	2021 (Reviewed)	2022 (Reviewed)	2021 (Reviewed)
		JD	JD	JD	JD
Interest income and returns		83,277,236	66,478,180	223,163,275	194,631,442
Interest and debit expenses		34,761,245	26,881,267	92,585,720	76,615,608
Net Interest Income and returns		48,515,991	39,596,913	130,577,555	118,015,834
Net commission income		9,046,111	6,781,991	25,487,309	18,771,910
Net Interest and Commission Income and returns		57,562,102	46,378,904	156,064,864	136,787,744
Gain from Foreign currencies		3,350,731	1,308,598	7,464,150	4,278,666
(Losses) gains from financial assets at fair value through profit or loss	19	(472,260)	(225,307)	(1,472,530)	2,527,440
(Losses) gains from financial assets at amortized cost	11	(19,826)	578,783	(15,049)	733,448
Dividends from financial assets at fair value through other comprehensive income		3,195	20,623	660,345	464,615
Other income		449,338	236,498	1,102,458	1,943,975
Gross Income		60,873,280	48,298,099	163,804,238	146,735,888
Expenses:					
Employees expenses		13,962,618	12,510,651	42,132,247	36,265,972
Depreciation and amortization		3,872,867	3,864,540	11,636,833	11,242,051
Other expenses		10,077,561	6,883,265	28,733,747	23,592,015
Provision for expected credit loss	21	7,858,757	7,263,192	19,647,756	24,776,498
Provision for impairment in seized assets	12	454,417	544,727	892,414	1,366,939
Provision (surplus) of sundry provisions		232,457	(287,633)	336,057	(447,443)
Amortization right of use assets		1,080,898	978,252	3,123,518	2,829,105
Rent expense		129,129	126,323	387,133	336,686
Interest on lease liabilities		286,323	271,494	915,366	769,851
Total Expenses		37,955,027	32,154,811	107,805,071	100,731,674
Operational Profit		22,918,253	16,143,288	55,999,167	46,004,214
Bank's share from associate profits		-	-	8,496	451
Profit for the Period before Income Tax Expense		22,918,253	16,143,288	56,007,663	46,004,665
Income tax expense	14	(8,918,339)	(5,862,536)	(21,704,043)	(16,164,753)
Profit for the Period		13,999,914	10,280,752	34,303,620	29,839,912
<u>Attributed to:</u>					
Bank's Shareholders		11,548,381	7,953,137	27,110,527	23,082,868
Non-Controlling Interest		2,451,533	2,327,615	7,193,093	6,757,044
		13,999,914	10,280,752	34,303,620	29,839,912
JD/Fils					
Basic and diluted earnings per share for the period attributable to the Bank's Shareholders	20	0.072	0.050	0.169	0.144

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Chairman of the Board of Directors

Chief Executive Officer

BANK AL ETIHAD
(PUBLIC SHAREHOLDING COMPANY)
AMMAN - HASHEMITE KINGDOM OF JORDAN
CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

	For the Three Months Ended September 30, 2021	2021 (Reviewed)	For the Nine Months Ended September 30, 2022	2022 (Reviewed)
Income for the Period	13,999,914	10,280,752	34,303,620	29,839,912
Add other comprehensive income items after tax not subsequently transferable to condensed consolidated interim statement of Profit or loss:				
Unrealized gain (loss) on valuation of financial assets at fair value through other comprehensive income	945,002	(1,072,555)	4,766,891	1,992,900
Total Comprehensive Income for the Period	<u>14,944,916</u>	<u>9,208,197</u>	<u>39,070,511</u>	<u>31,832,812</u>
<u>Total Comprehensive Income for the Period Attributed to:</u>				
Bank's shareholders	12,492,575	6,880,582	31,876,610	25,075,768
Non-controlling interest	<u>2,452,341</u>	<u>2,327,615</u>	<u>7,193,901</u>	<u>6,757,044</u>
	<u>14,944,916</u>	<u>9,208,197</u>	<u>39,070,511</u>	<u>31,832,812</u>

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BANK AL ETIHAD
(PUBLIC SHAREHOLDING COMPANY)
AMMAN - HASHEMITE KINGDOM OF JORDAN
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN OWNERS' EQUITY

	Attributable to Bank's Shareholders													
	Reserves											Total Shareholders Equity	Non-controlling Interests	Total Owners' Equity
	Note	Authorized and Paid-up Capital	Share Premium	Statutory	Voluntary	Fair Value Reserve - net	Retained Earnings	Profit for the Period	Total Shareholders Equity	Non-controlling Interests	Total Owners' Equity			
<u>For the Nine Months Ended September 30, 2022 (Reviewed not Audited)</u>														
Balance - Beginning of the Period	JD	160,000,000	80,213,173	68,169,340	46,167,117	1,741,270	71,721,054	-	428,011,954	101,455,563	529,467,517			
Total comprehensive income for the period		-	-	-	-	4,766,083	-	27,110,527	31,876,610	7,193,901	39,070,511			
Realized gain on sale of financial assets through other comprehensive income		-	-	-	-	(1,431,589)	1,431,589	-	-	-	-			
Distributed Dividends	23	-	-	-	-	-	(16,000,000)	-	(16,000,000)	(2,176,201)	(18,176,201)			
Net change in non-controlling interests as a result of the increase in shares of a subsidiary	4	-	-	-	-	-	(229)	-	(229)	(1,632)	(1,861)			
Balance - End of the Period		160,000,000	80,213,173	68,169,340	46,167,117	5,075,764	57,152,414	27,110,527	443,888,335	106,471,631	550,359,966			
<u>For the Nine Months Ended September 30, 2021 (Reviewed)</u>														
Balance - Beginning of the Period		160,000,000	80,213,173	61,004,473	41,829,012	(2,609,036)	67,518,099	-	407,955,721	98,447,621	506,403,342			
Total comprehensive income for the period		-	-	-	-	1,992,900	-	23,082,868	25,075,768	6,757,044	31,832,812			
Realized (loss) on sale of financial assets through other comprehensive income		-	-	-	-	421,030	(421,030)	-	-	-	-			
Distributed Dividends	23	-	-	-	-	-	(16,000,000)	-	(16,000,000)	(2,257,785)	(18,257,785)			
Net change in non-controlling interests as a result of the increase in shares of a subsidiary	4	-	-	-	-	-	(318,181)	-	(318,181)	(1,911,379)	(2,229,560)			
Balance - End of the Period		160,000,000	80,213,173	61,004,473	41,829,012	(195,106)	50,778,889	23,082,868	416,713,308	101,035,501	517,748,809			

- A restricted balances from the retained earnings and profit for the period amounting JD 27,954,641 of as of September 30, 2022 (JD 27,326,810 as on December 31, 2021) represent deferred tax assets. Based on the instructions of the Central Bank of Jordan, these amounts can not be used unless a prior approval is obtained.

- Retained earnings balance includes an amount of JD 646,181 which represents unrealized gain from revaluation of financial assets at fair value through profit and loss as of September 30, 2022.

- It is forbidden to use the excess from the general banking risk reserve balance and the amount of JD 108,397 transferred to retained earnings as of September 30, 2022 that belongs to Safwa Islamic Bank without a pre-approval from the Central Bank of Jordan

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BANK AL ETIHAD
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AMMAN - HASHEMITE KINGDOM OF JORDAN
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
(REVIEWED NOT AUDITED)

	Note	For the Nine Months Ended September 30,	
		2022 (Reviewed)	2021 (Reviewed)
Cash flow from operating activities		JD	JD
Profit for the period before income tax		56,007,663	46,004,665
Adjustments:			
Depreciation and amortization		11,636,833	11,242,051
Expected credit loss	21	19,647,756	24,776,498
Amortization of right of use assets		3,123,518	2,829,105
Interests on lease liabilities		915,366	769,851
Loss (gain) from the sale of financial assets at amortized cost	11	15,049	(733,448)
Provision for the impairment of seized assets	12	892,414	1,366,939
Loss (gain) from valuation of unrealized financial assets	19	1,683,594	(828,814)
Loss on sale of property and equipment		110,711	43,337
(Gains) from the valuation of transferred loans		(262)	(8,764)
Additions to (Released from) Sundry Provision		336,057	(447,443)
Loss from sale of assets seized against debts		252,199	483,856
Bank's share of associate company (profit)		(8,496)	(451)
Effect of exchange rate fluctuations on cash and cash equivalents		(567,098)	(1,248,594)
Profit before changes in assets and liabilities		94,045,304	84,248,788
CHANGES IN ASSETS AND LIABILITIES:			
Restricted cash balances		(1,411,164)	(2,104)
Direct credit and financing facilities		(436,216,937)	(344,621,647)
Financial assets at fair value through statement of profit or loss		(3,073,856)	(6,706,684)
Deposits at banks and financial institutions		(15,216,764)	(15,647,825)
Deposits at banks and financial institutions exceeding 3 months		(182,274)	30,500,000
Other assets		(27,724,865)	(4,554,367)
Customers' deposits		322,516,171	648,086,290
Cash margins		44,967,693	43,321,245
Other liabilities		22,393,981	9,231,092
Net Cash Flow from Operating Activities before Income tax and Other Provision Paid		97,289	443,854,788
Income tax paid	14	(26,583,016)	(28,373,671)
Paid various provisions		(67,979)	-
Net Cash Flow (used in) from Operating Activities		(26,553,706)	415,481,117
Net cash flow from Investing activities			
Net change in financial assets at fair value through other comprehensive income		(8,232,209)	(4,044,230)
Net change in financial assets at amortized cost		(395,378,005)	(265,388,093)
Maturity of financial assets at amortized cost		206,753,515	185,588,068
(Purchase) of intangible assets		(5,743,201)	(4,273,330)
(Purchase) of property and equipment		(8,324,248)	(2,987,144)
Proceeds from sale of property and equipment		178,617	30,789
Cash dividends received from associate company		6,250	6,250
Net Cash (used in) Investing Activities		(210,739,281)	(91,067,690)
Cash Flow from Financing activities			
Increase in borrowed funds		17,243,713	8,155,658
Dividends to shareholders	17	(18,252,872)	(18,342,656)
Payments of principal lease obligation		(4,373,892)	(3,770,805)
Repayment of part of the interest of the lease liabilities		(293,670)	(242,953)
Net change in non-controlling interests as a result of the increase in the ownership of a subsidiary	4	(1,861)	(2,229,560)
Net Cash (used In) Financing Activities		(5,678,582)	(16,430,316)
Net (decrease) increase in cash and cash equivalents		(242,971,569)	307,983,111
Effect of exchange rate changes on cash and cash equivalents		567,098	1,248,594
Cash and cash equivalents at the beginning of the year		1,205,726,235	854,690,830
Cash and Cash Equivalents at the End of the Period	22	963,321,764	1,163,922,535

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BANK AL ETIHAD
(PUBLIC SHAREHOLDING COMPANY)
AMMAN - HASHEMITE KINGDOM OF JORDAN
NOTES TO THE CONSOLIDATED CONDENSED INTERIM
FINANCIAL INFORMATION

1. GENERAL

- Bank Al Etihad is a public shareholding company incorporated in Jordan in 1978, in accordance with the Companies Law No (12) of (1964). Its headquarter is located in Amman, and it was transformed into a bank during the year 1991.
- The Bank provides its financial and banking services through its main branch located in Amman and through its (58) branches and its subsidiaries in Jordan.
- The Bank shares are listed and traded on Amman Stock Exchange-Jordan.
- The condensed consolidated interim financial information were approved by the audit committee on October 30, 2022, based on the authorize by the Board of Directors.

2. Basis of Preparation

- The accompanying condensed consolidated interim financial information for the nine months ended September 30, 2022 were prepared in accordance with "International Accounting Standard (34)" Interim Financial Reporting (IAS 34)" as adopted by the Central Bank of Jordan.

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

- a. Provisions for expected credit losses are calculated in accordance with IFRS 9 and according to the instructions of the Central Bank of Jordan, whichever is stricter, the material differences are as follows:
 - Elimination of debt instruments issued or guaranteed by the Jordanian government, in addition to other credit exposures with the Jordanian government or guaranteed, in which credit exposures over the Jordanian government are amended and guaranteed without any credit losses.
 - When calculating the credit losses against credit exposures, the calculation results according to IFRS No. (9) are compared with those according to the Central Bank of Jordan's Instructions No. (2009/47) dated December 10, 2009, for each stage separately and the stricter results are taken.
 - In some special cases, the Central Bank of Jordan agrees on special arrangements related to the calculation of the expected credit losses' provision of direct credit facilities customers over the determined period.
 - Exclusion of the Debt instruments issued or guaranteed by the Jordanian Government, so that credit exposures issued or guaranteed by the Jordanian Government are treated with no credit losses.
 - Based on the two circulars of the central bank of Jordan to banks operating in Jordan no .4375/3/10 and 14960/3/10 issued on March 15, 2020, and November 22, 2020, it is permissible for the bank to postpone the installments due or due on some customers without considering this as a restructuring arrangement, and without effecting the customer's credit rating.
- b. Interests, revenue, and commissions on non-performing credit facilities granted to clients are suspended, in accordance with the instructions of the Central Bank of Jordan.

- c. Assets seized by Bank are shown in the condensed consolidated interim statement of financial position among other assets at their current value when it seized to the Bank, or at their fair value, whichever is lower. Furthermore, they are revaluated on the date of the condensed consolidated interim financial information separately, and any decrease in its value is recorded in the condensed consolidated interim statement of profit or loss and condensed consolidated interim statement of comprehensive income while no increase in its value is recorded as revenue, and where, any subsequent increase is taken to the condensed consolidated interim statement of profit or loss and condensed consolidated interim statement of comprehensive income to the extent of not exceeding the previously recorded impairment value. A gradual provision has been taken for real estate acquired in exchange for debts according to the circular of Central Bank of Jordan No. (10/3/13246) dated September 2, 2021, which is 5% of the total book value of these real estates from the year of 2022 until the required percentage is reached (50% of these properties by the end of the year 2030). According to the Central Bank of Jordan circular No. 10/3/16234 dated October 10, 2022, the gradual provision booked against seized assets is suspended, under a condition that the provision booked against the breached assets should be maintained, and only provisions against sold breached assets can be released .
- The reporting currency of the condensed consolidated interim financial information is the Jordanian Dinar, which is the functional currency of the Bank.
 - The condensed consolidated interim financial information does not include all the information and notes required in the annual financial statements and should be read with the Bank's annual financial statements as of December 31, 2021. Also, operational results as of September 30, 2022, do not necessarily represent an indicator of the expected operations for the year ending December 31, 2022. In addition, no provision has been taken over the profit for the nine months ended September 30, 2022, which is usually performed at the end of the fiscal year.
 - Significant Accounting Judgments and key Sources of Uncertainty Estimates, and Risk Management:
Preparation of the condensed consolidated interim financial information and application of the accounting policies require Bank's management to make judgments, estimates, and assumptions that affect the amounts of financial assets, financial liabilities and to disclose contingent liabilities. Moreover, these estimates and judgments affect revenue, expenses, provisions, in general, expected credit losses, as well as changes in fair value that appear in the condensed consolidated interim statement of comprehensive income and within shareholders' equity. In particular, Bank's management requires judgments to be made to estimate the amounts and timing of future cash flows. These mentioned estimates are necessarily based on multiple assumptions and many 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.

We believe that our estimates in the preparation of summary condensed consolidated interim financial information are reasonable and similar to those adopted in the preparation of consolidated financial statements for the year 2021.

3. Significant Accounting Policies

The accounting policies used in the preparation of the condensed consolidated interim financial information for the period ended on September 30, 2022 are consistent with those used in the preparation of the annual consolidated financial statement for the year ended December 31, 2021. However, the Group has adopted the following amendments and interpretations which are effective for the first time in 2022 and which have no impact on the Bank's condensed consolidated interim financial information noting that it may have an impact on the accounting treatment on future transactions and arrangements:

Amendments to IAS 1 – Classification of Liabilities as Current or Non-current

The amendments to IAS 1 affect only the presentation of liabilities as current or non-current 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 noncurrent 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.

Amendments to IFRS 3 – Reference to the Conceptual Framework

The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.

Finally, the amendments add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

Amendments to IAS 37 – Onerous Contracts—Cost of Fulfilling a Contract

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated. Instead, the entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

Amendments to IAS 16 – Property, Plant and Equipment—Proceeds before Intended Use

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognises such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 "Inventories".

The amendments also clarify the meaning of 'testing whether an asset is functioning properly. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes.

If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost.

The amendments are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial information in which the entity first applies the amendments.

The entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

IFRS Financial Enhancements 2018-2020

IFRS 1 First-time Adoption of International Financial Reporting Standards

The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences. As a result of the amendment, a subsidiary that uses the exemption in IFRS 1:D16 (a) can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial information, based on the parent's date of transition to IFRS Standards, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption in IFRS 1:D16 (a).

IFRS 9 Financial Instruments

The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognise a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf. The amendment is applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment.

IAS 41 Agriculture

The amendment removes the requirement in IAS 41 for entities to exclude cash flows for taxation when measuring fair value. This aligns the fair value measurement in IAS 41 with the requirements of IFRS 13 Fair Value Measurement to use internally consistent cash flows and discount rates and enables preparers to determine whether to use pretax or post-tax cash flows and discount rates for the most appropriate fair value measurement.

The amendment is applied prospectively, i.e. for fair value measurements on or after the date an entity initially applies the amendment.

4. Basis of preparation of the condensed consolidated interim financial information

- The condensed consolidated interim financial information include the financial information of the Bank and its subsidiaries under its control, meanwhile, control exists when the Bank has control over the investee company, or it is exposed to variable returns or holds rights for its participation in the investee company, and the Bank is able to use its control over the investee company to affect those returns.
- The Bank reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control listed above.
- When the Bank has less than the majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally, In this regard, the Bank considers all relevant facts and circumstances in assessing whether or not the Bank's voting rights in an investee are sufficient to give it power, including:
 - The size of the Banks's holding of voting rights relative to the size of holdings of the other vote holders,
 - Potential voting rights held by the Bank, other vote holders or other parties,
 - Rights arising from other contractual arrangements.
 - Any other facts and circumstances indicate that the Bank has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Control is achieved when the Bank:

- has the ability to control the investee.
- is exposed, or has rights, to variable returns from its involvement with the investee; and.
- has the ability to use its power to affect the investee's returns,

The Bank reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control listed above.

When the Bank has less than the majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally, In this regard, the Bank considers all relevant facts and circumstances in assessing whether or not the Bank's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Bank has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

When it loses control of a subsidiary, the Bank performs the following:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary.
- Derecognizes the book value of any non-controlling interests,
- Derecognizes transfer differences accumulated in Owners' Equity.
- Derecognizes the fair value to the next controlling party.
- Derecognizes the fair value of any investment retained.
- Derecognizes any surplus or deficiency in the income statement.
- Reclassifies owners' equity already booked in other comprehensive income to the statement of profit or loss or retained earnings, as appropriate.

The subsidiaries' interim financial information is prepared under the same accounting policies adopted by the Bank, If the subsidiaries apply different accounting policies than those used by the Bank, the necessary modifications shall be made to the subsidiaries' interim financial information to make them comply with the accounting policies used by the Bank.

The non-controlling interests represent the portion not owned by the Bank relating to ownership of the subsidiaries.

- All balances, transactions, revenue, and expenses between the Bank and its subsidiaries are eliminated.
- The subsidiaries interim financial information are prepared under the same accounting policies adopted by the Bank. If the subsidiaries apply different accounting policies than those used by the Bank, the necessary modifications shall be made to the subsidiaries' interim financial information to make them comply with the accounting policies used by the Bank.
- The results of the subsidiaries' operations are consolidated in the condensed consolidated interim statement of the profit or loss from their acquisition date, which is the date that the control over subsidiaries is effectively transferred to the Bank, Furthermore, the results of the disposed of subsidiaries are consolidated in the condensed consolidated interim statement of the profit or loss up to the date of their disposal, which is the date on which the Bank loses control over the subsidiaries.
- The non-controlling interests represent the portion not owned by the Bank in the subsidiaries, Non-controlling interests are shown in the subsidiaries' net assets as a separate line item within the Bank's condensed consolidated interim statement of shareholders' equity.

The Bank owns the following subsidiaries as of September 30, 2022:

Company's Name	Ownership of the Bank	September 30, 2022		Nature of Operation	Date of Acquisition	Location
		Paid-up Capital	Investment Value			
	%	JD				
Al-Ethad for Financial Brokerage Company L.L.C	100	5,000,000	5,000,000	Financial Brokerage	2006	Jordan
Al-Ethad for Financial Leasing Company L.L.C	100	12,000,000	12,000,000	Finance Leasing	2015	Jordan
Al-Ethad Islamic Investment Company L.L.C*	58	113,039,028	65,562,636	Acquisition of bonds and shares in companies and borrowing the necessary funds from banks	2016	Jordan
Al-Ethad for Financial Technology Company L.L.C	100	100,000	100,000	Manufacturing, programming, preparing, developing, and supplying programs	2019	Jordan
		<u>130,139,028</u>	<u>82,662,636</u>			

* The subsidiary, Al-Ethad Islamic Investment Company LLC, which is owned by Bank Al-Ethad with a total percentage of 58% has a controlling interest equivalent to 62.4% over Safwa Islamic bank. Since the Bank has control over the subsidiary and Safwa Islamic Bank, their information has been consolidated within the condensed consolidated interim financial information of Bank Al Ethad.

- Bank Al- Ethad directly owns shares in Safwa Bank amounting to around 1.36% of the total shares of Safwa Islamic Bank.

5. Cash and Balances at Central Bank of Jordan

Details of this item are as follows:

	September 30, 2022 (Reviewed not audited)	December 31, 2021 (Audited)
	JD	JD
Cash at treasury	139,143,046	125,176,533
Balances at the Central Bank of Jordan:		
Current accounts and demand deposits	169,036,814	265,155,626
Term and notice deposits	230,700,000	315,000,000
Cash reserve requirements	<u>251,603,169</u>	<u>229,098,309</u>
Total	<u><u>790,483,029</u></u>	<u><u>934,430,468</u></u>

-All balances with the Central Bank of Jordan are classified within the first stage in accordance with the requirements of IFRS No. (9). There are no transfers between the first, second and third stages or write-off balances during the Nine months ended September 30, 2022 & the year ended December 31, 2021.

- Except for the cash statutory reserve requirements, there are no restricted balances as of September 30, 2022 and December 31, 2021.
- There are no amounts maturing during a period exceeding three months as of September 30, 2022 and December 31, 2021.

6. Balances at Banks and Financial Institutions- Net

The details of this item is as follows:

	Local Banks and Financial Institutions		Foreign Banks and Financial Institutions		Total	
	September 30, 2022 (Reviewed not audited)	December 31, 2021 (Audited)	September 30, 2022 (Reviewed not audited)	December 31, 2021 (Audited)	September 30, 2022 (Reviewed not audited)	December 31, 2021 (Audited)
Current accounts and demand deposits	2,887,507	443,162	186,579,724	239,619,091	189,467,231	240,062,253
Deposits maturing within 3 months or less	37,016,000	10,000,000	169,707,069	291,974,566	206,723,069	301,974,566
Total	39,903,507	10,443,162	356,286,793	531,593,657	396,190,300	542,036,819
Expected credit losses	-	-	(678,363)	(560,112)	(678,363)	(560,112)
Net balance at banks and financial institutions	39,903,507	10,443,162	355,608,430	531,033,545	395,511,937	541,476,707

- Non-interest bearing balances at banks and financial institutions amounted to JD 33,405,213 as of September 30, 2022 (JD 55,348,360 as of December 31, 2021).

- Restricted balances amounted to JD 8,959,378 as of September 30, 2022 and (JD 7,548,214 as of December 31, 2021).

- The balances with banks and financial institutions are classified within the first stage in accordance with the requirements of the IFRS (9), and there were no transfers between the stages (first, second and third) or no cash balances during the period ending on September 30, 2022.

7. Deposits at Banks and Financial Institutions – Net

Description	Local Banks and Financial Institutions		Foreign Banks and Financial Institutions		Total	
	September 30, 2022 (Reviewed not audited)	December 31, 2021 (Audited)	September 30, 2022 (Reviewed not audited)	December 31, 2021 (Audited)	September 30, 2022 (Reviewed not audited)	December 31, 2022 (Audited)
Deposits due Within 3 months to 6 months	-	-	17,988,700	2,771,936	17,988,700	2,771,936
More than 6 months to 9 months	-	6,000,000	-	-	-	6,000,000
More than 9 months to 12 months	6,000,000	-	-	-	6,000,000	-
Total	6,000,000	6,000,000	17,988,700	2,771,936	23,988,700	8,771,936
Expected credit losses	-	-	(8,061)	(1,251)	(8,061)	(1,251)
Net deposits at banks and financial institutions	6,000,000	6,000,000	17,980,639	2,770,685	23,980,639	8,770,685

- There are no restricted deposits as of September 30, 2022 and December 31, 2021.

- The following is the movement on deposits at Banks and Financial Institutions:

	September 30, 2022 (Reviewed not audited)		December 31, 2021 (Audited)	
	Stage (1) Individual	Total	Stage (1) Individual	Total
Total balance at the beginning of the period / year	JD 8,771,936	JD 8,771,936	JD 4,449,068	JD 4,449,068
New deposits during the period / year	23,988,700	23,988,700	8,771,936	8,771,936
Reimbursed deposits during the period/ year	(8,771,936)	(8,771,936)	(4,449,068)	(4,449,068)
Total Balance at the End of the Period / Year	23,988,700	23,988,700	8,771,936	8,771,936

* Movement of expected credit losses on deposits at banks and financial institutions was as follows:

	September 30, 2022 (Reviewed not audited)		December 31, 2021 (Audited)	
	Stage (1) Individual	Total	Stage (1) Individual	Total
Balance at the beginning of the period / year	JD 1,251	JD 1,251	JD 611	JD 611
Credit loss on new deposits during the period / year	8,061	8,061	1,251	1,251
Recovered from Expected credit loss on the reimbursed deposits	(1,251)	(1,251)	(611)	(611)
Total Balance at the End of the Period / Year	8,061	8,061	1,251	1,251

8. Financial Assets at Fair Value Through Profit or Loss

Details of the following item are as follows:	September 30, 2022	December 31, 2021
	(Reviewed not audited)	(Audited)
	JD	JD
Government bonds listed in financial markets	261,036	143,948
Corporate bonds listed in financial markets	76,655	1,512,207
Corporate shares listed in financial markets	7,024,592	3,275,739
Investment Funds	12,324,345	13,364,472
	<u>19,686,628</u>	<u>18,296,366</u>

- Note 30 provides details on classification per fair value inputs.

9. Direct Credit and Financing Facilities - Net

The details of this item are as follows:	September 30, 2022	December 31, 2021
	(Reviewed not audited)	(Audited)
		JD
Individuals (retail):		
Overdraft accounts	4,934,161	1,794,970
Loans and promissory notes*	924,654,892	821,425,508
Credit cards	30,633,071	17,807,394
Real Estate loans	995,986,644	897,926,656
Large Companies		
Overdraft accounts	66,032,723	66,202,150
Loans and promissory notes *	1,164,242,758	1,046,668,567
Small and Medium Sized Entities		
Overdraft accounts	24,822,108	24,662,480
Loans and promissory notes *	206,847,921	201,854,139
Government and public sector	<u>527,680,166</u>	<u>431,243,828</u>
Total	<u>3,945,834,444</u>	<u>3,509,585,692</u>
Less: Suspended Interest	18,867,934	16,920,366
Provision of expected credit losses	<u>159,002,114</u>	<u>141,540,998</u>
Net Direct Credit and Financing Facilities	<u>3,767,964,396</u>	<u>3,351,124,328</u>

* Net after deducting interests and commissions received in advance amounting to JD 7,650,466 as of September 30, 2022. (JD 5,395,416 as of December 31, 2021).

- Direct credit facilities and financing within the third stage amounted to JD 149,381,373 which represent 3.79 % of total Direct Credit facilities and financing as of September 30, 2022. (JD 130,919,534 which represent 3.73% of total credit facilities and financing as of December 31, 2021).

- The Direct Credit Facilities and Financing within the third stage, after deducting the suspended interest amounted to JD 130,513,439 which represent 3.32 % of total Direct Credit Facilities, and financing after deducting suspended interest, revenue and commissions as of September 30, 2022 (JD 113,999,168 which represent 3.26% of total Direct Credit facilities and Financing after deducting suspended interests, revenues and commissions as of December 31, 2021).

- Direct Credit Facilities and Financing granted to the Jordanian government amounted to JD 472,883,206 which represent 11.98 % of total Direct Credit Facilities and Financing as of September 30, 2022 (JD 323,740,585 which represent 9.22% of the total Direct Credit Facilities and Financing as of December 31, 2021).

- Financing in accordance with Islamic law, which belongs to Safwa Islamic Bank, amounted to JD 1,887,762,041 which represent 47.84 % of total Direct Credit Facilities and Financing as of September 30, 2022 (JD 1,635,040,078 representing a percentage of 46.59% as of December 31, 2021).

Disclosure on the movement of gross credit facilities and financing:

	Stage (1)		Stage (2)		Stage (3)		Total
	Individual JD	Collective JD	Individual JD	Collective JD	Individual JD	Collective JD	JD
<u>For the Nine Months Period September 30, 2022 (Reviewed not audited)</u>							
Balance - beginning of the Year	2,236,721,529	671,650,120	405,064,033	65,230,476	130,919,534	3,509,585,692	
New facilities during the period	584,157,357	196,357,532	77,612,246	9,581,141	8,954,336	876,662,612	
Exposures settled during the period	(225,691,494)	(43,190,406)	(34,696,158)	(3,827,683)	(7,307,617)	(314,713,358)	
Transferred to stage (1)	34,545,091	14,666,532	(33,779,564)	(14,643,272)	(788,787)	-	
Transferred to stage (2)	(64,886,120)	(19,769,776)	67,580,163	21,235,880	(4,160,147)	-	
Transferred to stage (3)	(6,191,722)	(2,142,358)	(21,303,945)	(3,037,423)	32,675,448	-	
The total impact on the volume of exposures as a result of reclassification between stages	(3,544,553)	(1,460,821)	4,476,542	(837,358)	(3,834,112)	(5,200,302)	
Changes resulting from adjustments	(53,264,831)	(47,415,343)	(9,543,179)	(3,199,565)	(4,602,817)	(118,025,735)	
Written off credit facilities or transferred as off balance sheet items	-	-	-	-	(2,474,465)	(2,474,465)	
Gross balance as at the end of the period	<u>2,501,845,257</u>	<u>768,695,480</u>	<u>455,410,138</u>	<u>70,502,196</u>	<u>149,381,373</u>	<u>3,945,834,444</u>	
<u>December 31, 2021 (Audited)</u>							
Balance – beginning of the year	2,023,885,152	572,632,425	342,616,631	30,726,382	118,245,398	3,088,105,988	
New exposures during the year	750,278,160	236,184,831	76,916,417	11,684,408	5,589,877	1,080,653,693	
Exposures settled during the year	(302,786,525)	(43,112,125)	(53,793,088)	(2,796,948)	(14,706,179)	(417,194,865)	
Transferred to stage (1)	59,840,822	786,149	(56,175,283)	(786,102)	(3,665,586)	-	
Transferred to stage (2)	(136,611,567)	(32,188,318)	140,087,906	32,796,228	(4,084,249)	-	
Transferred to stage (3)	(6,554,449)	(4,952,724)	(25,374,658)	(1,692,361)	38,574,192	-	
The total impact on the volume of exposures as a result of reclassification between stages	(17,996,645)	(266,360)	(12,736,601)	(2,953,445)	584,624	(33,368,427)	
Changes resulting from adjustments	(133,333,419)	(57,433,758)	(6,477,291)	(1,747,686)	(1,219,260)	(200,211,414)	
Written off credit facilities or transferred as off balance sheet items *	-	-	-	-	(8,399,283)	(8,399,283)	
Total balance at the end of the year	<u>2,236,721,529</u>	<u>671,650,120</u>	<u>405,064,033</u>	<u>65,230,476</u>	<u>130,919,534</u>	<u>3,509,585,692</u>	

- An amount of JD 2,261,497 was transferred to off- statement of financial position items during the nine months period ended September 30, 2022 (JD 7,679,135 as at December 31, 2021) and an amount of JD 212,968 of Direct Credit and Financing facilities was written off according to the BOD decisions in this regard (JD 720,148 as at December 31, 2021).

Expected credit loss

Following is the movement for the expected credit loss during the period/year:

	Individuals		Real Estate Loans		Corporates		SMEs		Public Sector		Total	
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
<u>For the Nine Months Period Ended September 30, 2022 (Reviewed not audited)</u>												
Balance at the beginning of the period	29,479,940	12,703,958	85,512,145	13,844,955	-	141,540,998						
Impairment loss on new facilities during the period	3,482,642	1,526,077	12,911,869	2,357,351	-	20,277,939						
Recovered from the credit loss on the settled facilities	(2,206,912)	(1,036,022)	(5,474,397)	(1,435,564)	-	(10,152,895)						
Transferred to stage (1)	1,480,754	129,239	(403,616)	29,856	-	1,236,233						
Transferred to stage (2)	(342,421)	(403,959)	(437,288)	(1,212,822)	-	(2,396,490)						
Transferred to stage (3)	(1,138,333)	274,720	840,904	1,182,966	-	1,160,257						
The effect on the provision - as at the end of the period - as a result of reclassification between the three stages during the period	3,292,284	624,671	2,259,541	2,959,088	-	9,135,584						
Changes resulted from adjustments	(603,178)	(2,030,308)	2,517,476	232,252	-	116,242						
Written off credit facilities	(295,774)	-	(158)	(1,619,822)	-	(1,915,754)						
Gross balance at the End of the Period	<u>33,149,002</u>	<u>11,788,376</u>	<u>97,726,476</u>	<u>16,338,260</u>	<u>-</u>	<u>159,002,114</u>						
Redistribution:												
Provision on individual basis	29,859,206	11,787,818	97,726,476	15,720,182	-	155,093,682						
Provision on collective basis	3,289,796	558	-	618,078	-	3,908,432						
	<u>33,149,002</u>	<u>11,788,376</u>	<u>97,726,476</u>	<u>16,338,260</u>	<u>-</u>	<u>159,002,114</u>						

	Individuals	Real Estate Loans	Corporates	SMEs	Public Sector	Total
	JD	JD	JD	JD	JD	JD
<u>For the Year Ended December 31, 2021 (Audited)</u>						
Balance at January 1, 2021	25,401,230	14,336,802	67,069,526	12,675,056	-	119,482,614
Impairment on new Credit facilities during the year	4,294,530	2,592,837	13,173,332	2,691,006	-	22,751,705
Recovered from Impairment on paid credit facilities	(3,544,806)	(2,813,721)	(9,924,727)	(1,584,591)	-	(17,867,845)
Transferred to stage (1)	1,838,768	816,969	(108,871)	(78,919)	-	2,467,947
Transferred to stage (2)	570,129	(568,155)	(5,067,934)	(13,859)	-	(5,079,819)
Transferred to stage (3)	(2,408,897)	(248,814)	5,176,805	92,778	-	2,611,872
Effect on the impairment losses due to reclassifications between stages	4,790,917	84,891	7,449,335	1,021,510	-	13,346,653
Effect due to adjustments	652,814	(1,133,266)	10,339,158	(445,341)	-	9,413,365
Written-off credit facilities or transferred as off balances sheet items	(2,114,745)	(363,585)	(2,594,479)	(512,685)	-	(5,585,494)
Total balance at the End of the Year	<u>29,479,940</u>	<u>12,703,958</u>	<u>85,512,145</u>	<u>13,844,955</u>	<u>-</u>	<u>141,540,998</u>
Redistribution:						
Provision on individual basis	27,004,054	12,703,784	85,512,145	13,167,915	-	138,387,898
Provision on Collective basis	2,475,886	174	-	677,040	-	3,153,100
	<u>29,479,940</u>	<u>12,703,958</u>	<u>85,512,145</u>	<u>13,844,955</u>	<u>-</u>	<u>141,540,998</u>

- The value of the provision that is no longer needed as a result of debt settlement and transferred to other debts amounted to JD 10,152,895 as of September 30, 2022 (JD 17,867,845 as of December 31, 2021).

Suspended Interests

The movement of suspended interests was as follows:

	<u>Companies</u>				
	<u>Individuals</u>	<u>Real estate loans</u>	<u>Corporates</u>	<u>SMEs</u>	<u>Total</u>
For the Nine Months Period Ended	JD	JD	JD	JD	JD
<u>September 30, 2022 (Reviewed not audit)</u>					
Balance- beginning of the year	4,102,597	2,471,153	7,707,710	2,638,906	16,920,366
<u>Add:</u> Interest and returns suspended during period	1,880,160	150,833	1,240,498	758,831	4,030,322
<u>Less:</u> Interests and returns transferred to revenue	609,374	17,117	753,246	144,305	1,524,042
Written off suspended interest	218,441	-	28,775	311,496	558,712
Balance- end of the Period	<u>5,154,942</u>	<u>2,604,869</u>	<u>8,166,187</u>	<u>2,941,936</u>	<u>18,867,934</u>
<u>For the Year Ended December 31, 2021 (Audited)</u>					
Balance- beginning of the Year	4,120,410	2,935,998	7,655,932	2,282,901	16,995,241
<u>Add:</u> Interest and returns suspended during year	1,935,720	427,845	1,342,528	752,560	4,458,653
<u>Less:</u> Interests and returns transferred to revenue	672,700	455,395	508,584	83,060	1,719,739
Written off suspended interest	1,280,833	437,295	782,166	313,495	2,813,789
Balance- end of the Year	<u>4,102,597</u>	<u>2,471,153</u>	<u>7,707,710</u>	<u>2,638,906</u>	<u>16,920,366</u>

10. Financial Assets at Fair Value through Other Comprehensive Income

The details of this item are as follows:

	September 30, 2022 (Reviewed not audited)	December 31, 2021 (Audited)
	JD	JD
Quoted shares in active markets	31,020,793	23,863,120
Unquoted shares in active markets	13,669,453	12,115,197
Investment funds	<u>13,138,103</u>	<u>8,180,804</u>
Total	<u><u>57,828,349</u></u>	<u><u>44,159,121</u></u>

- Transferred gains as a result of selling financial assets at fair value through the statement of other comprehensive income amounted to JD 1,431,589 as of September 30, 2022. (JD 421,030 losses transferred as of September 30, 2021).

- Cash dividends on the above financial assets amounted to JD 660,345 for the nine months ended September 30, 2022 (JD 464,615 for the nine months ended September 30, 2021).

11. Financial Assets at Amortized Cost- Net

The details of this item are as follows:

	September 30, 2022 (Reviewed not audited)	December 31, 2021 (Audited)
	JD	JD
<u>Quoted Financial Assets:</u>		
Foreign treasury bonds	80,175,934	31,996,765
Corporate bonds and debentures	117,453,173	129,212,530
<u>Unquoted Financial Assets:</u>		
Governmental treasury bonds	65,006,296	40,577,646
Governmental guaranteed bonds and bills	996,266,908	865,755,929
Corporate bonds and debentures	<u>29,702,000</u>	<u>32,452,000</u>
	1,288,604,311	1,099,994,870
<u>Less:</u> Provision for excepted credit loss related to financial assets within stage (1)	849,896	648,639
Provision for expected credit loss related to financial assets within stage (3)	-	250,000
	<u><u>1,287,754,415</u></u>	<u><u>1,099,346,231</u></u>
<u>Bonds and Bills Analysis (before provisions):</u>		
With Fixed rate	1,286,698,075	1,099,192,171
With Floating rate	<u>1,906,236</u>	<u>802,699</u>
	<u><u>1,288,604,311</u></u>	<u><u>1,099,994,870</u></u>
<u>Bond Analysis according to IFRS 9 (before provisions):</u>		
Stage (1)	1,288,604,311	1,099,744,870
Stage (2)	-	-
Stage (3)	-	250,000
	<u><u>1,288,604,311</u></u>	<u><u>1,099,994,870</u></u>

* During the nine months period ended September 30, 2022, financial assets at amortized cost were sold with a nominal value amounting to JD 2,339,700 (JD 39,329,363 for the same period last year) the sale process resulted in loss of JD 15,049 for the period ended September 30, 2022 (profit that amounting to JD 733,448 for the period ended September 30, 2021).

12. Other Assets

The details of this item are as follows:

	September 30, 2022 (Reviewed not audited)	December 31, 2021 (Audited)
	JD	JD
Interests and revenue under collection	17,168,482	14,733,131
Prepaid expenses	7,091,203	4,896,046
Assets seized by bank in repayment of debts *	53,126,044	51,302,874
Clearing cheques	924,112	37,765
Transfers and checks under collection	756,873	179,570
Margins on letter of guarantees paid	3,604,300	2,982,731
Discounted commercial papers	46,539,414	28,236,148
Convertible loans	177,250	176,988
Other	12,836,047	13,097,958
	<u>142,223,725</u>	<u>115,643,211</u>

* Below is a summary of assets seized by Bank assets against debts net of provision:

	September 30, 2022 (Reviewed not audited)	December 31, 2021 (Audited)
	JD	JD
Balance beginning of period / year	51,302,874	49,408,223
Additions	5,538,064	9,800,110
Disposals	(2,822,480)	(6,226,827)
(Additions) to the provision of impairment against seized assets	(892,414)	(1,678,632)
Balance End of Period / Year	<u>53,126,044</u>	<u>51,302,874</u>

Below is a summary of the movement on seized assets provision:

	For the Nine Months Ended September 30,	
	2022 (Reviewed not audited)	2021 (Reviewed not audited)
	JD	JD
Balance beginning of period / year	5,175,496	3,496,864
Additions during the period / year	892,414	1,366,939
Balance End of Period / year	<u>6,067,910</u>	<u>4,863,803</u>

The provision for impairment against assets seized by the bank amounted to JD 2,093,656 as of September 30, 2022 (JD 1,792,742 as of December 31, 2021), and the provision for the assets seized by the bank for a period of more than (4) years amounted to JD 3,974,254 as of September 30, 2022 (JD 3,382,754 as of December 31, 2021).

13. Customers Deposits

The details for this item are as follows:

	Companies				Total
	Individual	Corporates	SMEs	Government and Public Sector	
	JD	JD	JD	JD	JD
<u>As of September 30, 2022 (Reviewed not audited)</u>					
Current and demand accounts	502,166,612	357,564,471	335,007,337	9,726,491	1,204,464,911
Saving deposits	887,527,445	35,114,149	49,606,974	6,980,329	979,228,897
Time and notice deposits	1,595,690,977	645,884,688	133,034,345	306,785,725	2,681,395,735
Certificate of deposits	329,810,585	6,780,000	13,210,145	18,000,000	367,800,730
Total	<u>3,315,195,619</u>	<u>1,045,343,308</u>	<u>530,858,801</u>	<u>341,492,545</u>	<u>5,232,890,273</u>
<u>As of December 31, 2021 (Audited)</u>					
Current and demand accounts	442,030,552	357,945,726	307,652,101	17,204,152	1,124,832,531
Saving deposits	845,840,833	39,406,551	28,043,366	2,239,391	915,530,141
Time and notice deposits	1,480,697,923	609,689,896	151,319,249	270,288,299	2,511,995,367
Certificate of deposits	319,227,063	6,098,000	13,691,000	19,000,000	358,016,063
Total	<u>3,087,796,371</u>	<u>1,013,140,173</u>	<u>500,705,716</u>	<u>308,731,842</u>	<u>4,910,374,102</u>

- The Jordanian government and public sector's deposits inside the kingdom reached JD 341,492,545 representing 6.53% of total deposits as of September 30, 2022 (JD 308,731,842 representing 6.29% as of December 31, 2021).

- Deposits with no interest bearing reached JD 1,093,354,284 representing 20.89% of the total deposits as of September 30, 2022 (JD 1,093,277,884 representing 22.26% as of December 31, 2021).

- Restricted deposits reached JD 5,501,841 representing 0.11% of the total deposits as of September 30, 2022 (JD 3,951,130 representing 0.08% of the total deposits as of December 31, 2021).

- Dormant deposits reached JD 47,482,258 representing 0.91% of the total deposits as of September 30, 2022 (JD 41,491,499 representing 0.84% of the total deposits as of December 31, 2021).

- Customer deposits include JD 1,851,266,728 which represents the shared customer investment related of Safwa Islamic Bank as of September 30, 2022 (JD 1,665,485,522 as of December 31, 2021).

14. Income Tax Provision

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

	For the Nine Months Ended September 30, 2022 (Reviewed not audited)	For the Year Ended December 31, 2021 (Audited)
	JD	JD
Balance beginning of the period / year	21,931,794	24,618,987
Income tax paid during the period/ year	(26,583,016)	(30,374,240)
Income tax for the period / year	22,366,569	27,665,660
Provision for prior years income tax	127,074	21,387
Balance End of the Period / Year	17,842,421	21,931,794

The Income tax in the condensed consolidated interim statement of profit or loss represent the following:

	For the Nine Months Ended September 30, 2022 (Reviewed not audited)	2021 (Reviewed not audited)
	JD	JD
Accrued income tax against profits of the period	22,366,569	17,454,872
Prior years income tax	127,074	21,387
Amortization of deferred tax assets during the period	(877,096)	(1,478,735)
Deferred tax liability for the period	87,496	167,229
	21,704,043	16,164,753

- The legal income tax rate for the Bank was 35% in addition to the national contribution of 3%, the legal income tax rate for Al Etihad Leasing Company and AL Etihad Financial Brokerage companies has reached to 24% in addition to the national contribution of 4% and the income tax rate for Al Etihad Financial Technology has reached to 20% in addition to the national contribution of 1%.

- The Bank submitted the tax return until the year 2021 and a final settlement was reached with Income and Sales Tax Department on the results of the bank until end of the year 2018, the Income and Sales Tax Department did not review the accounting records for the years of 2019, 2020, and 2021.

- A final settlement with the income tax and sales department for Safwa Islamic Bank has been reached up to the year 2018. The tax returns for the years 2019, 2020, and 2021 were submitted within the legal period, and the income and sales tax department did not review the accounting records until the date of preparing condensed consolidated the interim financial statements.

- Clearance was obtained from income tax and sales department of MESK financial brokerage company (Safwa Islamic subsidiary) until the end of the year 2014 and the annual tax return was approved for the years 2015, 2016, 2017, 2018, 2020, 2021 and 2019 within the sample system issued from the Income and Sales Tax department.

- The company also submitted the tax return for the years 2019 and the Income and Sales Tax Department did not review it yet.

- Regarding the tax years 2011, 2012 and 2013, the court's decision was issued and acquired a final status to write off the required amounts for those years and approve the annual income statements as they are, and the court's decision has not been implemented by the Income and Sales Tax Department to date.

In the opinion of the Bank's management and the tax advisor, the provisions taken in the condensed consolidated interim financial information are sufficient to meet the tax obligations.

- A final settlement for Al Etihad for Financial Brokerage Company has been reached, with the income tax and Sales department up to the year 2020. And the self assessment has been submitted for the year 2021 and the Income and Sales Tax Department did not review the accounting records until the date of the condensed consolidated interim financial information.

- A final settlement with the Income and Sales Tax Department for Al Etihad for Financial Leasing Company has been reached up to the year 2019. The tax return for the year 2020 and 2021 were submitted, and the Income and Sales Tax Department did not review the accounting records until the date of the condensed consolidated interim financial information.

- The Bank calculated the a provision income tax for the nine months period ended September 30, 2022 for the bank and its subsidiaries, and according to management and the tax advisor, that will not be any obligations that exceed the provision recorded in the consolidated condensed interim financial information.

- A final settlement with the Income and Sales Tax Department for Al Etihad for Financial Technology Company has been reached up to the year 2020. The tax return for the year 2021 was submitted, and the Income and Sales Tax Department did not review the accounting records until the date of the condensed consolidated interim financial information.

- A final settlement with the Income and Sales Tax Department for Al Etihad Islamic Investments Company has been reached up to the year 2020. The tax return for the year 2021 was submitted, and the Income and Sales Tax Department did not review the accounting records until the date of preparing the condensed consolidated interim financial information.

- The percentage of deferred tax was 38% for the income from inside Jordan and 13% for the income from outside Jordan and in the Bank's management opinion these deferred taxes will be realized in the future.

15. Other Liabilities

The details of this item are as follows:

	September 30, 2022 Reviewed not (audited)	December 31, 2021 (Audited)
	JD	JD
Accrued interest expense	34,365,906	28,652,911
Revenue received in advance	2,370,990	1,524,079
Accounts payable	832,090	553,459
Accrued expenses	12,481,903	11,159,682
Incoming transfers	1,588,773	78,733
Deferred cheques	14,510,531	11,268,610
Temporary deposits	16,972,768	13,224,080
Provision for expected credit losses on off - statement of financial position items *	5,559,753	5,615,184
Dividends payable	484,178	560,849
Electronic Payment System reconciliation	1,945,560	464,293
Other liabilities	<u>12,282,593</u>	<u>7,781,285</u>
Total	<u>103,395,045</u>	<u>80,883,165</u>

	For the Nine Months Ended September 30, 2022				For the year ended December 31, 2021
	Stage (1) - Individual	Stage(2) - Individual	Stage (3)	Total	Total
	JD	JD	JD	JD	JD
Movement disclosures on indirect credit facilities					
Total balance at the beginning of the period / year	1,015,159,012	96,577,714	2,698,130	1,114,434,856	1,027,746,460
New exposures during the period/year	926,213,296	97,973,823	259,375	1,024,446,494	688,723,437
Accrued exposures	(487,689,948)	(58,894,471)	(223,728)	(546,808,147)	(573,594,032)
Transferred into the stage (1)	15,644,510	(15,298,305)	(346,205)	-	-
Transferred into the stage (2)	(3,569,437)	3,630,915	(61,478)	-	-
Transferred into the stage (3)	(80,710)	(15,000)	95,710	-	-
The total impact on the volume of exposures as a result of changing the classification between ph	337	(562,982)	-	(562,645)	(36,234,973)
Changes resulted from adjustments	<u>9,554,420</u>	<u>(2,763,840)</u>	<u>(67,150)</u>	<u>6,723,430</u>	<u>7,793,964</u>
Gross balance at the end of the Period / Year	<u>1,475,231,480</u>	<u>120,647,854</u>	<u>2,354,654</u>	<u>1,598,233,988</u>	<u>1,114,434,856</u>

* The movement on the provision for expected credit losses against indirect credit facilities during the period / year is as follows:

	For the Nine Months Ended September 30, 2022				For the year ended December 31, 2020
	Stage (1) - Individual	Stage(2) - Individual	Stage (3)	Total	Total
	JD	JD	JD	JD	JD
Balance at the beginning of the period/year	4,818,039	601,398	195,747	5,615,184	4,892,618
Impairment loss on the new exposures during the period / year	2,305,614	355,528	-	2,661,142	3,166,508
Recovered from the impairment loss on the accrued exposures	(2,083,169)	(234,239)	(10,000)	(2,327,408)	(2,383,596)
Transferred to stage 1	60,419	(50,419)	(10,000)	-	-
Transferred to stage 2	(25,234)	26,212	(978)	-	-
Transferred to stage 3	(88)	(179)	267	-	-
Effect on the provision as of the end of the period due to reclassifications between stages during the period	(42,600)	28,974	29,733	16,107	167,753
Changes resulting from adjustments	<u>(297,492)</u>	<u>(107,780)</u>	<u>-</u>	<u>(405,272)</u>	<u>(228,099)</u>
Gross balance at the End of the Period / Year	<u>4,735,489</u>	<u>619,495</u>	<u>204,769</u>	<u>5,559,753</u>	<u>5,615,184</u>

16/a. Borrowed Funds

The details of this item are as follows:

	Number of Payments			Payment Frequency	Collateral	Borrowing interest
	Amount	Total	Remaining			Rate
	JD					%
<u>September 30, 2022 (Reviewed not audited)</u>						
Central Bank of Jordan borrowing *	34,455,148	10,487	6,604	Monthly	Bank Promissories	0.5%-1.75%
Central Bank of Jordan borrowing *	440,100	37	37	Quarterly	Bank Promissory	1.00%
Central Bank of Jordan borrowing *	3,462,054	36	32	semi-annual	Bank Promissory	0.50% - 1.00%
Central Bank of Jordan borrowing *	1,145,105	22	13	Annual	Bank Promissory	0.50% - 1.00%
Central Bank of Jordan borrowing *	48,164,562	26,572	16,910	Monthly	Bank Promissory	0.00%
International Bank for Reconstruction and Development **	3,000,000	20	9	Semi-annual starting from September 15, 2018	Bank Promissory	1.95%
Arab Fund for Economic and Social Development ***	900,000	15	4	semi-annual	Bank Promissory	2.50%
Arab Fund for Economic and Social Development ***	1,589,016	34	34	semi-annual	Bank Promissory	3.00%
Arab Fund for Economic and Social Development ***	1,576,749	34	34	semi-annual	Bank Promissory	3.00%
Arab Fund for Economic and Social Development ***	1,200,000	34	34	semi-annual	Bank Promissory	3.00%
Jordan Mortgage Refinance Company	10,000,000	1	1	one instalment	Bank Promissories	4.40%
Jordan Mortgage Refinance Company (Relating to a subsidiary)	2,000,000	1	1	one instalment	-	4.70%
Jordan Mortgage Refinance Company (Relating to a subsidiary)	2,000,000	1	1	one instalment	-	4.60%
Jordan Mortgage Refinance Company (Relating to a subsidiary)	2,500,000	1	1	one instalment	-	4.60%
Jordan Mortgage Refinance Company (Relating to a subsidiary)	6,000,000	92	92	Quarterly	-	4.00%
Local Banks (Relating to a subsidiary)	6,980,000	360	360	Quarterly	-	5.00%
Local Banks (Relating to a subsidiary)	<u>397,510</u>	48	18	Monthly	-	5.90%
	<u>125,810,244</u>					

	Number of Payments			Payment Frequency	Collateral	Borrowing interest
	Amount	Total	Remaining			Rate
	JD					%
<u>December 31, 2021 (Audited)</u>						
Central Bank of Jordan borrowing *	30,485,626	9,348	6,088	Monthly	Bank Promissories	0.50%- 1.75%
Central Bank of Jordan borrowing *	1,283,180	70	42	Quarterly	Bank Promissory	1.00%
Central Bank of Jordan borrowing *	3,538,044	37	28	semi-annual	Bank Promissory	0.50% - 1.00%
Central Bank of Jordan borrowing *	781,433	22	7	Annual	Bank Promissory	0.50% - 1.00%
Central Bank of Jordan borrowing *	41,227,479	22,552	18,109	Monthly	Bank Promissory	-
International Bank for Reconstruction and Development **	3,600,000	20	12	Semi-annual starting from September 15, 2018	Bank Promissory	1.99%
Arab Fund for Economic and Social Development ***	1,110,000	15	6	semi-annual	Bank Promissory	2.50%
Arab Fund for Economic and Social Development ***	1,589,016	34	34	semi-annual	Bank Promissory	3.00%
Arab Fund for Economic and Social Development ***	1,576,749	34	34	semi-annual	Bank Promissory	3.00%
Arab Fund for Economic and Social Development ***	1,200,000	34	34	semi-annual	Bank Promissory	3.00%
Jordan Mortgage Refinance Company	10,000,000	1	1	one instalment	Bank Promissories	4.40%
Jordan Mortgage Refinance Company (Relating to a subsidiary)	2,000,000	1	1	one instalment	-	4.60%
Jordan Mortgage Refinance Company (Relating to a subsidiary)	2,000,000	1	1	one instalment	-	4.70%
Jordan Mortgage Refinance Company (Relating to a subsidiary)	2,000,000	1	1	one instalment	-	4.70%
Jordan Mortgage Refinance Company (Relating to a subsidiary)	2,500,000	1	1	one instalment	-	4.60%
Local Banks (Relating to a subsidiary)	2,880,000	48	48	Quarterly	-	3.75%
Local Banks (Relating to a subsidiary)	<u>795,004</u>	48	36	Monthly	-	5.90%
	<u>108,566,531</u>					

* Funds have been reborrowed from the Central Bank of Jordan to SMEs' and corporates' sectors at an interest rate ranging between 0% - 10.25%.

** Funds have been reborrowed from the International Bank for Reconstruction and Development to SMEs' and corporates' sectors at an interest rate ranging between 6% - 9.5%.

*** Funds have been reborrowed from the Arab Fund for Economic and Social Development to SMEs' and corporates' sectors at an interest rate ranging from 5.5% - 9.750%.

16/b. Subordinated Loans

The details of this items are as follows:

	Number of settlements			Payment Frequency	Collaterals	Borrowing interest
	Amount	Total	Remaining			Rate
	JD					%
<u>September 30, 2022 (Reviewed not audited)</u>						
European Bank for Restructuring and Development (EBRD)	<u>21,300,000</u>	1	1	one instalment dated April 8, 2027	-	8%
<u>December 31, 2021 (Audited not audited)</u>						
European Bank for Restructuring and Development (EBRD)	<u>21,300,00</u>	1	1	one instalment dated April 8, 2027	-	6.50%

17. Retained Earnings

The details of this item are as follows:

	September 30, 2022	December 31, 2021
	(Reviewed not audited)	(Audited)
	JD	JD
Balance - beginning of the period / year	71,721,054	67,518,099
Profit for the year	-	32,499,895
Gain (Loss) on sale of financial assets at fair value through other comprehensive income	1,431,589	(425,491)
Transferers to reserves	-	(11,502,972)
Distributed Dividends	(16,000,000)	(16,000,000)
Shares in subsidiaries	(229)	(368,477)
Balance - end of the period / year	<u>57,152,414</u>	<u>71,721,054</u>

- The retained earnings balance includes an amount of JD 646,181 which represents the loss from revaluation of financial assets at fair value through profit or loss as of September 30, 2022.

- An amount of JD 27,954,641 of retained earnings and profit for the period as on September 30, 2022 is restricted (JD 27,326,810 as on December 31, 2021) , which represent deferred tax assets on the instructions of the Central Bank of Jordan it is prohibited to utilize this amount without its prior approval.

18. Fair Value Reserve

The details of this item are as follows:

	September 30, 2022	December 31, 2021
	(Reviewed not audited)	(Audited)
	JD	JD
Balance at the beginning of the period / year	1,741,270	(2,609,036)
Unrealized profit	5,436,211	5,858,568
Amortization of deferred tax assets	(420,863)	(1,933,753)
Deferred tax liabilities	(249,265)	-
(Gain) loss from sale of financial assets at fair value through other comprehensive income	(1,431,589)	425,491
Balance at the end of the period / year	<u>5,075,764</u>	<u>1,741,270</u>

The reserve of the fair value appears in the net after offsetting of deferred tax liability balance amounting to JD 249,265 as of September 30, 2022 (Offset deferred tax liability amounting to JD 420,863 as of December 31, 2021).

19. (Losses) Gain from Financial Assets at Fair Value Through Profit or Loss

The details of this item are as follows:

	Realized Gain		Unrealized (Loss) Gain		Dividends Income		Total
	JD	JD	JD	JD	JD	JD	JD
<u>For The Nine Months Ended September 30, 2022 (Reviewed not audited)</u>							
Bonds and treasury bills	(3,299)	(32,735)	-	-	(36,034)		
Corporate shares	46,822	(735,809)	117,687	(571,300)			
Financial derivatives	41,642	-	-	41,642			
Investment funds	(672)	(915,050)	8,884	(906,838)			
	<u>84,493</u>	<u>(1,683,594)</u>	<u>126,571</u>	<u>(1,472,530)</u>			
<u>For The Nine Months Ended September 30, 2021 (Reviewed not audited)</u>							
Bonds and treasury bills	78,341	(24,778)	-	53,563			
Corporate shares	1,456,370	(419,608)	88,075	1,124,837			
Financial derivatives	(34,400)	-	-	(34,400)			
Investment funds	108,682	1,273,200	1,558	1,383,440			
	<u>1,608,993</u>	<u>828,814</u>	<u>89,633</u>	<u>2,527,440</u>			

20. Basic and Diluted Earnings per Share for the Period

The details of this item are as follows:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2022 (Reviewed not audited)	2021 (Reviewed not audited)	2022 (Reviewed not audited)	2021 (Reviewed not audited)
Income for the period	JD	JD	JD	JD
	11,548,381	7,953,137	27,110,527	23,082,868
Weighted average number of shares (share)	160,000,000	160,000,000	160,000,000	160,000,000
	JD/ Fls	JD/ Fls	JD/ Fls	JD/ Fls
Earnings per share for the period (Basic and Diluted)	0.072	0.050	0.169	0.144

21. Provision for Expected Credit Loss

The details of this item are as follows:

	For the Nine Months Ended September 30,	
	2022 (Reviewed not audited)	2021 (Reviewed not audited)
Balances and deposits at banks and financial institutions	JD	JD
	118,251	331,900
Deposits at banks and financial institutions	6,810	5,739
Financial assets at amortized costs	201,257	161,856
Direct credit facilities and financing	19,376,869	23,582,650
Contingent liabilities	(55,431)	694,353
	19,647,756	24,776,498

22. Cash and Cash Equivalent

The details of this item are as follows:

	For the Nine Months Ended September 30,	
	2022 (Reviewed not audited)	2021 (Reviewed not audited)
Balances at central banks due within three months	JD	JD
	790,483,029	782,937,441
Add: Balances at banks and financial institutions maturing within 3 months	396,190,300	660,263,936
Less: Deposits at banks and financial institutions maturing within 3 months	214,392,187	271,730,971
Restricted balances	8,959,378	7,547,871
	963,321,764	1,163,922,535

23. Capital

Capital

- The authorized and paid up capital amounted to JD 160 Million divided over 160 Million shares, where the par value per share was JD 1 as of September 30, 2022 and December 31, 2021.

Share premium

- Share premium amounted to JD 80,213,173 as of September 30, 2022 and December 31, 2021.

Distributed dividends

- The dividends distributed to shareholders during the year 2022 amounted to JD 16 Million for the year 2021 (JD 16 Million during year 2021 for the year 2020).

24. Reserves

- The Bank did not deduct the statutory reserves for the period; as these are condensed consolidated interim financial information, in this deduction will be done at the end of the fiscal year.

25. Contingent Liabilities and Commitments

The details of this item is as follows:

	September 30, 2022	December 31, 2021
	(Reviewed not audited)	(Reviewed not audited)
	JD	JD
Letters of credit	505,713,458	280,614,319
Acceptances	167,078,244	58,667,598
Letters of guarantee:		
- Payments	61,437,052	57,290,790
- Performance	91,244,905	78,362,876
- Other	60,480,263	70,962,651
- Futures currency contracts	176,277,248	52,977,887
- Unutilized limits of credit facilities and financing	712,280,066	568,536,622
Total	<u>1,774,511,236</u>	<u>1,167,412,743</u>

26. Lawsuits against the Bank

The value of the lawsuits raised against the Group were amounted to JD 3,813,875 as of September 30, 2022 in addition to other customs lawsuits (JD 1,902,950 as of December 31, 2021 in addition to other customs lawsuits), provisions booked against them amounted to JD 937,175 as of September 30, 2022 (JD 677,424 as of December 31, 2021).

The Bank management and its legal counsel believe that the provisions booked against these lawsuits are adequate.

27. Transactions and Balances with Related Parties.

The Bank entered into transactions with major shareholders, Board of Directors, and executive management within the normal banking practice and according to the interests' prices and commercial commissions.

All of the credit facilities granted to related parties are considered to be performing facilities, and provisions have not been taken at stage 3 except for the below:

a. The following is a summary of the transactions with related parties during the period / year:

	Total					
	Board of Directors Members	Top Executive Management and management shareholder	Subsidiaries	Others (executive management members and their relatives)	September 30, 2022 (Reviewed not audited)	December 31, 2021 (Audited)
On- Condensed Consolidated Interim Statement of Financial Position Items:	JD	JD	JD	JD	JD	JD
Direct credit facilities and financing	2,612,161	3,432,338	949,128	70,435,125	77,428,752	75,104,514
Deposits	159,673,187	3,849,568	21,066,380	21,856,966	206,446,101	200,188,815
Deposits at banks and financial institutions	-	-	391,927	-	391,927	348,802
Off- Condensed Consolidated Interim Statement of Financial Position Items:						
Letter of credits	-	-	-	3,578,874	3,578,874	3,188,733
Acceptances	-	-	-	2,693,622	2,693,622	-
Letter of guarantee	100,000	-	799,000	9,443,103	10,342,103	10,507,756

For the Nine Months Ended September 30,

	2022 (Reviewed not Audited)		2021 (Reviewed not Audited)	
	JD	JD	JD	JD
Condensed Consolidated Interim Statement of Profit or Loss Items:				
Interests Income, returns and commissions	83,244	68,880	46,132	3,766,723
Interests expenses, returns and commissions	2,361,463	51,424	311,710	150,156

b. The Salaries, bonuses of bank's Executive management and the fees, transportation and bonuses allowance of the board of directors amounted to JD 5,823,351 for the nine months period ended September 30, 2022 (JD 5,771,955 for nine months period ended September 30, 2021).

28. Segmental Information

1. Bank Activities Information

For management purposes, the Bank is organized into the following major business segments based on the reports used by the chief operating decision maker:

- Individual accounts: This item includes following up on individual customer's deposits and granting them credit facilities, credit cards and other services.
- Small and Medium Enterprises: This item includes following up on the client's deposits and credit facilities. Moreover, these clients are classified based on the volume of the granted deposits and facilities according to the Bank's instructions and principles and in compliance with the regulatory bodies' instructions.
- Corporate Accounts: This item includes following up on the client's deposits and credit facilities. Moreover, these clients are classified based on the volume of the granted deposits and facilities according to the Bank's instructions and principles and in compliance with the regulatory bodies' instructions.
- Treasury: This item includes providing treasury and trading services and managing the Bank's funds and long- term investments at amortized costs, which are maintained to collect the contractual cash flows.
- Investments and Foreign Currencies Management: This item includes the Bank's local and foreign investments which are recorded at fair value, in addition to the foreign currencies trading\ services.
- Others: This sector includes all the accounts not listed within the sectors mentioned above, such as shareholder's rights, investments in associates, property and equipment, general management and support management.

The following table represents information on the Bank's business segments:

					Total	
					For the Nine Months Ended September 30,	
	Individuals	Corporates	Treasury	Other	2022 (Reviewed not audited)	2021 (Reviewed not audited)
	JD	JD	JD	JD	JD	JD
Gross Income	88,385,818	112,378,616	55,745,328	1,101,892	257,611,654	224,340,241
Expected credit loss	(2,694,729)	(14,987,838)	(1,965,189)	-	(19,647,756)	(24,776,498)
Results of segment's activities	35,457,422	61,886,857	45,949,667	862,536	144,156,482	121,959,390
Unallocated (expenses) - net					(88,157,315)	(75,955,176)
Operating income					55,999,167	46,004,214
Bank's share of profit from investments in associates					8,496	451
Income before tax					56,007,663	46,004,665
Income tax					(21,704,043)	(16,164,753)
Profit for the period					34,303,620	29,839,912
Other Information						
Capital expenditures					14,067,449	7,260,474
Depreciation and Amortization					11,636,833	11,242,051
					Total	
					September 30, 2022 (Reviewed not audited)	December 31, 2021 (Audited)
	JD	JD	JD	JD	JD	JD
Segment's Assets	1,596,871,205	2,017,521,966	2,454,763,211	-	6,069,156,382	5,626,669,215
Undistributed assets	-	-	-	570,304,804	570,304,804	635,852,002
Total Assets	1,596,871,205	2,017,521,966	2,454,763,211	570,304,804	6,639,461,186	6,262,521,217
Segment's Liabilities	3,751,713,626	1,749,994,381	423,087,433	-	5,924,795,440	5,590,249,204
Undistributed liabilities	-	-	-	164,305,780	164,305,780	142,804,496
Total Liabilities	3,751,713,626	1,749,994,381	423,087,433	164,305,780	6,089,101,220	5,733,053,700

29. Capital Adequacy

In addition to subscribed capital, the capital includes the statutory reserve, voluntary reserve, share premium, retained earnings, fair value reserve, general banking risk reserve, other reserves and treasury stocks.

The Bank is committed to apply the requirements set forth by regulators concerning capital adequacy as follows:

1. Central Bank of Jordan instructions that capital adequacy ratio should not be less than 12.50%.
2. Compliance with the minimum limit set for the paid-up capital for Jordanian Banks, which should not be less than JD 100 million.
3. The Bank's investments in stocks and shares which should not exceed 50% of the subscribed capital.
4. The ratio of credit limits (credit concentration) to regulatory capital.
5. Banks' and Companies' law related to the deduction of the legal reserve at a rate of 10% of the Bank's profit before tax.

	September 30, 2022 (Reviewed not Audited)	December 31, 2021 (Audited)
	JD	JD
Common Equity Shareholders' Rights		
Paid-up capital	160,000,000	160,000,000
Retained earnings	57,152,414	55,721,054
Cumulative change in fair value in full	5,075,764	1,741,270
Share premium	80,213,173	80,213,173
Statuary reserve	68,169,340	68,169,340
Voluntary reserve	46,167,117	46,167,117
Recognizable non controlling interests shareholders	51,265,752	44,971,234
Interim profit after tax and deduction of the expected dividends	17,510,527	-
Total Common Equity Tier 1 before regulatory adjustments	485,554,087	456,983,188
Regulatory Adjustments (Deductions from the Capital)		
Goodwill and intangible assets	(28,054,665)	(27,451,684)
Deferred tax assets resulting from investments within Tier 1 (10%)	(27,954,641)	(27,747,673)
Net ordinary shareholder's equity	429,544,781	401,783,831
Additional capital		
Recognizable minority rights	9,046,897	7,936,100
Net primary capital Tier 1	438,591,678	409,719,931
Tier 2 Capital		
Provision for debts tools listed in Tier 1	16,725,229	16,856,320
Recognizable non-controlling shareholders	12,062,530	10,581,467
Financial instruments that carry characteristics of supporting capital	17,040,000	21,300,000
Total Supporting Capital	45,827,759	48,737,787
Total Regulatory Capital	484,419,437	458,457,718
Total Risk Weighted Assets	3,587,452,340	3,163,350,502
Capital Adequacy Ratio (CET 1)	13.50%	14.49%
Primary Capital Adequacy Ratio	11.97%	12.70%
Supporting Capital Adequacy Ratio	1.28%	1.54%
	September 30, 2022 (Reviewed not audited)	December 31, 2021 (Audited)
	JD	JD
Financial leverage rate		
Tier 1 Capital	438,591,678	409,719,931
Total assets in and out of the statement of financial positions after removing deductible items from Tier 1	7,520,574,381	6,779,248,072
Financial leverage rate	5.83%	6.05%

Capital adequacy was calculated on September 30, 2022 and December 31, 2021 based on the instruction of Basel committee III.

	For the Period Ended September 30, 2022 (Reviewed not audited)	For the year Ended December 31, 2021 (Audited)
	JD	JD
Liquidity Coverage Ratio (LCR):		
Total high quality liquid assets	1,665,084,434	1,641,503,678
Total high-quality liquid assets after deduction and minus cap adjustments	1,634,416,169	1,621,038,339
Net cash outflow	900,072,238	852,210,704
Liquidity Coverage Ratio (LCR)	181.59%	190.20%
The liquidity coverage ratio is according to the average end of each month	192.02%	182.77%

30. Fair Value Hierarchy

a. The fair value of financial assets and financial liabilities of the Bank, which are specified at fair value on an ongoing basis:

Some of financial assets and liabilities of the Bank are valued at fair value at the end of each financial period. The following table shows the information about how to determine the fair value of these financial assets and liabilities (valuation methods and inputs used).

	Fair Value		The Level of Fair Value	Valuation Method and Inputs used	Important Intangible Inputs	Relation between the Fair Value and the Important Intangible Inputs
	September 30, 2022 (Reviewed not audited)	December 31, 2021 (Audited)				
	JD	JD				
Financial Assets						
Financial Assets at Fair Value						
Financial Assets at Fair Value Through Statement of Profit or Loss:						
Government bonds listed on financial markets	261,036	143,948	Level 1	Quoted prices in financial markets	Not Applicable	Not Applicable
Corporate bonds listed on financial markets	76,655	1,512,207	Level 1	Quoted prices in financial markets	Not Applicable	Not Applicable
Corporate shares	7,024,592	3,275,739	Level 1	Quoted prices in financial markets	Not Applicable	Not Applicable
Investment Fund	12,324,345	13,364,472	Level 2	The fund manager valuation of fair value	Not Applicable	Not Applicable
Total	19,686,628	18,296,366				
Financial Assets at Fair Value Through Other Comprehensive Income:						
Quoted Shares in active markets	31,020,793	23,863,120	Level 1	Quoted prices in financial markets	Not Applicable	Not Applicable
Investment fund	13,138,103	8,180,804	level 2	The fund manager valuation of fair value	Not Applicable	Not Applicable
Unquoted Shares in active markets	13,669,453	12,115,197	Level 3	Through using equity method and based on the latest available information	Not Applicable	Not Applicable
Total	57,828,349	44,159,121				
Total Financial Assets at Fair Value	77,514,977	62,455,487				

There were no transfers between level 1, level 2, and level 3 during the nine months ended September 30, 2022 and the year ended December 31, 2021.

b. financial assets and liabilities of the Bank, with no fair value an going basis:

Except for what is set out in the table below, we believe that the carrying amount of financial assets and liabilities shown in the condensed consolidated financial interim information of the Bank, approximates their fair value.

	September 30, 2022 (Reviewed not audited)		December 31, 2021 (Audited)		The level of Fair Value
	Book value	Fair value	Book value	Fair value	
	JD	JD	JD	JD	
Financial Assets with no specified Fair Value					
Term deposits, notice deposits and certificate of deposits at Central Bank	230,700,000	230,755,198	315,000,000	315,034,521	Level 2
Current accounts, and balances at Banks and Financial Institutions	419,492,576	419,634,828	550,247,392	550,340,958	Level 2
Direct credit facilities at amortized costs	3,767,964,396	3,773,311,425	3,351,124,328	3,354,401,231	Level 2
Other financial assets at amortized costs	1,287,754,415	1,299,164,077	1,099,096,231	1,110,233,119	Level 2
Total Financial Assets with no specified Fair Value	<u>5,705,911,387</u>	<u>5,722,865,528</u>	<u>5,315,467,951</u>	<u>5,330,009,829</u>	
Financial Liabilities of Non-specific Fair Value					
Banks and Financial Institutions Deposits	267,799,913	268,436,719	316,782,838	317,366,600	Level 2
Customers' Deposits	5,232,890,273	5,265,932,525	4,910,374,102	4,937,737,864	Level 2
Cash Margin	289,795,479	289,978,597	244,827,786	245,002,277	Level 2
Borrowed Funds	125,810,244	126,053,914	108,566,531	108,906,660	Level 2
Subordinated Loan	21,300,000	21,678,667	21,300,000	21,576,900	Level 2
Total Financial Liabilities with no specified Fair Value	<u>5,937,595,909</u>	<u>5,972,080,422</u>	<u>5,601,851,257</u>	<u>5,630,590,301</u>	

For the items shown above the fair value of the financial assets and liabilities for level 2 was determined in accordance with agreed pricing models, which reflect the credit risk of the parties dealt with.