

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

CONDENSED CONSOLIDATED INTERIM FINANCIAL  
INFORMATION FOR THE  
THREE MONTHS PERIOD ENDED MARCH 31, 2023  
TOGETR WITH THE REVIEW REPORT

BANK AL ETIHAD  
(PUBLIC SHAREHOLDING COMPANY)  
AMMAN - HASHEMITE KINGDOM OF JORDAN  
MARCH 31, 2023

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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 March 31, 2023 and the related condensed consolidated interim statements of profit or loss, comprehensive income, changes in owners' equity and cash flows for the three months 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**  
**April 25, 2023**

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

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

	Note	March 31, 2023 (Reviewed Not Audited) JD	December 31, 2022 (Audited) JD
<b><u>Assets:</u></b>			
Cash and balances at the Central Bank of Jordan	5	649,823,308	761,806,411
Balances at banks and financial institutions- net	6	229,450,283	207,342,608
Deposits at banks and financial institutions- net	7	16,274,050	14,013,824
Financial assets at fair value through profit or loss	8	16,707,338	18,423,896
Direct credit facilities and financing - net	9	4,103,556,823	3,991,118,781
Financial assets at fair value through other comprehensive income	10	63,366,114	61,301,069
Financial assets at amortized cost- net	11	1,481,137,080	1,325,766,644
Investments in associate		345,954	345,954
Property and equipment - net		68,608,512	68,516,377
Deferred tax assets		28,088,162	32,820,280
Right of use assets- net		30,316,490	29,461,656
Intangible assets - net		27,011,163	26,893,693
Other assets- net	12	160,008,732	153,079,760
<b>TOTAL ASSETS</b>		<b>6,874,694,009</b>	<b>6,690,890,953</b>
<b><u>LIABILITIES AND OWNERS' EQUITY:</u></b>			
<b><u>LIABILITIES:</u></b>			
Banks' and financial institutions' deposits		373,396,208	337,850,140
Customers' deposits	13	5,285,426,936	5,186,344,444
Cash margins		271,979,391	257,368,027
Borrowed funds	16/a	147,747,786	141,707,946
Subordinated loans	16/b	60,295,000	46,115,000
Sundry provisions		682,351	631,897
Leasing liabilities		29,842,025	29,680,581
Income tax provision	14	23,276,770	28,930,915
Deferred tax liabilities		743,877	844,854
Other liabilities	15	109,319,301	101,380,499
<b>TOTAL LIABILITIES</b>		<b>6,302,709,645</b>	<b>6,130,854,303</b>
<b><u>OWNERS' EQUITY:</u></b>			
<b><u>BANK'S SHAREHOLDERS' EQUITY:</u></b>			
Authorized and paid-up Capital	21	160,000,000	160,000,000
Share premium	21	80,213,173	80,213,173
Statutory reserve		76,227,974	76,227,974
Voluntary reserve		51,192,173	51,192,173
Fair value reserve		6,709,334	6,482,816
Retained earnings		78,773,738	78,930,524
Profit for the period		12,557,071	-
<b>TOTAL BANK'S SHAREHOLDERS' EQUITY</b>		<b>465,673,463</b>	<b>453,046,660</b>
Non-controlling interests		106,310,901	106,989,990
<b>TOTAL OWNERS' EQUITY</b>		<b>571,984,364</b>	<b>560,036,650</b>
<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>		<b>6,874,694,009</b>	<b>6,690,890,953</b>

THE ACCOMPANYING NOTES FROM (1) TO (27) 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

		For the Three Months Ended March 31,	
	Note	2023 (Reviewed)	2022 (Reviewed)
		JD	JD
Interest income and returns		100,679,599	67,669,833
Interest and debit expenses		(47,978,484)	(27,868,226)
<b>Net Interest Income and returns</b>		<b>52,701,115</b>	<b>39,801,607</b>
Net commission income		8,538,532	7,693,498
<b>Net Interest and Commission Income and returns</b>		<b>61,239,647</b>	<b>47,495,105</b>
Gain from Foreign currencies		2,741,030	2,955,367
Gain (Loss) from financial assets at fair value through profit or loss	17	719,489	(766,031)
Gain from financial assets at amortized cost	11	-	3,359
Dividends from financial assets at fair value through other comprehensive income		478,508	474,170
Other income		367,503	462,291
<b>Total Income</b>		<b>65,546,177</b>	<b>50,624,261</b>
Expenses:			
Employees expenses		15,616,550	13,854,777
Depreciation and amortization		3,583,779	3,858,289
Other expenses		11,008,852	9,182,864
Allowance for expected credit loss	19	10,258,727	5,276,860
(Surplus) provision for impairment of seized assets	12	(137,232)	219,068
Provision (surplus) of sundry provisions		50,454	(67,139)
Amortization right of use assets		1,096,415	1,034,573
Rent expense		167,282	123,328
Financing costs		291,551	258,066
<b>Total Expenses</b>		<b>41,936,378</b>	<b>33,740,686</b>
<b>Profit for the Period before Tax</b>		<b>23,609,799</b>	<b>16,883,575</b>
Income tax	14	(8,725,932)	(6,384,020)
<b>Profit for the Period</b>		<b>14,883,867</b>	<b>10,499,555</b>
<u>Attributable to:</u>			
Bank's Shareholders		12,557,071	8,283,792
Non-Controlling Interests		2,326,796	2,215,763
		<u>14,883,867</u>	<u>10,499,555</u>
		JD/Fils	JD/Fils
Basic and diluted earnings per share for the period attributable to the Bank's Shareholders	18	<u>0,078</u>	<u>0,052</u>

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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 March 31,	
	2023 (Reviewed)	2022 (Reviewed)
	JD	JD
Profit for the Period	14,883,867	10,499,555
<u>Add other comprehensive income items after tax not transferable to Profit or loss in subsequent period:</u>		
Change in Fair value reserve - net	496,146	92,648
Total Comprehensive Income for the Period	<b><u>15,380,013</u></b>	<b><u>10,592,203</u></b>
<u>Total Comprehensive Income for the Period Attributable to:</u>		
Bank's shareholders	13,045,511	8,376,440
Non-Controlling Interests	2,334,502	2,215,763
	<b><u>15,380,013</u></b>	<b><u>10,592,203</u></b>

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BANK AL ETIHAD  
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AMMAN - HASHEMITE KINGDOM OF JORDAN  
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN OWNERS' EQUITY

	Attributable to Bank's Shareholders							
	Authorized and paid-up Capital	Share Premium	Statutory Reserve	Voluntary Reserve	Fair Value Reserve - net	Retained Earnings	Profit for the Period	Total Shareholders' Equity
Note	JD	JD	JD	JD	JD	JD	JD	JD
<u>For the Three Months Ended March 31, 2023 (Reviewed not Audited)</u>								
Balance - Beginning of the Period	160,000,000	80,213,173	76,227,974	51,192,173	6,482,816	78,930,524	-	453,046,660
Total comprehensive income for the period	-	-	-	-	488,440	-	12,557,071	13,045,511
Realized gain from sale financial assets at fair value through other comprehensive income	-	-	-	-	(261,922)	261,922	-	-
Net change in non-controlling interests as a result of the increase in shares of a subsidiary	4	-	-	-	-	(418,708)	-	(418,708)
Balance - End of the Period	160,000,000	80,213,173	76,227,974	51,192,173	6,709,334	78,773,738	12,557,071	465,673,463
<u>For the Three Months Ended March 31, 2022 (Reviewed not Audited)</u>								
Balance - Beginning of the Period	160,000,000	80,213,173	68,169,340	46,167,117	1,741,270	71,721,054	-	428,011,954
Total comprehensive income for the period	-	-	-	-	92,648	-	8,283,792	8,376,440
Realized gain from sale financial assets at fair value through other comprehensive income	-	-	-	-	(173,071)	173,071	-	-
Net change in non-controlling interests as a result of the increase in shares of a subsidiary	4	-	-	-	-	(229)	-	(229)
Balance - End of the Period	160,000,000	80,213,173	68,169,340	46,167,117	1,660,847	71,893,896	8,283,792	436,388,165
								103,669,694
								540,057,859

- A restricted balances from the retained earnings which amounted to JD 28,088,162 of as of March 31, 2023 (JD 32,820,280 of December 31, 2022) represents deferred tax assets, and according to Central Bank of Jordan instructions, these amounts can not be used unless a prior approval is obtained.
- Retained earnings balance and profit for the period includes an amount of JD 1,258,097 which represents unrealized gain from revaluation of financial assets at fair value through profit and loss as of March 31, 2023.
- It is forbidden to use the excess from the general banking risk reserve balance of JD 108,397 transferred to retained earnings as of March 31, 2023 that belongs to Safwa Islamic Bank without a pre-approval from the the Central Bank of Jordan

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

	Note	For the Three Months Ended March 31,	
		2023 (Reviewed)	2022 (Reviewed)
<b>Cash flow from operating activities</b>		JD	JD
Profit for the period before income tax		23,609,799	16,883,575
<b>Adjustments:</b>			
Depreciation and amortization		3,583,779	3,858,289
Expected credit loss	19	10,258,727	5,276,860
Amortization of right of use assets		1,096,415	1,034,573
Interests on lease liabilities		291,551	258,066
(Gain) from the sale of financial assets at amortized cost		-	(3,359)
(Surplus) Provision for the impairment of seized assets	12	(137,232)	219,068
(Gain) Loss from valuation of unrealized financial assets through profit or loss	17	(269,557)	474,203
Loss on sale of property and equipment		2,072	6,410
(Gain) from the valuation of transferred loans		-	(262)
Provision (surplus) sundry provision		50,454	(67,139)
Loss from sale of assets seized against matured debts		57,684	91,884
Effect of exchange rate fluctuations on cash and cash equivalents		(530,260)	(523,599)
Profit before changes in assets and liabilities		38,013,432	27,508,569
<b>CHANGES IN ASSETS AND LIABILITIES:</b>			
Restricted cash balances		(1,000,701)	(519,116)
Direct credit facilities and financing		(122,590,438)	(80,995,173)
Financial assets at fair value through statement of profit or loss		1,986,115	(1,771,615)
Deposits at banks and financial institutions		(2,262,335)	912,086
Deposits at banks and financial institutions exceeding 3 months		18,495,474	(7,000,000)
Other assets		(6,849,424)	(12,081,638)
Customers' deposits		99,082,492	74,661,124
Cash margins		14,611,364	33,052,006
Other liabilities		7,773,767	13,742,347
<b>Net Cash Flow from Operating Activities before Income tax and Other Provision Paid</b>		47,259,746	47,508,590
Income tax paid	14	(9,647,959)	(7,966,143)
Paid sundry provisions		-	(6,000)
<b>Net Cash Flow From Operating Activities</b>		37,611,787	39,536,447
<b>Net cash flow from Investing activities</b>			
Net change in financial assets at fair value through other comprehensive income		(1,669,876)	(2,077,988)
(Purchase) of financial assets at amortized cost		(226,423,600)	(170,521,830)
Maturity of financial assets at amortized cost		71,098,835	95,380,910
(Purchase) of intangible assets		(1,667,663)	(1,798,065)
(Purchase) of property and equipment		(2,128,754)	(2,147,742)
Proceeds from sale of property and equipment		961	158,377
<b>Net Cash flow (used in) Investing Activities</b>		(160,790,097)	(81,006,338)
<b>Cash Flow from Financing activities</b>			
Increase in borrowed funds		6,039,840	277,098
Increase in the subordinated loan		14,180,000	-
Dividends to shareholders		(9,138)	(21,835)
Payments of principal lease liability		(2,081,356)	(1,917,956)
Net change in non-controlling interests as a result of the increase in the ownership of a subsidiary	4	(3,432,299)	(1,861)
<b>Net Cash flow From (used in) Financing Activities</b>		14,697,047	(1,664,554)
Net (decrease) in cash and cash equivalents		(108,481,263)	(43,134,445)
Effect of exchange rate changes on cash and cash equivalents		530,260	523,599
Cash and cash equivalents at the beginning of the year		663,792,609	1,205,726,235
<b>Cash and Cash Equivalents at the End of the Period</b>	20	555,841,606	1,163,115,389

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

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**1. General Information**

- 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 (59) 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 April 19, 2023, based on the authorize by the Board of Directors.

**2. Basis of Preparation**

- The accompanying condensed consolidated interim financial information for the three months ended March 31, 2023 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 when calculating provisions.
  - 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 consolidated statement of profit or loss and comprehensive income while no increase in its value is recorded as revenue, and where, any subsequent increase is taken to the consolidated statement of profit or loss and consolidated 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, 2022. Also, operational results for the three months ended March 31, 2023, do not necessarily represent an indicator of the expected operations for the year ending December 31, 2023. In addition, no provision has been taken over the profit for the three months ended March 31, 2023, 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 2022.

### **3. Significant Accounting Policies**

The accounting policies used in the preparation of the condensed consolidated interim financial information for the period ended on March 31, 2023 are consistent with those used in the preparation of the annual consolidated financial statement for the year ended December 31, 2022. However, the bank has adopted the following amendments and interpretations that apply for the first time in 2023 and have not materially affected the amounts and disclosures in the condensed consolidated interim financial information for the period and prior years, which may have an impact on the accounting treatment of future transactions and arrangements.

#### **IFRS 17 Insurance Contracts**

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

IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach.

The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees.

In June 2020, the Board issued Amendments to IFRS 17 to address concerns and implementation challenges that were identified after IFRS 17 was published. The amendments defer the date of initial application of IFRS 17 (incorporating the amendments) to annual reporting periods beginning on or after January 1, 2023. At the same time, the Board issued Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4) that extends the fixed expiry date of the temporary exemption from applying IFRS 9 in IFRS 4 to annual reporting periods beginning on or after January 1, 2023.

In December 2021, the IASB issued Initial Application of IFRS 17 and IFRS 9—Comparative Information (Amendment to IFRS 17) to address implementation challenges that were identified after IFRS 17 was published. The amendment addresses challenges in the presentation of comparative information.

For the purpose of the transition requirements, the date of initial application is the start of the annual reporting period in which the entity first applies the Standard, and the transition date is the beginning of the period immediately preceding the date of initial application.

#### **Amendments to IAS 1 Presentation of Financial Statements – 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 IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements - Disclosure of Accounting Policies**

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

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

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

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

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

The definition of a change in accounting estimates was deleted. However, the Board retained the concept of changes in accounting estimates in the Standard with the following clarifications:

- A change in accounting estimate that results from new information or new developments is not the correction of an error
- The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors

The IASB added two examples (Examples 4-5) to the Guidance on implementing IAS 8, which accompanies the Standard. The IASB has deleted one example (Example 3) as it could cause confusion in light of the amendments.

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

The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.

Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. For example, this may arise upon recognition of a lease liability and the corresponding right-of-use asset applying IFRS 16 at the commencement date of a lease.

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

The Board also adds an illustrative example to IAS 12 that explains how the amendments are applied.

The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period an entity recognises:

- A deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with:
  - Right-of-use assets and lease liabilities
  - Decommissioning, restoration and similar liabilities and the corresponding amounts recognised as part of the cost of the related asset

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 that date.

#### 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 March 31, 2023:

Company's Name	Ownership of the Bank %	Paid-up Capital JD	Investment Value	Nature of Operation	Date of Acquisition	Location
Al-Ethnad for Financial Brokerage Company L.L.C	100	5,000,000	5,000,000	Financial Brokerage	2006	Jordan
Al-Ethnad for Financial Leasing Company L.L.C	100	12,000,000	12,000,000	Finance Leasing	2015	Jordan
Al-Ethnad 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-Ethnad for Financial Technology Company L.L.C	100	100,000 130,139,028	100,000 82,662,636	Manufacturing, programming, preparing, developing, and supplying programs	2019	Jordan

\* The subsidiary, Al-Ethnad Islamic Investment Company LLC, which is owned by Bank Al-Ethnad 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 financial information has been consolidated within the condensed consolidated interim financial information of Bank Al Etihad.

- Bank Al- Etihad directly owns shares in Safwa Bank amounting to around 3.31% of the total shares of Safwa Islamic Bank.

#### 5. Cash and Balances at Central Bank of Jordan

Details of this item are as follows:

	March 31, 2023	December 31, 2022
	(Reviewed not audited)	(Audited)
	JD	JD
Cash at treasury	126,059,976	130,128,294
Balances at the Central Bank of Jordan:		
Current accounts and demand deposits	56,324,389	90,036,171
Term and notice deposits	230,900,000	303,200,000
Statutory cash reserve	<u>236,538,943</u>	<u>238,441,946</u>
Total	<u><u>649,823,308</u></u>	<u><u>761,806,411</u></u>

- All balances with the Central Bank of Jordan are classified within the first stage based on the requirements of IFRS No. (9).

There are no transfers between the first, second and third stages or write-off balances during the three months ended

March 31, 2023 and December 31, 2022.

- Except for the cash statutory reserve, there are no restricted balances as of March 31, 2023 and December 31, 2022.

- There are no amounts maturing during a period exceeding three months as of March 31, 2023 and December 31, 2022.



## 6. Balances at Banks and Financial Institutions- Net

The details of this item is as follows:

Description	Local Banks and Financial Institutions		Foreign Banks and Financial Institutions		Total	
	March 31, 2023	December 31, 2022	March 31, 2023	December 31, 2022	March 31, 2023	December 31, 2022
	(Reviewed not audited)	(Audited)	(Reviewed not audited)	(Audited)	(Reviewed not audited)	(Audited)
	JD	JD	JD	JD	JD	JD
Current accounts and demand deposits	712,507	571,944	139,487,851	115,927,270	140,200,358	116,499,214
Deposits maturing within 3 months or less	-	13,000,000	89,506,295	78,124,044	89,506,295	91,124,044
Total	<b>712,507</b>	<b>13,571,944</b>	<b>228,994,146</b>	<b>194,051,314</b>	<b>229,706,653</b>	<b>207,623,258</b>
Provision for expected credit losses	-	-	(256,370)	(280,650)	(256,370)	(280,650)
Net balance at banks and financial institutions	<b>712,507</b>	<b>13,571,944</b>	<b>228,737,776</b>	<b>193,770,664</b>	<b>229,450,283</b>	<b>207,342,608</b>

- Non-interest bearing balances at banks and financial institutions amounted to JD 42,253,860 as of March 31, 2023 (JD 41,462,493 as of December 31, 2022).

- Restricted balances at banks and financial institutions amounted to JD 10,792,147 as of March 31, 2023 (JD 9,791,446 as of December 31, 2022).

- The balances with banks and financial institutions are classified within the first stage based on the requirements of the IFRS (9), and there were no transfers between the stages (first, second and third) or cash balances written - off during the period ended on March 31, 2023.

**7. Deposits at Banks and Financial Institutions – Net**

Description	Local Banks and Financial Institutions		Foreign Banks and Financial Institutions		Total	
	March 31, 2023	December 31, 2022	March 31, 2023	December 31, 2022	March 31, 2023	December 31, 2022
	(Reviewed not audited)	(Audited)	(Reviewed not audited)	(Audited)	(Reviewed not audited)	(Audited)
	JD	JD	JD	JD	JD	JD
Deposits due Within 3 months to 6 months	6,000,000	-	2,895,485	2,127,000	8,895,485	2,127,000
More than 6 months to 9 months	-	6,000,000	-	2,127,000	-	8,127,000
More than 9 months to 12 months	-	-	7,387,425	3,766,575	7,387,425	3,766,575
More than a year	-	-	-	-	-	-
<b>Total</b>	<b>6,000,000</b>	<b>6,000,000</b>	<b>10,282,910</b>	<b>8,020,575</b>	<b>16,282,910</b>	<b>14,020,575</b>
Expected credit losses	-	-	(8,860)	(6,751)	(8,860)	(6,751)
Net deposits at banks and financial institutions	<b>6,000,000</b>	<b>6,000,000</b>	<b>10,274,050</b>	<b>8,013,824</b>	<b>16,274,050</b>	<b>14,013,824</b>

- There are no restricted deposits as of March 31, 2023 and December 31, 2022.

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

	March 31, 2023 (Reviewed not audited)		December 31, 2022 (Audited)	
	Stage (1) Individual	Total	Stage (1) Individual	Total
JD	JD	JD	JD	JD
Total balance at the beginning of the period / year	14,020,575	14,020,575	8,771,936	8,771,936
New deposits during the period / year	10,282,910	10,282,910	14,020,575	14,020,575
Settled balances during the period / year	(8,020,575)	(8,020,575)	(8,771,936)	(8,771,936)
<b>Total Balance at the End of the Period / Year</b>	<b>16,282,910</b>	<b>16,282,910</b>	<b>14,020,575</b>	<b>14,020,575</b>

\* Movement of expected credit losses on deposits at banks and financial institutions:

	March 31, 2023 (Reviewed not audited)		December 31, 2022 (Audited)	
	Stage (1) Individual	Total	Stage (1) Individual	Total
JD	JD	JD	JD	JD
Balance at the beginning of the period / year	6,751	6,751	1,251	1,251
Credit loss on new deposits during the period / year	8,860	8,860	6,751	6,751
Recovered from impairment on the Settled balances	(6,751)	(6,751)	(1,251)	(1,251)
<b>Total Balance at the End of the Period / Year</b>	<b>8,860</b>	<b>8,860</b>	<b>6,751</b>	<b>6,751</b>

#### 8. Financial Assets at Fair Value Through Profit or Loss

Details of the following item are as follows:

	March 31, 2023 (Reviewed not audited)	December 31, 2022 (Audited)
	JD	JD
Government bonds listed in financial markets	577,087	649,405
Corporate bonds listed in financial markets	536,138	105,388
Corporate shares listed in financial markets	3,667,113	4,813,576
Investment Funds	11,927,000	12,855,527
<b>Total</b>	<b>16,707,338</b>	<b>18,423,896</b>

- Note 27 provides details on classification per fair value inputs.

#### 9. Direct Credit Facilities and Financing - Net

The details of this item are as follows:

	March 31, 2023 (Reviewed not audited)	December 31, 2022 (Audited)
	JD	JD
<b>Individuals (retail):</b>		
Overdraft accounts	2,560,673	3,184,269
Loans and Bills*	970,389,942	942,769,009
Credit cards	35,739,862	32,826,520
<b>Real Estate loans</b>	1,070,014,931	1,020,109,367
<b>Large Companies</b>		
Overdraft accounts	61,573,392	59,792,215
Loans and Bills*	1,237,534,862	1,269,222,605
<b>Small and Medium Sized Entities</b>		
Overdraft accounts	27,621,917	26,032,619
Loans and Bills*	235,757,474	226,258,176
<b>Government and public sector</b>	652,332,253	599,215,519
<b>Total</b>	<b>4,293,525,306</b>	<b>4,179,410,299</b>
<u>Less:</u> Interest and return in suspense	16,463,776	16,346,736
Provision of expected credit losses	173,504,707	171,944,782
<b>Net Direct Credit and Financing Facilities</b>	<b>4,103,556,823</b>	<b>3,991,118,781</b>

\* Net after deducting interests and commissions received in advance amounting to JD 11,292,566 as of March 31, 2023 (JD 9,567,287 as of December 31, 2022).

- Direct credit facilities and financing included in stage 3 amounted to JD 175,315,925 which represent 4.08 % of total Direct Credit facilities and financing as of March 31, 2023 ( JD 153,168,123 which represent 3.66% of total credit facilities and financing as of December 31, 2022).
- The Direct Credit Facilities and Financing included in stage, after deducting the interest in suspense amounted to JD 158,852,149 which represent 3.71 % of total Direct Credit Facilities, and financing after deducting interest, revenue and commissions in suspense as of March 31, 2023 (JD 136,821,387 which represent 3.29% of total Direct Credit facilities and Financing after deducting interests, revenues and commissions in suspense as of December 31, 2022).
- Direct Credit Facilities and Financing granted to the Jordanian government amounted to JD 631,232,765 which represent 14.70% of total Direct Credit Facilities and Financing as of March 31, 2023 (JD 597,310,735 which represent 14.29% of the total Direct Credit Facilities and Financing as of December 31, 2022).
- Financing in accordance with Islamic law, which belongs to Safwa Islamic Bank, amounted to JD 2,064,379,504 which represent 48.08% of total Direct Credit Facilities and Financing as of March 31, 2023 (JD 1,988,082,241 representing a percentage of 47.57% as of December 31, 2022).

Disclosure on the movement of gross credit facilities and financing:

For the Three Months Period March 31, 2023 (Reviewed not audited)

	Stage (1)		Stage (2)		Stage (3)		Total
	Individual	Collective	Individual	Collective	Individual	JD	
Balance - beginning of the Year	JD	JD	JD	JD	JD	JD	JD
	2,683,829,394	809,882,358	479,606,976	52,923,448	153,166,123	4,179,410,299	
New facilities during the period	285,705,557	76,507,551	33,380,033	4,794,073	1,775,185	402,162,399	
Exposures settled during the period	(159,066,692)	(14,602,386)	(28,082,082)	(2,333,701)	(6,810,691)	(210,895,552)	
Transferred to stage (1)	30,921,674	4,932,299	(30,687,943)	(4,932,143)	(233,887)	-	
Transferred to stage (2)	(52,277,963)	(22,823,343)	54,291,139	24,216,366	(3,406,199)	-	
Transferred to stage (3)	(1,400,516)	(6,625)	(36,604,402)	(108,391)	38,119,934	-	
The total impact on the volume of exposures as a result of reclassification between stages	(3,017,409)	(292,672)	3,297,118	236,001	21,121	244,159	
Changes resulted from adjustments	(32,338,029)	(22,490,498)	(13,872,964)	(1,376,847)	2,276,311	(67,802,027)	
Written off credit facilities or transferred as off financial position items	-	-	-	-	(9,593,972)	(9,593,972)	
Gross balance as at the end of the period	2,752,356,016	831,106,684	461,327,875	73,418,806	175,315,925	4,293,525,306	

December 31, 2022 (Audited)

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 exposures during the year	873,192,344	248,803,782	91,188,989	13,149,999	11,612,388	1,237,947,502	
Exposures settled during the year	(278,403,995)	(58,381,601)	(40,054,005)	(8,245,413)	(10,846,118)	(395,931,132)	
Transferred to stage (1)	39,922,235	22,390,672	(39,080,246)	(22,361,845)	(870,816)	-	
Transferred to stage (2)	(95,708,692)	(9,412,106)	98,578,866	11,081,587	(4,539,655)	-	
Transferred to stage (3)	(8,850,386)	(3,007,140)	(30,105,610)	(4,400,701)	46,363,837	-	
The total impact on the volume of exposures as a result of reclassification between stages	(5,161,410)	(1,404,834)	2,413,745	(636,335)	(5,920,260)	(10,709,094)	
Changes resulted from adjustments	(77,882,231)	(60,756,535)	(8,398,796)	(894,320)	(4,683,147)	(152,615,029)	
Written off credit facilities or transferred as off financial position items *	-	-	-	-	(8,867,640)	(8,867,640)	
Gross balance at the end of the year	2,683,829,394	809,882,358	479,606,976	52,923,448	153,168,123	4,179,410,299	

- An amount of JD 9,283,850 was transferred to off- statement of financial position items during the three months period ended March 31, 2023 (JD 6,924,913 as of December 31, 2022) and an amount of JD 310,122 of Direct Credit facilities and Financing was written off during the three months period ended March 31, 2023 according to the BOD decisions in this regard (JD 1,942,727 as of December 31, 2022).

Expected credit loss:

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

	Individuals	Real Estate Loans	Corporates	SMEs	Public and Sector	Total
	JD	JD	JD	JD	JD	JD
<u>For the Three Months Period Ended March 31, 2023. (Reviewed not audited)</u>						
Balance at the beginning of the period	33,601,233	11,614,714	110,154,001	16,574,834	-	171,944,782
Impairment losses on new credit facilities during the period	1,792,531	442,759	3,581,814	907,276	-	6,724,380
Recovered from impairment on settled credit Facilities during the period	(566,120)	(568,776)	(6,341,515)	484,098	-	(6,992,313)
Transferred to stage (1)	120,571	109,777	(80,155)	(190,912)	-	(40,719)
Transferred to stage (2)	1,184,730	(303,259)	(15,605,295)	324,285	-	(14,399,539)
Transferred to stage (3)	(1,305,300)	193,482	15,685,449	(133,373)	-	14,440,258
Effect on impairment losses as a results of changing the classifications between stages	993,553	2,453,164	(2,067,664)	339,507	-	1,718,560
Changes resulted from adjustments	1,957,852	2,259,698	4,151,883	332,336	-	8,701,769
Written off or transferred to off statements of financing position items	(671,230)	-	(6,155,016)	(1,766,225)	-	(8,592,471)
Gross balance at the End of the Period	<u>37,107,820</u>	<u>16,201,559</u>	<u>103,323,502</u>	<u>16,871,826</u>	<u>-</u>	<u>173,504,707</u>
Redistribution:						
Provision on individual basis	31,782,597	16,199,409	103,323,502	16,474,738	-	167,780,246
Provision on collective basis	<u>5,325,223</u>	<u>2,150</u>	<u>-</u>	<u>397,088</u>	<u>-</u>	<u>5,724,461</u>
	<u>37,107,820</u>	<u>16,201,559</u>	<u>103,323,502</u>	<u>16,871,826</u>	<u>-</u>	<u>173,504,707</u>

	Individuals	Real Estate Loans	Corporates	SMEs	Government and Public Sector	Total
	JD	JD	JD	JD	JD	JD
<b>For the Year Ended December 31, 2022 (Audited)</b>						
Balance at January 1, 2022	29,479,940	12,703,958	85,512,145	13,844,955	-	141,540,998
Impairment losses on new credit facilities during the period	4,753,678	1,720,420	18,462,315	2,767,331	-	27,703,744
Recovered from impairment on settled credit Facilities during the year	(2,728,178)	(1,878,967)	(6,089,828)	(1,377,776)	-	(12,074,749)
Transferred to stage (1)	2,049,575	244,990	(547,367)	62,925	-	1,810,123
Transferred to stage (2)	(740,042)	(517,527)	(345,844)	(1,231,760)	-	(2,835,173)
Transferred to stage (3)	(1,309,533)	272,537	893,211	1,168,835	-	1,025,050
Effect on impairment losses as a results of changing the classifications between stages	3,122,664	930,459	7,765,372	4,167,866	-	15,986,361
Changes resulted from adjustments	(588,018)	(1,861,156)	5,341,033	575,915	-	3,467,774
Written off or transferred to off statements of financing position items	(438,853)	-	(837,036)	(3,403,457)	-	(4,679,346)
Total balance at the End of the Year	<b>33,601,233</b>	<b>11,614,714</b>	<b>110,154,001</b>	<b>16,574,834</b>	<b>-</b>	<b>171,944,782</b>

Redistribution:

Provision on individual basis	31,004,301	11,609,978	110,154,001	16,139,066	-	168,907,346
Provision on Collective basis	2,596,932	4,736	-	435,768	-	3,037,436
	<b>33,601,233</b>	<b>11,614,714</b>	<b>110,154,001</b>	<b>16,574,834</b>	<b>-</b>	<b>171,944,782</b>

- The value of the provision that is no longer needed as a result of debt settlement and transferred to other debts amounted to JD 6,992,313 as of March 31, 2023 (JD 12,074,749 as of December 31, 2022).

### Interest and return in suspense

The following is the movement on interest and return in suspense

<u>Corporate Entities</u>					
	Individuals	Real estate loans	Corporates	SMEs	Total
<u>For the year ended March 31, 2023 (Reviewed not audit)</u>					
For the Three Months Period Ended	JD	JD	JD	JD	JD
Balance- beginning of the year	5,570,164	2,709,063	5,436,609	2,630,900	16,346,736
<u>Add: Interest and returns suspended during period</u>	999,211	(274,157)	394,962	379,045	1,499,061
<u>Less: Interests and returns transferred to revenue</u>	(240,752)	(28,963)	(5,397)	(105,408)	(380,520)
Written off suspended interest	(307,827)	-	(350,924)	(342,750)	(1,001,501)
Balance- end of the Period	6,020,796	2,405,943	5,475,250	2,561,787	16,463,776
<u>For the Year Ended December 31, 2022 (Audited)</u>					
Balance- beginning of the Year	4,102,597	2,471,153	7,707,710	2,638,906	16,920,366
<u>Add: Interest and returns suspended during year</u>	2,571,842	270,601	1,539,725	908,266	5,290,434
<u>Less: Interests and returns transferred to revenue</u>	(740,249)	(25,038)	(767,070)	(143,413)	(1,675,770)
Written off suspended interest	(364,026)	(7,653)	(3,043,756)	(772,859)	(4,188,294)
Balance- end of the Year	<b>5,570,164</b>	<b>2,709,063</b>	<b>5,436,609</b>	<b>2,630,900</b>	<b>16,346,736</b>

#### 10. Financial Assets at Fair Value through Other Comprehensive Income

The details of this item are as follows:

	March 31, 2023 (Reviewed not audited)	December 31, 2022 (Audited)
	JD	JD
Quoted shares in active markets	32,501,367	31,168,445
Unquoted shares in active markets	15,601,160	15,601,160
Investment funds	15,263,587	14,531,464
Total	<b>63,366,114</b>	<b>61,301,069</b>

- Transferred gains as a result of selling financial assets at fair value through the statement of other comprehensive income amounted to JD 282,991 as of March 31, 2023 JD of which JD 21,069 belongs to non controlling interests (JD 173,071 losses transferred as of March 31, 2022).
- Cash dividends on the above financial assets amounted to JD 478,508 for the three months ended March 31, 2023 (JD 474,170 for the three months ended March 31, 2022).

#### 11. Financial Assets at Amortized Cost- Net

The details of this item are as follows:

	March 31, 2023 (Reviewed not audited)	December 31, 2022 (Audited)
	JD	JD
<u>Quoted Financial Assets:</u>		
Foreign treasury bonds	105,248,580	104,144,987
Corporate bonds and debentures	140,322,205	138,050,446
<u>Unquoted Financial Assets:</u>		
Governmental treasury bonds	169,598,794	65,623,344
Governmental guaranteed bonds and bills	1,037,889,929	989,915,966
Corporate bonds and debentures	28,702,000	28,702,000
	<b>1,481,761,508</b>	<b>1,326,436,743</b>
<u>Less:</u> Provision for excepted credit loss related to financial assets within stage (1)	624,428	670,099
	<b>1,481,137,080</b>	<b>1,325,766,644</b>
<u>Bonds and Bills Analysis (before provisions):</u>		
With Fixed rate	1,481,364,456	1,326,045,700
With Floating rate	397,052	391,043
	<b>1,481,761,508</b>	<b>1,326,436,743</b>
<u>Bond Analysis according to IFRS 9 (before provisions):</u>		
Stage (1)	1,481,761,508	1,326,436,743
Stage (2)	-	-
Stage (3)	-	-
	<b>1,481,761,508</b>	<b>1,326,436,743</b>

\* During the three months ended March 31, 2023 , no financial assets at amortized cost were sold (JD 567,200 were sold for the same period last year the sale process resulted in a gain of JD 3,359)



## 12. Other Assets

The details of this item are as follows:

	March 31, 2023 (Reviewed not audited)	December 31, 2022(Audited)
	JD	JD
Interests and revenue under collection	19,280,917	21,157,525
Prepaid expenses	12,968,795	5,923,531
Assets seized by bank in repayment of debts *	52,143,092	52,978,257
Clearing cheques	2,188,145	168,219
Transfers and checks under collection	814,977	261,956
Margins on letter of guarantees paid	6,057,157	4,050,439
Discounted commercial papers	52,141,242	55,057,239
Convertible loans	177,250	177,250
Other	14,237,157	13,305,344
	<b>160,008,732</b>	<b>153,079,760</b>

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

	March 31, 2023 (Reviewed not audited)	December 31, 2022 (Audited)
	JD	JD
Balance - beginning of period / year	52,978,257	51,302,874
Additions	24,435	6,002,533
Disposals	(996,832)	(3,431,969)
Surplus (Provision) Impairment loss for the period / year	137,232	(895,181)
Balance - End of Period / Year	<b>52,143,092</b>	<b>52,978,257</b>

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

Balance beginning of period / year	6,070,677	5,175,496
(Surplus) Provision during the period / year	(137,232)	895,181
Balance End of Period / year	<b>5,933,445</b>	<b>6,070,677</b>

The impairment provision against assets seized by the bank amounted to JD 2,255,727 as of March 31, 2023 (JD 2,091,554 as of December 31, 2022), and the provision for the assets seized by the bank for a period of more than (4) years amounted to JD 3,677,718 as of March 31, 2023 (JD 3,979,123 as of December 31, 2022).

### 13. Customers Deposits

The details for this item are as follows:

	Corporate Entities				Government and Public Sector	Total
	Individual	Corporates	SMEs	JD		
<u>As of March 31, 2023 (Reviewed not audited)</u>						
Current and demand accounts	518,955,525	204,881,447	309,324,327	6,636,228	1,039,797,527	
Saving deposits	879,255,318	37,263,465	64,268,203	6,239,684	987,026,670	
Term deposits and notice deposits	1,669,488,006	567,502,538	149,079,490	403,136,999	2,789,207,033	
Certificate of deposits	400,631,533	12,330,000	17,777,173	38,657,000	469,395,706	
Total	<u>3,468,330,382</u>	<u>821,977,450</u>	<u>540,449,193</u>	<u>454,669,911</u>	<u>5,285,426,936</u>	
<u>As of December 31, 2022 (Audited)</u>						
Current and demand accounts	511,295,365	268,307,899	297,624,686	6,582,775	1,083,810,725	
Saving deposits	898,433,383	30,052,609	64,363,067	5,765,644	998,614,703	
Term deposits and notice deposits	1,602,562,585	650,377,036	148,271,873	281,272,109	2,682,483,603	
Certificate of deposits	368,987,701	6,795,000	16,995,712	28,657,000	421,435,413	
Total	<u>3,381,279,034</u>	<u>955,532,544</u>	<u>527,255,338</u>	<u>322,277,528</u>	<u>5,186,344,444</u>	

- The Jordanian government and public sector's deposits inside the kingdom reached JD 454,669,911 representing 8.60% of total deposits as of March 31, 2023 (JD 322,277,528 representing 6.21% as of December 31, 2022).

- Non interest bearing deposits reached JD 1,052,496,468 representing 19.91 % of the total deposits as of March 31, 2023 (JD 1,095,540,368 representing 21.12% as of December 31, 2022).

- Restricted deposits (withdrawal restricted) reached JD 7,464,077 representing 0.14% of the total deposits as of March 31, 2023 (JD 5,594,094 representing 0.11% of the total deposits as of December 31, 2022).

- Dormant deposits reached JD 48,158,857 representing 0.91% of the total deposits as of March 31, 2023 (JD 46,969,179 representing 0.91% of total deposits as of December 31, 2022).

- Customer deposits include JD 1,939,634,910 which represents the shared customer investment related of Safwa Islamic Bank as of March 31, 2023 (JD 1,900,147,848 as of December 31, 2022).

#### 14. Income Tax Provision

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

	For the Three Months Ended March 31, 2023 (Reviewed not audited)	For the Year Ended December 31, 2022 (Audited)
	JD	JD
Balance beginning of the period / year	28,930,915	21,931,794
Income tax paid during the period/ year	(9,647,959)	(26,590,128)
Income tax for the period / year	3,993,814	33,457,335
Provision for prior years income tax	-	131,914
Balance End of the Period / Year	23,276,770	28,930,915

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

	For the Three Months Ended March 31, 2023 (Reviewed not audited)	2022 (Reviewed not audited)
	JD	JD
Accrued income tax against profits of the period	3,993,814	4,113,999
Prior years income tax	-	127,074
Amortization of deferred tax assets during the period	4,732,118	2,257,929
Deferred tax liability for the period	-	(114,982)
	8,725,932	6,384,020

- 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 are reviewing the bank's accounting records for the years 2019 and 2020, and no decision has been issued until the date of preparing the consolidated financial information and the Income and Sales Tax Department did not review the accounting records for the year 2021.
- A final settlement with the income tax and sales department for Safwa Islamic Bank has been reached up to the year 2020. The tax returns for the year 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 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 2021 except the year 2019 where the company submitted tax statements for the year 2019 and it was not reviewed by the Income and Sales Tax Department, With regard to the tax years 2011, 2012, and 2013, and based on the letter of the company's tax advisor, a court decision was issued and it acquired a final status to write off the amounts imposed and accept the income statements as they are, but the court decision has not been implemented by the Income and Sales Tax Department to date.
- A final settlement was reached with the Income Tax Department on the results of the business of the Etihad Financial Brokerage Company until the year 2020, and a self-assessment statement for the year 2021 was submitted and it was not reviewed by the Income and Sales Tax Department until the date of preparing the condensed consolidated interim financial information.
- A final settlement was reached with the Income Tax Department on the results of the Etihad Financial Leasing Company's business until the end of 2021.
- The Bank calculated and recorded the income tax provision for the three months period ended March 31, 2023 for the bank and its subsidiaries, and according to management and the tax advisor, there will not be any obligations that exceed the provision recorded in the condensed consolidated 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:

	March 31, 2023 Reviewed not) (audited)	December 31, 2022 (Audited)
	JD	JD
Accrued interest expense	46,669,338	40,431,290
Revenue received in advance	2,206,492	2,223,903
Accounts payable	886,999	653,729
Accrued expenses	12,291,837	15,165,919
Incoming transfers	1,279,902	236,318
Postdated cheques	13,887,846	13,044,653
Temporary deposits	13,488,647	12,550,904
Provision for expected credit losses for off-balance sheet items *	5,196,060	5,021,887
Dividends payable	451,965	461,103
Electronic Payment System reconciliation	1,954,032	1,980,162
Other liabilities	11,006,183	9,610,631
<b>Total</b>	<b>109,319,301</b>	<b>101,380,499</b>

	For the Three Months Ended March 31, 2023				For the year ended December 31, 2022
Movement disclosures on indirect credit facilities	Stage (1) - Individual	Stage(2) - Individual	Stage (3)	Total	Total
	JD	JD	JD	JD	JD
Total balance at the beginning of the period / year	1,303,196,285	106,484,731	2,248,572	1,411,929,588	1,114,434,856
New exposures during the period/year	559,485,896	24,166,413	-	583,652,309	925,078,736
Accrued exposures	(453,483,351)	(21,564,109)	(146,380)	(475,193,840)	(641,250,540)
Transferred into the stage (1)	4,511,902	(4,453,902)	(58,000)	-	-
Transferred into the stage (2)	(2,422,336)	2,443,586	(21,250)	-	-
Transferred into the stage (3)	(210,932)	(2,604)	213,536	-	-
The total impact on the volume of exposures as a result of changing the classification between the three stages during the period	1,656,155	(342,490)	(8,604)	1,305,061	379,145
Changes resulted from adjustments	(28,083,850)	(8,246,780)	8,659	(36,321,971)	13,287,391
<b>Total balance at the end of the Period / Year</b>	<b>1,384,649,769</b>	<b>98,484,845</b>	<b>2,236,533</b>	<b>1,485,371,147</b>	<b>1,411,929,588</b>

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

	For the Three Months Ended March 31, 2023				For the year ended December 31, 2022
	Stage (1) - Individual	Stage(2) - Individual	Stage (3)	Total	Total
	JD	JD	JD	JD	JD
Balance at the beginning of the period/year	4,143,411	667,307	211,169	5,021,887	5,615,184
Impairment loss on the new exposures during the period / year	1,792,288	155,071	-	1,947,359	2,443,780
Recovered from the impairment loss on the accrued exposures	(1,237,081)	(315,335)	(68,400)	(1,620,816)	(2,864,378)
Transferred to stage 1	70,511	(20,511)	(50,000)	-	-
Transferred to stage 2	(24,318)	35,068	(10,750)	-	-
Transferred to stage 3	-	-	-	-	-
Effect on the provision as of the end of the period due to reclassifications between the three stages during the period	(28,898)	(9,235)	-	(38,133)	5,032
Changes resulting from adjustments	(107,967)	(6,270)	-	(114,237)	(177,731)
<b>Total balance at the End of the Period / Year</b>	<b>4,607,946</b>	<b>506,095</b>	<b>82,019</b>	<b>5,196,060</b>	<b>5,021,887</b>

#### 16/a. Borrowed Funds

The details of this item are as follows:

	Amount	Number of Payments		Payment Frequency	Collateral	Borrowing interest
		Total	Remaining			Rate
JD						%
<u>March 31, 2023 (Reviewed not audited)</u>						
Central Bank of Jordan borrowing *	45,101,897	11,247	7,144	Monthly	Bank Promissories	0.5%-1.75%
Central Bank of Jordan borrowing *	393,000	37	26	Quarterly	Bank Promissory	1,00%
Central Bank of Jordan borrowing *	3,251,145	36	23	Semi-annual	Bank Promissory	0.50% - 1.00%
Central Bank of Jordan borrowing *	1,285,236	22	10	Annual	Bank Promissory	0.50% - 1.00%
Central Bank of Jordan borrowing *	56,040,993	29,003	17,787	Monthly	Bank Promissory	0,00%
International Bank for Reconstruction and Development **	2,700,000	20	9	Semi-annual starting from September 15, 2018	Bank Promissory	1,95%
Arab Fund for Economic and Social Development ***	690,000	15	4	semi-annual	Bank Promissory	2,50%
Arab Fund for Economic and Social Development ***	1,436,285	34	33	semi-annual	Bank Promissory	3,00%
Arab Fund for Economic and Social Development ***	1,576,749	34	33	semi-annual	Bank Promissory	3,00%
Arab Fund for Economic and Social Development ***	1,200,000	34	33	semi-annual	Bank Promissory	3,00%
Arab Fund for Economic and Social Development ***	961,967	34	33	semi-annual	Bank Promissory	3,00%
European Bank for Reconstruction and Development	673,550	7	7	Semi-annual starting from September 1, 2024	-	7,45%
European Bank for Reconstruction and Development	35,450	7	7	Semi-annual starting from September 1, 2024	-	4,85%
Jordan Mortgage Refinance Company (Relating to a subsidiary)	2,000,000	1	1	one instalment	-	7,75%
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)	6,000,000	92	92	Quarterly	-	6,50%
Local Banks (Relating to a subsidiary)	132,514	48	6	Monthly	-	5,90%
Local Banks (Relating to a subsidiary)	14,969,000	828	828	Monthly	-	6,00%
Local Banks (Relating to a subsidiary)	3,000,000	180	180	Monthly	-	6,75%
Local Banks (Relating to a subsidiary)	1,050,000	72	72	Monthly	-	7,50%
Local Banks (Relating to a subsidiary)	750,000	38	36	Monthly	-	7,50%
	<u>147,747,786</u>					

	Amount	Number of Payments		Payment Frequency	Collateral	Borrowing interest
		Total	Remaining			Rate
JD						%
<u>December 31, 2022 (Audited)</u>						
Central Bank of Jordan borrowing *	37,065,805	11,124	7,079	Monthly	Bank Promissory	0.5 %-1.75 %
Central Bank of Jordan borrowing *	408,700	37	34	Quarterly	Bank Promissory	%1
Central Bank of Jordan borrowing *	3,425,153	36	31	Semi-annual	Bank Promissory	0.50% -1.00%
Central Bank of Jordan borrowing *	1,125,104	22	9	Annual	Bank Promissory	0.50% -1.00%
Central Bank of Jordan borrowing *	51,672,440	26,293	16,864	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 ***	690,000	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%
Arab Fund for Economic and Social Development ***	961,967	34	34	Semi-annual	Bank Promissory	3,00%
Jordan Mortgage Refinance Company	10,000,000	1	1	One instalment	Bank Promissory	4,40%
The European Bank for Reconstruction and Development	673,550	7	7	Semi-annual starts from September 1, 2024	-	7,45%
The European Bank for Reconstruction and Development	35,450	7	7	Semi-annual starts from September 1, 2024	-	4,85%
Jordan Mortgage Refinance Company (related to subsidiary)	2,000,000	1	1	One instalment	-	7,75%
Jordan Mortgage Refinance Company (related to subsidiary)	2,000,000	1	1	One instalment	-	4,70%
Jordan Mortgage Refinance Company (related to subsidiary)	2,500,000	1	1	One instalment	-	4,60%
Local Banks (related to a subsidiary)	6,000,000	92	92	Quarterly	-	6,50%
Local Banks (related to a subsidiary)	265,012	48	12	Monthly	-	5,90%
Local Banks (related to a subsidiary)	7,971,000	432	432	Monthly	-	6,00%
Local Banks (related to a subsidiary)	4,998,000	288	288	Monthly	-	6,00%
Local Banks (related to a subsidiary)	2,550,000	144	144	Monthly	-	6,00%
<b>Total</b>	<u>141,707,946</u>					

\* Funds have been reborrowed from the Central Bank of Jordan to SMEs' and corporates' sectors at an interest rate ranging between 0% - 12%.

\*\* Funds have been reborrowed from the International Bank for Reconstruction and Development to SMEs' and corporates' sectors at an interest rate ranging between 6% - 11.25%.

\*\*\* Funds have been reborrowed from the Arab Fund for Economic and Social Development to SMEs' and corporates' sectors at an interest rate ranging from 6% - 11.25%.

#### 16/b. Subordinated Loans

The details of this items are as follows:

	Amount	Number of settlements		Payment Frequency	Collaterals	Borrowing interest
		Total	Remaining			Rate
JD						%
<u>March 31, 2023 (Reviewed not audited)</u>						
European Bank for Restructuring and Development (EBRD)	24,815,000	1	1	One instalment dated December 22, 2032	-	11.85%
European Bank for Restructuring and Development (EBRD)	21,300,000	1	1	One instalment dated April 8, 2027	-	10.75%
Sanad Fund for financing micro, SME's	14,180,000	1	1	One instalment dated March 30, 2030	-	10.39%
	<u>60,295,000</u>					
<u>December 31, 2022 (Audited not audited)</u>						
European Bank for Restructuring and Development (EBRD)	24,815,000	1	1	One instalment dated December 22, 2032	-	11,85%
European Bank for Restructuring and Development (EBRD)	21,300,000	1	1	One instalment dated April 8, 2027	-	9,50%
	<u>46,115,000</u>					

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

The details of this item are as follows:

	<u>Realized Gain (Loss)</u>	<u>Unrealized Gain (Loss)</u>	<u>Dividends Income</u>	<u>Total</u>
	JD	JD	JD	JD
<u>For The Three Months Ended March 31, 2023 (Reviewed not audited)</u>				
Bonds and treasury bills	88,924	(7,143)	-	81,781
Corporate shares	239,038	(104,008)	134,047	269,077
Financial derivatives	-	-	-	-
Investment funds	(18,482)	380,708	6,405	368,631
	<u>309,480</u>	<u>269,557</u>	<u>140,452</u>	<u>719,489</u>

For The Three Months Ended March 31, 2022 (Reviewed not audited)

Bonds and treasury bills	14,459	(32,976)	-	(18,517)
Corporate shares	(346,946)	(351,662)	25,459	(673,149)
Financial derivatives	13,421	-	-	13,421
Investment funds	(624)	(89,565)	2,403	(87,786)
	<u>(319,690)</u>	<u>(474,203)</u>	<u>27,862</u>	<u>(766,031)</u>

#### 18. Basic and Diluted Earnings per Share for the Period

The details of this item are as follows:

	For the Three Months Ended March 31,	
	2023 (Reviewed not audited)	2022 (Reviewed not audited)
	JD	JD
Income for the period	12,557,071	8,283,792
Weighted average number of shares (share)	160,000,000	160,000,000
	JD/ Fils	JD/ Fils
Basic and diluted earnings per share for the period	<b>0,078</b>	<b>0,052</b>

#### 19. Provision for Expected Credit Loss

The details of this item are as follows:

	For the Three Months Ended March 31,	
	2023 (Reviewed not audited)	2022 (Audited)
	JD	JD
Balances and deposits at banks and financial institutions	(24,280)	102,869
Deposits at banks and financial institutions	2,109	(410)
Financial assets at amortized costs	(45,671)	77,065
Direct credit facilities and financing	10,152,396	4,469,305
Contingent liabilities	174,173	628,031
	<b>10,258,727</b>	<b>5,276,860</b>

#### 20. Cash and Cash Equivalent

The details of this item are as follows:

	For the Three Months Ended March 31,	
	2023 (Reviewed not audited)	2022 (Reviewed not audited)
	JD	JD
Balances at central banks due within three months	649,823,308	862,417,282
<u>Add:</u> Balances at banks and financial institutions maturing within 3 months	229,706,653	534,122,709
<u>Less:</u> Deposits at banks and financial institutions maturing within 3 months	(312,896,208)	(225,357,272)
<u>Less:</u> Restricted balances	(10,792,147)	(8,067,330)
	<b>555,841,606</b>	<b>1,163,115,389</b>

## 21. 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 March 31, 2023 and December 31, 2022.

### Share premium

- Share premium amounted to JD 80,213,173 as of March 31, 2023 and December 31, 2022.

## 22. Contingent Liabilities and Commitments

The details of this item is as follows:

	March 31, 2023	December 31, 2022
	(Reviewed not audited)	(Audited)
	JD	JD
Letters of credit	302,839,972	326,892,952
Acceptances	245,243,381	208,226,860
Letters of guarantees:		
- Payments	67,823,791	69,272,424
- Performance	101,136,150	93,575,650
- Other	59,757,122	59,273,319
- Futures currency contracts	120,158,492	193,778,988
- Unutilized limits of credit facilities and financing	708,570,731	654,688,383
Total	<u>1,605,529,639</u>	<u>1,605,708,576</u>

## 23. Lawsuits against the Bank

The total lawsuits raised against the Group were amounted to JD 4,437,624 as of March 31, 2023 in addition to other customs lawsuits (JD3,728,619 as of December 31, 2022 in addition to other customs lawsuits), provisions booked against them amounted to JD 481,675 as of March 31, 2023 (JD 452,175 as of December 31, 2022).

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



#### 24. 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)	March 31, 2023 (Reviewed not audited)	December 31, 2022 (Audited)
	JD	JD	JD	JD	JD	JD	JD
<b>On- Condensed Consolidated Interim Statement of Financial Position Items:</b>							
Direct credit facilities and financing	2,696,816	3,305,299	1,399,128	60,756,663	68,157,906	67,432,161	
Deposits	167,697,642	4,995,288	18,605,624	15,997,809	207,296,363	207,100,913	
Deposits at banks and financial institutions	-	-	594,219	-	594,219	354,838	
Intangible assets	-	-	2,475,463	-	2,475,463	2,303,651	
<b>Off- Condensed Consolidated Interim Statement of Financial Position Items:</b>							
Letter of credits	-	-	-	4,009,317	4,009,317	4,161,389	
Acceptances	-	-	-	920,470	920,470	-	
Letter of guarantee	101,500	-	842,170	9,502,958	10,446,628	10,121,834	

	For the Three Months Ended March 31,					
	2023 (Reviewed not Audited)		2022 (Reviewed not Audited)			
<b>Condensed Consolidated Interim Statement of Profit or Loss Items:</b>						
Interests Income, returns and commissions	51,735	31,655	50,535	1,401,287	1,535,212	1,256,182
Interests expenses, returns and commissions	1,594,734	34,235	184,736	112,382	1,926,086	926,083

b. The Salaries, bonuses of bank's Executive management and the fees, transportation and bonuses allowance of the board of directors amounted to JD 2,859,675 for the three months ended March 31, 2023 (JD 2,862,683 for Three months ended March 31, 2022).

## 25. 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 Three Months Ended March 31,	
							2023 (Reviewed not audited)	2022 (Reviewed not audited)
	Individuals	Corporates	SMEs	Treasury	Other			
	JD	JD	JD	JD	JD	JD	JD	JD
Gross Income	40,088,497	36,102,041	10,760,759	27,025,029	298,774	114,275,100	78,868,518	
Allowance expected credit loss	(6,592,858)	(3,802,618)	(1,749,130)	1,885,879	-	(10,258,727)	(5,276,860)	
Segment Results	7,894,293	16,360,454	6,397,446	24,348,201	287,056	55,287,450	45,347,401	
Less: Expenses not allocated to segments	-	-	-	-	-	(31,677,651)	(28,463,826)	
<b>Operating income</b>						<b>23,609,799</b>	<b>16,883,575</b>	
Bank's share of profit from companies associates						-	-	
<b>Income before tax</b>						23,609,799	16,883,575	
Income tax						(8,725,932)	(6,384,020)	
<b>Profit for the period</b>						<b>14,883,867</b>	<b>10,499,555</b>	
<b>Other Information</b>								
Capital expenditures						3,796,417	3,945,807	
Depreciation and Amortization						3,583,779	3,858,289	
							Total	
							March 31, 2023	December 31, 2022
							(Reviewed not audited)	(Audited)
							JD	JD
Segment's Assets	1,710,667,388	1,948,975,980	297,266,671	2,603,172,457	-	6,560,082,496	6,379,745,729	
Undistributed assets on segments	-	-	-	-	314,611,513	314,611,513	311,145,224	
<b>Total Assets</b>	<b>1,710,667,388</b>	<b>1,948,975,980</b>	<b>297,266,671</b>	<b>2,603,172,457</b>	<b>314,611,513</b>	<b>6,874,694,009</b>	<b>6,690,890,953</b>	
Segment's Liabilities	3,562,285,341	1,389,312,284	579,104,816	598,018,931	-	6,128,721,372	5,960,196,127	
Undistributed liabilities on segments	-	-	-	-	173,988,273	173,988,273	170,658,176	
<b>Total Liabilities</b>	<b>3,562,285,341</b>	<b>1,389,312,284</b>	<b>579,104,816</b>	<b>598,018,931</b>	<b>173,988,273</b>	<b>6,302,709,645</b>	<b>6,130,854,303</b>	

## 26. 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.

	March 31, 2023 (Reviewed not Audited)	December 31, 2022 (Audited)
	JD	JD
<b>Common Equity Shareholders' Rights</b>		
Authorized and paid-up capital	160,000,000	160,000,000
Retained earnings	62,773,738	62,930,524
The cumulative change in fair value	6,709,334	6,482,816
Share premium	80,213,173	80,213,173
Statutory reserve	76,227,974	76,227,974
Voluntary reserve	51,192,173	51,192,173
Recognizable non controlling interests shareholders	52,385,205	52,695,298
Interim profit after tax and deduction of the expected distribution	7,557,071	-
<b>Total Equity capital for common stocks</b>	<b>497,058,668</b>	<b>489,741,958</b>
<b>Regulatory Adjustments (Deductions from Capital)</b>		
Goodwill and intangible assets	(27,011,163)	(26,893,693)
Deferred tax assets resulting from investments within Tier 1 10%	(28,088,162)	(32,820,280)
<b>Net of common stockholders</b>	<b>441,959,343</b>	<b>430,027,985</b>
<b>Additional capital</b>		
Recognizable minority rights	9,452,603	9,508,557
<b>Total capital (Tier 1 capital)</b>	<b>451,411,946</b>	<b>439,536,542</b>
<b>Tier 2 Capital</b>		
Provision for debts tools listed in Tier 1	15,382,701	16,918,596
Recognizable non-controlling shareholders	12,367,562	12,440,771
Financial tools issued by the bank that bear supporting capital	56,035,000	41,855,000
<b>Total Supporting Capital</b>	<b>83,785,263</b>	<b>71,214,367</b>
<b>Total Regulatory Capital</b>	<b>535,197,209</b>	<b>510,750,909</b>
<b>Total Risk Weighted Assets</b>	<b>3,759,185,799</b>	<b>3,703,440,657</b>
Capital Adequacy Ratio	<b>14,24%</b>	<b>13,79%</b>
Primary Capital Adequacy Ratio	<b>11,76%</b>	<b>11,61%</b>
Supporting Capital Adequacy Ratio	<b>2,23%</b>	<b>1,92%</b>
	March 31, 2023 (Reviewed not audited)	December 31, 2022 (Audited)
	JD	JD
Financial leverage rate		
Tier 1 Capital	451,411,946	439,536,543
Total assets in and out of the statement of financial positions after removing deductible items from Tier 1	7,666,918,225	7,540,758,028
Financial leverage rate	<b>5,89%</b>	<b>5,83%</b>

Capital adequacy was calculated on March 31, 2023 and December 31, 2022 based on the instruction of Basel committee III.

	March 31, 2023 (Reviewed not audited)	December 31, 2022 (Audited)
	JD	JD
<b>Liquidity Coverage Ratio (LCR):</b>		
Total high quality liquid assets	1,629,311,934	1,558,144,018
Total high-quality liquid assets after deduction and minus cap adjustments for both level 2 (A) & (B) assets	1,600,447,317	1,537,265,604
Net cash outflow	835,250,405	800,257,317
Liquidity Coverage Ratio (LCR)	191,61%	192,10%
The liquidity coverage ratio is according to the average end of each month	189,64%	189,23%

## 22. 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).

Financial Assets	Fair Value		The Level of	Valuation Method and Inputs used	Important Intangible Inputs	Relation between the Fair Value and the Important Intangible Inputs
	March 31, 2023	December 31,				
	(Reviewed not audited)	(Audited)				
	JD	JD				
Financial Assets at Fair Value						
Financial Assets at Fair Value Through Statement of Profit or Loss:						
Government bonds listed on financial markets	577,087	649,405	Level 1	Quoted prices in financial markets	Not Applicable	Not Applicable
Corporate bonds listed on financial markets	536,138	105,388	Level 1	Quoted prices in financial markets	Not Applicable	Not Applicable
Corporate shares	3,667,113	4,813,576	Level 1	Quoted prices in financial markets	Not Applicable	Not Applicable
Investment Fund	11,927,000	12,855,527	Level 2	The fund manager valuation of fair value	Not Applicable	Not Applicable
Total	<b>16,707,338</b>	<b>18,423,896</b>				
Financial Assets at Fair Value Through Other Comprehensive Income:						
Quoted Shares in active markets	32,501,367	31,168,445	Level 1	Quoted prices in financial markets	Not Applicable	Not Applicable
Investment fund	15,263,587	14,531,464	level 2	The fund manager valuation of fair value	Not Applicable	Not Applicable
Unquoted Shares in active markets	15,601,160	15,601,160	Level 3	Through using equity method and based on the latest available information	Not Applicable	Not Applicable
Total	<b>63,366,114</b>	<b>61,301,069</b>				
Total Financial Assets at Fair Value	<b>80,073,452</b>	<b>79,724,965</b>				

There were no transfers between level 1, level 2, and level 3 during the three months ended March 31, 2023 and December 31, 2022.

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.

	March 31, 2023 (Reviewed not audited)		December 31, 2022 (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, call accounts and certificate of deposits at Central Bank	230,900,000	231,031,444	303,200,000	303,373,603	Level 2
Current accounts, and deposits at Banks and Financial Institutions	245,724,333	245,862,026	221,356,432	221,576,199	Level 2
Direct credit facilities at amortized costs	4,103,556,823	4,109,606,367	3,991,118,781	3,997,546,728	Level 2
Other financial assets at amortized costs	1,481,137,080	1,493,858,646	1,325,766,644	1,339,871,884	Level 2
<b>Total Financial Assets with Non- specified Fair Value</b>	<b>6,061,318,236</b>	<b>6,080,358,483</b>	<b>5,841,441,857</b>	<b>5,862,368,414</b>	
Financial Liabilities of Non-specific Fair Value					
Banks and Financial Institutions Deposits	373,396,208	374,597,987	337,850,140	338,859,787	Level 2
Customers' Deposits	5,285,426,936	5,329,730,572	5,186,344,444	5,224,671,507	Level 2
Cash Margin	271,979,391	272,189,388	257,368,027	257,570,975	Level 2
Borrowed Funds	147,747,786	147,964,000	141,707,946	142,050,271	Level 2
Subordinated Loan	60,295,000	61,034,230	46,115,000	46,665,807	Level 2
<b>Total Financial Liabilities with Non- specified Fair Value</b>	<b>6,138,845,321</b>	<b>6,185,516,177</b>	<b>5,969,385,557</b>	<b>6,009,818,347</b>	

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.