

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

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
FOR THE THREE MONTHS ENDED 31 MARCH 2023
TOGETHER WITH THE INDEPENDENT
AUDITOR'S REVIEW REPORT

SAFWA ISLAMIC BANK
(PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN-THE HASHEMITE KINGDOM OF JORDAN
31 MARCH 2023

TABLE OF CONTENTS

Independent auditor's Review Report

Statement

Condensed Consolidated Interim Statement of Financial Position

A

Condensed Consolidated Interim Statement of Profit or Loss and Comprehensive Income

B

Condensed Consolidated Interim Statement of Changes in Shareholders' Equity

C

Condensed Consolidated Interim Statement of Cash Flows

D

Statement of the sources and uses of Al-Qard Al-Hasan Fund

E

Page

Notes to the Condensed Consolidated Interim Financial Information

1-24

In the Name of Allah, the Beneficent, the Merciful

Review Report

AM/ 014589

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

We have reviewed the condensed consolidated interim statement of financial position of Safwa Islamic Bank (a Public Shareholding limited Company) as of March 31, 2023 and the related condensed consolidated interim statements of profit or loss and comprehensive income, changes in shareholders' equity and cash flows for the three months ended in that date, and a summary of significant accounting policies and other explanatory information. Management is responsible for the preparation and fair presentation of these condensed consolidated interim financial Information's in accordance with the Financial Accounting Standards issued by Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) as adopted by the Central Bank of Jordan. Our responsibility is to express a conclusion on these condensed consolidated interim financial Information's based on our review.

Scope of Review

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

Conclusion

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

Other Matters

The accompanying condensed consolidated interim financial Information's are a translation of the statutory condensed consolidated interim financial Information's in the Arabic language to which reference is to be made.

Amman – The Hashemite Kingdom of Jordan
April 19, 2023


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

Statement "A"

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

	Note	31 March 2023 (Reviewed) JD	31 December 2022 (Audited) JD
<u>Assets</u>			
Cash and balances at the Central Bank	4	165,724,666	203,295,535
Balances at banks and the financial institutions		22,141,241	13,551,162
International wakala investments-net	5	66,069,068	63,141,396
Financial assets at fair value through profit or loss		-	35,143
Deferred sales receivables and other receivables-net	6	1,351,148,712	1,316,974,157
Financial assets at fair value through shareholders' equity -self financed		526,000	235,000
Financial assets at fair value through unrestricted investment accounts' holders equity-net	7	257,672,376	272,659,187
Financial assets at amortized cost -net		37,313,000	37,313,000
Investment in associate		345,954	345,954
Ijara Muntahia Bittamleek assets-net	8	656,299,303	613,299,772
Qard Hasan-Net		4,474,730	6,780,358
Property and equipment-net		21,142,217	21,286,068
Intangible assets - net		1,955,399	2,002,476
Right of use assets		10,612,371	10,017,830
Deferred tax assets	10/C	9,973,457	8,268,512
Other assets	9	19,840,370	14,911,705
Total Assets		2,625,238,864	2,584,117,255
Liabilities, Unrestricted Investment Accounts Holders' and Shareholders' Equity			
<u>Liabilities</u>			
Banks and financial Institutions accounts		13,200,657	17,989,093
Customers' current accounts		287,959,770	299,878,280
Cash margins		42,781,698	42,900,132
Income tax provision	10/A	10,446,542	8,746,097
Other provisions		440,000	440,000
Lease liabilities		10,319,756	10,044,519
Other liabilities	11	60,674,298	57,997,365
Total Liabilities		425,822,721	437,995,486
<u>Unrestricted Investment Accounts Holders' Equity</u>			
Unrestricted investment accounts	12	2,024,669,319	1,975,334,213
Fair value reserve		(874,415)	(1,016,785)
Total Unrestricted Investment Accounts Holders' Equity		2,023,794,904	1,974,317,428
<u>Shareholders' Equity</u>			
Paid up capital		100,000,000	100,000,000
Statutory reserve		32,208,887	32,208,887
Fair value reserve - self		(7,069)	14,593
Retained earnings		39,615,676	39,580,861
Profit for the period - Statement (B)		3,803,745	-
Total Shareholders' Equity		175,621,239	171,804,341
Total Liabilities, Unrestricted Investment Accounts Holders' and Shareholders' Equity		2,625,238,864	2,584,117,255
Wakala Investments accounts		515,949	730,737

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

Statement "B"

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

		For The Three Months Period Ended 31 March	
	Note	2023 (Reviewed)	2022 (Reviewed)
		JD	JD
Deferred sales revenue	13	22,249,853	15,874,198
Ijara Muntahia Bittamleek assets revenue		12,580,486	9,063,761
Gain from International wakala investments		765,500	74,798
Gain from financial assets at fair value through unrestricted investment accounts' holders equity	14	2,602,828	553,149
Gain from financial assets at fair value through profit or loss	15	7,385	2,596
Gain from financial assets at amortized cost		503,265	743,676
Gain (Loss) from foreign currencies evaluation		29,680	(15,001)
Other jointly revenues - net		515,443	224,268
Total unrestricted investment revenue		39,254,440	26,521,445
Deposit Insurance fees - jointly financed accounts		(682,689)	(597,595)
Share of unrestricted investment accounts holders'		(21,267,905)	(12,646,145)
Expected credit losses on jointly items	5 & 6&7&11	(5,494,007)	(2,834,588)
Bank's share of revenue from unrestricted investments as a mudarib and rab mal		11,809,839	10,443,117
Bank's self financed revenue	16	212,412	173,750
Banks share from the restricted investments revenue as agent (wakeel)		15,286	21,379
Gain from foreign currencies		399,750	365,610
Banking services revenue - net		2,017,626	2,165,134
Other revenue		21,600	10,158
Deposit Insurance fees - self financed		(433,986)	(405,791)
Gross Income		14,042,527	12,773,357
Employees' expenses		(4,130,285)	(3,639,703)
Depreciation and amortization		(769,136)	(772,483)
Depreciation of Ijara muntahia bittamleek assets- self financed		(128,975)	(105,952)
Recovered from (expense) provision expected credit losses for self items	6 & 11 & Statement "E"	26,641	(212,459)
Amortisation of right of use assets		(421,647)	(403,414)
Finance costs / discount on lease liability		(91,442)	(83,683)
Rent expenses		(43,853)	(31,712)
Other expenses		(2,331,383)	(1,763,019)
Total expenses		(7,890,080)	(7,012,425)
Profit for the period before tax		6,152,447	5,760,932
Income tax expense	10/B	(2,348,702)	(2,204,462)
Profit for the period		3,803,745	3,556,470
Comprehensive income items			
Add: other comprehensive Income items after tax that will not be reclassified subsequently to the condensed consolidated interim statement of profit or loss :			
Gains from sale of financial assets at fair value through shareholders' equity-self financed		34,815	-
Net change in fair value reserve for financial assets		(21,662)	-
Total comprehensive income for the period		3,816,898	3,556,470
		JD/FILS	JD/FILS
Basic and diluted earnings per share for the period	17	0/038	0/036

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

Statement "C"

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

	Paid up capital	Statutory reserve	Fair value reserve - Self financed	Retained Earnings *	Profit for the period	Total
	JD	JD	JD	JD	JD	JD
For the three months period ended 31 March 2023						
Balance as at the beginning of the year	100,000,000	32,208,887	14,593	39,580,861	-	171,804,341
Net gain from sale of financial assets at fair value through shareholders' equity-self financed	-	-	-	34,815	-	34,815
Net change in fair value reserve for financial assets -self financed	-	-	(21,662)	-	-	(21,662)
Profit for the period - (Statement B)	-	-	-	-	3,803,745	3,803,745
Total comprehensive income for the period - (Statement B)	-	-	(21,662)	34,815	3,803,745	3,816,898
Balance as of 31 March 2023	100,000,000	32,208,887	(7,069)	39,615,676	3,803,745	175,621,239

For the three months period ended 31 March 2022						
Balance as at the beginning of the year	100,000,000	29,766,889	-	32,910,838	-	162,677,727
Total comprehensive income for the period - (Statement B)	-	-	-	-	3,556,470	3,556,470
Balance as at 31 March 2022	100,000,000	29,766,889	-	32,910,838	3,556,470	166,234,197

- Retained earnings include a balance of JD 767,856 as of 31 March 2023 (JD 793,221 as at 31 December 2022) which represents deferred tax assets -self financed and it is restricted from use based on the Central Bank of Jordan instructions.

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

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

Statement "D"

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

	Note	For the three months period ended	
		31 March	
		2023 (Reviewed)	2022 (Reviewed)
		JD	JD
<u>Cash Flows from Operating Activities</u>			
Profit for the period before tax - statement (B)		6,152,447	5,760,932
Adjustments for non cash items:			
Depreciation and amortization		769,136	772,483
Depreciation of Ijara Muntahia Bittamleek assets(self & jointly financed)		12,353,241	10,161,835
Depreciation of right of use assets		421,647	403,414
Finance costs (discount on lease liabilities)		91,442	83,683
Unrealized losses for financial assets at fair value through profit or loss		-	14,100
Expected credit losses provision - joint		5,494,007	2,834,588
Provision (recovered from) expected credit losses for off-balance items - self		(26,641)	212,459
Profits from the sale of property and equipment		(177)	-
Provision for impairment seized real estates / joint funds	9	11,718	7,068
(Gains) losses from sale of seized assets against debts		(75,326)	22,856
Cash Flows from operating activities before changes in working capital		25,191,494	20,273,418
Changes in operating working capital :			
(Increase) in deferred sales receivables and other receivables		(39,754,663)	(29,518,009)
(Increase) in Ijara Muntahia Bittamleek assets		(55,352,772)	(33,073,514)
Decrease (Increase) in the Qard Hasan		2,307,800	(1,958,560)
(Increase) in other assets		(5,109,205)	(3,775,392)
(Decrease) in customers' current accounts		(11,918,510)	(16,235,871)
(Decrease) increase in cash margin accounts		(118,434)	17,141,116
Increase in other liabilities		2,706,208	9,010,428
Net cash (used in) operating activities before income tax paid		(82,048,082)	(38,136,384)
Income tax paid	10/A	(2,366,742)	(2,326,093)
Net cash (used in) operating activities		(84,414,824)	(40,462,477)
<u>Cash Flows from Investing Activities</u>			
Net sale maturity of financial assets at fair value through unrestricted investment accounts holders equity		15,147,645	7,551,374
Net sale (purchase) of financial assets at fair value through profit or loss		35,143	(416,898)
Net (purchase) sale of financial assets at fair value through equity - self		(264,307)	-
Maturity of financial assets at amortized cost		-	27,439,000
(Purchase) of intangible assets		(153,143)	(302,508)
(Purchase) of property and equipment		(424,888)	(365,374)
Proceeds from sale of seized assets against debts		244,148	138,000
Net (increase) in International Wakala Investments		(2,864,841)	(13,849,895)
Net cash flows from investing activities		11,719,757	20,193,699
<u>Cash Flows from Financing Activities</u>			
Increase in unrestricted investment holders quity		49,335,106	65,069,425
Paid for Lease liability		(832,393)	(704,009)
Net cash flows from financing activities		48,502,713	64,365,416
Net (decrease) increase in cash and cash equivalents		(24,192,354)	44,096,638
Cash and cash equivalents at beginning of the year		198,857,604	350,416,577
Cash and cash equivalents at end of the period	18	174,665,250	394,513,215

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

Statement "E"

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

	31 March 2023(Reviewed) JD	31 December 2022(Audited) JD
Balance at the beginning of the peroid / year	4,240,493	1,279,581
Sources of the fund from :		
Shareholders' equity	(3,723,819)	(12,596,708)
Total Sources of the fund during the peroid / year	(3,723,819)	(12,596,708)
Uses of the fund on :		
Companies	3,352,485	15,526,344
Employees	11,530	31,276
Total uses during the peroid / year	3,364,015	15,557,620
Gross balance	3,880,689	4,240,493
Add: exposed accounts	1,071,289	3,019,285
Less : Expected credit losses provision	(477,248)	(479,420)
Balance at the end of the peroid / year - Net	4,474,730	6,780,358

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

(1) INCORPORATION AND ACTIVITIES

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

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

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

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

The condensed consolidated financial information for the three months ended 31 March 2023 has been approved by the Bank's Board of Directors at its meeting No. (2/2023) on 19 April 2023.

(2) BASIS OF PREPARATION

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

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

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

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

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

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

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

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

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

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

The interim condensed consolidated financial information does not include all the information and explanations required for the annual consolidated financial statements prepared in accordance with the Accounting Standards for Islamic Financial institutions issued by the Accounting and Auditing Organization for Islamic financial institutions as approved by the central bank of Jordan, and it must be read with the annual Financial statements of the bank as of 31 December 2022, Moreover, the results of the three – months operations ending 31 March 2023 do not represent the inclusion of the expected results for year ending 31 December 2023. Also, the bank did not deduct the legal reserves on the profits for the three-month period ended 31 March 2023, according to the provisions of the Companies Law and the issued instructions, as this financial information is interim, and that the deductions are made at the end of the fiscal year.

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

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

and expected credit losses as well as the changes in fair value that appear in the condensed consolidated interim statement of profit or loss and within the shareholders' equity. In Particular, the Bank's management is required to make judgments to estimate the amount and timing of future cash flows. These estimates are necessarily based on multiple believes hypothesis and factors with varying degrees of estimation and uncertainty. Meanwhile, the actual results may differ from estimates due to the changes arising from the conditions and circumstances of those estimates in the future.

The bank mangment belives that estimates used in the preparation of this condensed consolidated interim financial information are reasonable and consistent with those used in the preparation of the Bank's annual consolidated financial statements for the year ended 2022.

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

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

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

The subsidiary of the Bank at 31 March 2023 is as follows:

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

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

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

3-Accounting policies

The accounting policies used in preparing the condensed consolidated interim financial information for the period ended on 31 March 2023 are consistent with those followed in preparing the consolidated financial information for the year ended 31 December 2022, except for the effect of the Accounting Standards for Islamic institutions which are mentioned in Note (26).

(4) CASH AND BALANCES AT THE CENTRAL BANK

The details of this item are as follows:

	31 March 2023 (Reviewed)	31 December 2022 (Audited)
	JD	JD
Cash on hand	22,750,585	25,077,875
Balances at the Central Bank of Jordan:		
Current accounts	53,612,612	90,036,172
Statutory cash reserve	89,361,469	88,181,488
Total	165,724,666	203,295,535

- Except for the statutory cash reserve, there are no other restricted cash balances at the Central Bank of Jordan as at 31 march 2023 and 31 December 2022.

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

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

	Stage 1 (individual) For the period ended 31 march 2023 JD	Stage 1 (individual) For the year ended 31 December 2022 JD
Balance at the beginning of the period / year	178,217,660	336,553,940
New balances during the period / year	447,103	8,140,186
Settled balances	(35,690,682)	(166,476,466)
Balance at the end of the period / year	142,974,081	178,217,660

(5) INTERNATIONAL WAKALA INVESTMENTS - NET

	Jointly financed	
	31 March 2023 (Reviewed)	31 December 2022 (Audited)
	JD	JD
Matures:		
Within a month	43,830,168	37,005,663
From a month to three months	10,426,638	18,395,607
From three to six months	4,642,455	2,127,000
From six to twelve months	7,387,425	5,893,575
Total International Wakala Investments	66,286,686	63,421,845
Less: Expected credit losses for international wakala investment	(217,618)	(280,449)
Net International Wakala Investments	66,069,068	63,141,396

(6) DEFERRED SALES RECEIVABLES AND OTHER RECEIVABLES - NET

The details of this item are as follows :

	Jointly financed		Self financed		Total	
	31 March	31 December	31 March	31 December	31 March	31 December
	2023 (Reviewed)	2022 (Audited)	2023 (Reviewed)	2022 (Audited)	2023 (Reviewed)	2022 (Audited)
	JD	JD	JD	JD	JD	JD
Individuals (retail)						
Murabaha to the purchase orderer	439,608,015	422,186,379	1,577,125	1,573,351	441,185,140	423,759,730
Ijara Muntahia Bittamleek - receivables	1,535,116	445,923	1,006	782	1,536,122	446,705
Other receivables	7,093,142	6,502,529	20,590	26,633	7,113,732	6,529,162
Real estate financing	20,286,114	20,838,066	-	-	20,286,114	20,838,066
Ijara Muntahia Bittamleek - receivables	591,395	939,480	-	-	591,395	939,480
Corporate						
International Murabaha	4,420,839	-	-	-	4,420,839	-
Murabaha to the purchase orderer	498,476,490	524,119,481	-	-	498,476,490	524,119,481
Ijara Muntahia Bittamleek - receivables	1,240,753	1,821,670	-	-	1,240,753	1,821,670
Other receivables	-	-	233,502	324,783	233,502	324,783
Small and medium enterprises						
Murabaha to the purchase orderer	57,874,826	53,176,897	-	-	57,874,826	53,176,897
Ijara Muntahia Bittamleek - receivables	141,190	92,223	-	-	141,190	92,223
Other receivables	-	-	509,987	648,089	509,987	648,089
Government and the public sector	575,450,464	522,438,962	-	-	575,450,464	522,438,962
Total	1,606,718,344	1,552,561,610	2,342,210	2,573,638	1,609,060,554	1,555,135,248
Less: Deferred revenue	192,768,582	178,770,653	214,121	207,853	192,982,703	178,978,506
Suspended revenue	2,889,857	2,723,411	7,112	7,112	2,896,969	2,730,523
Expected credit losses	61,999,881	56,409,431	32,289	42,631	62,032,170	56,452,062
Net deferred sales receivable and other receivables	1,349,060,024	1,314,658,115	2,088,688	2,316,042	1,351,148,712	1,316,974,157

- The non- performing deferred sales receivables , other receivables , facilities, Ijara Muntahia Bittamleek receivables and Qard Al-Hasan amounted to JD 39,827,279 as at 31 March 2023, representing 2.47% of deferred sales receivables, other receivables, facilities, Ijara Muntahia Bittamleek receivables and Qard Al-Hasan (JD 40,904,287 as of 31 December 2022 , representing 2.62% of deferred sales receivables, other receivables, facilities, Ijara Muntahia Bittamleek receivables and Qard Al-Hasan).
- The non- performing deferred sales receivables , other receivables facilities, Ijara Muntahia Bittamleek receivables and Qard Al-Hasan after deducting the suspended revenue amounted to JD 36,930,310 as at 31 March 2023, representing 2.29 % of deferred sales receivable , other receivables facilities, Ijara Muntahia Bittamleek receivables and Qard Al-Hasan (JD 38,173,764 as at 31 December 2022, representing 2.45% of deferred sales receivable , other receivables facilities, Ijara Muntahia Bittamleek receivables and Qard Al-Hasan).
- The provision for impairment of the jointly financed facilities , which is calculated based on the Central Bank of Jordan's Instructions No.(47/2009) in the (under supervision) portfolio amounted to JD 615,949. Moreover, the provision calculated based on the individual customer (non-performing) amounted to JD 34,034,456 as at 31 March 2023 (JD 674,809 and JD 33,082,180 respectively as at 31 December 2022).
- The deferred sales receivables and other receivables and facilities granted to and guaranteed by the Government of the Hashemite Kingdom of Jordan amounted to JD 494,458,851 as at 31 March 2023 representing 30.64% of the balance of deferred sales receivables , other receivables and facilities (JD 439,496,601 as at 31 December 2022, representing 28.13% of the balance of deferred sales receivables , other receivables and facilities).

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

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

Item	For the three months period ended 31March 2023					
	Stage 1		Stage 2		Stage 3	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD	JD	JD
Total balance at the beginning of the period	5,599,887	1,481,471	1,042,270	474,357	1,020,466	9,618,451
New facilities during the period	1,191,907	244,144	856,016	132	468	2,292,667
Settled facilities	(2,106,029)	(104,322)	(846,404)	(115,606)	(594)	(3,172,955)
Transfer to Stage 1	71,423	92,979	(71,423)	(92,823)	(156)	-
Transfer to Stage 2	-	(51,875)	-	51,951	(76)	-
Transfer to Stage 3	-	(94)	(568)	(197)	859	-
The total impact on the size of exposures as a result of changing the classification between stages	12,327	(174)	-	(13,617)	234	(1,230)
Changes resulting from modifications	(1,496,965)	(109,478)	(8,051)	(49,161)	(323)	(1,663,978)
Total balance at the end of the period	3,272,550	1,552,651	971,840	255,036	1,020,878	7,072,955

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

Item	For the three months period ended 31March 2023					
	Corporate	Small and medium enterprises	Individual (Retail)	Real estate loans	Government and the public sector	Total
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the period	261,035	66,344	194,672	-	-	522,051
Impairment loss on new facilities during the period	35,075	4	2,191	-	-	37,270
Recoverable from the loss on settled facilities	(64,214)	(1,347)	(4,241)	-	-	(69,802)
Transfer to Stage 1	2,051	-	162	-	-	2,213
Transfer to Stage 2	(2,068)	(1)	62	-	-	(2,007)
Transfer to Stage 3	16	1	(223)	-	-	(206)
Effect on the provision as at the end of the period as a result of the change in classification between the three stages during the period	15	32	77	-	-	124
Changes resulting from modifications	(19,145)	39,624	(585)	-	-	19,894
Total balance at the end of the period	212,765	104,657	192,115	-	-	509,537

Redistribution:

Provisions on an individual basis	212,765	104,651	184,207	-	-	501,623
Provisions at a collective basis	-	6	7,908	-	-	7,914

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

B- Jointly financed

For the three months period ended 31 March 2023.

Item	Stage 1		Stage 2		Stage 3	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD	JD	JD
Total balance at the beginning of the period	837,893,620	372,993,674	98,730,757	24,300,135	37,149,360	1,371,067,546
New facilities during the period	68,761,310	39,603,940	2,702,641	2,079,371	3,500	113,150,762
Settled facilities	(2,426,651)	(7,401,168)	(3,899,413)	(1,495,438)	(49,437)	(15,272,107)
Transfer to Stage 1	4,313,265	4,747,031	(4,313,265)	(4,747,031)	-	-
Transfer to Stage 2	(5,642,074)	(13,176,785)	5,642,074	14,420,420	(1,243,635)	-
Transfer to Stage 3	-	(6,531)	-	(108,194)	114,725	-
The total impact on the size of exposures as a result of changing the classification between stages	140,041	(289,405)	250,976	278,862	(4,199)	376,275
Changes resulting from modifications	(31,723,766)	(13,573,529)	(12,502,381)	(670,997)	208,102	(58,262,571)
Total balance at the end of the period	871,315,745	382,897,227	86,611,389	34,057,128	36,178,416	1,411,059,905

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

For the three months period ended 31 March 2023.

Item	Corporate	Small and medium enterprises	Individual (Retail)	Real estate loans	Government and the public sector	Total
	JD	JD	JD	JD	JD	JD
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the period	38,857,647	2,057,211	12,187,031	3,307,542	-	56,409,431
Impairment loss on new facilities during the period	451,525	11,044	171,301	349	-	634,219
Recoverable from impairment loss on settled facilities	(83,330)	(13,935)	(58,367)	(250)	-	(155,882)
Transfer to Stage 1	20,895	461	(37,588)	(390)	-	(16,622)
Transfer to Stage 2	(20,895)	(6,857)	860,745	29,159	-	862,152
Transfer to Stage 3	-	6,396	(823,157)	(28,769)	-	(845,530)
Effect on the provision as at the end of the period as a result of the change in classification between the three stages during the period	(68,269)	7,482	347,792	(27,511)	-	259,494
Changes resulting from modifications	497,400	326,551	1,926,902	2,101,766	-	4,852,619
Total balance at the end of the period	39,654,973	2,388,353	14,574,659	5,381,896	-	61,999,881

Redistribution:

Provisions on an individual basis	39,654,973	1,991,271	9,257,344	5,379,746	-	56,283,335
Provisions at a collective basis	-	397,082	5,317,315	2,150	-	5,716,546

Suspended revenue :

The movement on suspended revenue is as follows:

	Self financed							
	For the three months period ended 31 March 2023 (Reviewed)				For the year ended 31 December 2022 (Audited)			
	Individual (Retail)	Corporate	Small and medium enterprises	Total	Individual (Retail)	Corporate	Small and medium enterprises	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Balance at the beginning of the period / year	-	7,112	-	7,112	-	7,112	-	7,112
Add: suspended revenue during the period / year	-	-	-	-	-	-	-	-
Less: suspended revenue transferred to revenue	-	-	-	-	-	-	-	-
Balance at the end of the period / year	-	7,112	-	7,112	-	7,112	-	7,112

	Jointly financed							
	For the three months period ended 31 March 2023 (Reviewed)				For the year ended 31 December 2022 (Audited)			
	Individual (Retail)	Corporate	Small and medium enterprises	Total	Individual (Retail)	Corporate	Small and medium enterprises	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Balance at the beginning of the period / year	1,225,804	1,363,282	134,325	2,723,411	984,711	1,081,696	83,177	2,149,584
Add: suspended revenue during the period / year	132,934	85,414	36,469	254,817	609,566	288,274	52,271	950,111
Less: suspended revenue transferred to revenue	80,862	5,157	2,352	88,371	368,473	6,688	1,123	376,284
Balance at the end of the period / year	1,277,876	1,443,539	168,442	2,889,857	1,225,804	1,363,282	134,325	2,723,411

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

The details of this item are as follows:

	Jointly financed	
	31 March 2023 (Reviewed)	31 December 2022 (Audited)
	JD	JD
Quoted Financial Assets :		
Corporate Shares	1,908,629	1,748,930
Islamic Sukuk	49,906,517	53,086,503
Total Quoted Financial Assets	51,815,146	54,835,433
Unquoted Financial Assets:		
Corporate Shares	3,951,976	3,951,976
Islamic Sukuk	202,119,731	214,104,719
Total Unquoted Financial Assets	206,071,707	218,056,695
Total Financial Assets At Fair Value through Unrestricted Investment Accounts		
Holders' Equity	257,886,853	272,892,128
Less: Expected Credit Losses provision of financial assets	(214,477)	(232,941)
Financial Assets at Fair Value through Unrestricted Investment Accounts		
Holders' Equity-net	257,672,376	272,659,187

(8) LJARA MUNTAHIA BITTAMLEEK ASSETS - NET

	Jointly financed			Self financed			Total		
	Cost	Accumulated Depreciation	Net Value	Cost	Accumulated Depreciation	Net Value	Cost	Accumulated Depreciation	Net Value
31 March 2023 (Reviewed)	JD	JD	JD	JD	JD	JD	JD	JD	JD
ljara Muntahia Bittamleek assets-Real Estate	706,625,948	(110,426,986)	596,198,962	8,164,069	(1,816,264)	6,347,805	714,790,017	(112,243,250)	602,546,767
ljara Muntahia Bittamleek assets-Machines	67,066,178	(17,142,966)	49,923,212	-	-	-	67,066,178	(17,142,966)	49,923,212
ljara Muntahia Bittamleek assets-Vehicles	4,205,929	(376,605)	3,829,324	-	-	-	4,205,929	(376,605)	3,829,324
Total	777,898,055	(127,946,557)	649,951,498	8,164,069	(1,816,264)	6,347,805	786,062,124	(129,762,821)	656,299,303

	Jointly financed			Self financed			Total		
	Cost	Accumulated Depreciation	Net Value	Cost	Accumulated Depreciation	Net Value	Cost	Accumulated Depreciation	Net Value
	JD	JD	JD	JD	JD	JD	JD	JD	JD
<u>31 December 2022 (Audited)</u>									
ljara Muntahia Bittamleek assets-Real Estate	671,947,039	(105,315,553)	566,631,486	7,900,380	(1,731,500)	6,168,880	679,847,419	(107,047,053)	572,800,366
ljara Muntahia Bittamleek assets-Machines	55,246,985	(18,272,951)	36,974,034	-	-	-	55,246,985	(18,272,951)	36,974,034
ljara Muntahia Bittamleek assets-Vehicles	3,759,188	(233,816)	3,525,372	-	-	-	3,759,188	(233,816)	3,525,372
Total	730,953,212	(123,822,320)	607,130,892	7,900,380	(1,731,500)	6,168,880	738,853,592	(125,553,820)	613,299,772

- The accrued ljara installments amounted to JD 3,509,460 as of 31 March 2023 (JD3,300,078 as of 31 December 2022). Moreover, the accrued ljara installments were presented under deferred sales receivables and other receivables-net (Note 6).
- The non-performing ljara Muntahia Bittamleek amounted to JD 5,923,555 as of 31 March 2023, representing 0.90% of the balance of ljara Muntahia Bittamleek assets (JD 6,259,572 as of 31 December 2022, representing 1.02% of the balance of ljara Muntahia Bittamleek assets).

(9) OTHER ASSETS

The details of this item are as follows:

	31 March 2023 (Reviewed)	31 December 2022 (Audited)
	JD	JD
Seized assets by the bank against debts-net*	8,129,932	8,283,321
Prepaid expenses	2,530,506	1,540,096
Deposit Insurance Corporation fees/Prepaid	3,350,024	-
Accrued revenue	3,298,774	3,038,178
Stationery and printing inventory	260,267	239,181
Remittances clearing	42,985	-
Withholding income tax	26,137	21,695
Petty cash and advances	27,312	37,460
Other accounts receivable	803,291	795,418
Others	1,371,142	956,356
Total	19,840,370	14,911,705

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

	For the three months period ended 31 March 2023 (Reviewed)			For the year ended 31 December 2022 (Audited)
	Seized real estates self financed	Seized real estates jointly financed	Total	Total
	JD	JD	JD	JD
Balance at the beginning of the period / year	392,244	9,221,696	9,613,940	9,030,154
Additions	-	24,435	24,435	1,532,849
Sales and disposals	(515)	(165,591)	(166,106)	(949,063)
Total	391,729	9,080,540	9,472,269	9,613,940
Provision of seized assets (CBJ Instructions) /impairment of real estate	(343,441)	(998,896)	(1,342,337)	(1,330,619)
Balance at the end of the period / year	48,288	8,081,644	8,129,932	8,283,321

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

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

	For the three months period ended 31 March 2023 (Reviewed)			For the year ended 31 December 2022 (Audited)
	Seized real estates self financed	Seized real estates jointly financed	Total	Total
	JD	JD	JD	JD
Provision balance at the beginning of the period / year	(343,441)	(987,178)	(1,330,619)	(1,088,496)
Additions to the provision for depreciation in real estate	(2,609)	(32,453)	(35,062)	(222,164)
Additions to the provision for violating real estate (instructions of the Central Bank of Jordan)	-	-	-	(30,394)
Disposal from the provision for impairment of real estate	-	20,735	20,735	10,435
Disposal from the provision of seized assets (CBJ Instructions)	2,609	-	2,609	-
Balance at the end of the period / year	(343,441)	(998,896)	(1,342,337)	(1,330,619)

(10) INCOME TAX

A- Income tax provision

The movement on the income tax provision is as follows :

	For the three months period ended 31 march	For the year ended 31 December
	2023(Reviewed)	2022(Audited)
	JD	JD
Beginning balance for the period/year	8,746,097	8,332,402
Accrued income tax	4,053,647	10,842,374
Tax profits realized from the sale of financial assets through shareholders' equity for the subsidiary - self financed	13,540	-
Previous years adjustments (setting off tax deposits for the subsidiary)	-	(22,068)
Less: Income tax paid	(2,366,742)	(10,406,611)
Ending balance for the period/year	10,446,542	8,746,097

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

	For the three months period ended	
	31 march	
	2023 (Reviewed)	2022 (Reviewed)
	JD	JD
Income tax due	(4,053,647)	(2,519,033)
Add: Release deferred tax assets- self financed	(25,365)	-
Less: Deferred tax assets- self financed	-	80,387
Less: Deferred tax assets- jointly financed	1,730,310	234,184
Total	(2,348,702)	(2,204,462)

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

Tax status :

The bank:

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

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

The Subsidiary :

Misk Financial Brokerage Company:

- A tax clearance was obtained from the Income and Sales Tax Department until the end of 2021 expect for the year 2019 which had been submitted and still not reviewed by the Income and Sales Tax Department .

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

In the opinion of the bank's management and the tax consultant the provisions taken in the interim condensed consolidated Financial information are sufficient for the purposes of tax liabilities.

C- Deferred tax assets

The details of this item are as follows:

	For the three months period ended 31 March				For the year ended 31 December	
	2023 (Reviewed)				2022 (Audited)	
	Beginning Balance for	Released Amounts	Additional Amounts	Ending Balance for the period	Deferred tax	Deferred tax
	JD	JD	JD	JD	JD	JD
Deferred tax assets - self financed						
Provision of lawsuits against the bank	340,000	-	-	340,000	129,200	129,200
Provision for impairment of assets seized by the bank against debts and provision for seized real estate (CBJ regulations) - self financed	343,441	-	-	343,441	130,508	130,508
Provision for credit losses for the first and second stages - self financed	213,467	66,751	-	146,716	55,752	81,117
Difference in the application of Standard (32) islamic private Lease	773,338	-	-	773,338	293,868	293,868
Provision for contingent liabilities	100,000	-	-	100,000	38,000	38,000
Unpaid Employee bounses	317,178	-	-	317,178	120,528	120,528
Total Deferred tax assets - self financed	2,087,424	66,751	-	2,020,673	767,856	793,221
Deferred tax assets - jointly financed						
Provision for impairment of assets seized by the bank against debts and provision for seized real estate (CBJ regulations) - jointly financed	885,487	-	11,718	897,205	340,938	336,485
Provision for credit losses for the first and second stages - jointly financed	18,786,331	-	4,541,730	23,328,061	8,864,663	7,138,806
Total Deferred tax assets - jointly financed	19,671,818	-	4,553,448	24,225,266	9,205,601	7,475,291
Total	21,759,242	66,751	4,553,448	26,245,939	9,973,457	8,268,512

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

	For the three months period ended 31 March	For the year ended 31 December
	2023 (Reviewed)	2022 (Audited)
	JD	JD
Balance at the beginning of the period/year	793,221	669,296
Additions during the period/year	-	171,979
Amortized during the period/year	(25,365)	(48,054)
Balance at the End of the period/year	767,856	793,221

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

	For the three months period ended 31 March 2023 (Reviewed)	For the year ended 31 December 2022 (Audited)
	JD	JD
Balance at the beginning of the period/year	7,475,291	6,064,796
Additions during the period/year	1,730,310	1,410,495
Balance at the end of the period/year	9,205,601	7,475,291

(11) OTHER LIABILITIES

The details of this item are as follows:

	31 March 2023 (Reviewed)	31 December 2022 (Audited)
	JD	JD
Accrued and not paid expenses	1,508,077	850,782
Certified cheques	6,452,905	6,405,993
Expected credit losses on off - balance sheet items-self financed(Note 23)**	160,914	175,041
Expected credit losses on off balance sheet items - jointly financed(Note 23)***	1,133,194	1,148,342
Shareholders and customers deposits	8,525,152	7,611,239
Customers' share of profits from unrestricted investment	27,890,501	26,127,822
Temporary deposits*	11,166,807	11,842,010
Visa Claims	3,039,090	2,897,543
Others	797,658	938,593
Total	60,674,298	57,997,365

* It includes intermediate accounts for an amount of JD 9,123,949 as of 31 March 2023 (JD 9,227,465 as of 31 December 2022), which is the value of credits and deferred policies, and the value will be paid when due.

• **Expected credit losses**

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

A- Self financed

-Movement on indirect facilities for the three months period ended 31 March 2023 :

Item	Stage 1		Stage 2		Stage 3	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD		
Total balance at the beginning of the period	107,140,898	-	6,535,153	-	125,309	113,801,360
New exposures during the period	19,083,451	-	740,067	-	-	19,823,518
Accrued exposures	(9,183,544)	-	(1,354,106)	-	-	(10,537,650)
Transfer to Stage 1	2,759,705	-	(2,759,705)	-	-	-
Transfer to Stage 2	(611,742)	-	622,242	-	(10,500)	-
Transfer to Stage 3	-	-	-	-	-	-
The total impact on the size of exposures as a result of changing the classification between stages	10,431	-	(200,407)	-	-	(189,976)
Changes resulting from modifications	(5,857,842)	-	(94,996)	-	-	(5,952,838)
Total balance at the end of the period	113,341,357	-	3,488,248	-	114,809	116,944,414

-Movement on the provision for expected credit losses for indirect facilities /self financed for the three months period ended 31 March 2023:

Item	Stage 1		Stage 2		Stage 3	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD		
Balance at the beginning of the period	150,581	-	24,460	-	-	175,041
Impairment loss on new exposures during the period	12,612	-	8,347	-	-	20,959
Impairment loss of matured / derecognized exposures	(8,403)	-	(994)	-	-	(9,397)
Transfer to Stage 1	4,406	-	(4,406)	-	-	-
Transfer to Stage 2	(1,961)	-	1,961	-	-	-
Transfer to Stage 3	-	-	-	-	-	-
Effect on the provision as at the end of the period as a result of the change in classification between the three stages during the period	(3,206)	-	1,513	-	-	(1,693)
Changes resulting from modifications	(22,193)	-	(1,803)	-	-	(23,996)
Total balance at the end of the period	131,836	-	29,078	-	-	160,914

***Expected credit loss of indirect facilities

B- jointly financed

- Movement on indirect facilities for the three months period ended 31 March 2023 :

Item	Stage 1		Stage 2		Stage 3	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD	JD	JD
Total balance at the beginning of the period	167,708,178	-	2,961,525	-	-	170,669,703
New exposures during the period	29,471,455	-	555,337	-	-	30,026,792
Accrued exposures	(22,834,624)	-	(326,996)	-	-	(23,161,620)
Transfer to Stage 1	1,032,498	-	(1,032,498)	-	-	-
Transfer to Stage 2	(517,900)	-	517,900	-	-	-
Transfer to Stage 3	-	-	-	-	-	-
The total impact on the size of exposures as a result of changing the classification between stages	1,262,006	-	(68,868)	-	-	1,193,138
Changes resulting from modifications	15,272,199	-	(335,700)	-	-	14,936,499
Total balance at the end of the period	191,393,812	-	2,270,700	-	-	193,664,512

- Movement on the provision for expected credit losses for indirect facilities /jointly financed for the three months period ended 31 March 2023 :

Item	Stage 1		Stage 2		Stage 3	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the period	1,096,452	-	51,890	-	-	1,148,342
Impairment loss on new exposures during the period	71,172	-	9,896	-	-	81,068
Impairment loss of matured / derecognized exposures	(50,823)	-	(9,018)	-	-	(59,841)
Transfer to Stage 1	13,611	-	(13,611)	-	-	-
Transfer to Stage 2	(7,752)	-	7,752	-	-	-
Transfer to Stage 3	-	-	-	-	-	-
Effect on the provision as at the end of the period as a result of the change in classification between the three stages during the period	8,460	-	(2,607)	-	-	5,853
Changes resulting from modifications	(36,114)	-	(6,114)	-	-	(42,228)
Total balance at the end of the period	1,095,006	-	38,188	-	-	1,133,194

(12) UNRESTRICTED INVESTMENT ACCOUNTS

The details of this item are as follows:

31 March 2023 (Reviewed)						
	Individual	Corporate	Small and medium enterprises	Governmental and Public sector	Banks and Financial Institutions	Total
	JD	JD	JD	JD	JD	JD
Saving accounts	176,833,238	34,924,835	55,936,765	6,111,691	30,467,283	304,273,812
Term accounts / Investing deposits	929,724,517	187,783,544	94,077,330	176,420,699	-	1,388,006,090
Certificates of investing deposit	193,989,436	10,812,809	14,274,232	38,225,037	53,819,998	311,121,512
Total	1,300,547,191	233,521,188	164,288,327	220,757,427	84,287,281	2,003,401,414
Depositors' share from investments' revenue	13,976,907	2,500,416	1,445,476	2,597,978	747,128	21,267,905
Total unrestricted investment accounts	1,314,524,098	236,021,604	165,733,803	223,355,405	85,034,409	2,024,669,319

31 December 2022 (Audited)						
	Individual	Corporate	Small and medium enterprises	Governmental and Public sector	Banks and Financial Institutions	Total
	JD	JD	JD	JD	JD	JD
Saving accounts	177,773,742	26,744,680	49,189,613	5,707,890	28,950,959	288,366,884
Term accounts / Investing deposits	880,052,230	206,978,206	93,892,953	191,523,819	6,422,843	1,378,870,051
Certificates of investing deposit	160,658,806	5,233,022	13,403,169	27,770,873	37,816,624	244,882,494
Total	1,218,484,778	238,955,908	156,485,735	225,002,582	73,190,426	1,912,119,429
Depositors' share from investments' revenue	40,246,149	8,298,053	4,427,200	8,247,442	1,995,940	63,214,784
Total unrestricted investment accounts	1,258,730,927	247,253,961	160,912,935	233,250,024	75,186,366	1,975,334,213

- Unrestricted investment accounts share of profit is calculated as follows:
- 20% to 50% of the minimum balance of saving accounts in Jordanian Dinar.
- 14% to 33% of the minimum balance of saving accounts in foreign currencies.
- 58% to 97% of the average term accounts in Jordanian Dinar.
- 18% to 61% of the average term accounts in foreign currencies.
- 90% of the average balances of investing certificates of deposit in Jordanian Dinar.
- 80% to 85% of average balances of certificates of investing deposit in foreign currencies .
- The general percentage of the profit on the Jordanian Dinar for the period ended 31 March 2023 is (4.34%) (for the same period last year was (3.14 %)).
- The general percentage of the profit on USD for the period ended 31 March 2023 is (3.50%) (for the same period last year was (0.94%)).
- The unrestricted investment accounts for the Government and Public sector amounted to JD 223,355,405 as of 31 March 2023 which represents 11.03 % of the total unrestricted investment accounts (As of 31 December 2022 amounted to JD 233,250,024 which represents 11.81% of the total unrestricted investment accounts).
- The restricted accounts amounted to JD 1,154,866 as of 31 Marchr 2023 which represents 0.06% of the total unrestricted investment (As of 31 December 2022 amounted to JD 351,127 which represent 0.02% of the total unrestricted investment).
- The dormant accounts as of 31 March 2023 amounted to JD 19,102,617 (As of 31 December 2022 amounted to JD 18,942,524).

(13) DEFERRED SALES REVENUE

The details of this item are as follows:

For the three months period ended 31 March

	2023(Reviewed)		2022(Reviewed)	
	Jointly financed	Self financed	Jointly financed	Self financed
	JD	JD	JD	JD
Individuals (Retail)				
Murabaha to the purchase orderer	7,043,264	24,012	6,067,164	22,650
Real estate facilities	372,674	-	513,706	-
Corporate				
International Murabaha	27,997	-	5,968	-
Murabaha to the purchase orderer	9,135,669	-	5,366,107	-
Small and medium enterprises				
Murabaha to the purchase orderer	888,765	-	664,144	-
Government and the public sector	4,781,484	-	3,257,109	-
Total	22,249,853	24,012	15,874,198	22,650

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

The details of this item are as follows:

	Jointly financed	
	For the three months period ended 31 March	
	2023 (Reviewed)	2022 (Reviewed)
	JD	JD
Shares dividends	487	5,185
Gains from sale of financial assets	7,642	3,359
Islamic Sukuk profits	2,594,699	544,605
Total	2,602,828	553,149

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

The details of this item are as follows:

	Jointly financed							
	For the three months period ended 31 March							
	2023 (Reviewed)				2022(Reviewed)			
	Realized gains	Unrealized (losses) gains	Dividends	Total	Realized gains	Unrealized (losses) gains	Dividends	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Corporate Shares	-	-	-	-	317	11,896	344	12,557
Sukuk	7,385	-	-	7,385	16,537	(25,996)	-	(9,459)
Total	7,385	-	-	7,385	16,854	(14,100)	344	3,098
Less:								
Contract commission	-	-	-	-	502	-	-	502
Total	7,385	-	-	7,385	16,352	(14,100)	344	2,596

(16) BANK'S SELF FINANCED REVENUE

The details of this item are as follows:

Note	Self financed	
	For the three months period ended	
	31 March	
	2023 (Reviewed)	2022 (Reviewed)
	JD	JD
Ijara Muntahia Bittamleek revenue	188,400	158,680
Deferred sales revenue	24,012	22,650
(Losses) from financial assets at fair value through profit or loss - self financed	-	(7,580)
Total	212,412	173,750

(17) EARNINGS PER SHARE FOR THE PERIOD

The details of this item are as follows:

	For the three months period ended	
	31 March	
	2023 (Reviewed)	2022 (Reviewed)
	JD	JD
Profit for the period	3,803,745	3,556,470
	Share	Share
Weighted average number of shares	100,000,000	100,000,000
	JD/Fils	JD/Fils
Basic and diluted earnings per share for the period	0/038	0/036

(18) CASH AND CASH EQUIVALENTS

The details of this item are as follows:

	For the three months period ended	
	31 March	
	2023 (Reviewed)	2022 (Reviewed)
	JD	JD
Cash and balances at the CBJ maturing within three months	165,724,666	405,983,227
Add: cash at banks and banking institutions maturing within three months	22,141,241	10,382,365
Less: banks and financial banking accounts maturing within three months	(13,200,657)	(21,852,377)
Total	174,665,250	394,513,215

(19) RELATED PARTY TRANSACTIONS

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

Total						
			31 March	31 December		
			2023 (Reviewed)	2022 (Audited)		
	Main shareholders	Senior management	Board of Directors members	Ethihad Islamic investment company*	Sharia directors members	
	JD	JD	JD	JD	JD	JD
<u>Condensed consolidated interim statements of financial position items:</u>						
Balances at banks and banking institutions	-	-	-	445,917	-	445,917
Unrestricted investments accounts and current accounts	183,535	1,135,313	20,142,072	10,589,119	80,922	32,130,961
Deferred sales receivables and facilities	-	343,969	11,002	-	-	354,971
Ijara Muntahia Bitamleek assets	-	1,480,403	485,280	-	-	1,965,683
						2,023,365
<u>Off statement of financial position items:</u>						
Letters of guarantee	-	-	1,500	-	-	1,500
<u>Condensed consolidated interim statement of profit or loss and comprehensive income items:</u>						
For the three months ended 31 March						
			2023 (Reviewed)	2022 (Reviewed)		
Dividends	25	8,971	142,637	139,348	84	135,784
Salaries and bonuses	-	428,889	13,753	-	13,097	448,896
Transportation	-	-	150,403	-	13,200	119,700
Card Services	-	-	-	2,127	-	1,418

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

-The lowest and highest received Murabaha rate were 5.47% and 9.46% respectively.

-The lowest and highest rate of Ijara Muntahia Bitamleek received by the Bank were 3.73% and 6.55% respectively.

-The lowest and highest distributed profit rate were 0.119% and 5.602% respectively.

-Executive management salaries and benefits for the period ended 31 March 2023 amounted to JD 428,889 (JD 422,037 as of 31 March 2022).

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

(20) SEGMENT INFORMATION

A. Information on the Bank's Activities

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

Individuals Accounts:-

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

Corporate Accounts:-

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

Treasury:-

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

	For the three months period ended					
	31 March					
	2023 (Reviewed)		2022 (Reviewed)			
	Total	Total	Total	Total	Total	Total
	JD	JD	JD	JD	JD	JD
Net revenue (joint and self financed)	4,028,163	10,183,463	5,037,767	287,141	19,536,534	15,607,945
Expected credit losses (joint and self financed)	(2,385,071)	(3,116,130)	33,835	-	(5,467,366)	(3,047,047)
Results of segment's operations	1,643,092	7,067,333	5,071,602	287,141	14,069,168	12,560,898
Distributed expenses	(921,052)	(535,530)	(139,781)	-	(1,596,363)	(499,448)
Undistributed expenses	-	-	-	(6,320,358)	(6,320,358)	(6,300,518)
Profit for the period before tax	722,040	6,531,803	4,931,821	(6,033,217)	6,152,447	5,760,932
Income tax expense	-	-	-	(2,348,702)	(2,348,702)	(2,204,462)
Profit for the period	722,040	6,531,803	4,931,821	(8,381,919)	3,803,745	3,556,470

	For the three months period ended					
	31 March					
	2023 (Reviewed)		2022 (Reviewed)			
	Total	Total	Total	Total	Total	Total
	JD	JD	JD	JD	JD	JD
Segments' assets	823,287,185	1,038,210,560	700,217,305	-	2,561,715,050	2,527,630,664
Undistributed assets	-	-	-	63,523,814	63,523,814	56,486,591
Total assets	823,287,185	1,038,210,560	700,217,305	63,523,814	2,625,238,864	2,584,117,255
Segments' liabilities and total equity of unrestricted investment accounts holders	1,515,756,618	750,706,579	101,273,832	-	2,367,737,029	2,335,084,933
Undistributed liabilities	-	-	-	81,880,596	81,880,596	77,227,981
Total liabilities and Total equity of unrestricted investment accounts holders	1,515,756,618	750,706,579	101,273,832	81,880,596	2,449,617,625	2,412,312,914

	For the three months period ended	
	31 March	
	2023 (Reviewed)	2022 (Reviewed)
	JD	JD
Capital expenditure	578,031	667,882
Depreciation and amortization	769,136	772,483

Geographical Distribution Information

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

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

	31 March 2023 (Reviewed)			31 December 2022 (Audited)		
	Inside Jordan	Outside Jordan	Total	Inside Jordan	Outside Jordan	Total
	JD	JD	JD	JD	JD	JD
	JD	JD	JD	JD	JD	JD
Total assets	2,484,060,435	141,178,429	2,625,238,864	2,455,115,206	129,002,049	2,584,117,255

	For the three months period ended			For the three months period ended		
	31 March 2023 (Reviewed)			31 March 2022 (Reviewed)		
	Inside Jordan	Outside	Total	Inside Jordan	Outside Jordan	Total
	JD	JD	JD	JD	JD	JD
Net revenue	18,139,823	1,396,711	19,536,534	15,169,399	438,546	15,607,945
Capital expenditure	578,031	-	578,031	667,882	-	667,882

(21) CAPITAL MANAGEMENT

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

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

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

	31 March 2023(Reviewed) JD"000	31 December 2022(Audited) JD"000
Basic capital items	167,476	164,358
Authorised and (Paid) up capital	100,000	100,000
Retained earnings	39,616	39,581
Statutory reserve	32,209	32,209
Proposed dividends	-	-
Full fair value reserve - (Self financed)	(7)	15
The bank's share of the fair value reserve in full if the fund's are mixed	(400)	(489)
Profit for the period after tax and after proposed dividends	3,804	-
Intangible assets	(1,955)	(2,002)
Deferred tax assets	(768)	(793)
The Bank's share of the deferred tax assets in case of (jointly financed)	(4,210)	(3,591)
The bank's share in the capital of banks and financial Institutions that is less than 10%	(813)	(572)
Additional capital	-	-
Additional capital	3,674	3,509
Self financed general banking risks reserve and the bank's share from the General banking risks reserve (joint) (not to exceed 1.25% of financial assets weighted by credit risks)	3,674	3,509
Investment in financial banks and takaful companies that is less than 10%	-	-
Total regulatory capital	171,150	167,867
Total risk weighted assets	989,951	995,811
Capital adequacy ratio (%)	17.29%	16.86%
Basic capital ratio (%)	16.92%	16.50%
First slide ratio Tier 1 (%)	16.92%	16.50%
Second slide ratio Tier 2 (%)	0.37%	0.35%
Leverage ratio	15.70%	15.35%

(22) Liquidity Coverage Ratio

-The liquidity coverage ratio in total amounted to 267.7% as on 31 March 2023 with an average rate of 307.9% during the period (235.8% as on 31 December 2022 and an average rate of 367.8% during the year).

- The liquidity coverage ratio in Jordanian Dinars reached 256.1% as at 31 March 2023 with an average rate of 290.3% during the period (233.9% as at 31 December 2022 and an average rate of 318.5 % during the year).

(23) CONTINGENT COMMITMENTS (OFF BALANCE SHEET)**A. Contingent credit and commitments/self financed***

	31 March 2023 (Reviewed)	31 December 2022 (Audited)
	JD	JD
Letters of credit	26,876,600	29,950,341
Acceptances	45,851,632	39,972,923
Letters of guarantee:		
-Payment	15,567,586	16,243,883
-Performance	16,194,080	16,412,649
-Others	12,454,516	11,221,564
Total	116,944,414	113,801,360

B. Contingent credit and commitments/jointly financed

Unutilized credit limits / direct	193,664,512	170,669,703
Total	193,664,512	170,669,703

*Indirect unutilized credit limits / self financed amounted to JD 27,364,028 as of 31 March 2023 .

The expected credit losses recorded against contingent credit commitments/self financed amounted under the implementation instructions of FAS (30) issued by Organization for Islamic Financial Institutions to JD 160,914 as of 31 March 2023 (JD 175,041 as of 31 December 2022) and recorded in the other liabilities (note 11).

The expected credit losses recorded against contingent credit commitments/jointly financed amounted under the implementation instructions of FAS (30) issued by Organization for Islamic Financial Institutions to JD 1,133,194 as of 31 March 2023 (JD 1,148,342 as of 31 December 2022) and recorded in other liabilities (note 11).

(24) LAWSUITS AGAINST THE BANK

The Bank is a defendant in a number of lawsuits, which amounted to JD 1,374,695 as of 31 March 2023 (JD 735,575 as of 31 December 2022) and that is within the bank's normal activity. In the opinion of the Bank's Management and its legal advisor, the related provision of JD 340,000 is adequate should any liabilities arise therefrom.

(25) FAIR VALUE HIERARCHY

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

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

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

Financial Assets/Financial Liabilities	Fair value as at		Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable	Relationship of unobservable inputs to fair value
	31 March 2023 (Reviewed)	31 December 2022 (Audited)				
	JD	JD				
Financial assets at fair value through statement profit or loss	-	35,143	Level 1	Quoted rates in financial markets	Not applicable	Not applicable
Financial assets at fair value through shareholders' equity - self financed	526,000	235,000	Level 1	Quoted rates in financial markets	Not applicable	Not applicable
Financial assets at fair value through unrestricted investment accounts' holders equity - net						
Quoted shares	1,908,629	1,748,930	Level 1	Quoted rates in financial markets	Not applicable	Not applicable
Quoted sukuk	49,692,040	52,853,562	Level 1	Quoted rates in financial markets	Not applicable	Not applicable
Unquoted shares	3,951,976	3,951,976	Level 3	The latest financial prices available	Not applicable	Not applicable
Unquoted sukuk	202,119,731	214,104,719	Level 2	A similar financial instrument	Not applicable	Not applicable
Total Financial assets at fair value through unrestricted investments accounts - net	257,672,376	272,659,187				
Total	258,198,376	272,929,330				

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

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

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

	31 March 2023 (Reviewed)		31 December 2022 (Audited)		Fair value hierarchy
	Book value	Fair value	Book value	Fair value	
	JD	JD	JD	JD	
Financial assets not determined at fair value					
Deferred sales receivables and other receivables - net	1,351,148,712	1,544,131,415	1,316,974,157	1,495,952,663	Level 2
Financial assets at amortized cost	37,313,000	37,491,939	37,313,000	38,017,572	Level 2
Ijara Muntahia Bittamleek assets-net	656,299,303	656,299,303	613,299,772	613,299,772	Level 2
Total financial assets not determined at fair value	2,044,761,015	2,237,922,657	1,967,586,929	2,147,270,007	
Financial liabilities not determined at fair value					
Customers' current accounts and unrestricted investment accounts	2,312,629,089	2,340,309,610	2,275,212,493	2,301,137,367	Level 2
Cash margin accounts	42,781,698	42,991,678	42,900,132	43,103,080	Level 2
Total financial liabilities not determined at fair value	2,355,410,787	2,383,301,288	2,318,112,625	2,344,240,447	

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

Financial Accounting Standard No. 39 “Financial Reporting on Zakat

This standard improves and replaces the previously issued Financial Accounting Standard 9 “Zakat”. This standard aims to specify the accounting treatment of Zakat in the records of Islamic financial institutions, including presentation and disclosure in their financial statements.

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

And this standard became effective as of 1 Jan 2023 and has no material impact on the interim condensed consolidated financial information for the three months ended 31 March 2023

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

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

The standard applies to all Islamic financial institutions and other institutions that follow the financial accounting standards 2021 issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI). Financial Accounting Standard No. 1 - Amended 2022 is aligned with the amendments to the “Conceptual Framework for Financial Reporting of the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI)” (Amendment 2020) (Conceptual Framework). Amended Financial Accounting Standard No. 1 – 2021 will help prepare clear, transparent, and understandable financial statements, and in turn, will help users of financial statements to make better economic decisions.

The date of application of this standard is as of January 1, 2024, with early application permitted, and it has no material impact on the interim condensed consolidated financial information for the three months ended on 31 March 2023