

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

CONSOLIDATED CONDENSED INTERIM FINANCIAL
INFORMATION FOR THE PERIOD
ENDED SEPTEMBER 30, 2021

BANK AL ETIHAD
(PUBLIC SHAREHOLDING COMPANY)
AMMAN - HASHEMITE KINGDOM OF JORDAN
CONSOLIDATED CONDENSED INTERIM FINANCIAL
INFORMATION TOGETHER WITH
THE REVIEW REPORT FOR THE NINE MONTHS
PERIOD ENDED SEPTEMBER 30, 2021

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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 consolidated condensed interim statement of financial position of Bank Al Etihad (a Public Shareholding Company) (The "Bank") and its subsidiaries (The "Group") as of September 30, 2021 and the related consolidated condensed interim statements of profit or loss, and comprehensive income for the three months and nine months period ended September 30, 2021 and changes in owners' equity and cash flows for the nine months period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for preparation and fair presentation of this consolidated condensed 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 statements 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 consolidated condensed 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 consolidated condensed 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 consolidated condensed interim financial statements are a translation of the statutory financial statements in Arabic language to which reference should be made.

Amman – Jordan
October 27, 2021


Deloitte & Touche (M.E.) – Jordan

Deloitte & Touche (M.E.)

ديلويت آند توش (الشرق الأوسط)

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

	Note	September 30, 2021 (Reviewed)	December 31, 2020 (Audited)
Assets:			
		JD	JD
Cash and balances at the Central Bank of Jordan	5	782,937,441	721,060,432
Balances at banks and financial institutions	6	659,742,354	397,084,528
Deposits at banks and financial institutions	7	20,090,543	4,448,457
Financial assets at fair value through profit or loss	8	22,755,394	15,219,896
Direct credit and financing facilities - net	9	3,272,667,130	2,951,628,133
Financial assets at fair value through other comprehensive income	10	38,965,683	31,654,110
Financial assets at amortized cost	11	984,375,051	904,003,434
Investments in associates		343,709	349,507
Property and equipment - net		64,824,121	68,782,265
Deferred tax assets		25,795,019	25,590,727
Right of use assets		27,948,483	27,031,520
Intangible assets - net		26,948,876	27,046,436
Other assets	12	102,456,140	99,743,804
TOTAL ASSETS		6,029,849,944	5,273,643,249
LIABILITIES AND OWNERS' EQUITY:			
LIABILITIES:			
Deposits at banks and financial institutions		326,820,971	280,688,045
Customers deposits	13	4,651,097,282	4,003,010,992
Cash margins		294,623,704	251,302,459
Borrowed funds	14/A	98,307,661	90,152,003
Subordinated loans	14/B	21,300,000	21,300,000
Sundry provisions		886,455	1,333,898
Lease contracts liabilities		26,956,110	26,453,949
Income tax provision	15	13,721,575	24,618,987
Deferred tax liabilities		167,229	-
Other liabilities	16	78,220,148	68,379,574
TOTAL LIABILITIES		5,512,101,135	4,767,239,907
OWNERS' EQUITY:			
BANK'S SHAREHOLDERS' EQUITY:			
Authorized and Paid-up capital	17	160,000,000	160,000,000
Share premium	17	80,213,173	80,213,173
Statutory reserve	18	61,004,473	61,004,473
Voluntary reserve	18	41,829,012	41,829,012
Fair value reserve - net		(195,106)	(2,609,036)
Retained earnings		50,778,888	67,518,099
Profit for the period		23,082,868	-
TOTAL BANK'S SHAREHOLDERS' EQUITY		416,713,308	407,955,721
Non-controlling interests		101,035,501	98,447,621
TOTAL OWNERS' EQUITY		517,748,809	506,403,342
TOTAL LIABILITIES AND OWNERS' EQUITY		6,029,849,944	5,273,643,249

THE ACCOMPANYING NOTES FROM (1) TO (29) CONSTITUTE AN INTEGRAL PART OF THESE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION AND SHOULD BE READ WITH THEM AND WITH THE ACCOMPANYING REVIEW REPORT.

Chairman of Board of Directors

Chief Executive Officer

BANK AL ETIHAD
(PUBLIC SHAREHOLDING COMPANY)
AMMAN - HASHEMITE KINGDOM OF JORDAN
CONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2021

	Note	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
		2021 (Reviewed) JD	2020 (Reviewed) JD	2021 (Reviewed) JD	2020 (Reviewed) JD
Interest income and returns		66,478,180	61,855,135	194,631,442	188,886,466
Interest and debit expense		26,881,267	23,622,802	76,615,608	78,795,971
Net Interest Income and returns		39,596,913	38,232,333	118,015,834	110,090,495
Net commission income		6,781,991	6,565,640	18,771,910	16,299,934
Net Interest and Commission Income and returns		46,378,904	44,797,973	136,787,744	126,390,429
Foreign currency income		1,308,598	1,838,430	4,278,666	3,929,430
Gain from financial assets at fair value through profit or loss	19	(225,307)	1,072,148	2,527,440	227,896
Gain from financial assets at amortized cost	11	578,783	(26,590)	733,448	106,970
Dividends from financial assets at fair value through other comprehensive income	10	20,623	45,318	464,615	598,389
Other income		236,498	293,644	1,943,975	1,040,648
Gross Income		48,298,099	48,020,923	146,735,888	132,293,762
Expenses:					
Employees expenses		12,510,651	10,801,909	36,265,972	32,426,245
Depreciation and amortization		3,864,540	3,576,346	11,242,051	10,404,999
Other expenses		6,883,265	8,309,158	23,592,015	24,396,872
Provision for expected credit loss	21	7,263,192	12,130,023	24,776,498	27,597,561
Provision (surplus) for impairment in foreclosed assets	12	544,727	-	1,366,939	(68,297)
(Surplus) of sundry provisions		(287,633)	(136,168)	(447,443)	319,332
Amortization of assets right of use		978,252	966,176	2,829,105	2,870,341
Rent expense		126,323	100,596	336,686	319,539
Finance cost		271,494	227,655	769,851	733,941
Total Expenses		32,154,811	35,975,695	100,731,674	99,000,533
Income from operations		16,143,288	12,045,228	46,004,214	33,293,229
Bank's share from associate profits		-	-	451	5,485
Income for the Period before Income Tax Expense		16,143,288	12,045,228	46,004,665	33,298,714
Income tax expense	15	(5,862,536)	(4,006,890)	(16,164,753)	(11,832,161)
Income for the Period		10,280,752	8,038,338	29,839,912	21,466,553
Attributed to:					
Bank's Shareholders		7,953,137	6,424,111	23,082,868	16,636,502
Non-Controlling Interest		2,327,615	1,614,227	6,757,044	4,830,051
		<u>10,280,752</u>	<u>8,038,338</u>	<u>29,839,912</u>	<u>21,466,553</u>
Basic and diluted earnings per share for the period attributable to the Bank's Shareholders	20	0.050	0.040	0.144	0.104

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Chairman of the Board of Directors

Chief Executive Officer

BANK AL ETIHAD
(PUBLIC SHAREHOLDING COMPANY)
AMMAN - HASHEMITE KINGDOM OF JORDAN
CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2021

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2021 (Reviewed)	2020 (Reviewed)	2021 (Reviewed)	2020 (Reviewed)
	JD	JD	JD	JD
Income for the Period	10,280,752	8,038,338	29,839,912	21,466,553
Add other comprehensive income items after tax not subsequently transferable to condensed interim consolidated statement of Profit or loss:				
Unrealized gain (loss) on valuation of financial assets at fair value through comprehensive income	<u>(651,525)</u>	<u>(559,228)</u>	<u>2,413,930</u>	<u>(2,214,243)</u>
Total Comprehensive Income for the Period	<u>9,629,227</u>	<u>7,479,110</u>	<u>32,253,842</u>	<u>19,252,310</u>
Total Comprehensive Income for the Period Attributed to:				
Bank's shareholders	7,301,612	5,864,883	25,496,798	14,422,259
Non-controlling interest	<u>2,327,615</u>	<u>1,614,227</u>	<u>6,757,044</u>	<u>4,830,051</u>
	<u>9,629,227</u>	<u>7,479,110</u>	<u>32,253,842</u>	<u>19,252,310</u>

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BANK AL ETIHAD
(PUBLIC SHAREHOLDING COMPANY)
AMMAN - HASHEMITE KINGDOM OF JORDAN
CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN OWNERS' EQUITY
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021

		Equity - Bank's Shareholders												
Note	Authorized and paid-up Capital	Share Premium		Statutory		Reserves		Fair Value Reserve - net		Retained Earnings	Profit for the Period	Total	Non-controlling Interests	Total Owners' Equity
		JD	JD	JD	JD	JD	JD	JD	JD					
	160,000,000	80,213,173	61,004,473	41,829,012	(2,609,036)	67,518,099	-	407,955,721	98,447,621	506,403,342				
	-	-	-	2,413,930	23,082,868	-	25,496,798	6,757,044	32,253,842					
17	-	-	-	-	(421,030)	-	(421,030)	-	(421,030)	-	(421,030)	-	-	(421,030)
	-	-	-	-	(16,000,000)	-	(16,000,000)	-	(16,000,000)	-	(16,000,000)	-	(2,257,785)	(18,257,785)
	-	-	-	-	(318,181)	-	(318,181)	-	(318,181)	-	(318,181)	(1,911,379)	(1,911,379)	(2,229,560)
4	160,000,000	80,213,173	61,004,473	41,829,012	(195,106)	50,778,888	23,082,868	416,713,308	101,035,501	517,748,809				
	160,000,000	80,213,173	56,257,522	38,833,125	372,413	51,596,833	-	387,273,066	91,971,047	479,244,113				
	-	-	-	-	(2,214,243)	-	16,636,502	14,422,259	4,830,051	19,252,310				
	-	-	-	-	-	71,883	-	71,883	-	71,883	-	-	-	71,883
	160,000,000	80,213,173	56,257,522	38,833,125	(1,841,830)	51,668,716	16,636,502	401,767,208	96,801,098	498,568,306				

For the Nine Months Ended September 30, 2021

Balance - Beginning of the Period

Gross comprehensive income for the period

Realized losses on sale of financial assets through other comprehensive income

Dividends

Net change in non-controlling interests as a result of the increase in shares of a subsidiary

Balance - End of the Period

For the Nine Months Ended September 30, 2020

Balance - Beginning of the Period

Gross comprehensive income for the period

Realized losses on sale of financial assets through other comprehensive income

Balance - End of the Period

- A restricted balance from the retained earnings and income for the period which amounted to JD 24,714,846 as of September 30, 2021 (JD 23,236,111 as of December 31, 2020), represents deferred tax assets, and according to the Central Bank of Jordan, these amounts can not be used unless a prior approval is obtained.

- Retained earnings balance includes an amount of JD 2,306,125 which represents unrealized gain from revaluation of financial assets at fair value through profit or loss.

- It is forbidden to use the excess of the general banking risk reserve balance the transferred to retained earnings in the amount of JD 108,397 of September 30, 2021 that belongs to Safwa Islamic Bank unless a prior approval is obtained from the Central Bank of Jordan

- It is forbidden to dispose of an amount equivalent to the balance of the negative fair value reserve before the effect of tax, in accordance with the instructions of the Securities Commission in the Hashemite Kingdom of Jordan.

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

	Note	For the Nine Months Ended September 30,	
		2021 (Reviewed)	2020 (Reviewed)
Cash flow from operating activities		JD	JD
Income for the period before income tax		46,004,665	33,298,714
Adjustments:			
Depreciation and amortization		11,242,051	10,404,999
Expected credit loss	21	24,776,498	27,597,561
Amortization of right of use assets		2,829,105	2,870,341
Interests on lease liabilities		769,851	733,941
(Gain) from the sale of financial assets at amortized cost	11	(733,448)	(106,970)
Provision (surplus) for the impairment of foreclosed assets	12	1,366,939	(68,297)
(Gain) losses from valuation of unrealized financial assets	19	(828,814)	1,012,299
Losses on sale of property and equipment		43,337	136,285
(Gains) losses from the valuation of transferred loans		(8,764)	7,977
(Surplus) Various Provision		(447,443)	319,332
Losses from sale of assets seized against debts	12	483,856	23,981
Bank's share of associate company (profit)		(451)	(5,485)
Effect of exchange rate fluctuations on cash and cash equivalents		(1,248,594)	(1,621,305)
Profit before changes in assets and liabilities		84,248,788	74,603,373
CHANGES IN ASSETS AND LIABILITIES:			
Restricted cash balances		(2,104)	(689,114)
Direct credit and financing facilities		(344,621,647)	(340,391,694)
Financial assets at fair value through statement of profit or loss		(6,706,684)	(1,421,329)
Deposits at banks and financial institutions		(15,647,825)	-
Deposits at banks and financial institutions exceeding 3 months		30,500,000	(21,273,000)
Other assets		(4,554,367)	10,418,924
Customers' deposits		648,086,290	415,828,270
Cash margins		43,321,245	37,912,426
Other liabilities		9,231,092	(4,098,435)
Net Cash Flow from Operating Activities before Income and Other Provision Paid		443,854,788	170,889,421
Income tax paid	15	(28,373,671)	(24,714,054)
Paid various provisions		-	(67,188)
Net Cash Flow from Operating Activities		415,481,117	146,108,179
Net cash flow from Investing activities			
Net (purchase) of financial assets at fair value through other comprehensive income	10	(4,044,230)	(1,696,138)
Net (purchase) sale of financial assets at amortized cost	11	(265,388,093)	(163,519,597)
Maturity of financial assets at amortized cost	11	185,588,068	97,261,602
(Purchase) of intangible assets		(4,273,330)	(4,470,785)
(Purchase) of property and equipment		(2,987,144)	(4,763,056)
Proceeds from sale of property and equipment		30,789	27,880
Cash dividends received from associate company		6,250	10,000
Net Cash (used in) Investing Activities		(91,067,690)	(77,150,094)
Cash Flow from Financing activities			
Increase in borrowed funds	14/a	8,155,658	17,546,315
Increase in subordinated loan	14/b	-	21,300,000
Dividends to shareholders	17	(18,342,656)	(17,857)
Payments of principal lease obligation		(3,770,805)	(3,689,823)
Repayment of part of the interest of the lease liabilities		(242,953)	(87,038)
Net change in non-controlling interests as a result of the increase in the ownership of a subsidiary	4	(2,229,560)	-
Net Cash (used In) Cash Flow from Financing Activities		(16,430,316)	35,051,597
Net Increase in cash and cash equivalents		307,983,111	104,009,683
Effect of exchange rate changes on cash and cash equivalents		1,248,594	1,621,305
Cash and cash equivalents at the beginning of the year		854,690,830	783,603,025
Cash and Cash Equivalents at the End of the Period	22	1,163,922,535	889,234,012

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BANK AL ETIHAD
(PUBLIC SHAREHOLDING COMPANY)
NOTES TO THE CONSOLIDATED CONDENSED
FINANCIAL INFORMATION

1. Establishment and Activities

- Bank Al Etihad is a public shareholding company incorporated in Jordan during 1978, in accordance with the Companies Law No (12) of (1964) with a paid-up capital of JD 2,125,000 /share. Its main branch located in Amman, and it was transformed to a bank during the year 1991.
- The Bank capital was increased gradually, the last increase was during the year 2017. The Bank general assembly decided in its extraordinary meeting held on January 29, 2017 to increase the Bank capital from 125 million shares at a par value of JD 1/ share to become 160 million shares by issuing 35 million shares of a par value of JD 1 / share in addition to a share premium of JD 0.250 / share. All necessary approvals were obtained, and capital increase shares were recorded on May 12, 2017.
- The Bank provides its financial and banking services through its main branch located in Amman and through its (54) branches and its subsidiaries in Jordan.
- The Bank shares are listed and traded on the Amman Stock Exchange.
- The consolidated condensed interim financial information were approved by the audit committee on October 24, 2021 authorized by the Board of Directors.

2. Basis of Preparation

- The accompanying consolidated condensed interim financial information for the ended nine months September 30, 2021 in accordance to International Financial Reporting Standard (34) (intrem financial reports) 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, is as follows:

- a. Provisions for expected credit losses are calculated in accordance with IFRS 9 the Central Bank of Jordan , and according to the instruction of the supervisory authorities in the countries in which the Bank operates, whichever is higher, the material differences is as follows:
 - Elimination of debt instrument issued or granted by the Jordanian government so that credit exposures is resolved on the Jordanian Government and by its guarantee without credit losses.
 - When calculating the credit losses against credit exposures, the calculation results according to IFRS 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 most severe results are taken.
 - In some special cases the the Central Bank of Jordan agrees on special arrangements related to the calculation of the expected credit losses' provision of direct credit facilities customers.
 - The clients facilities related to governmental projects outcomes (transferred of Government dues) are excluded from provisions calculation.
- b. Interest and commissions on non performing credit facilities granted to clients is suspended, in accordance with the instructions of the Central Bank of Jordan.

- c. Assets seized by the Bank are shown in the consolidated condensed interim statement of financial position, among other assets, at their current value when seized by the Bank or at their fair value, whichever is lower. Furthermore, they are reassessed on the date of the consolidated condensed interim financial statements, and any decrease in value is recorded as a loss in the consolidated condensed interim statement of profit or loss and comprehensive income and the increase in value is not recorded as revenue. In addition, any subsequent increase is taken to the consolidated condensed interim statement of profit or loss and comprehensive income to the extent that it does not exceed the previously recorded impairment value. A progressive provision is to be booked for the assets seized by the bank against the debt based on Central Bank of Jordan circular No.10/1/16239 dated to November 21, 2019 by (5%) of the total book value for these assets and this from the year 2021 to reach (50%) of these assets by the end of the year 2029. A declaration was issued later for this circular dated to September 2, 2021 No. 10/3/13246 to postpone the activation of this circular for a year, in order to complete the deduction of the required provisions against the assets seized in violation of Article No.(48) of the Banking Law No. 28 for the year 2000 by (5%) of the total book values of these assets as of the year 2022 to reach the required percentage of (50%) of these assets by the end of the year 2030.
- The reporting currency of the consolidated condensed interim financial statements is the Jordanian Dinar, which is the functional currency of the Bank.
 - The condensed consolidated interim financial information does not include all notes and information presented in the annual financial statements which are prepared in accordance with International Financial Reporting Standards, and should be read with the Bank annual report for the year ended December 31, 2020, The results of the Nine months ended September 31, 2021 do not indicate the expected results for the year ended December 31, 2021, and do not contain appropriation of the profit for the nine months period ended September 30, 2021, which is usually performed at year-end.

Significant Accounting Judgments and key Sources of Uncertainty Estimates, and Risk Management:

Preparation of the consolidated condensed interim financial information and application of the accounting policies require management to make judgments, estimates, and assumptions that affect the amounts of financial assets and financial liabilities, and to disclose potential liabilities. Moreover, these estimates and judgments affect revenues, expenses, provisions, in general, expected credit losses, as well as changes in fair value that appear in the condensed consolidated interim statement of comprehensive income and within shareholders' equity. In particular, the Bank's management requires judgments to be made to estimate the amounts and timing of future cash flows. These estimates are necessarily based on multiple assumptions 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.

We believe that our estimates in the preparation of summary consolidated condensed interim financial information are reasonable and similar to those adopted in the preparation of consolidated financial statements for the year 2020.

3. Significant Accounting Policies

The accounting policies used in the preparation of the condensed consolidated interim financial information for the period ended on September 30, 2021 are consistent with those used in the preparation of the annual consolidated financial statements for the year ended December 31, 2020. However, the following revised IFRS standards, which became effective for financial periods beginning on or after January 1, 2021, which did not materially affect the

Standard Interest Rate Reforms - Stage Two Adjustments

Effective January 1, 2021, the Bank has implemented the second phase of the benchmark interest rate reforms that may affect financial reporting as a result of the interest rate standard reform, including the effects of changes to contractual cash flows or hedging relationships arising from the replacement of the interest rate standard. An alternative reference price. The amendments provide exemption from some of the requirements in IFRS 9, 7, 4 and 16 and IAS 39 relating to changes in the basis for determining contractual cash flows for financial assets and liabilities, lease obligations and hedge accounting.

The amendments require that an entity recognizes a change in the basis for determining contractual cash flows for a financial asset or a financial liability that requires reform of the interest rate standard by updating the effective interest rate of the financial asset or liability. Additionally, it provides specific exceptions to hedge accounting requirements.

The bank conducted a preliminary study regarding exposure to cash flows, fair value hedges, non-derivative financial assets and liabilities related to the interbank standard interest that matures after 2021, and it was found that there is no material impact of the interest rate reform on the Bank's results.

4. Basis of Preparation the consolidated condensed interim financial information

- The consolidated condensed 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 Bank's holding of voting rights relative to the size and dispersion 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 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.

Control is achieved when the Bank:

- has power over the investee.
- is exposed, or has rights, to variable returns from its involvement with the investee;
- 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 gain or loss in the income statement.
- Reclassifies owners' equity already booked in other comprehensive income to the profit or loss statement as appropriate.

The subsidiaries 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' 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, income, and expenses between the Bank and its subsidiaries are eliminated,
- The subsidiaries 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' financial information to make them comply with the accounting policies used by the Bank.

- The results of the subsidiaries' operations are consolidated in the consolidated statement of profit or loss effective from their acquisition date, which is the date on which control over subsidiaries is effectively transferred to the Bank, Furthermore, the results of the disposed of subsidiaries are consolidated in the consolidated statement of 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 statement of shareholders' equity.

The Bank owns the following subsidiaries as of September 30, 2021:

<u>Company's Name</u>	<u>Paid-up Capital</u>	<u>Investment amount</u>	<u>Ownership of the Bank</u>	<u>Nature of Operation</u>	<u>Date of Acquisition</u>	<u>Location</u>
	JD	JD	%			
Al-Etihad for Financial Brokerage Company L.L.C	5,000,000	5,000,000	100	Financial Brokerage	2006	Jordan
Al-Etihad for Financial Leasing Company L.L.C	10,000,000	10,000,000	100	Finance Leasing	2015	Jordan
Al-Etihad Islamic Investment Company L.L.C *	113,039,028	65,562,636	58	Acquisition of bonds and shares in companies and borrowing the necessary funds from banks	2016	Jordan
Al-Etihad for Financial Thecnology Company L.L.C	100,000	100,000	100	Manufacturing, programming, preparing, developing and supplying programs	2019	Jordan

* The subsidiary, Al-Etihad Islamic Investment Company LLC, which is owned by Bank Al-Etihad with a total percentage of 58% and a controlling interest equivalent to 62.4% over Safwa Islamic bank and their accounts have been consolidated in the condensed interim financial information for the Group.

** During the nine months ended September 30, 2021, Bank Al Etihad purchased shares directly in Safwa Islamic Bank amounting to 1.19% of the total shares of Safwa Islamic Bank.

5. Cash and Balances at Central Bank of Jordan

Details of this item are as follows:

	September 30, 2021 (Reviewed)	December 31, 2020 (Audited)
	JD	JD
Cash at treasury	83,453,475	101,051,657
Balances at the Central Bank of Jordan:		
Current accounts and demand deposits	274,188,831	269,306,430
Term and notice deposits	210,000,000	165,000,000
Statutory cash reserve	<u>215,295,135</u>	<u>185,702,345</u>
Total Balances at Central Bank of Jordan	<u>699,483,966</u>	<u>620,008,775</u>
Total	<u><u>782,937,441</u></u>	<u><u>721,060,432</u></u>

- All Balances with central bank of Jordan are Classified within the first stage according to the IFRS. There are no transfers between the first, second, and third stages or non-performing balances during the nine months ended September 30, 2021 and December 31, 2020.
- Except for the statutory cash reserve, there are no restricted balances as of September 30, 2021 and December 31, 2020.
- No amounts matured during the period exceeding nine months as of September 30, 2021 and December 31, 2020.

6. Balances at Banks and Financial Institutions

The details of this item is as follows:

Description	Local Banks and Financial Institutions		Foreign Banks and Financial Institutions		Total	
	September 30, 2021 (Reviewed)	December 31, 2020 (Audited)	September 30, 2021 (Reviewed)	December 31, 2020 (Audited)	September 30, 2021 (Reviewed)	December 31, 2020 (Audited)
	JD	JD	JD	JD	JD	JD
Current and demand accounts	352,515	623,596	320,648,444	162,452,001	321,000,959	163,075,597
Deposits maturing within 3 months or less	24,000,000	20,000,000	315,262,977	214,198,613	339,262,977	234,198,613
Total	24,352,515	20,623,596	635,911,421	376,650,614	660,263,936	397,274,210
Less: Impairment provision	-	-	(521,582)	(189,682)	(521,582)	(189,682)
Net balance at banks and financial institutions	24,352,515	20,623,596	635,389,839	376,460,932	659,742,354	397,084,528

- Non-interest bearing balances at banks and financial institutions amounted to JD 38,075,031 as of September 30, 2021 (JD 46,289,804 as of December 31, 2020).

- Restricted balances amounted to JD 7,547,871 as of September 30, 2021 and (JD 7,545,767 as of December 31, 2020).

7. Deposits at Banks and Financial Institutions

The details for this item are as follows:

Details:	Local Banks and Financial Institutions		Foreign Banks and Financial Institutions		Total	
	September 30, 2021 (Reviewed)	December 31, 2020 (Audited)	September 30, 2021 (Reviewed)	December 31, 2020 (Audited)	September 30, 2021 (Reviewed)	December 31, 2020 (Audited)
	JD	JD	JD	JD	JD	JD
Deposits maturing with 3 months to 6 months	-	-	14,096,893	1,449,068	14,096,893	1,449,068
More than 6 months up to 9 months	-	3,000,000	-	-	-	3,000,000
More than 9 months up to 12 months	6,000,000	3,000,000	14,096,893	1,449,068	20,096,893	4,449,068
Total	6,000,000	3,000,000	(6,350)	(611)	(6,350)	(611)
	6,000,000	3,000,000	14,090,543	1,448,457	20,090,543	4,448,457

- There are no deposits restricted for withdrawal as on September 30, 2021 and December 31, 2020.

8. Financial Assets at Fair Value through Profit or Loss

Details of the following item are as follows:

	September 30, 2021 (Reviewed)	December 31, 2020 (Audited)
	JD	JD
Government bonds listed in financial markets	75,977	78,294
Corporate bonds listed in financial markets	5,193,299	1,463,324
Corporate shares listed in financial markets	6,111,330	5,667,508
Investment funds	11,374,788	8,010,770
Total	22,755,394	15,219,896

9. Direct Credit and Financing Facilities - Net

The details of this item are as follows:

	September 30, 2021 (Reviewed)	December 31, 2020 (Audited)
	JD	JD
Individuals (retail):		
Overdraft accounts	2,080,641	2,481,742
Loans and promissory notes *	785,148,593	691,793,785
Credit cards	16,932,801	14,494,456
Real estate loans	843,652,553	783,136,250
Corporates:		
Large		
Overdraft accounts	89,033,787	81,996,125
Loans and promissory notes *	1,065,434,747	1,100,136,150
Small and Medium		
Overdraft accounts	20,841,014	25,149,124
Loans and promissory notes *	185,952,229	176,403,540
Government and public sector	418,736,142	212,514,816
Total	3,427,812,507	3,088,105,988
Less: Interest and returns in suspense	16,856,293	16,995,241
Expected credit losses	138,289,084	119,482,614
Net Direct Credit Facilities and Financing	3,272,667,130	2,951,628,133

* Net after deducting interest and commission received in advance of JD 5,328,332 as of September 30, 2021 (JD 5,057,807 as of December 31, 2020).

- Direct credit and financing facilities included in stage (3) amounted to JD 130,080,409 which is equivalent to 3.79% of total direct credit and financing facilities as of September 30, 2021 (JD 118,245,398 which is equivalent to 3.83% of total direct credit and financing facilities as of December 31, 2020).
- Direct credit and financing facilities included in stage (3) after deducting interest in suspense amounted to JD 113,450,609 which is equivalent to 3.33% of total direct credit facilities balance after deducting interest and commission in suspense as of September 30, 2021 (JD 101,250,157 which is equivalent to 3.30% of total credit facilities balance after deducting interest and commission in suspense as of December 31, 2020).
- Direct credit facilities granted to and guaranteed by the Government of the Hashemite Kingdom of Jordan amounted to JD 297,765,527 which is equivalent to 8.69% of total direct credit facilities as of September 30, 2021 (JD 305,008,749 which is equivalent to 9.88% as of December 31, 2020).
- The facilities according to the Islamic Share'a related to Safwa Islamic Bank amounted to JD 1,537,769,450 which is equivalent to 44.86% of total direct credit facilities as of September 30, 2021 (JD 1,193,020,390 which is equivalent to 38.63% as of December 31, 2020).

Disclosure on the movement of gross credit facilities and financing:

	(1) Stage				Stage (2)				Total		
	Individual		Collective		Individual		Collective		Stage (3)		
	JD		JD		JD		JD		JD	JD	
<u>For the Nine Months Period September 30, 2021</u>											
Total Balance at beginning of the period	2,023,885,152		572,632,425		342,616,631		30,726,382		118,245,398		3,088,105,988
New facilities during the period	532,296,017		187,585,627		87,363,226		8,963,452		4,038,109		820,246,431
Paid facilities	(225,244,988)		(32,130,350)		(42,496,474)		(1,634,003)		(7,940,999)		(309,446,814)
Transferred to stage (1)	48,227,738		919,142		(45,560,449)		(908,251)		(2,678,180)		-
Transferred to stage (2)	(172,086,136)		(30,127,457)		177,297,566		30,667,685		(5,751,658)		-
Transferred to stage (3)	(3,903,463)		(3,192,192)		(21,746,845)		(2,016,270)		30,858,770		-
The total impact on the volume of exposures as a result of changing the classification between stages	(7,699,500)		(194,089)		(9,720,784)		(1,514,608)		806,048		(18,322,933)
Changes resulted from adjustments	(97,761,281)		(43,827,888)		(2,643,372)		(1,040,545)		(392,517)		(145,665,603)
Written off debts or transferred to off- statement of financial position items *	-		-		-		-		(7,104,562)		(7,104,562)
Total Balance as at the End of the Period	2,097,713,539		651,665,218		485,109,499		63,243,842		130,080,409		3,427,812,507
<u>For the Year Ended December 31, 2020</u>											
Total Balance at beginning of the year	1,873,654,487		442,937,612		285,111,909		31,396,579		116,450,626		2,749,551,213
New facilities during the year	462,236,817		177,653,092		60,697,305		9,149,588		8,154,253		717,891,055
Exposures paid during the year	(211,071,360)		(25,168,082)		(36,057,970)		(1,845,521)		(5,471,781)		(279,614,714)
Transferred to stage (1) during the year	61,109,447		11,524,200		(60,143,204)		(11,487,602)		(1,002,841)		-
Transferred to stage (2) during the year	(121,613,716)		(2,934,877)		122,689,573		3,991,464		(2,132,444)		-
Transferred to stage (3) during the year	(10,947,692)		(1,033,392)		(11,245,382)		(1,066,122)		24,292,588		-
The total impact on the volume of exposures as a result of changing the classification between stages	88,053		(1,083,003)		(12,539,614)		(230,859)		(221,511)		(13,986,934)
Changes resulted from adjustments	(29,570,884)		(29,263,125)		(5,895,986)		818,855		(4,109,527)		(68,020,667)
Written off debts or transferred to off- statement of financial position items *	-		-		-		-		(17,713,965)		(17,713,965)
Total Balance at the End of the Year	2,023,885,152		572,632,425		342,616,631		30,726,382		118,245,398		3,088,105,988

* During the nine months period ended September 30, 2021 an amount of JD 6,509,506 was transferred to off- statement of financial position items (JD 14,822,171 as at December 31, 2020) and an amount of JD 595,056 of direct credit and financing facilities was written off according to the Board of Directors decisions in this regards (JD 2,891,794 as of December 31, 2020).

Expected credit loss

Following is the movement on the expected credit losses during the period/ year :

	Individuals		Real Estate Loans		Corporates		SMEs		Government and Public Sector		Total	
	JD		JD		JD		JD		JD		JD	
For the <u>Nine Months Period Ended September 30, 2021</u>												
Balance at January 1, 2021	25,401,230		14,336,802		67,069,526		12,675,056		-			119,482,614
Impairment loss on new facilities during the period	3,697,489		895,225		10,205,065		1,666,103		-			16,463,882
Recovered from the impairment loss on the paid facilities	(2,021,162)		(803,990)		(4,689,096)		(1,161,068)		-			(8,675,316)
Transferred to stage (1)	1,410,982		563,656		(642,282)		(131,958)		-			1,200,398
Transferred to stage (2)	825,118		(333,744)		(3,988,068)		169,648		-			(3,327,046)
Transferred to stage (3)	(2,236,100)		(229,912)		4,630,350		(37,690)		-			2,126,648
The total impact on the volume of exposures as a result of changing the classification between stages	3,449,323		(19,826)		5,411,897		291,850		-			9,133,244
Changes resulted from adjustments	1,279,519		(472,925)		6,599,021		(744,775)		-			6,660,840
Written off debts or transferred	(1,545,407)		(256,453)		(2,594,480)		(379,840)		-			(4,776,180)
Balance as at the end of the period	30,260,992		13,678,833		82,001,933		12,347,326		-			138,289,084
Redistribution:												
Provisions on individual level	27,637,546		13,678,440		82,001,933		12,156,520		-			135,474,439
Provisions on Collective level	2,623,446		393		-		190,806		-			2,814,645
	30,260,992		13,678,833		82,001,933		12,347,326		-			138,289,084

	Individuals		Real Estate Loans		Corporates		SMES		Government and Public Sector		Total	
	JD		JD		JD		JD		JD		JD	
For the Year Ended December 31, 2020												
Balance at the beginning of the year 2020	16,806,351		8,438,426		61,873,990		9,708,250		189,784		97,016,801	
Impairment on new credit facilities during the year	3,345,252		449,582		4,871,545		1,403,202		-		10,069,581	
Recovered from Impairment on paid credit facilities	(1,323,682)		(273,618)		(3,355,349)		(576,193)		-		(5,528,842)	
Transferred to stage (1)	590,181		156,753		346,280		22,126		-		1,115,340	
Transferred to stage (2)	252,780		(16,189)		(1,161,016)		11,264		-		(913,161)	
Transferred to stage (3)	(842,961)		(140,564)		814,736		(33,390)		-		(202,179)	
The total impact on the volume of exposures as a result of changing the classification between stages	4,922,881		2,963,848		3,327,599		2,008,715		-		13,223,043	
Change resulted from adjustments	1,675,930		2,774,879		13,503,004		2,188,585		(189,784)		19,952,614	
Written off debts or transferred	(25,502)		(16,315)		(13,151,263)		(2,057,503)		-		(15,250,583)	
Balance at the End of the Year	25,401,230		14,336,802		67,069,526		12,675,056		-		119,482,614	
Redistribution:												
Provision on an Individual basis	24,527,804		14,336,750		67,069,526		12,502,541		-		118,436,621	
Provision on a collective basis	873,426		52		-		172,515		-		1,045,993	
	25,401,230		14,336,802		67,069,526		12,675,056		-		119,482,614	

The value of the provisions that were no longer needed as a result of debt settlements and transferred to other debts amounted to JD 8,675,316 as of September 30, 2021.

(JD 5,528,842 as of December 31, 2020).

Suspended Interests

The movement of the suspended interests is as follows:

	Companies						Total					
	Individuals		Real estate loans		Corporates			SMEs		Banks and financial institutions		
	JD	JD	JD	JD	JD	JD		JD	JD	JD	JD	
<u>For the Nine Months Period Ended September 30, 2021</u>												
Balance beginning of the period	4,120,410	2,935,998	7,655,932	2,282,901	-	-	16,995,241					
Add: Interest and returns suspended during period	1,546,289	494,663	957,223	502,924	-	-	3,501,099					
Less: Interests and returns transferred to revenue	441,133	285,494	509,076	75,962	-	-	1,311,665					
Written off suspended interests	1,008,437	338,483	782,166	199,296	-	-	2,328,382					
Balance End of the Period	4,217,129	2,806,684	7,321,913	2,510,567	-	-	16,856,293					
<u>For the Year Ended December 31, 2020</u>												
Balance beginning of the Year	3,240,079	2,423,484	9,312,423	1,707,055	-	-	16,683,041					
Add: Interest and returns suspended during year	1,621,969	646,343	1,280,781	836,422	-	-	4,385,515					
Less: Interests and returns transferred to revenue	708,029	108,749	738,822	54,334	-	-	1,609,934					
Written off suspended interests	33,609	25,080	2,198,450	206,242	-	-	2,463,381					
Balance End of the Year	4,120,410	2,935,998	7,655,932	2,282,901	-	-	16,995,241					

10. Financial Assets at Fair Value through other Comprehensive Income

The details of this item are as follows:

	September 30, 2021 (Reviewed)	December 31, 2020 (Audited)
	JD	JD
Quoted shares in active markets	21,869,839	20,184,837
Unquoted shares in active markets	10,621,788	9,736,478
Investment funds	6,474,056	1,732,795
Total	38,965,683	31,654,110

- Transferred losses as a result of selling financial assets at fair value through the statement of other comprehensive income amounted to JD 421,030 as of September 30, 2021 (JD 71,883 gain as of September 30, 2020).

- Cash dividends on the above financial assets amounted to JD 464,615 for the nine months ended September 30, 2021 (JD 598,389 for the nine months ended September 30, 2020).

11. Financial Assets at Amortized Cost

The details of this item are as follows:

	September 30, 2021 (Reviewed)	December 31, 2020 (Audited)
	JD	JD
<u>Quoted Financial Assets:</u>		
Foreign treasury bonds	32,012,421	32,058,762
Companies' bonds and debentures	110,733,384	98,343,786
<u>Unquoted Financial Assets:</u>		
Governmental treasury bonds	85,532,114	35,091,483
Governmental guaranteed bonds and bills	724,550,878	720,801,293
Companies' bonds and debentures	32,452,000	18,452,000
	985,280,797	904,747,324
<u>Less: Provision for expected credit loss related to financial assets within stage (1)</u>	655,746	451,976
Provision for expected credit loss related to financial assets within stage (2)	-	41,914
Provision for expected credit loss related to financial assets within stage (3)	250,000	250,000
	984,375,051	904,003,434
<u>Bonds and Bills Analysis (before provision):</u>		
With Fixed rate	981,991,115	897,958,770
With Floating rate	3,289,682	6,788,554
	985,280,797	904,747,324
<u>Bond Analysis according to IFRS 9 (before provision):</u>		
Stage (1)	985,030,797	903,067,980
Stage (2)	-	1,429,344
Stage (3)	250,000	250,000
	985,280,797	904,747,324

- During the nine months ended on September 30, 2021, financial assets were sold at amortized cost with a face value of JD 39,329,363 (JD 62,113,365 during the same period of the previous year) and the transaction resulted in a profit of JD 733,448 for the period ended September 30, 2021 (a profit of JD 106,970 for the period ending on September 30, 2020) The main reason for the sale is the reduction in the volume of exposures in some countries due to the decline in their economic activity.

12. Other Assets

The details of this item are as follows:

	September 30, 2021 (Reviewed)	December 31, 2020 (Audited)
	JD	JD
Interests and revenue under collection	11,496,882	14,389,293
Prepaid expenses	6,032,126	4,399,768
Assets seized by bank in repayment of debt*	46,151,352	49,408,223
Clearing checks	194,487	100,397
Transfers and checks under collection	626,087	59,178
Paid guaranteed insurance	2,504,979	3,780,704
Discounted commercial papers	20,804,507	16,449,582
Convertible loan	353,449	699,185
Other	14,292,271	10,457,474
Total	102,456,140	99,743,804

* Central Bank of Jordan instructions requires to dispose of shares and real estates that are seized by the bank in repayment of debts during two years from the date of acquisition. However, in some special cases the Central Bank has the authority to extend the period to two consecutive years at maximum.

Below is a summary on the movement of foreclosed assets against debts:

	September 30, 2021 (Reviewed)	December 31, 2020 (Audited)
	JD	JD
Balance Beginning of Period / Year	49,408,223	42,371,291
Additions	3,329,498	7,993,952
Disposals **	(5,219,430)	(975,317)
(Provision) surplus in impairment provision	(1,366,939)	18,297
Balance End of Period / Year	46,151,352	49,408,223

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

	For the Nine Months Ended September 30,	
	2021 (Reviewed)	2020 (Reviewed)
Balance Beginning of Period / Year	3,496,864	3,515,161
Provision (surplus) during the period / year	1,366,939	(18,297)
Balance End of Period / Year	4,863,803	3,496,864

** Assets seized by the bank were sold of JD 4,735,574 which resulted in a loss amounted to JD 483,856 for the nine months ended September 30, 2021. (Loss amounted to JD 23,981 for the nine months ended September 30, 2020).

13. Customers Deposits

The details for this item are as follows:

	Companies				Government and Public Sector JD	Total JD
	Retail JD	Corporates JD	SMEs JD			
For the Nine Months Ended September 30, 2021						
Current and demand accounts	425,622,515	344,996,336	260,437,934	44,959,471		1,076,016,256
Saving deposits	785,254,735	28,369,429	26,999,740	1,937,751		842,561,655
Time and notice deposits	1,447,552,747	548,017,523	139,530,906	214,123,364		2,349,224,540
Certificate of deposits	341,331,831	7,948,000	15,015,000	19,000,000		383,294,831
	<u>2,999,761,828</u>	<u>929,331,288</u>	<u>441,983,580</u>	<u>280,020,586</u>		<u>4,651,097,282</u>
For the Year Ended December 31, 2020						
Current and demand accounts	386,066,271	261,064,150	172,628,170	3,772,792		823,531,383
Saving deposits	731,001,250	25,149,857	12,542,607	2,841,840		771,535,554
Time and notice deposits	1,259,509,770	516,540,272	114,941,614	171,839,766		2,062,831,422
Certificate of deposits	308,840,633	6,209,000	13,963,000	16,100,000		345,112,633
	<u>2,685,417,924</u>	<u>808,963,279</u>	<u>314,075,391</u>	<u>194,554,398</u>		<u>4,003,010,992</u>

- The Jordanian government and public sector's deposits inside the kingdom reached JD 280,020,586 which is equivalent to 6.02% of total deposits as of September 30, 2021 (JD 194,554,398 which is equivalent to 4.86% as of December 31, 2020).

- Deposits with no interest bearing reached JD 1,041,617,326 which is equivalent to 22.40 % of the total deposits as of September 30, 2021 (JD 790,046,786 which is equivalent to 19.74% as of December 31, 2020).

- Restricted deposits reached JD 6,202,062 which equates to 0.13% of the total deposits as of September 30, 2021 (JD 3,101,815 which equivalent to 0.08% of the total deposits as of December 31, 2020).

- Dormant deposits reached JD 50,770,997 which is equivalent to 1.09% of the total deposits as of September 30, 2021 (JD 63,229,721 which equates to 1.58% of the total deposits as of December 31, 2020).

- Customer deposits include JD 1,557,629,466 equivalent to 33.49% representing the customers shared investments of Safwa Islamic Bank as of September 30, 2021 (JD 1,285,977,704 equivalent to 32.13% as of December 31, 2020).

14. Borrowed Funds and Subordinated Loans
14.a. Borrowed Funds

The details of this item are as follows:

	Number of total payments		Collaterals	Loan interest rate price
	payments	Remaining payments		
September 30, 2021				
Central Bank of Jordan borrowing *	8,642	5,725	Bank Promissory	1.00% - 1.75%
Central Bank of Jordan borrowing *	54	28	Bank Promissory	1.00%
Central Bank of Jordan borrowing *	37	29	Bank Promissory	0.50% - 1.00%
Central Bank of Jordan borrowing *	21	8	Bank Promissory	0.50% - 1.00%
Central Bank of Jordan borrowing *	19,429	16,625	Bank Promissory	-
International Bank for Reconstruction and Development **	20	12	Bank Promissory	1.99%
Arab Fund for Economic and Social Development ***	15	6	Bank Promissory	2.50%
Arab Fund for Economic and Social Development ***	34	34	Bank Promissory	3.00%
Arab Fund for Economic and Social Development ***	34	34	Bank Promissory	3.00%
Arab Fund for Economic and Social Development ***	34	34	Bank Promissory	3.00%
Arab Fund for Economic and Social Development ***	1	1	Bank Promissory	4.40%
Jordan Mortgage Refinance Company (related to subsidiary)	1	1	-	4.60%
Jordan Mortgage Refinance Company (related to subsidiary)	1	1	-	4.70%
Jordan Mortgage Refinance Company (related to subsidiary)	1	1	-	4.70%
Jordan Mortgage Refinance Company (related to subsidiary)	1	1	-	4.60%
Jordan Mortgage Refinance Company (related to subsidiary)	1	1	-	3.75%
Local Banks (related to a subsidiary)	24	24	-	5.90%
Local Banks (related to a subsidiary)	48	42	-	-
Total	98,307,661			
December 31, 2020				
Central Bank of Jordan borrowing *	7,595	4,602	Bank Promissory	1.00% - 1.75%
Central Bank of Jordan borrowing *	40	15	Bank Promissory	1%
Central Bank of Jordan borrowing *	35	27	Bank Promissory	0.50% - 1.00%
Central Bank of Jordan borrowing *	6	4	Bank Promissory	0.50% - 1.00%
Central Bank of Jordan borrowing *	14,311	13,686	Bank Promissory	-
International Bank for Reconstruction and Development **	20	14	Bank Promissory	3.87%
Arab Fund for Economic and Social Development ***	15	8	Bank Promissory	2.50%
Arab Fund for Economic and Social Development ***	34	34	Bank Promissory	3.00%
Arab Fund for Economic and Social Development ***	34	34	Bank Promissory	3.00%
Arab Fund for Economic and Social Development ***	34	34	Bank Promissory	3.00%
Jordan Mortgage Refinance Company (Subsidiaries)	1	1	Bank Promissory	4.40%
Jordan Mortgage Refinance Company (Subsidiaries)	1	1	-	4.60%
Jordan Mortgage Refinance Company (Subsidiaries)	1	1	-	4.70%
Local Banks (related to a subsidiary)	72	72	-	3.75%
Local Banks (related to a subsidiary)	24	24	-	5.90%
Total	90,152,003			

* Funds have been borrowed from the Central Bank of Jordan to corporates and SMEs sectors at an interest rate ranging from 0% - 8.75%.

** Funds have been borrowed from the International Bank for Reconstruction and Development to corporates and SMEs sectors at an interest rate ranging from 6.25% - 10%.

*** Funds have been borrowed from the Arab Fund for Economic and Social Development to corporates and SMEs sectors at an interest rate ranging from 5.25% - 9%.

14/b. Subordinated Loans

The details of this item are as follows:

	Number of total payments		Collaterals	Loan interest rate price
	payments	Remaining payments		
September 30, 2021				
The European Bank for Reconstruction and Development	1	1	-	6.50%
December 31, 2020				
The European Bank for Reconstruction and Development	1	1	-	6.50%

15. Income Tax Provision

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

	For the Nine Months Ended	For the Year Ended
	September 30, 2021 (Reviewed)	December 31, 2020 (Audited)
	JD	JD
Balance beginning of the period / year	24,618,987	20,634,229
Income tax paid	(28,373,671)	(25,200,592)
Income tax for the period / year	17,454,872	28,629,610
Prior years income tax provision	21,387	555,740
Balance End of the Period / Year	<u>13,721,575</u>	<u>24,618,987</u>

The income tax in the consolidated condensed interim statements of profit or loss represents the follow:

	For the Nine Months Ended September 30,	
	2021 (Reviewed)	2020 (Reviewed)
	JD	JD
Accrued income tax for the profits of the period	17,454,872	18,507,654
Prior years income tax	21,387	(27,545)
Amortization of deferred tax assets for the period	(1,478,735)	(6,647,948)
Deferred tax liabilities	167,229	-
	<u>16,164,753</u>	<u>11,832,161</u>

- The legal income tax rate for the Bank was 35% in addition to the national contribution 3%, the legal income tax rate for the Etihad Leasing Company and the Etihad Financial Brokerage Company was 24% in addition to the national contribution 4% and the income tax rate for the Etihad Information Technology Company was 20% in addition to the national contribution 1%.
- The Bank submitted the tax return until the year 2020 and a final settlement was reached with the Income Tax Department on the results of the Bank's business until the end of 2018. except for the year of 2017, the Income and Sales Tax Department are reviewing the accounting records for that year, and the Income and Sales Tax Department did not review the records for the years of 2019 and 2020.
- The clearance with Safwa Islamic Bank has been reached with the Income and Sales Tax Department up to the end of the year 2018. The tax assessment statements for the years 2019 and 2020 have been submitted within the legal period and have not been audited by the Income and Sales Tax Department until the date of preparing the condensed consolidated interim financial information.
- A tax clearance was obtained from the Income and Sales Tax Department on the results of Misk Financial Brokerage Company (a subsidiary of Safwa Islamic Bank) until the end of 2018, the company submitted tax statements for the years 2019 and 2020, and they have not yet been reviewed by the Income and Sales Tax Department. During the year of 2021 a litigation was raised by the company against the Income and Sales Tax Department, which is now in the beginning stage, to demand the abolition of imposing tax on the company for the years 2011, 2012 and 2013, and in the opinion of the legal advisor, no need for a provision for this litigation.
- A provision for tax was calculated and booked for the nine months ended September 30, 2021 for the bank and its subsidiaries, and in the opinion of the management and the tax advisor there will not be obligations exceeding The provision recognized in the condensed consolidated interim financial statements.
- A final settlement for Al Etihad for Financial Brokerage Service Co. has been reached, with the income tax department up to the year 2019. a statement for the year 2020 has been submitted and has not been reviewed by the Income and Sales Tax Department until the date of preparing the condensed consolidated interim financial information.
- A final settlement with the Income Tax Department for Al Etihad for Financial Leasing Co. has been reached up to the year 2019. The tax statement for the year 2020 was submitted. The Income and Sales Tax Department has not reviewed the accounting records until the date of preparing the consolidated interim financial information.
- The percentage of deferred tax was 38% and 13% and in the Bank's management opinion these deferred taxes will be realized in the future.

16. Other Liabilities

The details of this item are as follows:

	September 30, 2021 (Reviewed)	December 31, 2020 (Audited)
	JD	JD
Accrued interest expenses	27,799,418	24,649,651
Revenue received in advance	1,382,053	1,607,396
Accounts payable	605,784	383,688
Accrued expenses	11,597,878	10,561,947
Incoming transfers	459,028	125,568
Postdated cheques	9,996,427	10,685,079
Provision for expected credit losses for the off-balance sheet items*	5,586,971	4,892,618
Dividends payable	571,130	656,001
Other deposits	12,335,354	8,468,976
Other liabilities	7,886,105	6,348,650
Total	78,220,148	68,379,574

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

	September 30, 2021 (Reviewed)	December 31, 2020 (Audited)
	JD	JD
Balance - beginning of the period	4,892,618	2,377,767
Provision during the period from the revenue	694,353	2,514,851
Balance at the End of the Period	5,586,971	4,892,618

17. Authorized capital and premiums

Capital

The authorized capital is JD 160 million, divided into 160 million shares, with a face value of one dinar per share, as of September 30, 2021 and December 31, 2020.

Share premiums

The share premium is 80,213,173 dinars as of September 30, 2021 and December 31, 2020.

Dividends

The dividends distributed to shareholders amounted to JD 16,000,000 for the year 2020 (there are no dividends distributed for the year 2019 under Circular of the Central Bank of Jordan to banks operating in Jordan No. 1/1/4693 on April 9, 2020, to hedge against negative effects due to COVID-19 pandemic, it was decided to postpone the distribution of dividends to shareholders by licensed Jordanian banks for the year 2019).

18. Reserves

The bank did not book the legal reserves for the period considering that these interim financial statements are condensed, as this is done at the end of the financial year.

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

The details of this item are as follows:

	Realized Gain		Unrealized Gain (Losses)		Dividends		Total
	JD	JD	JD	JD	JD	JD	JD
<u>For The Nine Months Ended September 30, 2021</u>							
Bonds and treasury bills	78,341	(24,778)	-	53,563	-	-	53,563
Corporate shares	1,456,370	(419,608)	88,075	1,124,837	88,075	-	1,124,837
Financial derivatives	(34,400)	-	-	(34,400)	-	-	(34,400)
Investment funds	108,682	1,273,200	1,558	1,383,440	1,558	-	1,383,440
	<u>1,608,993</u>	<u>828,814</u>	<u>89,633</u>	<u>2,527,440</u>	<u>89,633</u>	<u>-</u>	<u>2,527,440</u>
<u>For The Nine Months Ended September 30, 2020</u>							
Bonds and treasury bills	191,964	17,105	-	209,069	-	-	209,069
Corporate shares	847,434	(679,151)	105,366	273,649	105,366	-	273,649
Financial instruments	95,431	-	-	95,431	-	-	95,431
Investing funds	-	(350,253)	-	(350,253)	-	-	(350,253)
	<u>1,134,829</u>	<u>(1,012,299)</u>	<u>105,366</u>	<u>227,896</u>	<u>105,366</u>	<u>-</u>	<u>227,896</u>

20. Basic and Diluted Earnings per Share for the Period

The details of this item are as follows:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2021 (Reviewed)	2020 (Reviewed)	2021 (Reviewed)	2020 (Reviewed)
Income for the period	7,953,137	6,424,111	23,082,868	16,636,502
Weighted average number of shares (share)	160,000,000	160,000,000	160,000,000	160,000,000
	Fls / JD	Fls / JD	Fls / JD	Fls / JD
Earnings per share for the period (Basic and Diluted)	0.050	0.040	0.144	0.104

21. Provision for Expected Credit Loss

The details of this item are as follows:

	For the Nine Months Ended September 30,	
	2021 (Reviewed)	2020 (Reviewed)
Balances and deposits at banks and financial institutions	331,900	457,219
Deposits at banks and financial institutions	5,739	-
Financial assets at amortized costs	161,856	(54,489)
Direct credit and financing facilities	23,582,650	25,334,806
Contingent liabilities	694,353	1,860,025
	24,776,498	27,597,561

22. Cash and Cash Equivalent

The details of this item are as follows:

	For the Nine Months Ended September 30,	
	2021 (Reviewed)	2020 (Reviewed)
Balances at central banks due within three months	782,937,441	579,442,341
Add: Balances at banks and financial institutions due within three months	660,263,936	488,564,753
Less: Deposits at banks and financial institutions due within three months	271,730,971	171,226,755
Restricted balances	7,547,871	7,546,327
	1,163,922,535	889,234,012

25. 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 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 does not go below 12.5%
2. Comply with the minimum limit set for the paid capital for Jordanian Banks such that it is not less than JD 100 million.
3. The Bank's investments in stocks and shares which should not exceed 50% of the authorized capital.
4. The ratio of credit limits (credit concentration) to regulatory capital.
5. Banks and Companies laws related to the deduction of the statutory reserve at a rate of 10% of the Bank's profit before tax.

	September 30, 2021 (Reviewed)	December 31, 2020 (Audited)
	JD	JD
Common Equity Shareholders Rights		
Paid-up capital authorized capital (paid-up)	160,000,000	160,000,000
Retained earnings after deduction of the expected distributions	50,778,888	51,518,099
The cumulative change in fair value	(195,106)	(2,609,036)
Share premium	80,213,173	80,213,173
Statutory reserve	61,004,473	61,004,473
Voluntary reserve	41,829,012	41,829,012
Recognizable non controlling shareholders	43,695,501	40,043,180
Interim profit after tax and deduction of the expected distributions	11,082,868	-
Total Common Equity Tire 1 before regulatory adjustments	448,408,809	431,998,901
Regulatory Adjustments (Propositions of the Capital)		
Goodwill and intangible assets	26,948,876	27,046,436
Deferred tax assets resulting from investments within Tier 1 (10%)	25,795,019	25,652,474
Total Tier 1 capital	395,664,914	379,299,991
Additional capital		
Recognizable minority rights	7,710,971	7,066,444
Net Primary Capital (Tier 1)	403,375,884	386,366,435
Tier 2 capital		
Provision for debts tools listed in Tier 1	17,620,844	18,083,875
Recognizable non-controlling shareholders	10,281,294	9,421,925
Financial tools issued by the Bank that bear supporting capital	21,300,000	21,300,000
Total Supporting Capital	49,202,138	48,805,800
Total Regulatory Capital	452,578,022	435,172,235
Total Risk Weighted Assets	3,151,956,548	3,005,394,577
Capital Adequacy Ratio	14.36%	%14.48
Primary Capital Ratio	12.55%	%12.62
Supporting Capital Ratio	1.56%	%1.62
	September 30, 2021 (Reviewed)	December 31, 2020 (Audited)
	JD	JD
Financial leverage rate		
Tier 1 Capital	403,375,884	386,366,435
Total assets in and out of the financial positions after removing deductible items from Tier 1	6,603,419,482	5,837,745,385
Financial leverage rate	6.11%	6.62%

Capital adequacy was calculated as of September 30, 2021 and December 31, 2020 based on the Basel committee III.

26. Contingent Liabilities and Commitments

The details of this item is as follows:

	September 30, 2021 (Reviewed)	December 31, 2020 (Audited)
	JD	JD
Letters of credit	262,278,989	190,879,149
Acceptances	59,323,104	95,484,767
Letters of guarantee:		
- Payments	57,900,462	55,636,201
- Performance	75,698,165	75,015,534
- Other	69,263,732	76,530,083
Futures contracts	141,226,423	147,721,448
Unused Limits of Direct Credit Facilities and Financing	<u>599,027,407</u>	<u>534,200,726</u>
Total	<u><u>1,264,718,282</u></u>	<u><u>1,175,467,908</u></u>

27. Lawsuits Against the Bank

The value of the lawsuits against the Group were amounted to JD 1,043,055 as of September 30, 2021 (JD 1,202,731 as of December 31, 2020), Provisions booked against them was amounted to JD 677,424 as of September 30, 2021 (JD 531,021 as of December 31, 2020). The Bank management and it legal counsel believe that the provisions booked for these lawsuits are adequate.

28. Fair Value Hierarchy

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

The fair value is the price that is received to sell an asset or payment to transfer a liability in an orderly transaction between market participants at the measurement date regardless of whether that price is directly observable or estimated using another valuation technique.

When estimating the fair value of an asset or a liability, the Bank takes into account the characteristics of the asset or liability if market participants took those characteristics into account when pricing the asset or liability at the measurement date.

Some financial assets and liabilities of the Bank are evaluated at fair value at the end of each fiscal period. The following table shows the information about how to determine the fair value of these

financial assets and liabilities (evaluation methods and inputs used).

Financial Assets	Fair Value		The Level of Fair Value	Evaluation Method and Inputs used	Important Intangible Inputs	Relation between the Fair Value and the Important Intangible Inputs
	September 30, 2021 (Reviewed)	December 31, 2020 (Audited)				
	JD	JD				
Financial Assets at Fair Value						
Financial Assets at Fair Value Through Profit or Loss:						
Government bonds listed on financial markets	75,977	78,294	Level 1	Quoted prices in financial markets	N/A	N/A
Corporate bonds listed on financial markets	5,193,299	1,463,324	Level 1	Quoted prices in financial markets	N/A	N/A
Corporate shares	6,111,330	5,667,508	Level 1	Quoted prices in financial markets	N/A	N/A
Investment Fund	11,374,788	8,010,770	Level 2	The treasury manager evaluation of fair value	N/A	N/A
Total	22,755,394	15,219,896				
Financial Assets at Fair Value Through Other Comprehensive Income:						
Quoted Shares in active markets	21,869,839	20,184,837	Level 1	Quoted prices in financial markets	N/A	N/A
Investment fund	6,474,056	1,732,795	Level 2	The treasury manager evaluation of fair value	N/A	N/A
Unquoted Shares in active markets	10,621,788	9,736,478	Level 3	Based on the latest available financial information	N/A	N/A
Total	38,965,683	31,654,110				
Total Financial Assets at Fair Value	61,721,077	46,874,006				

There were no transfers between level 1 and level 2 during the nine months ended September 30, 2021 and the year 2020.

b. The financial assets and financial liabilities of the Bank (non-specific fair value on an ongoing 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 consolidated condensed interim financial information of the Bank approximates their fair value.

	September 30, 2021 (Reviewed)		December 31, 2020 (Audited)		The level of Fair Value
	Book value	Fair value	31/10/2021	Fair value	
	JD	JD	JD	JD	
Financial Assets of Non-specified Fair Value					
Term deposits, and certificate of deposits at Central Bank	210,000,000	210,011,507	165,000,000	165,009,041	Level 2
Current accounts, and balances at Banks and Financial Institutions	679,832,897	679,878,440	401,532,985	401,646,486	Level 2
Direct credit facilities at amortized costs	3,272,667,130	3,275,612,992	2,951,628,133	2,955,472,848	Level 2
Other financial assets at amortized costs	984,375,051	992,683,264	904,003,434	914,246,887	Level 1 and 2
Assets seized by bank	46,151,352	54,227,769	49,408,223	61,506,972	Level 2
Total Financial Assets of Non-specified Fair Value	5,193,026,430	5,212,413,972	4,471,572,775	4,497,882,234	
Financial Liabilities of Non-specified Fair Value					
Banks' and Financial Institutions' deposits	326,820,971	327,326,785	280,688,045	281,019,540	Level 2
Customers' deposits	4,651,097,282	4,677,791,972	4,003,010,992	4,026,685,059	Level 2
Cash margin	294,623,704	294,784,406	251,302,459	251,414,819	Level 2
Borrowed funds	98,307,661	98,372,827	90,152,003	90,356,837	Level 2
Supplementary loans	21,300,000	21,673,046	21,300,000	21,626,896	Level 2
Total Financial Liabilities of Non-specified Fair Value	5,392,149,618	5,419,949,036	4,646,453,499	4,671,103,150	

- 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.

29. Impact of Covid 19

The coronavirus ("COVID – 19") pandemic has spread across various geographies globally, causing disruption to business and economic activities. COVID – 19 has brought about uncertainties in the global economic environment.

The Bank is closely monitoring the situation and has activated its business continuity planning and other risk management practices to manage the potential business disruption the COVID – 19 outbreaks may have on its operations and financial performance.

The Bank has performed an assessment of COVID – 19 pandemic which has resulted in the following changes to the expected credit loss methodology and valuation estimates and judgements as at and for the year ended December 31, 2020 noted that there are no changes to policies, estimates and judgments during the period ended on September 30, 2021:

a. Expected credit losses

The uncertainties caused by COVID – 19, have required the Bank to update the inputs and assumptions used for the determination of ECLs as at September 30, 2021. ECLs were estimated based on a range of forecast economic conditions as at that date and considering that the situation is fast evolving, the Bank has considered the impact of higher volatility in the forward-looking macro-economic factors, when determining the severity and likelihood of economic scenarios for ECL determination.

In addition to the assumptions outlined above, the Bank has given specific consideration to the relevant impact of COVID – 19 on the qualitative and quantitative factors when determining the significant increase in credit risk and assessing the indicators of impairment for the exposures in potentially affected sectors and reflecting the Bank's management estimates (Management Overlay) in evaluating the impact on certain sectors or specific customers based on studying each sector or customers separately.

b. Valuation estimates and judgements

The Bank has also considered potential impacts of the current economic volatility in determination of the reported amounts of the Bank's financial and non-financial assets and these are considered to represent management's best assessment based on available or observable information.

c. Deferred installments and customer credit ratings

Based on the two circulars of the Central Bank of Jordan to banks operating in Jordan Number 10/3/4375 and 10/3/14960 issued on March 15, 2020 and November 22, 2020, and what was issued later in the Central Bank circular (10/3/4515) on March 15, 2021, to continue postponing installments to clients that are highly impacted or affected sectors. During the third quarter of 2021, the Bank postponed installments due or to be due for some customers without considering this as a restructuring, and without affecting the customer credit rating, the postponed installments amounted to around JOD 82,36 million till the third quarter of 2021 (JOD 324 million as of December 31, 2020).