

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

CONDENSED CONSOLIDATED INTERIM FINANCIAL
INFORMATION FOR THE
NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2023
TOGETHER WITH THE REVIEW REPORT

BANK AL ETIHAD
(PUBLIC SHAREHOLDING COMPANY)
AMMAN - HASHEMITE KINGDOM OF JORDAN
SEPTEMBER 30, 2023

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Independent Auditor's Review Report

AM/ 010932

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

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of Bank Al Etihad (a Public Shareholding Company) "Bank" and its subsidiaries "Group" as of September 30, 2023 and the related condensed consolidated interim statements of profit or loss, and comprehensive income for the three months and nine months period ended September 30 2023, changes in owners' equity and cash flows for the nine months period then ended and a summary of significant accounting policies and other explanatory notes. Management is responsible for preparation and fair presentation of this condensed consolidated interim financial information in accordance with the international accounting standard (34) " Interim Financial Reporting " as adopted by Central Bank of Jordan. Our responsibility is to express a conclusion on these condensed consolidated interim financial information based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information is not prepared, in all material respects, in accordance with amended International Accounting Standard (34) " Interim Financial Reporting " as adopted by Central Bank of Jordan.

Other Matter

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

Amman –Jordan
October 30, 2023


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

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

	Note	September 30, 2023 (Reviewed Not Audited)	December 31, 2022 (Audited)
Assets:			
		JD	JD
Cash and balances at the Central Bank of Jordan	5	749,027,747	761,806,411
Balances at banks and financial institutions - net	6	305,519,730	207,342,608
Deposits at banks and financial institutions - net	7	27,433,063	14,013,824
Financial assets at fair value through profit or loss	8	19,702,326	18,423,896
Direct credit facilities and financing - net	9	4,188,692,373	3,991,118,781
Financial assets at fair value through other comprehensive income	10	66,850,043	61,301,069
Financial assets at amortized cost - net	11	1,551,236,509	1,325,766,644
Investment in associate		349,622	345,954
Property and equipment - net		71,559,121	68,516,377
Deferred tax assets		31,595,079	32,820,280
Right of use assets - net		29,669,499	29,461,656
Intangible assets - net		27,824,824	26,893,693
Other assets - net	12	163,902,038	153,079,760
TOTAL ASSETS		<u>7,233,361,974</u>	<u>6,690,890,953</u>
LIABILITIES AND OWNERS' EQUITY:			
LIABILITIES:			
Banks' and financial institutions' deposits		323,391,507	337,850,140
Customers' deposits	13	5,527,181,659	5,186,344,444
Cash margins		322,126,169	257,368,027
Borrowed funds	16/a	165,511,430	141,707,946
Subordinated loans	16/b	60,295,000	46,115,000
Sundry provisions		503,250	631,897
Leasing liabilities		29,444,634	29,680,581
Income tax provision	14	18,448,672	28,930,915
Deferred tax liabilities		574,246	844,854
Other liabilities	15	202,693,347	101,380,499
TOTAL LIABILITIES		<u>6,650,169,914</u>	<u>6,130,854,303</u>
OWNERS' EQUITY:			
BANK'S SHAREHOLDERS' EQUITY:			
Authorized and paid-up Capital	23	200,000,000	160,000,000
Share premium	23	68,213,173	80,213,173
Statutory reserve	24	76,227,974	76,227,974
Voluntary reserve	24	51,192,173	51,192,173
Fair value reserve - net	18	4,769,015	6,482,816
Retained earnings	17	34,585,152	78,930,524
Profit for the period		36,829,902	-
TOTAL BANK'S SHAREHOLDERS' EQUITY		<u>471,817,389</u>	<u>453,046,660</u>
Non-controlling interests		111,374,671	106,989,990
TOTAL OWNERS' EQUITY		<u>583,192,060</u>	<u>560,036,650</u>
TOTAL LIABILITIES AND OWNERS' EQUITY		<u>7,233,361,974</u>	<u>6,690,890,953</u>

THE ACCOMPANYING NOTES FROM (1) TO (31) CONSTITUTE AN INTEGRAL PART OF THESE CONDENSED
CONSOLIDATED INTERIM FINANCIAL INFORMATION AND SHOULD BE READ WITH THEM AND WITH THE
REVIEW REPORT.

Chairman of the Board of Directors

Chief Executive Officer

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

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,		
	Note	2023 (Reviewed)	2022 (Reviewed)	2023 (Reviewed)	2022 (Reviewed)
		JD	JD	JD	JD
Interest income and returns		108,573,491	83,277,236	314,490,633	223,163,275
Interest and debit expenses		57,100,878	34,761,245	158,226,612	92,585,720
Net Interest Income and returns		51,472,613	48,515,991	156,264,021	130,577,555
Net commission income		7,674,771	9,046,111	23,559,903	25,487,309
Net Interest and Commission Income and returns		59,147,384	57,562,102	179,823,924	156,064,864
Gain from Foreign currencies		4,012,344	3,350,731	9,977,280	7,464,150
Gain (loss) from financial assets at fair value through profit or loss	19	181,632	(472,260)	659,986	(1,472,530)
(Loss) from financial assets at amortized cost	11	(5,428)	(19,826)	(4,755)	(15,049)
Dividends from financial assets at fair value through other comprehensive income		119,065	3,195	1,160,469	660,345
Other income		242,232	449,338	1,115,604	1,102,458
Gross Income		63,697,229	60,873,280	192,732,508	163,804,238
Expenses:					
Employees expenses		15,826,827	13,962,618	47,164,491	42,132,247
Depreciation and amortization		3,817,468	3,872,867	11,198,923	11,636,833
Other expenses		11,070,111	10,077,561	33,121,313	28,733,747
Provision for expected credit loss	21	8,393,418	7,858,757	27,472,238	19,647,756
(Surplus) provision for impairment of seized assets	12	(66,740)	454,417	(564,367)	892,414
Sundry provisions		22,957	232,457	147,634	336,057
Amortization right of use assets		1,198,493	1,080,898	3,460,754	3,123,518
Rent expense		191,639	129,129	522,782	387,133
Interest on lease liabilities		346,130	286,323	946,274	915,366
Total Expenses		40,800,303	37,955,027	123,470,042	107,805,071
Operating Profit		22,896,926	22,918,253	69,262,466	55,999,167
Bank's share from associate profits		-	-	3,668	8,496
Profit for the Period before Income Tax Expense		22,896,926	22,918,253	69,266,134	56,007,663
Income tax	14	(8,239,077)	(8,918,339)	(25,021,459)	(21,704,043)
Profit for the Period		14,657,849	13,999,914	44,244,675	34,303,620
<u>Attributable to:</u>					
Bank's Shareholders		12,232,933	11,548,381	36,829,902	27,110,527
Non-Controlling Interests		2,424,916	2,451,533	7,414,773	7,193,093
		14,657,849	13,999,914	44,244,675	34,303,620
JD/Fils					
Basic and diluted earnings per share for the period earnings attributable to the Bank's Shareholders	20	0,061	0,058	0,184	0,136

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Chairman of the Board of Directors

Chief Executive Officer

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

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

	For the Three Months Ended September 30, 2023 (Reviewed)	2022 (Reviewed)	For the Nine Months Ended September 30, 2023 (Reviewed)	2022 (Reviewed)
Profit for the Period	14,557,849	13,999,914	44,244,675	34,303,620
Other comprehensive income items are added after tax that will not be transferred to profit or loss in subsequent periods:				
Unrealized (loss) gain on valuation of financial assets at fair value through other comprehensive income	(1,757,386)	945,002	(1,406,816)	4,766,891
Total Comprehensive Income for the Period	12,900,463	14,944,916	42,837,859	39,070,511

Total Comprehensive Income for the Period Attributable to:

Bank's shareholders	10,474,337	12,492,575	35,439,587	31,876,610
Non-controlling interest	2,426,126	2,452,341	7,398,272	7,193,901
	12,900,463	14,944,916	42,837,859	39,070,511

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

	Attributable to Bank's Shareholders										
	Reserves										
	Note	Authorized and paid-up Capital	Share Premium	Statutory	Voluntary	Fair Value Reserve - net	Retained Earnings	Profit for the Period	Total Shareholders' Equity	Non-controlling Interests	Total Owners' Equity
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	
For the Nine Months Ended September 30, 2023 (Reviewed not Audited)											
Balance - Beginning of the Period	160,000,000	80,213,173	76,227,974	51,192,173	6,482,816	76,930,524	-	453,046,660	106,989,990	560,036,650	
Total comprehensive income for the period	-	-	-	-	(1,390,315)	-	36,829,902	35,439,587	7,398,272	42,837,859	
Realized gain from sale of financial assets through other comprehensive income	-	-	-	-	(323,486)	323,486	-	-	-	-	
Distributed Dividends	-	-	-	-	-	(16,000,000)	-	(16,000,000)	-	(16,000,000)	
Increase in the capital	40,000,000	(12,000,000)	-	-	-	(28,000,000)	-	-	-	(3,432,299)	
Acquisition shares in subsidiaries	-	-	-	-	-	(418,708)	-	(418,708)	(3,013,991)	-	
Capital increase fees	-	-	-	-	-	(250,150)	-	(250,150)	-	(250,150)	
Balance - End of the Period	200,000,000	68,213,173	76,227,974	51,192,173	4,769,015	36,589,152	36,829,902	471,817,389	111,374,671	583,192,060	
For the Nine Months Ended September 30, 2022 (Reviewed)											
Balance - Beginning of the Period	160,000,000	80,213,173	68,169,340	46,167,117	1,741,270	71,721,054	-	428,011,954	101,455,653	529,467,607	
Total comprehensive income for the period	-	-	-	-	4,766,083	-	27,110,527	31,876,610	7,193,901	39,070,511	
Realized gain from sale of financial assets through other comprehensive income	-	-	-	-	(1,431,589)	1,431,589	-	-	-	-	
Distributed Dividends	-	-	-	-	-	(16,000,000)	-	(16,000,000)	(2,176,201)	(18,176,201)	
Net change in non-controlling interests as a result of the increase in shares of a subsidiary	4	-	-	-	-	(229)	-	(229)	(1,632)	(1,861)	
Balance - End of the Period	160,000,000	80,213,173	68,169,340	46,167,117	5,075,764	57,152,414	27,110,527	443,888,335	106,471,631	550,359,966	

- A restricted balances from the retained earnings and profit for the period which amounted to JD 31,595,079 of as of September 30, 2023 (JD 32,820,280 as of December 31, 2022) represent deferred tax assets. Based on the instructions of the Central Bank of Jordan, these amounts can not be used unless a prior approval is obtained.

- Retained earnings balance includes an amount of JD 1,046,585 which represents unrealized gain from revaluation of financial assets at fair value through profit or loss.

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

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

	Note	For the Nine Months Ended September 30,	
		2023 (Reviewed) JD	2022 (Reviewed) JD
Cash flow from operating activities			
Profit for the period before income tax		69,266,134	56,007,663
Adjustments:			
Depreciation and amortization		11,198,923	11,636,833
Expected credit loss	21	27,472,238	19,647,756
Amortization of right of use assets		3,460,754	3,123,518
Interests on lease liabilities		946,274	915,366
Loss from the sale of financial assets at amortized cost	11	4,755	15,049
(Surplus) provision for the impairment of seized assets	12	(564,367)	892,414
Loss from valuation of unrealized financial assets	19	194	1,683,594
Loss on sale of property and equipment		10,859	110,711
Loss (gain) from the valuation of transferred loans		25,571	(262)
Sundry provisions		147,634	336,057
Loss from sale of seized assets against debts		60,805	252,199
Bank's share of (gain) in an associate companies		(3,668)	(8,496)
Effect of exchange rate fluctuations on cash and cash equivalents		(2,739,519)	(567,098)
Profit before changes in assets and liabilities		109,286,587	94,045,304
CHANGES IN ASSETS AND LIABILITIES:			
(Increase) decrease in assets			
Restricted cash balances		(3,438,702)	(1,411,164)
Direct credit and financing facilities		(225,297,292)	(436,216,937)
Financial assets at fair value through statement of profit or loss		(1,278,624)	(3,073,856)
Deposits at banks and financial institutions		(13,428,275)	(15,216,764)
Deposits at banks and financial institutions exceeding 3 months		7,495,474	(182,274)
Other assets		(10,344,287)	(27,724,865)
Increase (decrease) in liabilities			
Customers' deposits		340,837,215	322,516,171
Cash margins		64,758,142	44,967,693
Other liabilities		101,458,044	22,393,981
Net Cash Flow from Operating Activities before Income tax and Other Provision Paid		370,048,282	97,289
Income tax paid	14	(34,292,040)	(26,583,016)
Paid various provisions		(276,281)	(67,979)
Net Cash Flow from (used in) Operating Activities		335,479,961	(26,553,706)
Net cash flow from Investing activities			
Net change in financial assets at fair value through other comprehensive income		(7,212,858)	(8,232,209)
Net change in financial assets at amortized cost		(542,303,195)	(395,378,005)
Maturity of financial assets at amortized cost		316,829,099	206,753,515
(Purchase) of intangible assets		(6,061,798)	(5,743,201)
(Purchase) of property and equipment		(9,174,852)	(8,324,248)
Proceeds from sale of property and equipment		52,995	178,617
Cash dividends received from associate company		-	6,250
Net Cash Flow (used in) Investing Activities		(247,870,609)	(210,739,281)
Cash Flow from Financing activities			
Increase in borrowed funds		23,803,484	17,243,713
Dividends distributed to shareholders	17	(15,984,254)	(18,252,872)
Payments of lease liability principal		(4,565,022)	(4,373,892)
Repayment of part of the interest of the lease liabilities		(285,796)	(293,670)
Acquisition share in subsidiary	4	(3,432,299)	(1,861)
Increase in the subordinated loan	16/b	14,180,000	-
Capital increase fees		(250,150)	-
Net Cash Flow from (used in) Financing Activities		13,465,963	(5,678,582)
Net increase (decrease) in cash and cash equivalents		101,075,315	(242,971,569)
Effect of exchange rate changes on cash and cash equivalents		2,739,519	567,098
Cash and cash equivalents at the beginning of the year		663,792,609	1,205,726,235
Cash and Cash Equivalents at the End of the Period	22	767,607,443	963,321,764

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

1. General Information

- Bank Al Etihad is a public shareholding company incorporated in Jordan in 1978, in accordance with the Companies Law No (12) of (1964). Its headquarter is located in Amman, and it was transformed into a bank during the year 1991.
- The Bank provides its financial and banking services through its main branch located in Amman and through its (59) branches and subsidiaries in Jordan. Also, the number of Safwa Bank branches inside the Kingdom reached (42) branches, and its subsidiary company.
- The Bank shares are listed and traded on Amman Stock Exchange-Jordan.
- The condensed consolidated interim financial information was approved by the audit committee on October 29, 2023, as authorized by the Board of Directors.

2. Basis of Preparation

- The accompanying condensed consolidated interim financial information for the nine months ended September 30, 2023 were prepared in accordance with "International Accounting Standard (34)" Interim Financial Reporting (IAS 34)" as adopted by the Central Bank of Jordan.

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

- a. Provisions for expected credit losses are calculated in accordance with IFRS 9 and according to the instructions of the Central Bank of Jordan, whichever is stricter, the material differences are as follows:
 - Elimination of debt instruments issued or guaranteed by the Jordanian government, in addition to other credit exposures with the Jordanian government or guaranteed, in which credit exposures over the Jordanian government are amended and guaranteed without any credit losses.
 - When calculating the credit losses against credit exposures, the calculation results according to IFRS No. (9) are compared with those according to the Central Bank of Jordan's Instructions No. (2009/47) dated December 10, 2009, for each stage separately and the stricter results are taken.
 - In some special cases, the Central Bank of Jordan agrees on special arrangements related to the calculation of the expected credit losses' provision of direct credit facilities customers over the determined period.
 - Exclusion of the Debt instruments issued or guaranteed by the Jordanian Government, so that credit exposures issued or guaranteed by the Jordanian Government are treated with no credit losses.
- b. Interests, revenue, and commissions on non-performing credit facilities granted to clients are suspended, in accordance with the instructions of the Central Bank of Jordan.

- c. Assets seized by the Bank are shown in the condensed consolidated interim statement of financial position among other assets at their current value when it seized to the Bank, or at their fair value, whichever is lower. Furthermore, they are revaluated on the date of the condensed consolidated interim financial information, and any decrease in its value is recorded in the condensed consolidated interim statement of profit or loss and condensed consolidated interim statement of comprehensive income while no increase in its value is recorded as revenue, and where, any subsequent increase is taken to the condensed consolidated interim statement of profit or loss and condensed consolidated interim statement of comprehensive income to the extent of not exceeding the previously recorded impairment value. A gradual provision has been taken for real estate acquired in exchange for debts according to the circular of Central Bank of Jordan No. (10/3/13246) dated September 2, 2021, which is 5% of the total book value of these real estates from the year of 2022 until the required percentage is reached (50% of these properties by the end of the year 2030). According to the Central Bank of Jordan circular No. 10/3/16234 dated October 10, 2022, the gradual provision booked against seized assets is suspended, under a condition that the provision booked against the breached assets should be maintained, and only provisions against sold breached assets can be released .
- The reporting currency of the condensed consolidated interim financial information is the Jordanian Dinar, which is the functional currency of the Bank.
 - The condensed consolidated interim financial information does not include all the information and notes required in the annual financial statements and should be read with the Bank's annual financial statements as of December 31, 2022. Also, operational results as of September 30, 2023, do not necessarily represent an indicator of the expected operations for the year ending December 31, 2023. In addition, no provision has been taken over the profit for the nine months ended September 30, 2023, which is usually done at the end of the fiscal year.
 - Significant Accounting Judgments and key Sources of Uncertainty Estimates, and Risk Management:
Preparation of the condensed consolidated interim financial information and application of the accounting policies require Bank's management to make judgments, estimates, and assumptions that affect the amounts of financial assets, financial liabilities and to disclose contingent liabilities. Moreover, these estimates and judgments affect revenue, expenses, provisions, in general, expected credit losses, as well as changes in fair value that appear in the condensed consolidated interim statement of comprehensive income and within shareholders' equity. In particular, Bank's management requires judgments to be made to estimate the amounts and timing of future cash flows. These mentioned estimates are necessarily based on multiple assumptions and many factors with varying degrees of estimation and uncertainty. Meanwhile, the actual results may differ from estimates due to the changes arising from the conditions and circumstances of those estimates in the future.

We believe that our estimates in the preparation of summary condensed consolidated interim financial information are reasonable and similar to those adopted in the preparation of consolidated financial statements for the year 2022.

3. Significant Accounting Policies

The accounting policies used in preparing the condensed interim financial information for the period ended on September 30, 2023 are consistent with those used in preparing the annual financial statement for the year ended December 31, 2022. However, the Company has adopted the following amendments and interpretations that apply in or after 2023 and have not materially affected the amounts and disclosures in the condensed interim financial information for the period and prior years, which may have an impact on the accounting treatment of future transactions and arrangements:

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

The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or noncurrent is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

Amendments to IFRS 3 – Reference to the Conceptual Framework

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

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

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

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

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

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

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

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

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

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

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

IFRS Financial Enhancements 2018-2020

IFRS 1 First-time Adoption of International Financial Reporting Standards

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

IFRS 9 Financial Instruments

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

The amendment is applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment.

IAS 41 Agriculture

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

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

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

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

Control is achieved when the Bank:

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

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

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

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

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

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

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

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

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

The Bank owns the following subsidiaries as of September 30, 2023:

Company's Name	Ownership of the Bank	September 30, 2023		Nature of Operation	Date of Acquisition	Location
		Paid-up Capital	Investment Value			
	%	JD	JD			
Al-Ethhad for Financial Brokerage Company L.L.C	100	5,000,000	5,000,000	Financial Brokerage	2006	Jordan
Al-Ethhad for Financial Leasing Company L.L.C	100	12,000,000	12,000,000	Finance Leasing	2015	Jordan
Al-Ethhad Islamic Investment Company L.L.C*	58	113,039,028	65,562,636	Acquisition of bonds and shares in companies and borrowing the necessary funds from banks	2016	Jordan
Al-Ethhad for Financial Technology Company L.L.C	100	100,000	100,000	Manufacturing, programming, preparing, developing, and supplying programs	2019	Jordan
		<u>130,139,028</u>	<u>82,662,636</u>			

* The subsidiary, Al-Ethhad Islamic Investment Company LLC, which is owned by Bank Al-Ethhad with a total percentage of 58% has a controlling interest equivalent to 62.4% over Safwa Islamic Bank. Since the Bank has control over the subsidiary and Safwa Islamic Bank, their information has been consolidated within the condensed consolidated interim financial information of the group where the total assets amounted to JD 2,845,382,852, the total liabilities amounted to JD 518,648,645, the total revenue amounted to JD 43,615,290, and the total expenses amounted to JD 23,909,498.

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

5. Cash and Balances at Central Bank of Jordan

Details of this item are as follows:

	September 30, 2023 (Reviewed not audited)	December 31, 2022 (Audited)
	JD	JD
Cash in treasury	125,181,236	130,128,294
Balances at the Central Bank of Jordan:		
Current accounts and demand deposits	149,359,960	90,036,171
Term and notice deposits	211,800,000	303,200,000
Cash reserve requirements	262,686,551	238,441,946
Total balances at the central bank of Jordan	623,846,511	631,678,117
Total	749,027,747	761,806,411

- All balances with the Central Bank of Jordan are classified within the first stage in accordance with the requirements of IFRS No. (9). There are no transfers between the first, second and third stages or write-off balances during the Nine months ended September 30, 2023 and the year ended December 31, 2022.
- Except for the statutory cash reserve requirements, there are no restricted balances as of September 30, 2023 and December 31, 2022.
- There are no amounts maturing during a period exceeding three months as of September 30, 2023 and December 31, 2022.

5. Balances at Banks and Financial Institutions- Net

The details of this item is as follows:

	Local Banks and Financial Institutions		Foreign Banks and Financial Institutions		Total	
	September 30, 2023 (Reviewed not audited)	December 31, 2022 (Audited)	September 30, 2023 (Reviewed not audited)	December 31, 2022 (Audited)	September 30, 2023 (Reviewed not audited)	December 31, 2022 (Audited)
Current accounts and demand deposits	JD 456,798	JD 571,944	JD 129,062,073	JD 115,927,270	JD 129,518,871	JD 116,499,214
Deposits maturing within 3 months or less	30,000,000	13,000,000	146,182,480	78,124,044	176,182,480	91,124,044
Total	30,456,798	13,571,944	275,244,553	194,051,314	305,701,351	207,623,258
Provision for expected credit losses	-	-	(181,621)	(280,650)	(181,621)	(280,650)
Net balance at banks and financial institutions	30,456,798	13,571,944	275,062,932	193,770,664	305,519,730	207,342,608

- Non-interest bearing balances at banks and financial institutions amounted to JD 37,013,668 as of September 30, 2023 (JD 41,462,493 as of December 31, 2022).

- Restricted balances amounted to JD 13,230,148 as of September 30, 2023 and (JD 9,791,446 as of December 31, 2022).

- The balances with banks and financial institutions are classified within the first stage in accordance with the requirements of the IFRS (9), and there were no transfers between the stages (first, second and third) or no cash balances during the period ended on September 30, 2023.

7. Deposits at Banks and Financial Institutions – Net

Description	Local Banks and Financial Institutions		Foreign Banks and Financial Institutions		Total	
	September 30, 2023 (Reviewed not audited)	December 31, 2022 (Audited)	September 30, 2023 (Reviewed not audited)	December 31, 2022 (Audited)	September 30, 2023 (Reviewed not audited)	December 31, 2022 (Audited)
Deposits due Within 3 months to 6 months	-	-	17,903,850	2,127,000	17,903,850	2,127,000
More than 6 months to 9 months	-	6,000,000	3,545,000	2,127,000	3,545,000	8,127,000
More than 9 months to 12 months	-	-	-	3,766,575	-	3,766,575
Provision for expected credit losses	6,000,000	-	-	-	6,000,000	-
Total	6,000,000	6,000,000	21,448,850 (15,787)	8,020,575 (6,751)	27,448,850 (15,787)	14,020,575 (6,751)
Net deposits at banks and financial institutions	6,000,000	6,000,000	21,433,063	8,013,824	27,433,063	14,013,824

- There are no restricted deposits as of September 30, 2023 and December 31, 2022.

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

	September 30, 2023 (Reviewed not Audited)		December 31, 2022 (Audited)	
	Stage (1) Individual JD	Total JD	Stage (1) Individual JD	Total JD
Total balance at the beginning of the period / year	14,020,575	14,020,575	8,771,936	8,771,936
New deposits during the period / year	27,448,850	27,448,850	14,020,575	14,020,575
Reimbursed deposits during the period/ year	(14,020,575)	(14,020,575)	(8,771,936)	(8,771,936)
Total Balance at the End of the Period / Year	27,448,850	27,448,850	14,020,575	14,020,575

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

	September 30, 2023 (Reviewed not Audited)		December 31, 2022 (Audited)	
	Stage (1) Individual JD	Total JD	Stage (1) Individual JD	Total JD
Balance at the beginning of the period / year	6,751	6,751	1,251	1,251
Credit loss on new deposits during the period / year	15,787	15,787	6,751	6,751
Recovered from expected credit loss on the paid deposits	(6,751)	(6,751)	(1,251)	(1,251)
Total Balance at the End of the Period / Year	15,787	15,787	6,751	6,751

8. Financial Assets at Fair Value Through Profit or Loss

Details of the following item are as follows:	September 30, 2023	December 31, 2022
	(Reviewed not audited)	(Audited)
	JD	JD
Government bonds listed in financial markets	1,176,216	649,405
Corporate bonds listed in financial markets	1,642,225	105,388
Corporate shares listed in financial markets	5,251,409	4,813,576
Investment Funds	11,632,476	12,855,527
	<u>19,702,326</u>	<u>18,423,896</u>

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

9. Direct Credit and Financing Facilities - Net

The details of this item are as follows:	September 30, 2023	December 31, 2022
	(Reviewed not audited)	(Audited)
	JD	JD
Individuals (retail):		
Overdraft accounts	2,785,490	3,184,269
Loans and Bills*	1,038,332,310	942,769,009
Credit cards	43,407,813	32,826,520
Real Estate loans	1,100,185,120	1,020,109,367
Large Companies		
Overdraft accounts	77,143,593	59,792,215
Loans and Bills *	1,237,351,020	1,269,222,605
Small and Medium Sized Entities		
Overdraft accounts	26,991,427	26,032,619
Loans and Bills *	272,386,509	226,258,176
Government and public sector	586,763,297	599,215,519
Total	<u>4,385,346,579</u>	<u>4,179,410,299</u>
<u>Less:</u> Interest and return in suspense	17,085,132	16,346,736
<u>Less:</u> Provision of expected credit losses	179,569,074	171,944,782
Net Direct Credit and Financing Facilities	<u>4,188,692,373</u>	<u>3,991,118,781</u>

* Net after deducting interests and commissions received in advance amounting to JD 13,083,189 as of September 30, 2023. (JD 9,567,287 as of December 31, 2022).

- Direct credit facilities and financing within the third stage amounted to JD 183,273,505 which represent 4.18% of total Direct Credit facilities and financing as of September 30, 2023. (JD 153,168,123 which represent 3.66% of total credit facilities and financing as of December 31, 2022).
- The Direct Credit Facilities and Financing within the third stage, after deducting the suspended interest amounted to JD 166,188,373 which represent 3.80% of total Direct Credit Facilities, and financing after deducting interest, revenue and commissions in suspense as of September 30, 2023 (JD 136,821,387 which represent 3.29% of total Direct Credit facilities and Financing after deducting interests, revenues and commissions in suspense as of December 31, 2022).
- Direct Credit Facilities and Financing granted to the Jordanian government amounted to JD 592,666,263 which represent 13.51% of total Direct Credit Facilities and Financing as of September 30, 2023 (JD 597,310,735 which represent 14.29% of the total Direct Credit Facilities and Financing as of December 31, 2022).
- Financing in accordance with Islamic law, which belongs to Safwa Islamic Bank, amounted to JD 2,053,272,395 which represent 46.82% of total Direct Credit Facilities and Financing as of September 30, 2023 (JD 1,988,082,241 representing a percentage of 47.57% as of December 31, 2022).

Disclosure on the movement of gross credit facilities and financing:

	Stage (1)		Stage (2)		Stage (3)		Total
	Individual JD	Collective JD	Individual JD	Collective JD	Individual JD	Collective JD	
For the Nine Months Period September 30, 2023 (Reviewed not audited)							
Balance - beginning of the Year	2,683,829,394	809,882,358	479,606,976	52,923,448	153,168,123	4,179,410,299	
New facilities during the period	567,921,447	198,626,622	41,902,624	13,120,854	5,624,347	827,195,894	
Exposures settled during the period	(227,430,845)	(50,384,955)	(36,434,985)	(5,418,233)	(12,919,040)	(332,588,058)	
Transferred to stage (1)	24,927,782	4,248,089	(24,552,290)	(4,247,543)	(376,038)	-	
Transferred to stage (2)	(82,395,794)	(66,939,742)	86,875,214	69,638,464	(7,178,142)	-	
Transferred to stage (3)	(7,400,213)	(2,891,124)	(52,974,329)	(1,853,480)	65,119,146	-	
The total impact on the volume of exposures as a result of reclassification between stages	2,331,466	(572,416)	(1,749,602)	(3,525,236)	(109,155)	(3,624,943)	
Changes resulting from adjustments	(172,266,241)	(68,023,062)	(23,185,011)	(1,516,563)	2,901,748	(262,089,129)	
Written off credit facilities or transferred as off balance sheet items*	-	-	-	-	(22,957,484)	(22,957,484)	
Gross balance as at the end of the period	2,789,516,996	823,945,770	469,488,597	119,121,711	183,273,505	4,385,346,579	

For the Year Ended December 31, 2022 (Audited)

Balance - beginning of the year	2,236,721,529	671,650,120	405,064,033	65,230,476	130,919,534	3,509,585,692
New exposures during the year	873,192,344	248,803,782	91,188,989	13,149,999	11,612,388	1,237,947,502
Exposures settled during the year	(278,403,995)	(58,381,601)	(40,054,005)	(8,245,413)	(10,846,118)	(395,931,132)
Transferred to stage (1)	39,922,235	22,390,672	(39,080,246)	(22,361,845)	(870,816)	-
Transferred to stage (2)	(95,708,692)	(9,412,106)	98,578,866	11,081,587	(4,539,655)	-
Transferred to stage (3)	(8,850,386)	(3,007,140)	(30,105,610)	(4,400,701)	46,363,837	-
The total impact on the volume of exposures as a result of reclassification between stages	(5,161,410)	(1,404,834)	2,413,745	(636,335)	(5,920,260)	(10,709,094)
Changes resulting from adjustments	(77,882,231)	(60,756,535)	(8,398,796)	(894,320)	(4,683,147)	(152,615,029)
Written off credit facilities or transferred as off balance sheet items *	-	-	-	-	(8,867,640)	(8,867,640)
Gross balance as at the end of the period	2,683,829,394	809,882,358	479,606,976	52,923,448	153,168,123	4,179,410,299

- An amount of JD 9,904,993 was transferred to off-statement of financial position items during the nine months period ended September 30, 2023 (JD 6,924,913 as at December 31, 2022) and an amount of JD 13,052,491 of direct credit and financing facilities was written off according to the board decisions in this regard (JD 1,942,727 as at December 31, 2022).

Expected credit loss

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

	Individuals		Real Estate Loans		Corporates		SMEs		Government and Public Sector		Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD		
<u>For the Nine Months Period Ended September 30, 2023 (Reviewed not audited)</u>											
Balance at the beginning of the period	33,601,233	11,614,714	110,154,001	16,574,834	-	171,944,782					
Impairment loss on new facilities during the period	3,970,567	1,240,566	4,244,627	1,990,520	-	11,446,280					
Recovered from the credit loss on the settled facilities	(1,326,805)	(919,092)	(5,734,404)	37,801	-	(7,942,500)					
Transferred to stage (1)	285,099	171,315	214,915	(273,758)	-	397,571					
Transferred to stage (2)	2,649,979	(235,295)	(20,430,202)	334,978	-	(17,680,540)					
Transferred to stage (3)	(2,935,078)	63,980	20,215,287	(61,220)	-	17,282,969					
The effect on the provision - as at the end of the period - as a result of reclassification between the three stages during the period	5,520,640	3,213,856	(675,516)	752,756	-	8,811,736					
Changes resulted from adjustments	4,648,807	2,086,877	7,378,775	1,293,725	-	15,408,184					
Written off credit facilities or transferred as off-balance sheet items	(995,910)	-	(17,024,881)	(2,078,617)	-	(20,099,408)					
Gross balance at the End of the Period	45,418,532	17,236,921	98,342,602	18,571,019	-	179,569,074					
Redistribution:											
Provision on individual basis	36,107,221	17,216,457	98,342,602	18,001,438	-	169,667,718					
Provision on collective basis	9,311,311	20,464	-	569,581	-	9,901,356					
	45,418,532	17,236,921	98,342,602	18,571,019	-	179,569,074					

	Individuals	Real Estate Loans	Corporates	SMEs	Government and Public Sector	Total
	JD	JD	JD	JD	JD	JD
For the Year Ended December 31, 2022 (Audited)						
Balance at January 1, 2022	29,479,940	12,703,958	85,512,145	13,844,955	-	141,540,998
Impairment on new Credit facilities during the year	4,753,678	1,720,420	18,462,315	2,767,331	-	27,703,744
Recovered from Impairment on paid credit facilities	(2,728,178)	(1,878,967)	(6,089,828)	(1,377,776)	-	(12,074,749)
Transferred to stage (1)	2,049,575	244,990	(547,367)	62,925	-	1,810,123
Transferred to stage (2)	(740,042)	(517,527)	(345,844)	(1,231,760)	-	(2,835,173)
Transferred to stage (3)	(1,309,533)	272,537	893,211	1,168,835	-	1,025,050
Effect on the impairment losses due to reclassifications between stages	3,122,664	930,459	7,765,372	4,167,866	-	15,986,361
Effect due to adjustments	(588,018)	(1,861,156)	5,341,033	575,915	-	3,467,774
Written-off credit facilities or transferred as off balances sheet items	(438,853)	-	(837,036)	(3,403,457)	-	(4,679,346)
Gross balance at the End of the Year	33,601,233	11,614,714	110,154,001	16,574,834	-	171,944,782
Redistribution:						
Provision on individual basis	31,004,301	11,609,978	110,154,001	16,139,066	-	168,907,346
Provision on Collective basis	2,596,932	4,736	-	435,768	-	3,037,436
	33,601,233	11,614,714	110,154,001	16,574,834	-	171,944,782

- The value of the provision that is no longer needed as a result of debt settlement and transferred to other debts amounted to JD 7,942,500 as of September 30, 2023 (JD 12,074,749 as of December 31, 2022).

Interest and returns in suspense

The movement of suspended interests was as follows:

	Companies				
	Individuals	Real estate loans	Corporates	SMEs	Total
	JD	JD	JD	JD	JD
<u>For the Nine Months Period Ended September 30, 2023 (Reviewed not audit)</u>					
Balance- beginning of the year	5,570,164	2,709,063	5,436,609	2,630,900	16,346,736
<u>Add: Interest and returns suspended during period</u>	2,291,090	48,451	1,102,521	729,026	4,171,088
<u>Less: Interests and returns transferred to revenue</u>	(604,493)	(101,766)	(222,933)	(156,740)	(1,085,932)
Written off suspended interest	(476,124)	-	(1,331,152)	(539,484)	(2,346,760)
Balance- end of the Period	6,780,637	2,655,748	4,985,045	2,663,702	17,085,132
<u>For the Year Ended December 31, 2022 (Audited)</u>					
Balance- beginning of the Year	4,102,597	2,471,153	7,707,710	2,638,906	16,920,366
<u>Add: Interest and returns suspended during year</u>	2,571,842	270,601	1,539,725	908,266	5,290,434
<u>Less: Interests and returns transferred to revenue</u>	(740,249)	(25,038)	(767,070)	(143,413)	(1,675,770)
Written off suspended interest	(364,026)	(7,653)	(3,043,756)	(772,859)	(4,188,294)
Balance- end of the Year	5,570,164	2,709,063	5,436,609	2,630,900	16,346,736

10. Financial Assets at Fair Value through Other Comprehensive Income

The details of this item are as follows:

	September 30, 2023 (Reviewed not audited)	December 31, 2022 (Audited)
	JD	JD
Quoted shares in active markets	31,993,867	31,168,445
Unquoted shares in active markets	17,682,248	15,601,160
Investment funds	<u>17,173,928</u>	<u>14,531,464</u>
Total	<u>66,850,043</u>	<u>61,301,069</u>

- Transferred gains as a result of selling financial assets at fair value through the statement of other comprehensive income amounted to JD 344,555 of which JD 21,069 belongs to non-controlling interests as of September 30, 2023. (JD 1,431,589 losses transferred as of September 30, 2022).

- Cash dividends on the above financial assets amounted to JD 1,160,469 for the nine months ended September 30, 2023 (JD 660,345 for the nine months ended September 30, 2022).

11. Financial Assets at Amortized Cost- Net

The details of this item are as follows:

	September 30, 2023 (Reviewed not audited)	December 31, 2022 (Audited)
	JD	JD
<u>Quoted Financial Assets:</u>		
Foreign treasury bonds	92,236,390	104,144,987
Corporate bonds and debentures	176,208,768	138,050,446
<u>Unquoted Financial Assets:</u>		
Governmental treasury bonds	107,203,610	65,623,344
Governmental guaranteed bonds and bills	1,152,555,316	989,915,966
Corporate bonds and debentures	<u>23,702,000</u>	<u>28,702,000</u>
	1,551,906,084	1,326,436,743
<u>Less:</u> Provision for excepted credit loss related to financial assets within stage (1)	<u>669,575</u>	<u>670,099</u>
	<u>1,551,236,509</u>	<u>1,325,766,644</u>
<u>Bonds and Bills Analysis (before provisions):</u>		
With Fixed rate	1,551,524,914	1,326,045,700
With Floating rate	<u>381,170</u>	<u>391,043</u>
	<u>1,551,906,084</u>	<u>1,326,436,743</u>
<u>Bond Analysis according to IFRS 9 (before provisions):</u>		
Stage (1)	<u>1,551,906,084</u>	<u>1,326,436,743</u>
	<u>1,551,906,084</u>	<u>1,326,436,743</u>

* During the nine months period ended September 30, 2023, financial assets at amortized cost were sold with a nominal value amounting to JD 10,989,500 (JD 2,339,700 for the same period last year) the sale process resulted in loss of JD 4,755 for the period ended September 30, 2023 (loss that amounting to JD 15,049 for the period ended September 30, 2022).

12. Other Assets - net

The details of this item are as follows:

	September 30, 2023 (Reviewed not audited)	December 31, 2022 (Audited)
	JD	JD
Interests and revenue under collection	23,573,670	21,157,525
Prepaid expenses	8,524,489	5,923,531
Assets seized by bank in repayment of debts *	78,723,573	52,978,257
Clearing cheques	2,874,701	168,219
Transfers and cheques under collection	1,096,226	261,956
Margins on letter of guarantees paid	6,110,849	4,050,439
Discounted commercial papers	26,959,441	55,057,239
Convertible loans	860,679	177,250
Other	15,178,410	13,305,344
	<u>163,902,038</u>	<u>153,079,760</u>

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

	September 30, 2023 (Reviewed not audited)	December 31, 2022 (Audited)
	JD	JD
Balance beginning of period / year	52,978,257	51,302,874
Additions	28,295,954	6,002,533
Disposals	(3,115,005)	(3,431,969)
(Surplus) provision of impairment loss for the period / year	564,367	(895,181)
Balance End of Period / Year	<u>78,723,573</u>	<u>52,978,257</u>

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

	For the Nine Months Ended September 30,	
	2023 (Reviewed not audited)	2022 (Reviewed not audited)
	JD	JD
Balance beginning of period / year	6,070,677	5,175,496
(Surplus) provision during the period / year	(564,367)	892,414
Balance End of Period / year	<u>5,506,310</u>	<u>6,067,910</u>

The provision for impairment against assets seized by the bank amounted to JD 1,448,430 as of September 30, 2023 (JD 1,805,375 as of September 30, 2022), and the provision for the assets seized by the bank for a period of more than (4) years amounted to JD 4,057,880 as of September 30, 2023 (JD 4,262,535 September 30,, 2022).

13. Customers Deposits

The details for this item are as follows:

	Companies				Government and Public Sector	Total
	Individual JD	Corporates JD	SMEs JD	JD		
As of September 30, 2023 (Reviewed not audited)						
Current and demand accounts	506,406,755	192,567,220	390,573,202	24,921,909	1,114,469,086	
Saving deposits	885,011,843	28,747,644	65,053,014	5,404,947	984,217,448	
Time and notice deposits	1,704,052,354	575,713,391	171,166,642	408,527,400	2,859,459,787	
Certificate of deposits	495,256,351	20,943,940	27,158,047	25,677,000	569,035,338	
Total	3,590,727,303	817,972,195	653,950,905	464,531,256	5,527,181,659	
As of December 31, 2022 (Audited)						
Current and demand accounts	511,295,365	268,196,672	297,624,686	6,694,002	1,083,810,725	
Saving deposits	898,433,383	30,052,609	64,363,067	5,765,644	998,614,703	
Time and notice deposits	1,602,562,585	539,777,036	148,271,873	391,872,109	2,682,483,603	
Certificate of deposits	368,987,701	6,795,000	16,995,712	28,657,000	421,435,413	
Total	3,381,279,034	844,821,317	527,255,338	432,988,755	5,186,344,444	

- The Jordanian government and public sector's deposits inside the kingdom reached JD 464,531,256 representing 8.40% of total deposits as of September 30, 2023 (JD 432,988,755 representing 8.35% as of December 31, 2022).

- Deposits with no interest bearing reached JD 1,063,335,979 representing 19.24% of the total deposits as of September 30, 2023 (JD 1,095,540,368 representing 21.12% as of December 31, 2022).

- Restricted deposits (withdrawal restricted) reached JD 8,401,251 representing 0.15% of the total deposits as of September 30, 2023 (JD 5,594,094 representing 0.11% of the total deposits as of December 31, 2022).

- Dormant deposits reached JD 28,251,769 representing 0.51% of the total deposits as of September 30, 2023 (JD 46,969,179 representing 0.91% of the total deposits as of December 31, 2022).

- Customer deposits include JD 2,056,935,912 which represents the shared customer investment related of Safwa Islamic Bank as of September 30, 2023 (JD 1,900,147,848 as of December 31, 2022).

14. Income Tax Provision

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

	For the Nine Months Ended September 30, 2023 (Reviewed not audited)	For the Year Ended December 31, 2022 (Audited)
	JD	JD
Balance beginning of the period / year	28,930,915	21,931,794
Income tax paid during the period/ year	(34,292,040)	(26,590,128)
Income tax for the period / year	23,796,257	33,457,335
Income tax on profits from the sale of financial assets	13,540	-
Provision for prior years income tax	-	131,914
Balance End of the Period / Year	18,448,672	28,930,915

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

	For the Nine Months Ended September 30, 2023 (Reviewed not audited)	2022 (Reviewed not audited)
	JD	JD
Accrued income tax against profits of the period	23,796,257	22,366,569
Prior years income tax	-	127,074
Amortization of deferred tax assets during the period	1,225,202	(877,096)
Deferred tax liability for the period	-	87,496
	25,021,459	21,704,043

- The legal income tax rate for the Bank was 35% in addition to the national contribution of 3%, the legal income tax rate for AI Etihad Leasing Company and AL Etihad Financial Brokerage company has reached 24% in addition to the national contribution of 4% and the income tax rate for AI Etihad Financial Technology has reached to 20% in addition to the national contribution of 1%.
- The Bank submitted the tax return until the year 2022 and a final settlement was reached with Income Tax and sales Department on the results of the bank until end of the year 2018, and The Income and Sales Tax Department are reviewing the bank's accounting records for the years 2019 and 2020, and no decision has been issued until the date of preparing the consolidated financial information. The Income and Sales Tax Department has not reviewed the bank's accounting records for the years 2021 and 2022.
- A final settlement with the income tax department for Safwa Islamic Bank has been reached up to the year 2020. The tax return for the year 2021 and 2022 was submitted within the legal period, and the income and sales tax department did not review the accounting records until the date of preparing the interim consolidated financial statements.
- A tax clearance was obtained from the Income and Sales Tax Department on the business results of Misk Financial Brokerage Company (a subsidiary of Safwa Islamic Bank) until the end of 2021, except for the year 2019, when the company submitted tax statements for the year 2019 and it was not reviewed by the Income and Sales Tax Department.
- A final settlement for AI Etihad for Financial Brokerage Company has been reached, with the income tax department up to the year 2020. And the Self detection has been submitted for the year 2022 and the income tax and sales department did not review the accounting records until the date of the consolidated condensed interim financial information.
- A final settlement with the Income Tax Department for AI Etihad for Financial Leasing Company has been reached up to the year 2021. And the Self detection has been submitted for the year 2022 and the income tax and sales department did not review the accounting records until the date of the consolidated condensed interim financial information.
- A final settlement with the Income Tax Department for AI Etihad for Financial Technology Company has been reached up to the year 2020. The tax return for the year 2021 and 2022 was submitted, and the income tax and sales department did not review the accounting records until the date of preparing the consolidated condensed interim financial information.
- A final settlement with the Income Tax Department for Etihad Islamic Investment company has been reached up to the year 2020. The tax return for the year 2021 and 2022 was submitted, and the income tax and sales department did not review the accounting records until the date of preparing the consolidated condensed interim financial information.
- A provision for tax is calculated and entered for the nine months ending on September 30, 2023 for the bank and its subsidiaries, and according to management and the tax advisor, that will not be any obligations that exceed the provision recorded in the consolidated condensed interim financial information.
- The percentage of deferred tax was 38% for the income from inside Jordan and 13% for the income from outside Jordan and in the Bank's management opinion these deferred taxes will be realized in the future.

15. Other Liabilities

The details of this item are as follows:

	September 30, 2023 Reviewed not (audited)	December 31, 2022 (Audited)
	JD	JD
Accrued interest expense	56,640,418	40,431,290
Revenue received in advance	3,107,968	2,223,903
Accounts payable	829,647	653,729
Accrued and unpaid expenses	16,830,332	15,165,919
Incoming transfers	517,607	236,318
Deferred cheques	16,851,250	13,044,653
Temporary deposits	12,304,976	12,550,904
Provision for expected credit losses on off - statement of financial position items *	4,860,942	5,021,887
Dividends payable	476,849	461,103
Electronic Payment System reconciliation	3,635,648	1,980,162
Various creditors**	58,237,260	-
Other liabilities	28,400,450	9,610,631
Total	202,693,347	101,380,499

	For the Nine Months Ended September 30, 2023				For the year ended December 31, 2022
	Stage (1) - Individual	Stage(2) - Individual	Stage (3)	Total	Total
	JD	JD	JD	JD	JD
Movement disclosures on indirect credit facilities					
Total balance at the beginning of the period / year	1,303,196,285	106,484,731	2,248,572	1,411,929,588	1,114,434,856
New exposures during the period/year	815,668,678	30,362,225	264,449	846,295,352	925,078,736
Accrued exposures	(694,385,391)	(49,843,140)	(731,504)	(744,960,035)	(641,250,540)
Transferred into the stage (1)	3,630,823	(3,562,823)	(68,000)	-	-
Transferred into the stage (2)	(6,267,117)	6,277,117	(10,000)	-	-
Transferred into the stage (3)	(845,983)	(438,161)	1,284,144	-	-
The total impact on the volume of exposures as a result of changing the classification between stages during the period	(418,645)	(3,249,904)	11,996	(3,656,553)	379,145
Changes resulted from adjustments	(6,840,760)	(6,991,894)	-	(13,832,654)	13,287,391
Gross balance at the end of the Period / Year	1,413,737,890	79,038,151	2,999,657	1,495,775,698	1,411,929,588

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

	For the Nine Months Ended September 30, 2023				For the year ended December 31, 2022
	Stage (1) - Individual	Stage(2) - Individual	Stage (3)	Total	Total
	JD	JD	JD	JD	JD
Balance at the beginning of the period/year	4,143,411	667,307	211,169	5,021,887	5,615,184
Impairment loss on the new exposures during the period / year	2,078,966	157,686	-	2,236,652	2,443,780
Recovered from the impairment loss on the accrued exposures	(1,563,670)	(393,836)	(142,500)	(2,100,006)	(2,864,378)
Transferred to stage 1	30,192	(30,192)	-	-	-
Transferred to stage 2	(46,968)	56,968	(10,000)	-	-
Transferred to stage 3	(457)	(5,275)	5,732	-	-
Effect on the provision as of the end of the period due to reclassifications between stages during the period	(24,811)	(7,604)	4,268	(28,147)	5,032
Changes resulting from adjustments	(274,373)	4,929	-	(269,444)	(177,731)
Gross balance at the End of the Period / Year	4,342,290	449,983	68,669	4,860,942	5,021,887

** This item represents the proceeds of the issuing of additional Tier 1 sustainable bonds not convertible to share at value of USD 100 million, which are bonds that fall within the additional Tier 1 capital as of September 30, 2023

16/a. Borrowed Funds

The details of this item are as follows:

	Number of Payments			Payment Frequency	Collateral	Borrowing interest
	Amount	Total	Remaining			Rate
	JD					%
<u>September 30, 2023 (Reviewed not audited)</u>						
Central Bank of Jordan borrowing *	50,329,564	12,513	7,582	Monthly	Bank Promissories	0.5%-1.75%
Central Bank of Jordan borrowing *	377,300	37	25	Quarterly	Bank Promissory	1,00%
Central Bank of Jordan borrowing *	3,189,245	36	22	Semi-annual	Bank Promissory	0.50% - 1.00%
Central Bank of Jordan borrowing *	1,170,813	23	10	Annual	Bank Promissory	0.50% - 1.00%
Central Bank of Jordan borrowing *	59,192,472	30,540	16,166	Monthly	Bank Promissory	0,00%
International Bank for Reconstruction and Development **	2,400,000	20	8	Semi-annual starting from September 15, 2018	Bank Promissory	1,95%
Arab Fund for Economic and Social Development ***	480,000	15	3	semi-annual	Bank Promissory	2,50%
Arab Fund for Economic and Social Development ***	6,154,191	34	32	semi-annual	Bank Promissory	3,00%
European Bank for Reconstruction and Development	2,020,650	7	7	Semi-annual starting from September 1, 2024	-	8,65%
European Bank for Reconstruction and Development	106,350	7	7	Semi-annual starting from September 1, 2024	-	5,71%
Jordan Mortgage Refinance Company (Related to a subsidiary)	2,000,000	1	1	one instalment	-	7,75%
Jordan Mortgage Refinance Company (Related to a subsidiary)	2,000,000	1	1	one instalment	-	4,70%
Jordan Mortgage Refinance Company (Related to a subsidiary)	2,500,000	1	1	one instalment	-	4,60%
Jordan Mortgage Refinance Company (Related to a subsidiary)	5,000,000	1	1	one instalment	-	7,60%
Local Banks (related to a subsidiary)	5,856,250	92	90	Quarterly	-	6,75%
Local Banks (related to a subsidiary)	5,000,000	324	324	Monthly	-	8,00%
Local Banks (related to a subsidiary)	14,930,423	828	827	Monthly	-	6,00%
Local Banks (related to a subsidiary)	<u>2,804,172</u>	180	168	Monthly	-	7,50%
	<u>165,511,430</u>					

	Number of Payments			Payment Frequency	Collateral	Borrowing interest
	Amount	Total	Remaining			Rate
	JD					%
<u>December 31, 2022 (Audited)</u>						
Central Bank of Jordan borrowing *	37,065,805	11,124	7,079	Monthly	Bank Promissories	0.50%- 1.75%
Central Bank of Jordan borrowing *	408,700	37	34	Quarterly	Bank Promissory	1,00%
Central Bank of Jordan borrowing *	3,425,153	36	31	Semi-annual	Bank Promissory	0.50% - 1.00%
Central Bank of Jordan borrowing *	1,125,104	22	9	Annual	Bank Promissory	0.50% - 1.00%
Central Bank of Jordan borrowing *	51,672,440	26,293	16,864	Monthly	Bank Promissory	0,00%
International Bank for Reconstruction and Development **	3,000,000	20	9	Semi-annual starting from September 15, 2018	Bank Promissory	1,95%
Arab Fund for Economic and Social Development ***	690,000	15	4	semi-annual	Bank Promissory	2,5%
Arab Fund for Economic and Social Development ***	5,327,732	34	34	semi-annual	Bank Promissory	3,00%
Jordan Mortgage Refinance Company	10,000,000	1	1	one instalment	Bank Promissories	4,40%
European Bank for Reconstruction and Development	673,550	7	7	Semi-annual starting from September 1, 2024	-	7,45%
European Bank for Reconstruction and Development	35,450	7	7	Semi-annual starting from September 1, 2024	-	4,85%
Jordan Mortgage Refinance Company (Relating to a subsidiary)	2,000,000	1	1	one instalment	-	7,75%
Jordan Mortgage Refinance Company (Relating to a subsidiary)	2,000,000	1	1	one instalment	-	4,70%
Jordan Mortgage Refinance Company (Relating to a subsidiary)	2,500,000	1	1	one instalment	-	4,60%
Local Banks (Relating to a subsidiary)	6,000,000	92	92	Quarterly	-	6,50%
Local Banks (Relating to a subsidiary)	265,012	48	12	Monthly	-	5,90%
Local Banks (Relating to a subsidiary)	7,971,000	432	432	Monthly	-	6,00%
Local Banks (Relating to a subsidiary)	4,998,000	288	288	Monthly	-	6,00%
Local Banks (Relating to a subsidiary)	<u>2,550,000</u>	144	144	Monthly	-	6,00%
	<u>141,707,946</u>					

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

** Funds have been reborrowed from the International Bank for Reconstruction and Development to SMEs' and corporates' sectors at an interest rate ranging between 6.5% - 11.75%.

*** Funds have been reborrowed from the Arab Fund for Economic and Social Development to SMEs' and corporates' sectors at an interest rate ranging from 4.25% 10.75%.

16/b. Subordinated Loans

The details of this items are as follows:

	Number of settlements			Payment Frequency	Collaterals	Borrowing interest
	Amount	Total	Remaining			Rate
	JD					%
<u>September 30, 2023 (Reviewed not audited)</u>						
European Bank for Restructuring and Development (EBRD)	24,815,000	1	1	one installment dated December 6, 2032	-	11,85%
European Bank for Restructuring and Development (EBRD)	21,300,000	1	1	one instalment dated April 8, 2027	-	10,75%
Sanad Fund for financing micro, SME's	<u>14,180,000</u>	1	1	one installment dated March 30, 2030	-	10.39%
	<u>60,295,000</u>					
<u>December 31, 2022 (Audited)</u>						
The European Bank for Reconstruction and Development	24,815,000	1	1	One instalment dated December 6, 2032	-	11,85%
European Bank for Restructuring and Development (EBRD)	<u>21,300,000</u>	1	1	one instalment dated April 8, 2027	-	9,50%
	<u>46,115,000</u>					

17. Retained Earnings

The details of this item are as follows:

	September 30, 2023	December 31, 2022
	(Reviewed not audited)	(Audited)
	JD	JD
Balance - beginning of the period / year	78,930,524	71,721,054
Profit for the year	-	34,327,652
Gain on sale of financial assets at fair value through other comprehensive income	323,486	2,015,419
transferred to reserves	-	(13,083,690)
Increase in paid-up capital	(28,000,000)	-
Distributed dividends	(16,000,000)	(16,000,000)
Shares in subsidiaries	(418,708)	(49,911)
Capital increase fees	(250,150)	-
Balance - end of the period / year	34,585,152	78,930,524

- The General Assembly decided, in its extraordinary meeting held on April 19, 2023, to increase the bank's capital by an amount of JD 40 million by capitalizing part of the retained earnings at an amount of JD 28 million and capitalizing part of the share premium at an amount of JD 12 million.
- The retained earnings balance includes an amount of JD 1,046,585 which represents the loss from revaluation of financial assets at fair value through profit or loss as of September 30, 2023.
- An amount of JD 31,595,079 of retained earnings and profit for the period as on September 30, 2023 is restricted (JD 32,820,280 as on December 31, 2022) , which represent deferred tax assets on the instructions of the Central Bank of Jordan it is prohibited to utilize this amount without its prior approval.

18. Fair Value Reserve - Net

The details of this item are as follows:

	September 30, 2023	December 31, 2022
	(Reviewed not audited)	(Audited)
	JD	JD
Balance at the beginning of the period / year	6,482,816	1,741,270
Unrealized (loss) profit	(1,660,923)	8,022,682
Amortization of deferred tax assets	-	(420,863)
Deferred tax liabilities	270,608	(844,854)
(Gain) from sale of financial assets at fair value through other comprehensive income	(323,486)	(2,015,419)
Balance at the end of the period / year	4,769,015	6,482,816

The reserve of the fair value appears in the net after offsetting of deferred tax liability balance amounting to JD 574,246 as of September 30, 2023 (JD 844,854 as of December 31, 2022).

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

The details of this item are as follows:

	Realized Gain	Unrealized (Loss)	Dividends Income	Total
	JD	JD	JD	JD
<u>For The Nine Months Ended September 30, 2023 (Reviewed not audited)</u>				
Bonds and treasury bills	134,381	(18,757)	-	115,624
Corporate shares	404,882	(213,789)	139,392	330,485
Financial derivatives	(12)	-	-	(12)
Investment funds	(18,463)	232,352	-	213,889
	<u>520,788</u>	<u>(194)</u>	<u>139,392</u>	<u>659,986</u>
<u>For The Nine Months Ended September 30, 2022 (Reviewed not audited)</u>				
Bonds and treasury bills	(3,299)	(32,735)	-	(36,034)
Corporate shares	46,822	(735,809)	117,687	(571,300)
Financial derivatives	41,642	-	-	41,642
Investment funds	(672)	(915,050)	8,884	(906,838)
	<u>84,493</u>	<u>(1,683,594)</u>	<u>126,571</u>	<u>(1,472,530)</u>

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,	
	2023 (Reviewed not audited)	2022 (Reviewed not audited)	2023 (Reviewed not audited)	2022 (Reviewed not audited)
Income for the period	JD	JD	JD	JD
	12,232,933	11,548,381	36,829,902	27,110,527
Weighted average number of shares (share)	200,000,000	160,000,000	200,000,000	160,000,000
	JD/ Fils	JD/ Fils	JD/ Fils	JD/ Fils
Earnings per share for the period (Basic and Diluted)	0,061	0,058	0,184	0,136

- The weighted average number of shares per share of the profit attributable to the shareholders of the bank was calculated based on the number of shares for the periods ended on September 30, 2023 and 2022 where the figures for the period ended on September 30, 2022 were calculated for the average profit for the number of shares , after taking into account the share dividends being free.

21. Provision for Expected Credit Loss

The details of this item are as follows:

	For the Nine Months Ended September 30,	
	2023 (Reviewed not audited)	2022 (Reviewed not audited)
Balances and deposits at banks and financial institutions	JD	JD
	(99,029)	118,251
Deposits at banks and financial institutions	9,036	6,810
Financial assets at amortized costs	(524)	201,257
Direct credit facilities and financing	27,723,700	19,376,869
Contingent liabilities and commitments	(160,945)	(55,431)
	27,472,238	19,647,756

22. Cash and Cash Equivalent

The details of this item are as follows:

	For the Nine Months Ended September 30,	
	2023 (Reviewed not audited)	2022 (Reviewed not audited)
Balances at central banks due within three months	JD	JD
	749,027,747	790,483,029
Add: Balances at banks and financial institutions maturing within 3 months	305,701,351	396,190,300
Less: Deposits at banks and financial institutions maturing within 3 months	273,891,507	214,392,187
Less: Restricted balances	13,230,148	8,959,378
	767,607,443	963,321,764

23. Capital

- The authorized and paid capital amounted to JD 200 Million divided over 200 Million shares, where the par value of the share was JD 1 as of September 30, 2023, and JD 160 Million divided over 160 Million shares, where the par value per share was JD 1 as of December 31, 2022.
- The General Assembly decided, in its extraordinary meeting held on April 19, 2023, to increase the bank's capital by an amount of JD 40 million by capitalizing part of the retained earnings at an amount of JD 28 million and capitalizing part of the share premium at an amount of JD 12 million.

Share premium

- The share premium amounted to JD 68,213,173 as of September 30, 2023 (JD 80,213,173 as of December 31, 2022).

Distributed dividends

- The dividends distributed to shareholders during the year 2023 amounted to JD 16 Million for the year 2022 (JD 16 Million for the year 2021).

24. Reserves

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

25. Contingent Liabilities and Commitments

The details of this item is as follows:

	September 30, 2023 (Reviewed not audited)	December 31, 2022 (Audited)
	JD	JD
Letters of credit	415,521,099	326,892,952
Acceptances	128,706,990	208,226,860
Letters of guarantee:		
- Payments	67,515,885	69,272,424
- Performance	88,491,235	93,575,650
- Other	68,906,156	59,273,319
- Futures currency contracts	90,589,044	193,778,988
- Unutilized limits of credit facilities and financing	726,634,333	654,688,383
Total	1,586,364,742	1,605,708,576

26. Lawsuits against the Bank

The value of the lawsuits raised against the Group were amounted to JD 4,299,732 as of September 30, 2023 in addition to other customs lawsuits (JD 3,728,619 as of December 31, 2022 in addition to other customs lawsuits), provisions booked against them amounted to JD 287,182 as of September 30, 2023 (JD 452,172 as of December 31, 2022). The Bank management and its legal counsel believe that the provisions booked against these lawsuits are adequate. In addition to the cases referred to above, a lawsuits were filed against the subsidiary, Safwa Islamic Bank, related to real estate mortgaged for the benefit of the subsidiary, and these cases do not result in a financial impact or obligation on the group.

22. Transactions and Balances with Related Parties

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

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

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

	Board of Directors Members					Top Executive Management and management shareholder	Subsidiaries	Others (executive management members and their relatives)	Total	
	JD	JD	JD	JD	JD	JD	JD	September 30, 2023 (Reviewed not audited)	December 31, 2022 (Audited)	
On- Condensed Consolidated Interim Statement of Financial Position Items:										
Direct credit facilities and financing	725,646	3,458,488	1,410,497	41,082,217	46,676,848	67,432,161				
Deposits	159,484,203	4,979,606	18,779,331	14,868,080	198,111,220	207,100,913				
Deposits at banks and financial institutions	-	-	614,696	-	614,696	354,838				
Intangible assets	-	-	2,399,422	-	2,399,422	2,615,855				
Off- Condensed Consolidated Interim Statement of Financial Position Items:										
Letter of credits	-	-	-	63,061	63,061	4,161,389				
Acceptances	-	-	-	-	-	-				
Letter of guarantee	11,500	-	900,670	9,135,180	10,047,350	10,121,834				

For the Nine Months Ended September 30,

	2023 (Reviewed not Audited)		2022 (Reviewed not Audited)	
	JD	JD	JD	JD
Condensed Consolidated Interim Statement of Profit or Loss Items:				
Interests Income, returns and commissions	25,520	65,853	64,583	3,964,979
Interests expenses, returns and commissions	5,447,367	119,141	520,774	2,874,753

b. The Salaries, bonuses of bank's Executive management and the fees, transportation and bonuses allowance of the board of directors amounted to JD 5,886,778 for the nine months period ended September 30, 2023 (JD 5,823,351 for nine months period ended September 30, 2022).

28. Segmental Information

1. Bank Activities Information

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

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

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

	Individuals	Corporates	SMEs	Treasury	Other	Total	
						For the Nine Months Ended September 30,	
						2023 (Reviewed not audited)	2022 (Reviewed not audited)
	JD	JD	JD	JD	JD	JD	JD
Gross Income	122,602,026	108,094,763	35,066,933	86,941,038	581,419	353,286,179	257,611,654
Expected credit loss	(15,035,725)	(9,681,944)	(4,198,760)	1,444,191	-	(27,472,238)	(19,647,756)
Results of segment's activities	20,204,860	48,362,270	21,884,461	74,331,233	477,446	165,260,270	144,156,482
Unallocated (expenses) - net						(95,997,804)	(88,157,315)
Operating income						69,262,466	55,999,167
Bank's share of profit from investments in associates						3,668	8,496
Income before tax						69,266,134	56,007,663
Income tax						(25,021,459)	(21,704,043)
Profit for the period						44,244,675	34,303,620
Other Information							
Capital expenditures						15,236,650	14,067,449
Depreciation and Amortization						11,198,923	11,636,833
Total							
						September 30, 2023 (Reviewed not audited)	December 31, 2022 (Audited)
						JD	JD
Segment's Assets	1,788,996,927	1,909,392,704	343,542,400	2,866,345,580	-	6,908,277,611	6,379,745,729
Undistributed assets	-	-	-	-	325,084,363	325,084,363	311,145,224
Total Assets	1,788,996,927	1,909,392,704	343,542,400	2,866,345,580	325,084,363	7,233,361,974	6,690,890,953
Segment's Liabilities	3,687,849,441	1,462,389,189	655,765,153	588,470,926	-	6,394,474,709	5,960,196,127
Undistributed liabilities	-	-	-	-	255,695,205	255,695,205	170,658,176
Total Liabilities	3,687,849,441	1,462,389,189	655,765,153	588,470,926	255,695,205	6,650,169,914	6,130,854,303

29. Capital Adequacy

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

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

1. Central Bank of Jordan instructions that capital adequacy ratio should not be less than 12.5%.
2. Compliance with the minimum limit set for the paid-up capital for Jordanian Banks, which should not be less than JD 100 million.
3. The Bank's investments in stocks and shares which should not exceed 50% of the subscribed capital.
4. The ratio of credit limits (credit concentration) to regulatory capital.
5. Banks' and Companies' law related to the deduction of the legal reserve at a rate of 10% of the Bank's profit before tax.

	September 30, 2023 (Reviewed not Audited)	December 31, 2022 (Audited)
	JD	JD
Common Equity Shareholders' Rights		
Authorized and paid-up capital	200,000,000	160,000,000
Retained earnings	34,585,152	62,930,524
Cumulative change in fair value in full	4,769,015	6,482,816
Share premium	68,213,173	80,213,173
Statuary reserve	76,227,974	76,227,974
Voluntary reserve	51,192,173	51,192,173
Recognizable non controlling interests shareholders	53,401,514	52,695,298
Interim profit after tax and deduction of the expected dividends	24,829,902	-
Total Common Equity Tire 1 before regulatory adjustments	513,218,903	489,741,958
Regulatory Adjustments (Deductions from the Capital)		
Goodwill and intangible assets	(27,824,824)	(26,893,693)
Deferred tax assets resulting from investments within Tier 1 (10%)	(31,595,079)	(32,820,280)
Net ordinary shareholder's equity	453,799,000	430,027,985
Additional capital		
Recognizable minority rights	9,423,797	9,508,557
Total capital Tier 1	463,222,797	439,536,542
Tier 2 Capital		
Provision for debts tools listed in Tier 1	17,362,861	16,918,596
Recognizable non-controlling shareholders	12,565,062	12,440,771
Financial instruments that carry characteristics of supporting capital	51,775,000	41,855,000
Total Supporting Capital	81,702,923	71,214,367
Total Regulatory Capital	544,925,720	510,750,909
Total Risk Weighted Assets	3,883,580,497	3,703,440,657
Capital Adequacy Ratio (CET 1)	14.03%	13.79%
Primary Capital Adequacy Ratio	11.69%	11.61%
Supporting Capital Adequacy Ratio	2.10%	1.92%

	September 30, 2023 (Reviewed not audited)	December 31, 2022 (Audited)
	JD	JD
Financial leverage rate		
Tier 1 Capital	463,222,797	439,536,543
Total assets in and out of the statement of financial positions after removing deductible items from Tier 1	7,979,198,536	7,540,758,028
Financial leverage rate	5.81%	5.83%

Capital adequacy was calculated on September 30, 2023 and December 31, 2022 based on the instruction of Basel committee III.

	For the Period Ended September 30, 2023 (Reviewed not audited)	For the year Ended December 31, 2022 (Audited)
	JD	JD
Liquidity Coverage Ratio (LCR):		
Total high quality liquid assets	1,954,123,963	1,558,144,018
Total high-quality liquid assets after deduction and minus the adjustments for both level 2 (A) and (B) assets	1,919,185,020	1,537,265,604
Net cash outflow	1,143,685,902	800,257,317
Liquidity Coverage Ratio (LCR)	167.81%	192.10%
The liquidity coverage ratio is according to the average end of each month	203.52%	189.23%

30. Fair Value Hierarchy

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

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

	Fair Value		The Level of Fair Value	Valuation Method and Inputs used	Important Intangible Inputs	Relation between the Fair Value and the Important Intangible Inputs
	September 30, 2023 (Reviewed not audited)	December 31, 2022 (Audited)				
Financial Assets	JD	JD				
Financial Assets at Fair Value						
Financial Assets at Fair Value Through Statement of Profit or Loss:						
Government bonds listed on financial markets	1,176,216	649,405	Level 1	Quoted prices in financial markets	Not Applicable	Not Applicable
Corporate bonds listed on financial markets	1,642,225	105,388	Level 1	Quoted prices in financial markets	Not Applicable	Not Applicable
Corporate shares	5,251,409	4,813,576	Level 1	Quoted prices in financial markets	Not Applicable	Not Applicable
Investment Fund	11,632,476	12,855,527	Level 2	The fund manager valuation of fair value	Not Applicable	Not Applicable
Total	19,702,326	18,423,896				
Financial Assets at Fair Value Through Other Comprehensive Income:						
Quoted Shares in active markets	31,993,867	31,168,445	Level 1	Quoted prices in financial markets	Not Applicable	Not Applicable
Investment fund	17,173,928	14,531,464	Level 2	The fund manager valuation of fair value	Not Applicable	Not Applicable
Unquoted Shares in active markets	17,682,248	15,601,160	Level 3	Through using equity method and based on the latest available information	Not Applicable	Not Applicable
Total	66,850,043	61,301,069				
Total Financial Assets at Fair Value	86,552,369	79,724,965				

There were no transfers between level 1, level 2, and level 3 during the nine months ended September 30, 2023 and the year ended December 31, 2022.

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

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

	September 30, 2023 (Reviewed not audited)		December 31, 2022 (Audited)		The level of Fair Value
	Book value	Fair value	Book value	Fair value	
	JD	JD	JD	JD	
Financial Assets with no specified Fair Value					
Term deposits, notice deposits and certificate of deposits at Central Bank	211,800,000	211,978,336	303,200,000	303,373,603	Level 2
Current accounts, and balances at Banks and Financial Institutions	332,952,793	333,056,261	221,356,432	221,576,199	Level 2
Direct credit facilities at amortized costs	4,188,692,373	4,197,590,561	3,991,118,781	3,997,546,728	Level 2
Other financial assets at amortized costs	1,551,236,509	1,565,386,383	1,325,766,644	1,339,871,884	Level 2
Total Financial Assets with no specified Fair Value	6,284,681,675	6,308,011,541	5,841,441,857	5,862,368,414	
Financial Liabilities of Non-specific Fair Value					
Banks and Financial Institutions Deposits	323,391,507	324,287,787	337,850,140	338,859,787	Level 2
Customers' Deposits	5,527,181,659	5,580,112,379	5,186,344,444	5,224,671,507	Level 2
Cash Margin	322,126,169	322,592,752	257,368,027	257,570,975	Level 2
Borrowed Funds	165,511,430	166,010,330	141,707,946	142,050,271	Level 2
Subordinated Loan	60,295,000	62,142,937	46,115,000	46,665,807	Level 2
Total Financial Liabilities with no specified Fair Value	6,398,505,765	6,455,146,185	5,969,385,557	6,009,818,347	

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

31. Subsequent events

On October 3, 2023, Bank al Etihad completed the private placement of additional Tier 1 sustainable bonds at a value of USD 100 million at a fixed interest rate of 8.5%. This bond was listed on the Amman Stock Exchange.