

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

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

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

TABLE OF CONTENTS

| | <u>PAGE</u> |
|---|-------------|
| Review Report | 1 |
| Condensed Consolidated Interim Statement of Financial Position | 2 |
| Condensed Consolidated Interim Statement of Profit or Loss | 3 |
| Condensed Consolidated Interim Statement of Comprehensive Income | 4 |
| Condensed Consolidated Interim Statement of Changes in Owners' Equity | 5 |
| Condensed Consolidated Interim Statement of Cash Flows | 6 |
| Notes to the Condensed Consolidated Interim Financial Information | 7 - 43 |

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 June 30, 2023 and the related condensed consolidated interim statements of profit or loss, and comprehensive income for the three months and six months period ended June 30, 2023, and changes in owners' equity and cash flows for the six 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
July 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 | June 30, 2023 (Reviewed Not Audited) | December 31, 2022 (Audited) |
|---|------|---|--------------------------------|
| | | JD | JD |
| Assets: | | | |
| Cash and balances at the Central Bank of Jordan | 5 | 713,934,081 | 761,806,411 |
| Balances at banks and financial institutions - net | 6 | 288,517,409 | 207,342,608 |
| Deposits at banks and financial institutions - net | 7 | 9,581,214 | 14,013,824 |
| Financial assets at fair value through profit or loss | 8 | 17,841,392 | 18,423,896 |
| Direct credit facilities and financing - net | 9 | 4,133,736,283 | 3,991,118,781 |
| Financial assets at fair value through other comprehensive income | 10 | 64,441,074 | 61,301,069 |
| Financial assets at amortized cost - net | 11 | 1,463,917,854 | 1,325,766,644 |
| Investments in associate | | 349,622 | 345,954 |
| Property and equipment - net | | 71,018,593 | 68,516,377 |
| Deferred tax assets | 14/b | 29,549,064 | 32,820,280 |
| Right of use assets - net | 25 | 30,146,582 | 29,461,656 |
| Intangible assets - net | | 27,495,702 | 26,893,693 |
| Other assets - net | 12 | 144,178,451 | 153,079,760 |
| TOTAL ASSETS | | 6,994,707,321 | 6,690,890,953 |
| LIABILITIES AND OWNERS' EQUITY: | | | |
| LIABILITIES: | | | |
| Banks' and financial institutions' deposits | | 295,472,137 | 337,850,140 |
| Customers' deposits | 13 | 5,430,863,655 | 5,186,344,444 |
| Cash margins | | 297,312,048 | 257,368,027 |
| Borrowed funds | 16/a | 171,400,867 | 141,707,946 |
| Subordinated loans | 16/b | 60,295,000 | 46,115,000 |
| Sundry provisions | | 480,293 | 631,897 |
| Leasing liabilities | 25 | 30,152,377 | 29,680,581 |
| Income tax provision | 14/a | 13,923,318 | 28,930,915 |
| Deferred tax liabilities | 14/b | 820,873 | 844,854 |
| Other liabilities | 15 | 123,695,156 | 101,380,499 |
| TOTAL LIABILITIES | | 6,424,415,724 | 6,130,854,303 |
| OWNERS' EQUITY: | | | |
| BANK'S SHAREHOLDERS' EQUITY: | | | |
| Authorized and paid-up Capital | 26 | 200,000,000 | 160,000,000 |
| Share premium | 26 | 68,213,173 | 80,213,173 |
| Statutory reserve | 27 | 76,227,974 | 76,227,974 |
| Voluntary reserve | 27 | 51,192,173 | 51,192,173 |
| Fair value reserve - net | 18 | 6,516,552 | 6,482,816 |
| Retained earnings | 17 | 34,596,211 | 78,930,524 |
| Profit for the period | | 24,596,969 | - |
| TOTAL BANK'S SHAREHOLDERS' EQUITY | | 461,343,052 | 453,046,660 |
| Non-controlling interests | | 108,948,545 | 106,989,990 |
| TOTAL OWNERS' EQUITY | | 570,291,597 | 560,036,650 |
| TOTAL LIABILITIES AND OWNERS' EQUITY | | 6,994,707,321 | 6,690,890,953 |

THE ACCOMPANYING NOTES FROM (1) TO (34) CONSTITUTE AN INTEGRAL PART OF THESE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION AND SHOULD BE READ WITH THEM AND WITH THE REVIEW REPORT.

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

| | Note | For the Three Months Ended June 30, | | For the Six Months Ended June 30, | |
|--|------|-------------------------------------|-------------------|-----------------------------------|--------------------|
| | | 2023 | 2022 | 2023 | 2022 |
| | | JD | JD | JD | JD |
| Interest income and returns | 19 | 105,237,543 | 72,216,206 | 205,917,142 | 139,886,039 |
| Interest and debit expenses | 20 | 53,147,250 | 29,956,249 | 101,125,734 | 57,824,475 |
| Net Interest Income and returns | | 52,090,293 | 42,259,957 | 104,791,408 | 82,061,564 |
| Net commission income | | 7,346,600 | 8,747,700 | 15,885,132 | 16,441,198 |
| Net Interest, return and Commission Income | | 59,436,893 | 51,007,657 | 120,676,540 | 98,502,762 |
| Gain from foreign currency | | 3,223,906 | 1,158,052 | 5,964,936 | 4,113,419 |
| Gain (loss) from financial assets at fair value through profit or loss | 21 | (241,135) | (234,239) | 478,354 | (1,000,270) |
| Gain from financial assets at amortized cost | | 673 | 1,418 | 673 | 4,777 |
| Dividends from financial assets at fair value through other comprehensive income | 10 | 562,896 | 189,230 | 1,041,404 | 663,400 |
| Other income | | 505,869 | 190,829 | 873,372 | 653,120 |
| Total Income | | 63,489,102 | 52,312,947 | 129,035,279 | 102,937,208 |
| Expenses: | | | | | |
| Employees expenses | | 15,721,114 | 14,314,852 | 31,337,664 | 28,169,629 |
| Depreciation and amortization | | 3,797,676 | 3,905,677 | 7,381,455 | 7,763,966 |
| Other expenses | | 11,042,350 | 9,473,322 | 22,051,202 | 18,656,186 |
| Allowance for expected credit loss | 23 | 8,820,093 | 6,512,139 | 19,078,820 | 11,788,999 |
| Amortization of right of use assets | 25 | 1,165,846 | 1,008,047 | 2,262,261 | 2,042,620 |
| Rent expense | 25 | 163,861 | 134,676 | 331,143 | 258,004 |
| Interest on lease liabilities | 25 | 308,593 | 370,977 | 600,144 | 629,043 |
| (Surplus) provision for impairment of seized assets | | (360,395) | 218,929 | (497,627) | 437,997 |
| Sundry provisions | | 74,223 | 170,739 | 124,677 | 103,600 |
| Total Expenses | | 40,733,361 | 36,109,358 | 82,669,739 | 69,850,044 |
| Operating profit | | 22,755,741 | 16,203,589 | 46,365,540 | 33,087,164 |
| Banks share from associates profits | | 3,668 | 2,246 | 3,668 | 2,246 |
| Profit for the Period before Income Tax Expense | | 22,759,409 | 16,205,835 | 46,369,208 | 33,089,410 |
| Income tax | 14 | (8,056,450) | (6,401,684) | (16,782,382) | (12,785,704) |
| Profit for the Period | | 14,702,959 | 9,804,151 | 29,586,826 | 20,303,706 |
| <u>Attributable to:</u> | | | | | |
| Bank's Shareholders | | 12,039,898 | 7,278,354 | 24,596,969 | 15,562,146 |
| Non-Controlling Interests | | 2,663,061 | 2,525,797 | 4,989,857 | 4,741,560 |
| | | 14,702,959 | 9,804,151 | 29,586,826 | 20,303,706 |
| | | JD/ FILS | JD/ FILS | JD/ FILS | JD/ FILS |
| Basic and diluted earnings per share for the period attribut able to the Bank's Shareholders | 22 | 0.060 | 0.036 | 0.123 | 0.078 |

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

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

(REVIEWED NOT AUDITED)

| | For the Three Months Ended June 30, | | For the Six Months Ended June 30, | |
|--|--|-------------------|--------------------------------------|-------------------|
| | 2023 | 2022 | 2023 | 2022 |
| Profit for the Period | 14,702,959 | 9,804,151 | 29,586,826 | 20,303,706 |
| Comprehensive Income Items | | | | |
| Items that will not be reclassifiable to the consolidated statement of profit or loss in the subsequent period | | | | |
| Net change in the fair value reserve after-tax | (145,576) | 3,729,241 | 350,570 | 3,821,889 |
| Total Comprehensive Income for the Period | 14,557,383 | 13,533,392 | 29,937,396 | 24,125,595 |
| Total Comprehensive Income for the Period Attributable to: | | | | |
| Bank's Shareholders | 11,919,739 | 11,007,595 | 24,965,250 | 19,384,035 |
| Non-controlling interest | 2,637,644 | 2,525,797 | 4,972,146 | 4,741,560 |
| | 14,557,383 | 13,533,392 | 29,937,396 | 24,125,595 |

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BANK AL ETIHAD
(PUBLIC SHAREHOLDING COMPANY)
AMMAN - HASHEMITE KINGDOM OF JORDAN
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN OWNERS' EQUITY
(REVIEWED, NOT AUDITED)

| | Equity- Bank's Shareholders | | | | | | | | | | | | | | | | | | |
|--|--------------------------------|-------------------|-------------------|-------------------|--------------------------|-------------------|--------------------------|---------------------------|---------------------------|----------------------|-----------------------|----|---------------------------|----|---------------------------|----|----------------------|----|--|
| | Reserves | | Statutory | | Voluntary | | Fair Value Reserve - net | | Retained Earnings | | Income for the Period | | Total Shareholders Equity | | Non-controlling Interests | | Total Owners' Equity | | |
| Note | Authorized and paid-up Capital | Share Premium | Statutory | Voluntary | Fair Value Reserve - net | Retained Earnings | Income for the Period | Total Shareholders Equity | Non-controlling Interests | Total Owners' Equity | | | | | | | | | |
| | JD | JD | JD | JD | JD | JD | JD | JD | JD | JD | JD | JD | JD | JD | JD | JD | JD | JD | |
| For the Six Months Ended June 30, 2023 | | | | | | | | | | | | | | | | | | | |
| Balance - Beginning of the Period | 160,000,000 | 80,213,173 | 76,227,974 | 51,192,173 | 6,482,816 | 78,930,524 | - | 453,046,660 | 106,989,990 | 560,036,650 | | | | | | | | | |
| Total comprehensive income for the period | - | - | - | - | 368,281 | - | 24,596,969 | 24,965,250 | 4,972,146 | - | 29,937,396 | | | | | | | | |
| Increase in the capital | 40,000,000 | (12,000,000) | - | - | - | (28,000,000) | - | (250,150) | - | (250,150) | | | | | | | | | |
| Capital increase fees | - | - | - | - | - | (250,150) | - | (16,000,000) | - | (16,000,000) | | | | | | | | | |
| Dividends distributed | 26 | - | - | - | - | (16,000,000) | - | (418,708) | (3,013,591) | (3,432,299) | | | | | | | | | |
| Acquisition shares in subsidiaries | - | - | - | - | - | (418,708) | - | - | - | - | | | | | | | | | |
| Realized gain from sale financial assets at fair value through other comprehensive income. | - | - | - | - | (334,545) | 334,545 | - | - | - | - | | | | | | | | | |
| Balance - End of the Period | 200,000,000 | 68,213,173 | 76,227,974 | 51,192,173 | 6,516,552 | 34,596,211 | 24,596,969 | 461,343,052 | 108,948,545 | 570,291,597 | | | | | | | | | |
| For the Six Months Ended June 30, 2022 | | | | | | | | | | | | | | | | | | | |
| 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 | 101,455,563 | 529,467,517 | | | | | | | | | |
| Total comprehensive income for the period | - | - | - | - | 3,821,889 | - | 15,562,146 | 19,384,035 | 4,741,560 | 24,125,595 | | | | | | | | | |
| Dividends distributed | 26 | - | - | - | - | (16,000,000) | - | (16,000,000) | (2,176,201) | (18,176,201) | | | | | | | | | |
| Acquisition shares in subsidiaries | - | - | - | - | - | (229) | - | (229) | (1,632) | (1,861) | | | | | | | | | |
| Realized (Losses) from sale financial assets at fair value through other comprehensive income. | - | - | - | - | (173,071) | 173,071 | - | - | - | - | | | | | | | | | |
| Balance - End of the Period | 160,000,000 | 80,213,173 | 68,169,340 | 46,167,117 | 5,390,088 | 55,893,896 | 15,562,146 | 431,395,760 | 104,019,290 | 535,415,050 | | | | | | | | | |

- A restricted balances from the retained earnings and profit for the period which amounted to JD 29,549,064 as of June 30, 2023 (JD 32,820,280 as on December 31, 2022), represent deferred tax assets, and according to the Central Bank of Jordan instructions, these amounts can not be used unless a prior approval is obtained.

- Retained earnings balance includes an amount of JD 764,186 which represents unrealized gain from revaluation of financial assets at fair value through profit and loss as of June 30, 2023.

- 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 June 30, 2023, that belongs to Safwa Islamic Bank without a pre-approval from the Central Bank of Jordan.

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

| | Note | For the Six Months Ended June 30, | |
|--|------|--------------------------------------|----------------------|
| | | 2023 | 2022 |
| Cash flow from operating activities: | | JD | JD |
| Profit for the period before income tax | | 46,369,208 | 33,089,410 |
| Adjustments: | | | |
| Depreciation and amortization | | 7,381,455 | 7,763,966 |
| Expected credit loss | 23 | 19,078,820 | 11,788,999 |
| Amortization of right of use assets | 25 | 2,262,261 | 2,042,620 |
| Interests on lease liabilities | 25 | 600,144 | 629,043 |
| (Gain) from sales of financial assets at amortized cost | 11 | (673) | (4,777) |
| Provision for impairment of sized assets | 12 | (497,627) | 437,997 |
| Unrealized losses from financial assets valuation | 21 | 266,650 | 816,058 |
| Losses from sale of property and equipment | | 2,244 | 80,756 |
| (Gain) from valuation of convertible loans | | - | (262) |
| Sundry provisions | | 124,677 | 103,600 |
| Bank's share of (gain) in an associate companies | | (3,668) | (2,246) |
| Effect of exchange rate fluctuations on cash and cash equivalents | | (1,398,611) | (1,876) |
| Losses (gain) from sale of seized assets against debts | | 125,799 | (136,706) |
| Profit before changes in assets and liabilities | | 74,310,679 | 56,606,582 |
| CHANGES IN ASSETS AND LIABILITIES: | | | |
| Restricted cash balances | | (1,920,717) | (523,659) |
| Direct credit and financing facilities | | (161,601,355) | (365,972,769) |
| Financial assets at fair value through profit or loss | | 315,854 | (3,110,291) |
| Deposits at banks and financial institutions | | 4,431,126 | 2,916,136 |
| Deposits at banks and financial institutions exceeding 3 months | | 1,495,474 | (9,045,000) |
| Other assets | | 9,273,137 | (9,959,894) |
| Customers' deposits | | 244,519,211 | 155,929,996 |
| Cash margins | | 39,944,021 | 26,123,803 |
| Other liabilities | | 22,196,923 | 24,619,214 |
| Net Cash Flow from (used in) Operating Activities before Income tax and Other Provisions Paid | | 232,964,353 | (122,415,882) |
| Income tax paid | 14/a | (28,532,303) | (21,513,444) |
| Sundry provisions paid | | (276,281) | (6,000) |
| Net Cash Flow From (used in) Operating Activities | | 204,155,769 | (143,935,326) |
| Net Cash Flow from Investing activities: | | | |
| Net (purchase) of financial assets at fair value through other comprehensive income | | (2,799,876) | (6,696,092) |
| Net (purchase) of financial assets at amortized cost | | (314,318,609) | (296,440,392) |
| Matured/sale of financial assets at amortized cost | | 176,220,111 | 185,178,734 |
| (Increase) of intangible assets | | (3,904,351) | (3,755,553) |
| (Purchase) of property and equipment | | (6,590,457) | (4,792,068) |
| Proceeds from sale of property and equipment | | 6,885 | 182,907 |
| Net Cash Flow (used in) Investing Activities | | (151,386,297) | (126,322,464) |
| Cash Flow from Financing activities: | | | |
| Capital increase fees | | (250,150) | - |
| Increase in borrowed funds | | 29,692,921 | 9,825,763 |
| Dividends distributed to shareholders | | (15,934,363) | (18,148,004) |
| Payments of the lease liability principal | | (2,922,753) | (3,027,088) |
| Repayment of part of the lease liability interest | | (152,782) | (137,092) |
| Increase in the subordinated loan | 16/b | 14,180,000 | - |
| Acquisition share in subsidiary | | (3,432,299) | (1,861) |
| Net Cash Flow From (used in) Financing Activities | | 21,180,574 | (11,488,282) |
| Net Increase (Decrease) in Cash and Cash Equivalents | | 73,950,046 | (281,746,072) |
| Effect of exchange rate changes on cash and cash equivalents | | 1,398,611 | 1,876 |
| 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 | 24 | 739,141,266 | 923,982,039 |

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BANK AL ETIHAD
(PUBLIC SHAREHOLDING COMPANY)
AMMAN - HASHEMITE KINGDOM OF JORDAN
NOTES TO THE CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS
(REVIEWED NOT AUDITED)

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 main branch is located in Amman, and it was transformed into a bank during the year 1991.
- The Bank provides its financial and banking services through its main branch located in Amman and through its (59) branches and its subsidiaries in Jordan.
- The Bank shares are listed and traded on the Amman Stock Exchange-Jordan.
- The condensed consolidated interim financial information was approved by the audit committee on July 27, 2023, authorized by the Board of Directors.

2. Basis of Preparation

- The accompanying condensed consolidated interim financial information for the six months ended June 30, 2023, 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 tougher, the material differences are as follows:
 - Elimination of debt instrument 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 toughest 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.
 - The facilities related to governmental project outcomes (transferred of Government dues) are excluded from provisions calculation.
- b. Interests, revenues and commissions on non-performing credit facilities granted to clients are suspended, in accordance with the instructions of Central Bank of Jordan.

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

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

3. Significant Accounting Policies

The accounting policies used in the preparation of the condensed consolidated interim financial information for the period ended June 30, 2023 are consistent with those used in the preparation of the annual consolidated financial statements for the year ended December 31, 2022. However, the Bank has adopted the following amendments and interpretation that was effective for all period after January 1, 2023 in preparing the condensed consolidated interim financial information for the group and have not materially affected the amounts and disclosures in the condensed consolidated interim financial information for the period and prior years, which may have an impact on the accounting treatment of future transactions and arrangements.

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 statements

The condensed consolidated interim financial statements include the financial statements of the Bank and its subsidiaries under its control, meanwhile, control exists when the Bank has control over the investee company, or it is exposed to variable returns or holds rights for its participation in the investee company, and the Bank is able to use its control over the investee company to affect those returns.

- The Bank reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control listed above.
- When the Bank has less than the majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally, In this regard, the Bank considers all relevant facts and circumstances in assessing whether or not the Bank's voting rights in an investee are sufficient to give it power, including:
 - The size of the Banks's holding of voting rights relative to the size of holdings of the other vote holders,
 - Potential voting rights held by the Bank, other vote holders or other parties,
 - Rights arising from other contractual arrangements.
 - Any other facts and circumstances indicate that the Bank has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Control is achieved when the Bank:

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

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

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

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

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

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

The subsidiaries' financial statements 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 statements 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 statements 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 statements to make them comply with the accounting policies used by the Bank.
- The results of the subsidiaries' operations are consolidated in the consolidated income statement 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 consolidated income statement 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 June 30, 2023:

| Company's Name | Ownership of the Bank % | June 30, 2023 | | Nature of Operation | Date of Acquisition | Location | For the Six Month Ended June 30, 2023 | | | |
|---|-------------------------|-----------------------|-------------------|---|---------------------|----------|---------------------------------------|-------------------------|---------------------|----------------------|
| | | Paid-up Capital JD | Investment Value | | | | Total Assets JD | Total Liabilities JD | Total Revenue JD | Total Expenses JD |
| Al-Ethad for Financial Brokerage Company L.L.C | 100 | 5,000,000 | 5,000,000 | Financial Brokerage | 2006 | Jordan | 11,274,553 | 1,228,803 | 445,746 | 185,610 |
| Al-Ethad for Financial Leasing Company L.L.C | 100 | 12,000,000 | 12,000,000 | Finance Leasing | 2015 | Jordan | 55,762,250 | 39,754,692 | 2,446,291 | 1,732,452 |
| Al-Ethad Islamic Investment Company L.L.C* | 58 | 113,039,028 | 65,562,636 | Acquisition of bonds and shares in companies and borrowing the necessary funds from banks | 2016 | Jordan | 114,579,006 | 33,064 | - | (3,910) |
| Al-Ethad for Financial Technology Company L.L.C | 100 | 100,000 | 100,000 | Manufacturing, programming, preparing, developing, and supplying programs | 2019 | Jordan | 805,595 | 1,006,859 | 150,211 | (319,478) |
| | | <u>130,139,028</u> | <u>82,662,636</u> | | | | | | | |

* The subsidiary, Al-Ethad Islamic Investment Company LLC, which is owned by Bank Al-Ethad with a total percentage of 58% 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 where the total asset of amounted to JD 2,720,249,482 and total liability amounted to JD 454,874,208 and total revenue amounted to JD 29,080,720 and total expenses amounted to JD 15,834,311.

- Bank Al- Ethad 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:

| | June 30, 2023 | December 31, 2022 |
|---|--------------------|----------------------|
| | JD | JD |
| Cash in treasury | 130,638,974 | 130,128,294 |
| Balances at the Central Bank of Jordan: | | |
| Current accounts and demand deposits | 151,017,352 | 90,036,171 |
| Term and notice deposits | 182,100,000 | 303,200,000 |
| Statutory cash reserve | 250,177,755 | 238,441,946 |
| Total | 713,934,081 | 761,806,411 |

Disclosure on the movements of the total balances at the Central Bank of Jordan:

| | June 30, 2023 | December 31, 2022 |
|--|-----------------------|-----------------------|
| | Stage (1)- Individual | Stage (1)- Individual |
| | JD | JD |
| Balance at the beginning of the period / year | 631,678,117 | 809,253,935 |
| New balances during the period / year | 260,426,457 | 311,340,186 |
| Paid balances | (308,809,467) | (488,916,004) |
| Balance at the end of the period / year | 583,295,107 | 631,678,117 |

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

6. Balances at Banks and Financial Institutions - Net

The details of this item is as follows:

| | Local Banks and Financial Institutions | | Foreign Banks and Financial Institutions | | Total | |
|--|--|-------------------|--|--------------------|--------------------|--------------------|
| | June 30, | December 31, | June 30, | December 31, | June 30, | December 31, |
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| | JD | JD | JD | JD | JD | JD |
| Current accounts and demand deposits | 581,288 | 571,944 | 141,342,705 | 115,927,270 | 141,923,993 | 116,499,214 |
| Deposits maturing within 3 months or less | 36,000,000 | 13,000,000 | 110,967,492 | 78,124,044 | 146,967,492 | 91,124,044 |
| Total | 36,581,288 | 13,571,944 | 252,310,197 | 194,051,314 | 288,891,485 | 207,623,258 |
| Provision for expected credit losses * | - | - | (374,076) | (280,650) | (374,076) | (280,650) |
| Net balance at banks and financial institutions | 36,581,288 | 13,571,944 | 251,936,121 | 193,770,664 | 288,517,409 | 207,342,608 |

- Non-interest bearing balances at banks and financial institutions amounted to JD 28,425,045 as of June 30, 2023 (JD 41,462,493 as of December 31, 2022).

- Restricted balances amounted to JD 11,712,163 as of June 30, 2023 and (JD 9,791,446 as of December 31, 2022).

The following is the movement of the total balances at banks and financial institutions:

| | June 30, 2023 | | December 31, 2022 | |
|--|----------------------|--------------------|----------------------|--------------------|
| | Stage (1) Individual | Total | Stage (1) Individual | Total |
| | JD | JD | JD | JD |
| Total balance at the beginning of the period / year | 207,623,258 | 207,623,258 | 542,036,819 | 542,036,819 |
| New balances during the period / year | 274,409,636 | 274,409,636 | 156,629,856 | 156,629,856 |
| Paid balances during the period / year | (189,158,079) | (189,158,079) | (495,709,078) | (495,709,078) |
| Changes resulting from adjustments | (3,983,330) | (3,983,330) | 4,665,661 | 4,665,661 |
| Total Balance At the End of the Period / Year | 288,891,485 | 288,891,485 | 207,623,258 | 207,623,258 |

* Disclosure of the provision for expected credit losses of balances at banks and financial institutions:

| | June 30, 2023 | | December 31, 2022 | |
|--|----------------------|----------------|----------------------|----------------|
| | Stage (1) Individual | Total | Stage (1) Individual | Total |
| | JD | JD | JD | JD |
| Balance at the beginning of the period / year | 280,650 | 280,650 | 560,112 | 560,112 |
| Impairment loss on new balances during the period / year | 374,076 | 374,076 | 280,650 | 280,650 |
| Recovered from the loss on the paid deposits | (280,650) | (280,650) | (560,112) | (560,112) |
| Changes resulting from adjustments | - | - | - | - |
| Total balance at the end of the period / year | 374,076 | 374,076 | 280,650 | 280,650 |

Z. Deposits at Banks and Financial Institutions - Net

Details of the following item are as follows:

| Description | Local Banks and Financial Institutions | | Foreign Banks and Financial Institutions | | Total | |
|--|--|-------------------|--|-------------------|------------------|-------------------|
| | June 30, 2023 | December 31, 2022 | June 30, 2023 | December 31, 2022 | June 30, 2023 | December 31, 2022 |
| Deposits due within 3 months to 6 months | - | - | 3,865,125 | 2,127,000 | 3,865,125 | 2,127,000 |
| More than 6 months to 9 months | - | 6,000,000 | 2,179,324 | 2,127,000 | 2,179,324 | 8,127,000 |
| More than 9 months to 12 months | - | - | 3,545,000 | 3,766,575 | 3,545,000 | 3,766,575 |
| Total | - | 6,000,000 | 9,589,449 | 8,020,575 | 9,589,449 | 14,020,575 |
| Provision for expected credit losses* | - | - | (8,235) | (6,751) | (8,235) | (6,751) |
| Net deposits at banks and financial institutions | - | 6,000,000 | 9,581,214 | 8,013,824 | 9,581,214 | 14,013,824 |

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

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

| | June 30, 2023 | | December 31, 2022 | |
|---|----------------------|------------------|----------------------|-------------------|
| | Stage (1) Individual | Total | Stage (1) Individual | Total |
| Total balance at the beginning of the period / year | JD 14,020,575 | 14,020,575 | JD 8,771,936 | 8,771,936 |
| New deposits during the period / year | 9,589,449 | 9,589,449 | 14,020,575 | 14,020,575 |
| Settled balances 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 | 9,589,449 | 9,589,449 | 14,020,575 | 14,020,575 |

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

| | June 30, 2023 | | December 31, 2022 | |
|--|----------------------|---------|----------------------|---------|
| | Stage (1) Individual | Total | Stage (1) Individual | Total |
| Balance at the beginning of the period / year | JD 6,751 | 6,751 | JD 1,251 | 1,251 |
| Impairment loss on new deposits during the period / year | 8,235 | 8,235 | 6,751 | 6,751 |
| Recovered from the loss on the settled balances | (6,751) | (6,751) | (1,251) | (1,251) |
| Total Balance at the End of the Period / Year | 8,235 | 8,235 | 6,751 | 6,751 |

8. Financial Assets at Fair Value Through Profit or Loss

Details of the following item are as follows:

| | June 30, 2023 | December 31, 2022 |
|--|-------------------|----------------------|
| | JD | JD |
| Government bonds listed in financial markets | 948,991 | 649,405 |
| Corporate bonds listed in financial markets | 1,241,947 | 105,388 |
| Corporate shares listed in financial markets | 4,139,774 | 4,813,576 |
| Investment Funds | 11,510,680 | 12,855,527 |
| | 17,841,392 | 18,423,896 |

- Note 34 provides details on classification per fair value inputs.

9. Direct Credit and Financing Facilities - Net

The details of this item are as follows:

| | June 30, 2023 | December 31, 2022 |
|---|----------------------|----------------------|
| | JD | JD |
| Individuals (retail): | | |
| Overdraft accounts | 3,156,978 | 3,184,269 |
| Loans and Bills * | 998,620,207 | 942,769,009 |
| Credit cards | 36,495,494 | 32,826,520 |
| Real estate loans | 1,093,354,341 | 1,020,109,367 |
| Large Companies | | |
| Overdraft accounts | 85,435,871 | 59,792,215 |
| Loans and Bills * | 1,244,546,628 | 1,269,222,605 |
| Small and Medium entities | | |
| Overdraft accounts | 27,163,461 | 26,032,619 |
| Loans and Bills * | 252,089,873 | 226,258,176 |
| Government and public sector | 592,686,674 | 599,215,519 |
| Total | 4,333,549,527 | 4,179,410,299 |
| <u>Less:</u> Interest and return in suspense | 17,521,288 | 16,346,736 |
| Provision of expected credit losses | 182,291,956 | 171,944,782 |
| Net Direct Credit and Financing Facilities | 4,133,736,283 | 3,991,118,781 |

* Net after deducting the interests and commissions received in advance amounting to JD 11,999,275 as on June 30, 2023. (JD 9,567,287 as of December 31, 2022).

- Direct credit facilities and financing within the third stage amounted to JD 184,178,786 which represent 4.25 % of total Direct Credit facilities and financing as of June 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 interest and commissions in suspense amounted to JD 166,657,498 which represent 3.86% of total direct credit facilities commissions, and financing after deducting interests, revenues and commissions in suspense as on June 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 610,674,480 which represent 14.09% of total direct credit facilities and financing as of June 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 2,042,486,588 which represent 47.13% of total direct credit facilities as of June 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 | Collective | Individual | Collective | Individual | Collective | |
| | JD | JD | JD | JD | JD | JD | |
| For the Six Months Period Ended June 30, 2023 | | | | | | | |
| 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 exposures during the period | 391,442,281 | 136,971,212 | 82,348,307 | 7,164,635 | 3,490,615 | | 621,417,050 |
| Exposures settled during the period | (213,739,188) | (29,543,645) | (29,441,028) | (4,727,208) | (8,567,179) | | (286,018,248) |
| Transferred to stage (1) | 29,487,153 | 5,598,952 | (29,234,259) | (5,598,907) | (252,939) | | - |
| Transferred to stage (2) | (72,064,406) | (57,067,319) | 75,299,730 | 59,344,864 | (5,512,869) | | - |
| Transferred to stage (3) | (4,034,814) | (1,431,375) | (42,892,267) | (805,610) | 49,164,066 | | - |
| The total impact on the volume of exposures as a result of changing the reclassification between stages | (297,966) | 1,331,515 | (27,460) | (779,413) | (206,061) | | 20,615 |
| Changes resulting from adjustments | (108,220,914) | (46,857,851) | (17,242,785) | (1,853,669) | 2,557,825 | | (171,617,394) |
| Written off credit facilities or transferred as off financial position items | - | - | - | - | (9,662,795) | | (9,662,795) |
| Gross Balance as at the End of the Period | 2,706,401,540 | 818,883,847 | 518,417,214 | 105,668,140 | 184,178,786 | | 4,333,549,527 |
| December 31, 2022 | | | | | | | |
| 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 changing the 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 financial position items * | - | - | - | - | (8,867,640) | | (8,867,640) |
| Gross balance at the end of the year | 2,683,829,394 | 809,882,358 | 479,606,976 | 52,923,448 | 153,168,123 | | 4,179,410,299 |

- An amount of JD 9,283,849 was transferred to off - statement of financial position items during the six months period ended June 30, 2023 (JD 6,924,913 as at December 31, 2022) and an amount of JD 378,946 of direct credit facilities and financing was written off during the six months according to the BOD decisions in this regards (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:

| | Government and | | | | | Total |
|---|-------------------|-------------------|--------------------|-------------------|---------------|--------------------|
| | Individuals | Real Estate Loans | Corporates | SMEs | Public Sector | |
| | JD | JD | JD | JD | JD | JD |
| For the Six Months Period Ended June 30, 2023 | | | | | | |
| 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 | 2,900,597 | 755,479 | 3,137,685 | 1,301,067 | - | 8,094,828 |
| Recovered from impairment on settled credit facilities during the period | (845,187) | (734,304) | (4,970,584) | 277,538 | - | (6,272,537) |
| Transferred to stage (1) | 246,901 | 278 | (12,001) | (256,216) | - | (21,038) |
| Transferred to stage (2) | 1,938,328 | (151,386) | (15,686,922) | 465,646 | - | (13,434,334) |
| Transferred to stage (3) | (2,185,229) | 151,108 | 15,698,923 | (209,430) | - | 13,455,372 |
| Effect on the impairment losses due to changes in the classification between the stages | 2,957,699 | 3,165,399 | (1,655,390) | 548,518 | - | 5,016,226 |
| Changes due to adjustments | 2,404,076 | 2,385,665 | 6,173,523 | 1,182,072 | - | 12,145,336 |
| Written off credit facilities or transferred | (715,437) | - | (6,155,016) | (1,766,226) | - | (8,636,679) |
| Gross balance at the End of the Period | 40,302,981 | 17,186,953 | 106,684,219 | 18,117,803 | - | 182,291,956 |
| Redistribution: | | | | | | |
| Provision on individual basis | 33,512,486 | 17,174,777 | 106,684,219 | 17,669,080 | - | 175,040,562 |
| Provision on Collective basis | 6,790,495 | 12,176 | - | 448,723 | - | 7,251,394 |
| | 40,302,981 | 17,186,953 | 106,684,219 | 18,117,803 | - | 182,291,956 |

| | Individuals | Real Estate Loans | Corporates | SMEs | Public Sector | Total |
|--|-------------------|----------------------|--------------------|-------------------|---------------|--------------------|
| | JD | JD | JD | JD | JD | JD |
| <u>For the Year Ended December 31, 2022</u> | | | | | | |
| 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 Recovered from Impairment on settled credit facilities during the year | 4,753,678 | 1,720,420 | 18,462,315 | 2,767,331 | - | 27,703,744 |
| | (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 changes in the classifications between stages | 3,122,664 | 930,459 | 7,765,372 | 4,167,866 | - | 15,986,361 |
| Changes due to adjustments | (588,018) | (1,861,156) | 5,341,033 | 575,915 | - | 3,467,774 |
| Written-off credit facilities or transferred | (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 were no longer needed as a result of debit settlement and transferred to other debit amounted to JD 6,272,537 as of June 30, 2023 (JD 12,074,749 as of December 31, 2022).

Interest In Suspense

The movement of the interests in suspended are as follows:

| | Corporates entities | | | | | Banks and financial institutions | Total |
|--|---------------------|-------------------|------------------|------------------|----|-------------------------------------|-------------------|
| | Individuals | Real estate loans | Corporate | SMEs | | | |
| | JD | JD | JD | JD | JD | | JD |
| <u>For the Six Months Period Ended June 30, 2023</u> | | | | | | | |
| Balance- beginning of the period | 5,570,164 | 2,709,063 | 5,436,609 | 2,630,900 | - | - | 16,346,736 |
| Add: Interest and returns suspended during period | 1,579,991 | (105,856) | 726,286 | 598,859 | - | - | 2,799,280 |
| Less: Interests and returns transferred to revenue | (380,484) | (94,494) | (5,397) | (118,237) | - | - | (598,612) |
| Written off suspended interests | (332,442) | - | (350,926) | (342,748) | - | - | (1,026,116) |
| Balance- End of the Period | 6,437,229 | 2,508,713 | 5,806,572 | 2,768,774 | - | - | 17,521,288 |
| <u>For the Year Ended December 31, 2022</u> | | | | | | | |
| Balance- beginning of the Year | 4,102,597 | 2,471,153 | 7,707,710 | 2,638,906 | - | - | 16,920,366 |
| Add: Interest and returns suspended during Year | 2,571,842 | 270,601 | 1,539,725 | 908,266 | - | - | 5,290,434 |
| Less: Interests and returns transferred to revenue | (740,249) | (25,038) | (767,070) | (143,413) | - | - | (1,675,770) |
| Written off suspended interests | (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:

| | June 30, 2023 | December 31, 2022 |
|-----------------------------------|-------------------|----------------------|
| | JD | JD |
| Quoted shares in active markets | 32,997,766 | 31,168,445 |
| Unquoted shares in active markets | 15,770,153 | 15,601,160 |
| Investment funds | 15,673,155 | 14,531,464 |
| Total | 64,441,074 | 61,301,069 |

- Transferred losses as a result of selling financial assets at fair value through the statement of other comprehensive income amounted to JD 355,614 of which JD 21,069 belongs to non-controlling interests as of June 30, 2023. (JD 173,071 losses transferred as of June 30, 2022).

- Cash dividends on the above financial assets amounted to JD 1,041,404 for the six months ended June 30, 2023 (JD 663,400 for the six months ended June 30, 2022).

11. Financial Assets at Amortized Cost - Net

The details of this item are as follows:

| | June 30, 2023 | December 31, 2022 |
|--|----------------------|----------------------|
| | JD | JD |
| <u>Quoted Financial Assets:</u> | | |
| Foreign treasury bonds | 101,909,985 | 104,144,987 |
| Corporate bonds and debentures | 164,947,450 | 138,050,446 |
| <u>Unquoted Financial Assets:</u> | | |
| Governmental treasury bonds | 165,184,438 | 65,623,344 |
| Governmental guaranteed bonds and bills | 1,003,792,041 | 989,915,966 |
| Corporate bonds and debentures | 28,702,000 | 28,702,000 |
| | 1,464,535,914 | 1,326,436,743 |
| <u>Less:</u> Provision for excepted credit loss related to financial assets within stage (1) | 618,060 | 670,099 |
| Provision for excepted credit loss related to financial assets within stage (2) | - | - |
| Provision for expected credit loss related to financial assets within stage (3) | - | - |
| | 1,463,917,854 | 1,325,766,644 |
| <u>Bonds and Bills Analysis (before provisions):</u> | | |
| With Fixed rate | 1,464,031,192 | 1,326,045,700 |
| With Floating rate | 504,722 | 391,043 |
| Total | 1,464,535,914 | 1,326,436,743 |
| <u>Bond Analysis IFRS 9 (before provisions):</u> | | |
| Stage (1) | 1,464,535,914 | 1,326,436,743 |
| Stage (2) | - | - |
| Stage (3) | - | - |
| | 1,464,535,914 | 1,326,436,743 |

Movement disclosures of total financial assets at amortized cost before provisions:

| | June 30, 2023 | | | | 2022 | |
|---|------------------------|-----------|-----------|----------------------|----------------------|-------|
| | Stage (1) - Individual | Stage (2) | Stage (3) | Total | Total | Total |
| | JD | JD | JD | JD | JD | JD |
| Balance - beginning of the period / Year | 1,326,436,743 | - | - | 1,326,436,743 | 1,099,994,870 | |
| New investments during the period | 316,509,091 | - | - | 316,509,091 | 488,046,763 | |
| Sold / Accrued investments* | (176,219,438) | - | - | (176,219,438) | (275,659,727) | |
| The effects on the exposure due to reclassifications between stages | - | - | - | - | - | |
| Changes resulted from adjustments | (2,190,482) | - | - | (2,190,482) | 14,304,837 | |
| Written off investments | - | - | - | - | (250,000) | |
| Balance - End of the Period / Year | 1,464,535,914 | - | - | 1,464,535,914 | 1,326,436,743 | |

The following represents a movement on provision for expected credit losses during the period / year:

| | June 30, 2023 | | | | 2022 | |
|---|------------------------|-----------|-----------|----------------|----------------|-------|
| | Stage (1) - Individual | Stage (2) | Stage (3) | Total | Total | Total |
| | JD | JD | JD | JD | JD | JD |
| Balance - beginning of the period / year | 670,099 | - | - | 670,099 | 898,639 | |
| Impairment loss on the new investment during the period / year | 23,748 | - | - | 23,748 | 134,818 | |
| (Recovered) from the impairment loss on the accrued investments | (56,223) | - | - | (56,223) | (102,740) | |
| Impact on the provision - for the year ended- due to reclassifications between stages | - | - | - | - | - | |
| Changes resulted from adjustments | (19,564) | - | - | (19,564) | (10,618) | |
| Impairment loss on Written off investments | - | - | - | - | (250,000) | |
| Balance - End of the Period / Year | 618,060 | - | - | 618,060 | 670,099 | |

* During the first half of 2023, financial assets at amortized cost were sold with a nominal value of JD 70,900 for Safwa Bank (JD 709,000 during the same period of the previous year), the operation resulted in a profit of JD 673 for the period ended on June 30, 2023 (a profit of JD 4,777 for the period ended on June 30, 2022).

12. Other Assets - Net

The details of this item are as follows:

| | June 30, 2023 | December 31, 2022 |
|--|---------------------------|---------------------------|
| | JD | JD |
| Interests and revenue under collection | 25,144,592 | 21,157,525 |
| Prepaid expenses | 10,853,368 | 5,923,531 |
| Assets seized by bank in repayment debts * | 50,712,577 | 52,978,257 |
| Clearing cheques | 5,180,050 | 168,219 |
| Transfers and cheques under collection | 852,476 | 261,956 |
| Margins on letter of guarantees paid | 6,179,274 | 4,050,439 |
| Discounted commercial papers | 29,003,570 | 55,057,239 |
| Convertible loan | 177,250 | 177,250 |
| Other | 16,075,294 | 13,305,344 |
| | <u>144,178,451</u> | <u>153,079,760</u> |

* The regulations of the central Bank of Jordan require to dispose the assets seized by bank in repayment of debts during a maximum period of two years from the acquisition date, however in some exceptional case the central bank of Jordan has the right to extend the period for a maximum of two subsequent years.

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

| | June 30, 2023 | December 31, 2022 |
|-------------------------------------|--------------------------|--------------------------|
| | JD | JD |
| Balance beginning of period / year | 52,978,257 | 51,302,874 |
| Additions | 91,196 | 6,002,533 |
| Disposals | (2,854,503) | (3,431,969) |
| Surplus (Provision) impairment loss | 497,627 | (895,181) |
| Balance End of Period / Year | <u>50,712,577</u> | <u>52,978,257</u> |

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

| | <u>For the six months ended June 30,</u> | |
|--------------------------------------|--|-------------------------|
| | <u>2023</u> | <u>2022</u> |
| | JD | JD |
| Balance beginning of period | 6,070,677 | 5,175,496 |
| (Surplus) deducted during the period | (497,627) | 437,997 |
| Balance End of Period | <u>5,573,050</u> | <u>5,613,493</u> |

The impairment provision against the assets seized by the bank amounted to JD 1,516,149 as of June 30, 2023 (JD 1,801,256 as of December 31, 2022), and the provision for the assets seized by the bank for a period of more than (4) years amounted to JD 4,056,901 as of June 30, 2023 (JD 4,269,421 as of December 31, 2022).

13. Customers Deposits

The details for this item are as follows:

| | Corporate entities | | | | Government and Public Sector | Total |
|-----------------------------------|----------------------|--------------------|--------------------|--------------------|------------------------------|-------|
| | Individual | Corporate | SMES | | | |
| | JD | JD | JD | JD | JD | |
| As of June 30, 2023 | | | | | | |
| Current and demand accounts | 529,091,188 | 214,827,046 | 349,437,766 | 10,418,462 | 1,103,774,462 | |
| Saving deposits | 880,243,581 | 32,610,088 | 55,671,267 | 4,641,072 | 973,166,008 | |
| Term deposits and notice deposits | 1,695,853,066 | 563,338,361 | 149,554,530 | 413,947,138 | 2,822,693,095 | |
| Certificate of deposits | 443,492,143 | 23,599,740 | 22,861,207 | 41,277,000 | 531,230,090 | |
| | 3,548,679,978 | 834,375,235 | 577,524,770 | 470,283,672 | 5,430,863,655 | |
| As of December 31, 2022 | | | | | | |
| 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 | |
| Term deposits 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 470,283,672 , representing 8.66% of total deposits as of June 30, 2023 (JD 432,988,755 representing 8.35% as of December 31, 2022).

- Non-interest bearing deposits reached JD 1,098,162,180 , representing 20.22% of the total deposits as of June 30, 2023 (JD 1,095,540,368 representing 21.12% as of December 31, 2022).

- Restricted deposits (withdrawal restricted) reached JD 12,221,443, representing 0.23% of the total deposits as of June 30, 2023 (JD 5,594,094 representing 0.11% of the total deposits as of December 31, 2022).

- Dormant deposits reached JD 35,196,894 , representing 0.65% of the total deposits as of June 30, 2023 (JD 46,969,179 representing 0.91% of the total deposits as of December 31, 2022).

- Customer deposits include JD 1,986,276,557 which represents the shared customer investment related of Safwa Islamic Bank as of June 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 Six Months Ended June 30, 2023 | For the Year Ended December 31, 2022 |
|---|---|---|
| | JD | JD |
| Balance beginning of the period / year | 28,930,915 | 21,931,794 |
| Income tax paid | (28,532,303) | (26,590,128) |
| Income tax for the period / year | 13,511,166 | 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 | 13,923,318 | 28,930,915 |

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

| | For the Six Months Ended June 30, 2023 | 2022 |
|--|---|-------------------|
| | JD | JD |
| Accrued income tax for the profits of the period | 13,511,166 | 11,674,486 |
| Prior years income tax | - | 127,074 |
| Amortization of deferred tax assets for the period | 3,271,216 | 619,668 |
| Deferred tax liability for the period | - | 364,476 |
| | 16,782,382 | 12,785,704 |

- The legal income tax rate for the Bank was 35% in addition to the national contribution of 3%, the legal income tax rate for Al Etihad Leasing Company and AL Etihad Financial Brokerage companies has reached to 24% in addition to the national contribution of 4% and the income tax rate for Al Etihad Financial Technology has reached to 20% in addition to the national contribution of 1%.
- The Bank submitted the tax return until the year 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 Al Etihad for Financial Brokerage Company has been reached, with the income tax department 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 Al 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 Al 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 six months ending on June 30, 2022 for the bank and its subsidiaries, and according to management and the tax advisor, that will not be any obligations that exceed the provision recorded in the consolidated condensed interim financial information.
- 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.

b. Deferred tax assets and Liabilities:

Details of the following item are as follows:

| | June 30, 2023 | | | | December 31, 2022 | |
|--|---|-------------------|-------------------|------------------------------|-------------------|-------------------|
| | Beginning balance of the year | Released | Added | Ending balance of the period | Deferred tax | Deferred tax |
| Deferred tax assets | JD | JD | JD | JD | | |
| Financial assets at fair value through profit or loss | 711,192 | 545,158 | 598,152 | 764,186 | 176,371 | 150,624 |
| Provision on seized assets | 5,968,986 | 497,627 | - | 5,471,359 | 2,079,116 | 2,268,215 |
| Bonus provisions | 5,885,861 | 5,885,861 | 3,949,525 | 3,949,525 | 1,500,820 | 2,236,627 |
| Advertising expenses | 75,000 | 37,500 | - | 37,500 | 14,250 | 28,500 |
| Provision for lawsuits against the bank | 445,794 | 179,993 | - | 265,801 | 101,004 | 169,402 |
| Provision for credit and financing facilities | 1,459,792 | 1,459,792 | - | - | - | 554,721 |
| General provision | 190,000 | - | 60,261 | 250,261 | 70,073 | 53,200 |
| Provision for contingent liabilities | 100,000 | - | - | 100,000 | 38,000 | 38,000 |
| Differences after the application of IFRS 16 | 773,338 | - | - | 773,338 | 293,868 | 293,868 |
| Provision for expected credit losses (stage 1 & 2) | 70,986,477 | 4,623,341 | - | 66,363,136 | 25,217,992 | 26,974,861 |
| Provision end of service indemnity | 79,722 | - | 28,389 | 108,111 | 41,082 | 30,294 |
| Provision for finance lease awards | 72,075 | 19,572 | - | 52,503 | 14,701 | 20,181 |
| Legal expenses | 6,381 | - | - | 6,381 | 1,787 | 1,787 |
| Total | 86,754,618 | 13,248,844 | 4,636,327 | 78,142,101 | 29,549,064 | 32,820,280 |
| Deferred tax liabilities | | | | | | |
| Financial assets at fair value through statement of comprehensive income | 7,364,272 | 1,524,273 | 1,332,369 | 7,172,368 | 820,873 | 844,854 |
| Total | 7,364,272 | 1,524,273 | 1,332,369 | 7,172,368 | 820,873 | 844,854 |
| | - The movement on the deferred income tax assets/liabilities is as follows: | | | | | |
| | June 30, 2023 | | December 31, 2022 | | | |
| | Assets | Liabilities | Assets | Liabilities | | |
| | JD | JD | JD | JD | | |
| Balance - beginning of the period / year | 32,820,280 | 844,854 | 27,747,673 | 161,769 | | |
| Additions | 1,528,480 | - | 7,936,382 | 844,854 | | |
| Disposals | (4,799,696) | (23,981) | (2,863,775) | (161,769) | | |
| Balance - End of the period / year | 29,549,064 | 820,873 | 32,820,280 | 844,854 | | |

15. Other Liabilities

The details of this item are as follows:

| | June 30, 2023 | December 31, 2022 |
|--|--------------------|----------------------|
| | JD | JD |
| Accrued interest expense | 55,406,980 | 40,431,290 |
| Revenue received in advance | 1,675,941 | 2,223,903 |
| Accounts payable | 965,750 | 653,729 |
| Accrued and unpaid expenses | 14,250,280 | 15,165,919 |
| Incoming transfers | 282,623 | 236,318 |
| Postdated cheques | 14,414,568 | 13,044,653 |
| Temporary deposits | 10,144,890 | 12,550,904 |
| Provision for expected credit losses for off balance sheet items * | 5,073,983 | 5,021,887 |
| Dividends payable | 526,740 | 461,103 |
| Electronic Payment System reconciliation | 2,594,968 | 1,980,162 |
| Other liabilities | 18,358,433 | 9,610,631 |
| Total | 123,695,156 | 101,380,499 |

| | For the six months ended June 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 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 | 703,154,402 | 23,557,817 | - | 726,712,219 | 925,078,736 |
| Accrued exposures | (618,358,577) | (44,753,911) | (587,898) | (663,700,386) | (641,250,540) |
| Transferred into the stage (1) | 6,713,075 | (6,705,075) | (8,000) | - | - |
| Transferred into the stage (2) | (2,905,103) | 2,915,103 | (10,000) | - | - |
| Transferred into the stage (3) | (538,482) | - | 538,482 | - | - |
| Effect on the provision as of the end of the period due to the reclassifications between the three stages during the period | (3,188,339) | (199,566) | (6,000) | (3,393,905) | 379,145 |
| Changes resulted from adjustments | 6,145,180 | (6,976,204) | (102) | (831,126) | 13,287,391 |
| Total balance at the end of the Period / Year | 1,394,218,441 | 74,322,895 | 2,175,054 | 1,470,716,390 | 1,411,929,588 |

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

| | For the six months ended June 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 | 2,193,250 | 155,399 | - | 2,348,649 | 2,443,780 |
| Recovered from the impairment loss on the accrued exposures | (1,365,822) | (385,884) | (142,500) | (1,894,206) | (2,864,378) |
| Transferred to stage 1 | 33,330 | (33,330) | - | - | - |
| Transferred to stage 2 | (24,351) | 34,351 | (10,000) | - | - |
| Transferred to stage 3 | - | - | - | - | - |
| Effect on the provision as of the end of the period due to the reclassifications between the three stages during the period | (29,213) | 5,625 | - | (23,588) | 5,032 |
| Changes resulted from adjustments | (397,762) | 19,003 | - | (378,759) | (177,731) |
| Total balance at the End of the Period / Year | 4,552,843 | 462,471 | 58,669 | 5,073,983 | 5,021,887 |

16/a. Borrowed Funds

The details of this item are as follows:

| | Amount | Number of Payments | | Installment | Guarantees | Loan Interest |
|---|--------------------|--------------------|-------------|--|-----------------|---------------|
| | | Total | What's left | | | |
| | Amount | Total | What's left | Maturity Period | Guarantees | Price |
| | JD | | | | | % |
| <u>June 30, 2023</u> | | | | | | |
| Central Bank of Jordan borrowing * | 47,873,868 | 11,905 | 7,528 | Monthly | Bank Promissory | 0.5% - 1.75% |
| Central Bank of Jordan borrowing * | 393,000 | 37 | 26 | Quarterly | Bank Promissory | 1.00% |
| Central Bank of Jordan borrowing * | 3,251,145 | 36 | 23 | semi-annual | Bank Promissory | 0.50% - 1.00% |
| Central Bank of Jordan borrowing * | 1,062,283 | 23 | 10 | Annual | Bank Promissory | 0.50% - 1.00% |
| Central Bank of Jordan borrowing * | 60,678,957 | 30,540 | 17,756 | Monthly | Bank Promissory | 0.00% |
| International Bank for Reconstruction and Development ** | 2,700,000 | 20 | 9 | Semi-annual starting from September 15, 2018 | Bank Promissory | 1.95% |
| Arab Fund for Economic and Social Development *** | 480,000 | 15 | 3 | semi-annual | Bank Promissory | 2.5% |
| Arab Fund for Economic and Social Development *** | 6,154,191 | 34 | 32 | semi-annual | Bank Promissory | 3.00% |
| Jordan Mortgage Refinance Company (Related to a subsidiary) | 10,000,000 | 1 | 1 | one installment | Bank Promissory | 4.40% |
| European Bank for Reconstruction and Development | 2,020,650 | 7 | 7 | Semi-annual starting from September 1, 2024 | - | 8.70% |
| European Bank for Reconstruction and Development | 106,350 | 7 | 7 | Semi-annual starting from September 1, 2024 | - | 5.77% |
| Jordan Mortgage Refinance Company (Related to a subsidiary) | 2,000,000 | 1 | 1 | one installment | - | 7.75% |
| Jordan Mortgage Refinance Company (Related to a subsidiary) | 2,000,000 | 1 | 1 | one installment | - | 4.70% |
| Jordan Mortgage Refinance Company (Related to a subsidiary) | 2,500,000 | 1 | 1 | one installment | - | 4.60% |
| Local Banks (related to a subsidiary) | 6,000,000 | 92 | 92 | Quarterly | - | 6.50% |
| Local Banks (related to a subsidiary) | 4,700,000 | 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) | 3,000,000 | 180 | 180 | Monthly | - | 7.25% |
| Local Banks (related to a subsidiary) | 1,550,000 | 38 | 36 | Monthly | - | 8.00% |
| Total | 171,400,867 | | | | | |

| | Amount | Number of Payments | | Installment | Guarantees | Loan interest |
|---|--------------------|--------------------|-------------|--|-----------------|---------------|
| | | Total | What's left | | | |
| | Amount | Total | What's left | maturity period | Guarantees | price |
| | JD | | | | | % |
| <u>December 31, 2022</u> | | | | | | |
| Central Bank of Jordan borrowing * | 37,065,805 | 11,124 | 7,079 | Monthly | Bank Promissory | 0.5% - 1.75% |
| Central Bank of Jordan borrowing * | 408,700 | 37 | 34 | Quarterly | Bank Promissory | 1.00% |
| 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 | 2.50% |
| 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 installment | Bank Promissory | 4.40% |
| The European Bank for Reconstruction and Development | 673,550 | 7 | 7 | Semi-annual starting from September 1, 2024 | - | 7.45% |
| The European Bank for Reconstruction and Development | 35,450 | 7 | 7 | Semi-annual starting from September 1, 2024 | - | 4.85% |
| Jordan Mortgage Refinance Company (related to subsidiary) | 2,000,000 | 1 | 1 | one installment | - | 7.75% |
| Jordan Mortgage Refinance Company (related to subsidiary) | 2,000,000 | 1 | 1 | one installment | - | 4.70% |
| Jordan Mortgage Refinance Company (related to subsidiary) | 2,500,000 | 1 | 1 | one installment | - | 4.60% |
| Local Banks (related to a subsidiary) | 6,000,000 | 92 | 92 | Quarterly | - | 6.50% |
| Local Banks (related to a subsidiary) | 265,012 | 48 | 12 | Monthly | - | 5.90% |
| Local Banks (related to a subsidiary) | 7,971,000 | 432 | 432 | Monthly | - | 6.00% |
| Local Banks (related to a subsidiary) | 4,998,000 | 288 | 288 | Monthly | - | 6.00% |
| Local Banks (related to a subsidiary) | 2,550,000 | 144 | 144 | Monthly | - | 6.00% |
| Total | 141,707,946 | | | | | |

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

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

*** Funds have been reborrowed from the Arab Fund for Economic and Social Development to SMEs' and corporates' sectors at an interest rate ranging from 4.5% 10.75%.

16/b. Subordinated Loan

The details of this items are as follows:

| | Amount | Number of settlements | | settlements' maturity | Collaterals | Interest's lending |
|--|-------------------|-----------------------|-----------|--|-------------|--------------------|
| | | Total | Remaining | | | |
| | Amount | Total | Remaining | | | Price |
| | JD | | | | | % |
| <u>June 30, 2023</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 installment dated April 8, 2027 | - | 10.75% |
| Sanad Fund for financing micro, SME's | 14,180,000 | 1 | 1 | one installment dated March 30, 2030 | - | 10.39% |
| | 60,295,000 | | | | | |
| <u>December 31, 2022</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 installment dated April 8, 2027 | - | 9.50% |
| | 46,115,000 | | | | | |

17. Retained Earnings

The details of this item are as follows:

| | June 30, 2023 | December 31, 2022 |
|--|-------------------|----------------------|
| | JD | JD |
| Balance - beginning of the period/year | 78,930,524 | 71,721,054 |
| Profit for the year | - | 34,327,652 |
| Gains from sale of financial assets through other comprehensive income | 334,545 | 2,015,419 |
| Transferred to reserves | - | (13,083,690) |
| Increase in paid-up capital | (28,000,000) | - |
| Dividends distributed | (16,000,000) | (16,000,000) |
| Shares in subsidiaries | (418,708) | (49,911) |
| Capital increase fees | (250,150) | - |
| Balance - end of the period/year | 34,596,211 | 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 764,186 which represents the gain from revaluation of financial assets at fair value through profit or loss as of June 30, 2023.
- An amount of JD 29,549,064 of retained earnings and profit for the period as on June 30, 2023 is restricted (JD 32,820,280 as on December 31, 2022), which represent deferred tax assets, and based on the instructions of the Central Bank of Jordan, it is prohibited to dispose of them without its prior approval.

18. Fair Value Reserve - Net

The details of this item are as follows:

| | June 30, 2023 | December 31, 2022 |
|--|------------------|----------------------|
| | JD | JD |
| Balance at the beginning of the period / year | 6,482,816 | 1,741,270 |
| Unrealized profit | 344,300 | 8,022,682 |
| Deferred tax assets | - | (420,863) |
| Deferred tax liabilities | 23,981 | (844,854) |
| (Gains) from sale of financial assets at fair value through other comprehensive income | (334,545) | (2,015,419) |
| Balance at the end of the period / year | 6,516,552 | 6,482,816 |

The reserve of the fair value appears in the net after the offset of deferred tax liability balances amounted by JD 820,873 as of 30 June 2023 (Offset deferred tax liability amounted by JD 844,854 as of December 31, 2022).

19. Interest and Returns Income

The details of this item are as follows:

| | For The Six Months Ended June 30, | |
|--|-----------------------------------|--------------------|
| | 2023 | 2022 |
| | JD | JD |
| Direct credit facilitates and financing: | | |
| Individuals (Retail): | | |
| overdraft accounts | 67,683 | 67,800 |
| Loans and discounted bills | 44,825,415 | 32,533,481 |
| Credit cards | 1,532,728 | 837,786 |
| Real estate Loans | 43,566,618 | 32,187,847 |
| Corporates: | | |
| Large Companies: | | |
| overdraft accounts | 3,072,996 | 2,602,881 |
| Loans and discounted bills | 44,852,388 | 30,044,928 |
| SME's: | | |
| overdraft accounts | 1,336,915 | 930,142 |
| Loans and discounted bills | 7,710,444 | 5,645,767 |
| Government and public sector | 13,809,499 | 9,314,390 |
| Balances at central bank | 7,995,739 | 2,134,014 |
| Balances and deposits at banks and financial institutions | 3,820,735 | 832,568 |
| Financial assets at fair value through statement of profit or loss | 96,996 | 9,491 |
| Financial assets at amortized costs | 32,227,215 | 22,242,138 |
| Others | 1,001,771 | 502,806 |
| | 205,917,142 | 139,886,039 |

20. Interest and Debit expenses

The details of this item are as follows:

| | For The Six Months Ended June 30, | |
|---|-----------------------------------|-------------------|
| | 2023 | 2022 |
| | JD | JD |
| Banks and financial institutions deposits | 5,120,259 | 2,000,863 |
| Customers' deposits: | | |
| Current and demand accounts | 3,441,316 | 1,159,743 |
| Saving deposits | 3,146,774 | 2,437,662 |
| Term deposits and notice deposits | 67,486,218 | 39,775,850 |
| Certificates of deposits | 11,635,156 | 5,868,713 |
| Cash margins | 2,263,834 | 1,234,491 |
| Borrowed funds | 1,715,635 | 812,655 |
| Subordinated loan | 3,004,379 | 708,077 |
| Deposits guarantee fees | 3,312,163 | 3,826,421 |
| Total | 101,125,734 | 57,824,475 |

21. Gain (Losses) of Financial Assets Through Statement of Profit or Loss

The details of this item are as follows:

| | Realized | Unrealized | Dividends | Total |
|--|------------------|------------------|----------------|--------------------|
| | Gain (Losses) | (Losses) | | |
| | JD | JD | JD | JD |
| <u>For The Six Months Ended June 30, 2023</u> | | | | |
| Treasury bills and bonds | 119,507 | (1,827) | - | 117,680 |
| Corporate shares | 504,594 | (200,236) | 139,392 | 443,750 |
| Financial derivatives | (7) | - | - | (7) |
| Investment funds | (18,482) | (64,587) | - | (83,069) |
| | 605,612 | (266,650) | 139,392 | 478,354 |
| <u>For The Six Months Ended June 30, 2022</u> | | | | |
| Treasury bills and bonds | (4,969) | (30,469) | - | (35,438) |
| Corporate shares | (306,718) | (63,130) | 117,687 | (252,161) |
| Financial derivatives | 8,050 | - | - | 8,050 |
| Investment funds | (665) | (722,459) | 2,403 | (720,721) |
| | (304,302) | (816,058) | 120,090 | (1,000,270) |

22. Basic and Diluted Earnings Per Share for the Period Attributable to the Bank's Shareholders

Details of this item are as follows:

| | For the Three Months Ended June 30, | | For the Six Months Ended June 30, | |
|---|-------------------------------------|-------------|-----------------------------------|-------------|
| | 2023 | 2022 | 2023 | 2022 |
| Income for the period | JD | JD | JD | JD |
| Weighted average number of (shares) | 12,039,898 | 7,278,354 | 24,596,969 | 15,562,146 |
| | 200,000,000 | 200,000,000 | 200,000,000 | 200,000,000 |
| | JD / FL\$ | JD / FL\$ | JD / FL\$ | JD / FL\$ |
| Earnings per share for the period (Basic and Diluted) | 0.060 | 0.036 | 0.123 | 0.078 |

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

23. Provision for Expected Credit Losses.

Details of this item are as follows:

| | For the Six Months Ended June 30, | |
|--|-----------------------------------|-------------|
| | 2023 | 2022 |
| Balances at banks and financial institutions | JD | JD |
| Deposits at banks and financial institutions | 93,426 | 306,240 |
| Financial assets at amortized costs | 1,484 | 1,392 |
| Direct credit facilities and financing | (52,039) | 260,035 |
| Contingent liabilities | 18,983,853 | 12,241,782 |
| | 52,096 | (1,020,450) |
| | 19,078,820 | 11,788,999 |

24. Cash and Cash Equivalent

Details of this item are as follows:

| | For the Six Months Ended June 30, | |
|---|-----------------------------------|-------------|
| | 2023 | 2022 |
| Cash and balances with CBJ maturing within three months | JD | JD |
| Add: Balances at banks and financial institutions maturing within three months | 713,934,081 | 683,999,717 |
| Less: Deposits at banks and financial institutions maturing within three months | 288,891,485 | 464,767,318 |
| Restricted balances | 251,972,137 | 216,713,124 |
| | 11,712,163 | 8,071,872 |
| | 739,141,266 | 923,982,039 |

25. Right of Use Assets/ Leasing Liabilities

This item includes the following:

1. Right of use assets

The Bank leases many assets including land and buildings, the average lease term is 8 years, below the movement on the assets of the right to use during the year:

| | For the period ended June 30, 2023 | For the year ended December 31, 2022 |
|---|---------------------------------------|---|
| | JD | JD |
| Balance - beginning of the period / year | 29,461,656 | 27,555,989 |
| <u>Add:</u> additions during the period / year | 3,111,116 | 6,316,819 |
| <u>Less:</u> disposals during the period/ year | (163,929) | (223,810) |
| <u>Less:</u> depreciation for the period / year | (2,262,261) | (4,187,342) |
| Balance - end of the period/ year | <u>30,146,582</u> | <u>29,461,656</u> |

Balances recorded in the statement of profit or loss

| | For the Six Months Ended June 30, | |
|--------------------------------|-----------------------------------|-------------|
| | 2023 | 2022 |
| | JD | JD |
| Depreciation for the period | (2,262,261) | (2,042,620) |
| Interest during the period | (600,144) | (629,043) |
| Rent expense during the period | (331,143) | (258,004) |

2. Lease liabilities

| | For the period ended June 30, 2023 | For the year ended December 31, 2022 |
|---|---------------------------------------|---|
| | JD | JD |
| Balance - beginning of the period / year | 29,680,581 | 27,366,812 |
| <u>Add:</u> additions during the period / year | 3,111,116 | 6,316,819 |
| Interest during the period / year | 600,144 | 1,171,165 |
| <u>Less:</u> disposals during the period / year | (163,929) | (223,810) |
| <u>Less:</u> paid during the period / year | (3,075,535) | (4,950,405) |
| Balance - end of the period/ year | <u>30,152,377</u> | <u>29,680,581</u> |

26. Capital

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 June 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 June 30, 2023 and JD 80,213,173 as of December 31, 2022.

Dividends distributed

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

27. Reserves

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

28. Contingent Liabilities and Commitments

The details of this item is as follows:

| | June 30, 2023 | December 31, 2022 |
|--|----------------------|----------------------|
| | JD | JD |
| Letters of credit | 247,152,203 | 326,892,952 |
| Acceptances | 234,368,265 | 208,226,860 |
| Letters of guarantee: | | |
| - Payments | 67,647,316 | 69,272,424 |
| - Performance | 91,485,054 | 93,575,650 |
| - Other | 64,175,974 | 59,273,319 |
| Futures currency contracts | 52,136,839 | 193,778,988 |
| Unutilized limits of credit facilities and financing | 765,887,578 | 654,688,383 |
| Total | <u>1,522,853,229</u> | <u>1,605,708,576</u> |

29. Lawsuits against the Bank

The total lawsuits raised against the Group were amounted to JD 34,402,517 as of June 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 was amounted to JD 272,182 as of June 30, 2023 (JD 452,175 as of December 31, 2022). The Bank management and it legal counsel believe that the provisions booked for these lawsuits are adequate.

30. Transactions and Balances with Related Parties

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

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

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

| | Total | | | | | |
|--|-------------------------------|--|--------------|--|------------------|----------------------|
| | Board of Directors Members | Top Executive Management and Shareholder | Subsidiaries | Others (executive management members and their relatives) | June 30, 2023 | December 31, 2022 |
| | JD | JD | JD | JD | JD | JD |
| <u>On- Condensed Consolidated Interim Statement of Financial Position Items:</u> | | | | | | |
| Direct credit facilities and financing | 2,504,696 | 3,104,038 | 1,956,426 | 59,274,998 | 66,840,158 | 67,432,161 |
| Deposits | 177,378,735 | 5,196,812 | 18,433,762 | 14,620,361 | 215,629,670 | 207,100,913 |
| Deposits at banks and financial institutions | - | - | 640,226 | - | 640,226 | 354,838 |
| Intangible assets | - | - | 2,194,874 | - | 2,194,874 | 2,615,855 |

Off- Condensed Consolidated Interim Statement of Financial Position Items:

| | | | | | | |
|---------------------|---------|---|---------|-----------|------------|------------|
| Letter of credits | - | - | - | 3,583,651 | 3,583,651 | 4,161,389 |
| Acceptances | - | - | - | 1,959,153 | 1,959,153 | - |
| Letter of guarantee | 101,500 | - | 900,670 | 9,645,816 | 10,647,986 | 10,121,834 |

For the Six Months Ended June 30,

| | 2023 | | 2022 | |
|--|-----------|--------|---------|-----------|
| | JD | JD | JD | JD |
| <u>Condensed Consolidated Statement of Income Items:</u> | | | | |
| Interests income, returns and commissions | 97,677 | 44,102 | 44,636 | 2,770,901 |
| Interests expenses, returns and commissions | 3,977,972 | 71,916 | 309,334 | 254,697 |

b. The Salaries, bonuses of bank's Executive management and the fees, transportation and bonuses allowances of the board of directors amounted to JD 4,401,999 for six months period ended June 30, 2023 (JD 4,635,660 for six months period ended June 30, 2022).

31. Information on the Bank's Business Activities

1. Bank Activities Information

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

- Individual accounts: This item includes following up on individual customer's deposits and granting them credit facilities, credit cards and other services.
- Small and Medium Enterprises: This item includes following up on the client's deposits and credit facilities. Moreover, these clients are classified based on the volume of the granted deposits and facilities according to the Bank's instructions and principles and in compliance with the regulatory bodies' instructions.
- Large Companies' 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 sectors according to activities:

| | Individuals | Corporates | SMEs | Treasury | Other | Total | |
|---|--------------|-------------|-------------|------------|---------|-----------------------------------|-------------------|
| | | | | | | For the Six Months Ended June 30, | |
| | | | | | | 2023 | 2022 |
| | JD | JD | JD | JD | JD | JD | JD |
| Gross Income | 80,780,740 | 71,246,593 | 22,519,714 | 56,430,341 | 422,205 | 231,399,593 | 161,524,329 |
| Expected credit loss | (10,411,006) | (6,667,805) | (3,099,357) | 1,099,348 | - | (19,078,820) | (11,788,999) |
| Results of segment's activities | 14,797,301 | 32,492,908 | 14,167,939 | 48,138,213 | 360,098 | 109,956,459 | 91,148,209 |
| Unallocated (expenses) - net | | | | | | (63,590,919) | (58,061,045) |
| Operating income | | | | | | 46,365,540 | 33,087,164 |
| Bank's share of profit from investments in associates | | | | | | 3,668 | 2,246 |
| Income before tax | | | | | | 46,369,208 | 33,089,410 |
| Income tax | | | | | | (16,782,382) | (12,785,704) |
| Profit for the period | | | | | | 29,586,826 | 20,303,706 |

Other Information

| | | | | | | | |
|-------------------------------|--|--|--|--|--|------------|-----------|
| Capital expenses | | | | | | 10,494,808 | 8,547,621 |
| Depreciation and Amortization | | | | | | 7,381,455 | 7,763,966 |

| | Individuals | Corporates | SMEs | Treasury | Other | Total | |
|---------------------------|----------------------|----------------------|--------------------|----------------------|--------------------|----------------------|----------------------|
| | | | | | | June 30, | December 31, |
| | | | | | | 2023 | 2022 |
| | JD | JD | JD | JD | JD | JD | JD |
| Segment's Assets | 1,738,455,721 | 1,925,717,867 | 320,594,221 | 2,707,041,539 | - | 6,691,809,348 | 6,379,745,729 |
| Undistributed assets | - | - | - | - | 302,897,973 | 302,897,973 | 311,145,224 |
| Total Assets | 1,738,455,721 | 1,925,717,867 | 320,594,221 | 2,707,041,539 | 302,897,973 | 6,994,707,321 | 6,690,890,953 |
| Segment's Liabilities | 3,651,531,761 | 1,424,074,600 | 615,266,394 | 558,574,936 | - | 6,249,447,691 | 5,960,196,127 |
| Undistributed liabilities | - | - | - | - | 174,968,033 | 174,968,033 | 170,658,176 |
| Total Liabilities | 3,651,531,761 | 1,424,074,600 | 615,266,394 | 558,574,936 | 174,968,033 | 6,424,415,724 | 6,130,854,303 |

32. 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 does not go below 12.50%.
2. Comply 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.

| | June 30, 2023 | December 31, 2022 |
|---|----------------------|----------------------|
| | JD | JD |
| Common Equity Shareholders' Rights | | |
| Authorized and paid-up capital | 200,000,000 | 160,000,000 |
| Retained earnings after deduction of the expected distributions | 34,596,211 | 62,930,524 |
| Cumulative change in fair value | 6,516,552 | 6,482,816 |
| Share premium | 68,213,173 | 80,213,173 |
| Statutory reserve | 76,227,974 | 76,227,974 |
| Voluntary reserve | 51,192,173 | 51,192,173 |
| Recognizable non controlling interests shareholders | 49,757,512 | 52,695,298 |
| Interim profit after tax and deduction of the expected dividends | 16,596,969 | - |
| Total Equity Capital for common stocks | 503,100,564 | 489,741,958 |
| Regulatory Adjustments (Deductions from the Capital) | | |
| Goodwill and intangible assets | (27,495,702) | (26,893,693) |
| Deferred tax assets resulting from investments within Tier 1 (10%) | (29,549,064) | (32,820,280) |
| Net equity of common shareholder | 446,055,798 | 430,027,985 |
| Additional capital | | |
| Recognizable minority rights | 8,780,737 | 9,508,557 |
| Total capital Tier 1 | 454,836,535 | 439,536,542 |
| Tier 2 Capital | | |
| Provision for debts tools listed in Tier 1 | 15,366,735 | 16,918,596 |
| Recognizable non-controlling shareholders | 11,707,650 | 12,440,771 |
| Financial tools issued by the bank that bear supporting capital | 51,775,000 | 41,855,000 |
| Total Supporting Capital | 78,849,385 | 71,214,367 |
| Total Regulatory Capital | 533,685,920 | 510,750,909 |
| Total Risk Weighted Assets | 3,755,554,176 | 3,703,440,657 |
| Capital Adequacy Ratio (CET 1) | %14.21 | %13.79 |
| Primary Capital Adequacy Ratio | %11.88 | %11.61 |
| Supporting Capital Adequacy Ratio | %2.10 | %1.92 |
| | June 30, 2023 | December 31, 2022 |
| | JD | JD |
| Financial leverage rate | | |
| Tier 1 Capital | 454,836,535 | 439,536,543 |
| Total assets in and out of the statement of financial positions after removing deductible items from Tier 1 | 7,659,034,066 | 7,540,758,028 |
| Financial leverage rate | %5.94 | %5.83 |

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

| | June 30, 2023 | December 31, 2022 |
|--|---------------|-------------------|
| | JD | JD |
| Liquidity Coverage Ratio (LCR): | | |
| Total high quality liquid assets | 1,838,506,998 | 1,558,144,018 |
| Total high-quality liquid assets after deduction and minus the adjustments for both level 2 (A) and (B) assets | 1,808,860,655 | 1,537,265,604 |
| Net cash outflow | 713,166,599 | 800,257,317 |
| Liquidity Coverage Ratio (LCR) | %253.64 | %192.10 |
| The liquidity coverage ratio is according to the average end of each month | %208.58 | %189.23 |

3.3. Risk management:

The Bank continuously develops the structure of risk and credit management to ensure the effective administration of all its operations. Also to ensure efficiency of the risk and credit management process and the proper application of regulatory controls across all of the Bank's operations.

The bank's regulations related to risk management for the six months ended June 30, 2023, are consistent with the regulations disclosed for the year ended December 31, 2022, which also has disclosed in the annual report as of December 2022. □

Exposure distribution according to Economic sectors:

a. Distribution of exposure according to financial instruments

| | Financial | | Industrial | | Trading | | Real estates | | Agriculture | | Shares | | Individual | | Government and public sector | | Other | | Total | |
|---|---------------|-------------|-------------|---------------|-------------|-------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|------------------------------|---------------|---------------|---------------|---------------|---------------|
| | JD | JD | JD | JD | JD | JD | JD | JD | JD | JD | JD | JD | JD | JD | JD | JD | JD | JD | | |
| Balances at central banks | | | | | | | | | | | | | | | | | | | | |
| Balances at banks and financial institutions | 583,295,107 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 583,295,107 |
| Deposits at banks and financial institutions | 288,517,409 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 288,517,409 |
| Direct credit facilities & financing | 9,581,214 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 9,581,214 |
| Treasury bills and bonds as follows: | 33,359,251 | 341,283,391 | 562,943,662 | 1,073,658,674 | 107,614,222 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 4,133,736,283 |
| Within financial assets at fair value through statement of profit or loss | 144,587,507 | 37,285,521 | 6,076,648 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 1,466,106,792 |
| Within financial assets at fair value through statement of other comprehensive income | 1,241,947 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 2,190,938 |
| Within financial assets at amortized costs | - | 37,285,521 | 6,076,648 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other assets | 143,345,560 | 37,285,521 | 6,076,648 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 1,463,917,854 |
| Total | 5,307,239 | 1,227,637 | 21,453,269 | 862,798 | 9,553,193 | 19,199 | 1,307,407 | 12,899,938 | 33,958,178 | 4,252,797 | 1,463,917,854 | 86,588,858 | 442,784,561 | 6,567,827,663 | 761,499,252 | 797,507,687 | 7,975,027,687 | 7,626,503,908 | 7,626,503,908 | |
| Letter of guarantees | 31,922,135 | 41,042,441 | 22,143,361 | 3,721,347 | 3,539,461 | 3,760,205 | 57,736,810 | - | 58,973,367 | 222,839,127 | 188,602,775 | 234,258,870 | 40,423,454 | 188,602,775 | 40,423,454 | 234,258,870 | 234,258,870 | 234,258,870 | 234,258,870 | |
| Letter of credits | 7,134,919 | 17,312,873 | 68,583,087 | - | 2,272,946 | 2,121,342 | 50,754,154 | - | 56,374,993 | 56,374,993 | 56,374,993 | 56,374,993 | 56,374,993 | 56,374,993 | 56,374,993 | 56,374,993 | 56,374,993 | 56,374,993 | 56,374,993 | |
| Acceptances | 3,437,996 | 9,163,069 | 84,707,968 | - | 267,068 | - | 80,307,776 | - | 80,307,776 | 80,307,776 | 80,307,776 | 80,307,776 | 80,307,776 | 80,307,776 | 80,307,776 | 80,307,776 | 80,307,776 | 80,307,776 | 80,307,776 | |
| Other liabilities | 3,462,166 | 135,730,656 | 147,458,576 | 4,040,996 | 8,154,677 | - | 190,813,918 | - | 190,813,918 | 190,813,918 | 190,813,918 | 190,813,918 | 190,813,918 | 190,813,918 | 190,813,918 | 190,813,918 | 190,813,918 | 190,813,918 | 190,813,918 | |
| Total as of June 30, 2023 | 1,110,604,943 | 583,045,588 | 913,366,571 | 1,082,283,815 | 131,401,567 | 253,557,758 | 1,150,879,876 | 1,879,492,931 | 1,772,566,756 | 1,010,968,236 | 7,975,027,687 | 7,626,503,908 | 7,975,027,687 | 7,626,503,908 | 7,975,027,687 | 7,626,503,908 | 7,975,027,687 | 7,626,503,908 | 7,626,503,908 | |
| Total as of December 31, 2022 | 1,039,573,461 | 645,607,385 | 884,004,422 | 1,014,380,851 | 101,282,735 | 242,666,020 | 915,454,042 | 1,879,492,931 | 1,772,566,756 | 1,010,968,236 | 7,975,027,687 | 7,626,503,908 | 7,975,027,687 | 7,626,503,908 | 7,975,027,687 | 7,626,503,908 | 7,975,027,687 | 7,626,503,908 | 7,626,503,908 | |

b. Distribution of exposures according to IFRS (9) stages:

| | Stage (1) | | Stage (2) | | Stage (3) | | Total |
|-------------------------------|---------------|-------------|-------------|-------------|------------|---------------|---------------|
| | Individual | Collective | Individual | Collective | Individual | Collective | |
| Financial | 1,095,106,092 | - | 15,492,151 | 1,826 | 4,874 | 1,110,604,943 | 1,110,604,943 |
| Industrial | 513,672,409 | 6,918,284 | 54,902,029 | 1,534,598 | 6,018,268 | 583,045,588 | 583,045,588 |
| Trading | 787,088,157 | 17,235,136 | 95,167,642 | 8,971,709 | 4,903,927 | 913,366,571 | 913,366,571 |
| Real estates | 429,048,736 | 442,477,290 | 134,797,406 | 59,786,354 | 16,174,029 | 1,082,283,815 | 1,082,283,815 |
| Agriculture | 59,788,171 | 909,385 | 69,967,660 | 430,066 | 306,285 | 131,401,567 | 131,401,567 |
| Shares | 23,244,196 | 203,281,188 | 16,732,187 | 9,592,460 | 707,727 | 233,557,758 | 233,557,758 |
| Individual | 962,973,114 | 129,732,624 | 40,064,090 | 15,642,253 | 2,467,795 | 1,150,879,876 | 1,150,879,876 |
| Government and public sector | 1,879,492,931 | - | - | - | - | 1,879,492,931 | 1,879,492,931 |
| Other | 711,620,976 | 10,765,003 | 119,248,495 | 6,202,171 | 22,557,993 | 870,394,638 | 870,394,638 |
| Total as of June 30, 2023 | 6,462,034,782 | 811,318,910 | 546,371,660 | 102,161,437 | 53,140,998 | 7,975,027,687 | 7,975,027,687 |
| Total as of December 31, 2022 | 6,195,228,794 | 807,352,698 | 533,198,395 | 52,415,672 | 38,308,349 | 7,626,503,908 | 7,626,503,908 |

Exposure distribution according to geographical distribution

a. Distribution of exposure according to geographical areas after provisions:

| | Inside Jordan | | Other Middle East countries | | Europe | | Asia * | | Africa | | America | | Other countries | | Total | |
|---|----------------------|--------------------|-----------------------------|-------------------|------------------|--------------------|----------|------------------|----------------------|----------|-------------|----------|-----------------|----------|---------------|----------------------|
| | JD | JD | JD | JD | JD | JD | JD | JD | JD | JD | JD | JD | JD | JD | JD | JD |
| Balances at central banks | 583,295,107 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 583,295,107 |
| Balances at banks and financial institutions | 33,945,631 | 126,945,256 | 44,325,358 | 9,581,214 | 23,153,070 | - | - | - | - | - | 60,021,627 | - | 126,467 | - | 288,517,409 | |
| Deposits at banks and financial institutions | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 9,581,214 | |
| Direct credit and financing facilities | 4,133,736,283 | - | - | - | - | - | - | - | - | - | - | - | - | - | 4,133,736,283 | |
| Treasury bills and bonds as follows: | 1,198,488,014 | 64,897,700 | 73,750,773 | - | 14,740,056 | - | - | - | - | - | 114,232,249 | - | - | - | 1,466,108,792 | |
| Within financial assets at fair value through statement of profit or loss | - | - | - | - | - | - | - | - | - | - | 2,190,938 | - | - | - | 2,190,938 | |
| Within financial assets at fair value through statement of other comprehensive income | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Within financial assets at amortized costs | 1,198,488,014 | 64,897,700 | 73,750,773 | 14,740,056 | - | - | - | - | - | - | 112,041,311 | - | - | - | 1,463,917,854 | |
| Other assets | 86,588,858 | - | - | - | - | - | - | - | - | - | - | - | - | - | 86,588,858 | |
| Total for period | 6,036,053,893 | 191,842,956 | 127,657,345 | 37,893,126 | - | 174,253,876 | - | 126,467 | 6,567,827,663 | - | - | - | - | - | - | 761,499,252 |
| Letter of guarantees | 221,732,372 | 1,106,755 | - | - | - | - | - | - | - | - | - | - | - | - | 222,839,127 | |
| Letter of credit | 183,485,246 | 5,117,529 | - | - | - | - | - | - | - | - | - | - | - | - | 188,602,775 | |
| Acceptances | 231,353,721 | 2,905,149 | - | - | - | - | - | - | - | - | - | - | - | - | 234,258,870 | |
| Other liabilities | 761,499,252 | - | - | - | - | - | - | - | - | - | - | - | - | - | 761,499,252 | |
| Total as of June 30, 2023 | 7,434,124,484 | 200,972,389 | 127,657,345 | 37,893,126 | - | 174,253,876 | - | 126,467 | 7,975,027,687 | - | - | - | - | - | - | 7,975,027,687 |
| Total as of December 31, 2022 | 7,168,222,525 | 79,809,467 | 189,656,010 | 35,896,652 | 2,795,297 | 148,636,393 | - | 1,487,564 | 7,626,503,908 | - | - | - | - | - | - | 7,626,503,908 |

* Excluding the middle east countries.

b. Distribution of exposures according to IFRS (9) stages

| | Stage (1) | | Stage (2) | | Stage (3) | | Total | |
|-------------------------------|----------------------|--------------------|--------------------|--------------------|-------------------|----------------------|------------------|----------------------|
| | Individual JD | Collective JD | Individual JD | Collective JD | Individual JD | Collective JD | Individual JD | Collective JD |
| Inside Jordan | 5,921,131,579 | 811,318,910 | 546,371,660 | 102,161,437 | 53,140,898 | 7,434,124,484 | 126,467 | 7,975,027,687 |
| Other middle east countries | 200,972,389 | - | - | - | - | 200,972,389 | - | 200,972,389 |
| Europe | 127,657,345 | - | - | - | - | 127,657,345 | - | 127,657,345 |
| Asia | 37,893,126 | - | - | - | - | 37,893,126 | - | 37,893,126 |
| Africa | - | - | - | - | - | - | - | - |
| America | 174,253,876 | - | - | - | - | 174,253,876 | - | 174,253,876 |
| Other countries | 126,467 | - | - | - | - | 126,467 | - | 126,467 |
| Total as of June 30, 2023 | 6,462,034,782 | 811,318,910 | 546,371,660 | 102,161,437 | 53,140,898 | 7,975,027,687 | - | 7,975,027,687 |
| Total as of December 31, 2022 | 6,195,228,794 | 807,352,698 | 533,198,395 | 52,415,672 | 38,308,349 | 7,626,503,908 | - | 7,626,503,908 |

Reclassified credit exposures:

a. Total credit exposures that were classified:

| | Stage (2) | | Stage (3) | | Rate of exposures that were reclassified |
|--|----------------------|----------------------------------|----------------------|----------------------------------|--|
| | Total exposure value | Exposures that were reclassified | Total exposure value | Exposures that were reclassified | |
| Direct credit facilities and financing | 594,766,339 | 109,660,453 | 175,154,696 | 46,363,837 | 3.60% |
| Within financial assets at fair value through other comprehensive income | - | - | - | - | 0.00% |
| Total | 594,766,339 | 109,660,453 | 175,154,696 | 46,363,837 | 3.60% |
| Letter of guarantees | 23,759,770 | 577,330 | 2,175,054 | 538,482 | 0.50% |
| Letter of credit | 7,970,051 | (2,450,387) | - | - | -0.51% |
| Acceptances | 9,736,885 | - | - | - | 0.00% |
| Other liabilities | 33,324,640 | 603,281 | - | - | 0.08% |
| Grand total | 669,557,685 | 108,390,677 | 177,329,750 | 46,902,319 | 2.68% |

b. Expected credit losses for the exposures that were reclassified:

| | Exposures that were reclassified | | Expected Credit Losses for the Exposures that were Reclassified | | | | | |
|--|---|---|---|----------------------|----------------------|----------------------|----------------------|------------------|
| | Total Exposures that were Reclassified from Stage (2) | Total Exposures that were Reclassified from Stage (3) | Total Reclassified Exposures | Stage (2) Individual | Stage (2) Collective | Stage (3) Individual | Stage (3) Collective | Total |
| Direct credit facilities and financing | 109,660,453 | 46,363,837 | 156,024,290 | 2,519,083 | 1,461,107 | 2,420,571 | (1,359,166) | 5,041,595 |
| Total | 109,660,453 | 46,363,837 | 156,024,290 | 2,519,083 | 1,461,107 | 2,420,571 | (1,359,166) | 5,041,595 |
| Letter of guarantees | 577,330 | 538,482 | 1,115,812 | (554) | - | - | - | (554) |
| Letter of credit | (2,450,387) | - | (2,450,387) | - | - | - | - | - |
| Acceptances | - | - | - | - | - | - | - | - |
| Other liabilities | 603,281 | - | 603,281 | 5,532 | - | - | - | 5,532 |
| Grand total | 108,390,677 | 46,902,319 | 155,292,996 | 2,524,061 | 1,461,107 | 2,420,571 | (1,359,166) | 5,046,573 |

34. 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 financial assets and liabilities of the Bank are evaluated 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 (evaluation methods and inputs used).

| | 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 |
|---|-------------------|-------------------|-------------------------|---|-----------------------------|---|
| | June 30, 2023 | December 31, 2022 | | | | |
| Financial Assets | | | | | | |
| Financial Assets at Fair Value | JD | JD | | | | |
| Financial Assets at Fair Value Through Statement of Profit or Loss: | | | | | | |
| Government bonds listed on financial markets | 948,991 | 649,405 | Level 1 | Quoted prices in financial markets | N/A | N/A |
| Corporate bonds listed on financial markets | 1,241,947 | 105,388 | Level 1 | Quoted prices in financial markets | N/A | N/A |
| Corporate shares listed on financial market | 4,139,774 | 4,813,576 | Level 1 | Quoted prices in financial markets | N/A | N/A |
| Investment Funds | 11,510,680 | 12,855,527 | Level 2 | The fund manager evaluation of fair value | N/A | N/A |
| Total | 17,841,392 | 18,423,896 | | | | |
| Financial Assets at Fair Value Through Other Comprehensive Income: | | | | | | |
| Quoted Shares in active markets | 32,997,766 | 31,168,445 | Level 1 | Quoted prices in financial markets | N/A | N/A |
| Investment funds | 15,673,155 | 14,531,464 | level 2 | The fund manager evaluation of fair value | N/A | N/A |
| Unquoted Shares in active markets | 15,770,153 | 15,601,160 | Level 3 | Through using equity method and based on the latest available information | N/A | N/A |
| Total | 64,441,074 | 61,301,069 | | | | |
| Total Financial Assets at Fair Value | 82,282,466 | 79,724,965 | | | | |

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

b. Financial assets and liabilities of the Bank, which are not specified at fair value on 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 consolidated financial statements of the Bank, approximates their fair value.

| | June 30, 2023 | | December 31, 2022 | | The level of Fair Value |
|--|----------------------|----------------------|----------------------|----------------------|-------------------------|
| | Book value | Fair value | Book value | Fair value | |
| Financial Assets of Non-specified Fair Value | JD | JD | JD | JD | |
| Term deposits, notice deposits and certificate of deposits at Central Bank | 182,100,000 | 182,421,342 | 303,200,000 | 303,373,603 | Level 2 |
| Current accounts, and deposits at Banks and Financial Institutions | 298,098,623 | 298,330,353 | 221,356,432 | 221,576,199 | Level 2 |
| Direct credit facilities at amortized costs | 4,133,736,283 | 4,142,217,898 | 3,991,118,781 | 3,997,546,728 | Level 2 |
| Other financial assets at amortized costs | 1,463,917,854 | 1,479,783,691 | 1,325,766,644 | 1,339,871,884 | Level 2 |
| Total Financial Assets of Non-specified Fair Value | 6,077,852,760 | 6,102,753,284 | 5,841,441,857 | 5,862,368,414 | |
| Financial Liabilities of Non-specified Fair Value | | | | | |
| Banks and Financial Institutions Deposits | 295,472,137 | 296,473,923 | 337,850,140 | 338,859,787 | Level 2 |
| Customers' Deposits | 5,430,863,655 | 5,483,496,904 | 5,186,344,444 | 5,224,671,507 | Level 2 |
| Cash Margin | 297,312,048 | 297,576,884 | 257,368,027 | 257,570,975 | Level 2 |
| Borrowed Funds | 171,400,867 | 171,817,659 | 141,707,946 | 142,050,271 | Level 2 |
| Subordinated Loan | 60,295,000 | 61,386,835 | 46,115,000 | 46,665,807 | Level 2 |
| Total Financial Liabilities of Non-specified Fair Value | 6,255,343,707 | 6,310,752,205 | 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.