

ARAB BANK GROUP

AMMAN – JORDAN

INTERM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(REVIEWED NOT AUDITED)

30 September 2022



**Building a better
working world**

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**REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
TO THE BOARD OF DIRECTORS
ARAB BANK GROUP
AMMAN - JORDAN**

We have reviewed the accompanying interim condensed consolidated financial statements of Arab Bank Group as of 30 September 2022, comprising of the interim condensed consolidated statement of financial position as of 30 September 2022 and the related interim condensed consolidated income statement, the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the nine-month period then ended and explanatory notes. The Board of Directors is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard (34) - Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed consolidated 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 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 interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with International Accounting Standard (34).

Amman – Jordan
30 October 2022

ERNST & YOUNG
Amman - Jordan

ARAB BANK GROUP
INTERIM CONDENSED CONSOLIDATED
STATEMENT OF FINANCIAL POSITION

	Notes	30 September 2022 (Reviewed not Audited)	31 December 2021 (Audited)
		USD '000	USD '000
<u>ASSETS</u>			
Cash and balances with central banks	4	12 010 358	12 006 994
Balances with banks and financial institutions	5	3 947 200	3 756 284
Deposits with banks and financial institutions	6	646 181	275 494
Financial assets at fair value through profit or loss	7	57 007	72 343
Financial derivatives - positive fair value		274 428	86 585
Direct credit facilities at amortized cost - net	9	31 886 076	31 188 786
Financial assets at fair value through other comprehensive income	8	693 839	687 854
Other financial assets at amortized cost	10	9 787 835	10 561 173
Investments in associates		3 479 000	3 412 899
Fixed assets	11	520 955	531 955
Other assets	12	1 085 437	976 269
Deferred tax assets		271 179	248 498
Total Assets		64 659 495	63 805 134
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>			
Banks and financial institutions' deposits		4 017 315	3 992 699
Customers' deposits	13	45 327 605	44 485 511
Cash margin		2 496 541	2 607 131
Financial derivatives - negative fair value		156 696	95 809
Borrowed funds	14	518 126	622 460
Provision for income tax	15	209 125	202 477
Other provisions		226 062	217 629
Other liabilities	16	1 458 822	1 252 771
Deferred tax liabilities		8 175	7 295
Total Liabilities		54 418 467	53 483 782
<u>Equity</u>			
Share capital	17	926 615	926 615
Share premium		1 225 747	1 225 747
Statutory reserve	17	926 615	926 615
Voluntary reserve		977 315	977 315
General reserve		1 211 927	1 211 927
General banking risks reserve		153 030	154 171
Reserves with associates		1 540 896	1 540 896
Foreign currency translation reserve		(455 568)	(291 987)
Investments revaluation reserve		(346 395)	(312 553)
Retained earnings	19	3 172 654	2 967 984
Total Equity Attributable to the Shareholders of the Bank		9 332 836	9 326 730
Perpetual tier 1 capital bonds	18	360 527	438 449
Non-controlling interests		547 665	556 173
Total Shareholders' Equity		10 241 028	10 321 352
Total Liabilities and Shareholders' Equity		64 659 495	63 805 134

The accompanying notes from (1) to (35) form an integral part of these interim condensed consolidated financial statements and should be read with them.

ARAB BANK GROUP
INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME
(REVIEWED NOT AUDITED)

	Notes	For the Nine-Months Period Ended 30 September		For the Three-Months Period Ended 30 September	
		2022	2021	2022	2021
		USD '000	USD '000	USD '000	USD '000
REVENUE					
Interest income	20	1 794 648	1 725 048	661 716	580 456
Less: interest expense	21	689 825	702 809	257 458	232 628
Net Interest Income		1 104 823	1 022 239	404 258	347 828
Net commission income	22	279 654	247 885	83 637	80 662
Net Interest and Commission Income		1 384 477	1 270 124	487 895	428 490
Foreign exchange differences		81 870	86 405	25 764	26 781
Gain from financial assets at fair value through profit or loss	23	912	4 497	1 201	1 561
Dividends from financial assets at fair value through other comprehensive income	8	7 568	6 000	363	822
Group's share of profits from associates		283 606	209 736	113 734	77 985
Other revenue/ net	24	51 164	57 705	12 459	12 608
Total Income		1 809 597	1 634 467	641 416	548 247
EXPENSES					
Employees' expenses		476 567	430 635	163 157	147 237
Other expenses		292 208	274 588	97 226	99 087
Depreciation and amortization		62 464	60 919	19 869	21 608
Provision for impairment - ECL		341 042	405 369	119 619	130 342
Impairment of investments held for sale		13 000	20 000	-	-
Other provisions		8 102	11 458	3 067	3 260
Total Expenses		1 193 383	1 202 969	402 938	401 534
Profit for the Period before Income Tax		616 214	431 498	238 478	146 713
Less: Income tax expense	15	210 410	159 751	85 031	57 371
Profit for the Period		405 804	271 747	153 447	89 342
Attributable to :					
- Bank's shareholders		389 689	257 445	148 042	90 571
- Non-controlling interests		16 115	14 302	5 405	(1 229)
Total		405 804	271 747	153 447	89 342
Earnings per share attributable to the Bank's shareholders					
- Basic and Diluted (US Dollars)	31	0.60	0.39	0.23	0.14

The accompanying notes from (1) to (35) form an integral part of these interim condensed consolidated financial statements and should be read with them.

ARAB BANK GROUP
INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(REVIEWED NOT AUDITED)

	For the Nine-Months		For the Three-Months	
	Period Ended 30 September		Period Ended 30 September	
	2022	2021	2022	2021
	USD '000	USD '000	USD '000	USD '000
Profit for the period	405 804	271 747	153 447	89 342
<u>Add: Other comprehensive income items - after tax</u>				
<u>Items that will be subsequently transferred to the statement of Income</u>				
Exchange differences arising from the translation of foreign operations	(170 944)	(69 256)	(91 572)	(22 943)
Revaluation loss on bonds at fair value through other comprehensive income	(14 921)	-	(7 073)	-
<u>Items that will not be subsequently transferred to the statement of Income</u>				
Net change in fair value of financial assets at fair value through other comprehensive income	(25 804)	5 278	(8 969)	5 499
Revaluation (loss) gain on equity instruments at fair value through other comprehensive income	(26 677)	9 201	(9 842)	5 591
Gain (loss) from sale of financial assets at fair value through other comprehensive income	873	(3 923)	873	(92)
Total Other Comprehensive Income Items - after Tax	(211 669)	(63 978)	(107 614)	(17 444)
Total Comprehensive Income for the Period	194 135	207 769	45 833	71 898
Attributable to :				
- Bank's shareholders	193 139	196 980	48 326	76 438
- Non-controlling interests	996	10 789	(2 493)	(4 540)
Total	194 135	207 769	45 833	71 898

The accompanying notes from (1) to (35) form an integral part of these interim condensed consolidated financial statements and should be read with them.

ARAB BANK GROUP
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(REVIEWED NOT AUDITED)

	Notes	Share Capital	Share Premium	Statutory Reserve	Voluntary Reserve	General Reserve	General Banking Risks Reserve	Reserves with Associates	Foreign Currency Translation Reserve	Investments revaluation reserve	Retained Earnings	Total Equity Attributable to the Shareholders of the Bank	Non-Controlling Interests	Perpetual Bonds (Tier 1 Capital)	Total Shareholders' Equity
		USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
For the Nine-Month Period Ended 30 September 2022															
		926 615	1 225 747	926 615	977 315	1 211 927	154 171	1 540 896	(291 987)	(312 553)	2 967 984	9 326 730	556 173	438 449	10 321 352
		-	-	-	-	-	-	-	-	-	389 689	389 689	16 115	-	405 804
		-	-	-	-	-	-	-	(163 581)	(32 969)	-	(196 550)	(15 119)	-	(211 669)
		-	-	-	-	-	-	-	(163 581)	(32 969)	389 689	193 139	996	-	194 135
	19	-	-	-	-	-	-	-	-	(873)	873	-	-	-	-
	19	-	-	-	-	-	-	-	-	-	(186 532)	(186 532)	(2 115)	-	(188 647)
		-	-	-	-	-	(1 141)	-	-	-	1 141	-	-	-	-
	18	-	-	-	-	-	-	-	-	-	-	-	-	(77 922)	(77 922)
		-	-	-	-	-	-	-	-	-	(501)	(501)	(7 389)	-	(7 890)
		926 615	1 225 747	926 615	977 315	1 211 927	153 030	1 540 896	(455 568)	(346 395)	3 172 654	9 332 836	547 665	360 527	10 241 028
For the Nine-Month Period Ended 30 September 2021															
		926 615	1 225 747	926 615	977 315	1 141 824	224 274	1 540 896	(160 209)	(295 797)	2 775 635	9 282 915	105 848	-	9 388 763
		-	-	-	-	-	-	-	-	-	257 445	257 445	14 302	-	271 747
		-	-	-	-	-	-	-	(67 542)	7 077	-	(60 465)	(3 513)	-	(63 978)
		-	-	-	-	-	-	-	(67 542)	7 077	257 445	196 980	10 789	-	207 769
		-	-	-	-	-	-	-	-	1 815	(1 815)	-	-	-	-
	19	-	-	-	-	-	-	-	-	-	(111 944)	(111 944)	(2 115)	-	(114 059)
		-	-	-	-	-	-	-	-	-	-	-	466 817	188 449	655 266
		-	-	-	-	-	-	-	-	-	-	-	-	250 000	250 000
		-	-	-	-	70 103	(70 103)	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	1 828	1 828	(6 616)	-	(4 788)
		926 615	1 225 747	926 615	977 315	1 211 927	154 171	1 540 896	(227 751)	(286 905)	2 921 149	9 369 779	574 723	438 449	10 382 951

* The retained earnings include restricted deferred tax assets in the amount of USD 271.2 million, as well as, restricted retained earnings that cannot be distributed or otherwise utilized except only under certain circumstances as a result of the adoption of certain Accounting Standards amounted to USD 2.8 million as of 30 September 2022

* The Bank cannot use a restricted amount of USD 346.4 million which represents the negative investments revaluation reserve in accordance with the instructions of the Jordan Securities Commission and Central Bank of Jordan as of 30 September 2022.

The accompanying notes from (1) to (35) form an integral part of these interim condensed consolidated financial statements and should be read with them.

ARAB BANK GROUP
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(REVIEWED NOT AUDITED)

	Notes	For the Nine-Months Period Ended 30 September	
		2022	2021
		USD '000	USD '000
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit for the period before tax		616 214	431 498
Adjustments for:			
Group's share of profits from associates		(283 606)	(209 736)
Depreciation and amortization		62 464	60 919
Expected credit losses on financial assets		341 042	405 369
Net accrued interest		36 077	(54 683)
(Gain) from sale of fixed assets		(558)	(8 280)
Dividends on financial assets at fair value through other comprehensive income	8	(7 568)	(6 000)
Loss (gain) from revaluation of financial assets at fair value through profit or loss	23	664	(3 553)
Provision for impairment of investments held for sale		13 000	20 000
Other provisions		8 102	11 458
Total		785 831	646 992
<u>(Increase) decrease in assets:</u>			
Balances with central banks (maturing after 3 months)		25 000	(3 941)
Deposits with banks and financial institutions (maturing after 3 months)		(370 848)	64 126
Direct credit facilities at amortized cost		(1 005 355)	(430 239)
Financial assets at fair value through profit or loss		14 672	196 053
Other assets and financial derivatives		(294 741)	95 054
<u>Increase (decrease) in liabilities:</u>			
Banks' and financial institutions' deposits (maturing after 3 months)		(309 066)	(378 095)
Customer's deposits		842 094	643 857
Cash margin		(110 590)	89 103
Other liabilities and financial derivatives		179 733	(149 713)
Net Cash Flows (Used in) from Operating Activities before Income Tax		(243 270)	773 197
Income tax paid	15	(223 501)	(269 754)
Net Cash Flows (Used in) from Operating Activities		(466 771)	503 443
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
(Purchase) of financial assets at fair value through other comprehensive income		(39 030)	(214 963)
Maturity (Purchase) of other financial assets at amortized cost		763 700	(1 374 852)
Decrease (Increase) of investments in associates		(550)	(538)
Acquisition of Oman Arab Bank		-	689 119
Dividends received from associates		196 303	194 068
Dividends received from financial assets at fair value through other comprehensive income		7 568	6 000
Increase in fixed assets - net		(32 846)	(6 140)
Net Cash Flows from (Used in) Investing Activities		895 145	(707 306)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
(Decrease) in borrowed funds		(104 334)	(32 491)
(Decrease) increase in Perpetual Bonds		(77 922)	250 000
Dividends paid to shareholders		(175 864)	(110 855)
Dividends paid to non-controlling interests		(2 115)	(2 115)
Net Cash Flows (used in) from Financing Activities		(360 235)	104 539
Net increase (decrease) in cash and cash equivalents		68 139	(99 324)
Exchange differences - change in foreign exchange rates		(163 581)	(67 542)
Cash and cash equivalents at the beginning of the period		12 260 052	12 412 068
Cash and Cash Equivalents at the End of the Period	32	12 164 610	12 245 202
<u>Operational Cash Flows form Interest</u>			
Interest Paid		617 476	618 085
Interest Received		1 758 376	1 585 641

The accompanying notes from (1) to (35) form an integral part of these interim condensed consolidated financial statements and should be read with them.

ARAB BANK GROUP
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 September 2022 (REVIEWED NOT AUDITED)

1 - GENERAL INFORMATION

Arab Bank was established in 1930, and is registered as a Jordanian public shareholding limited company. The Head Office of the Group is domiciled in Amman - Hashemite Kingdom of Jordan and the Bank operates worldwide through its 77 branches in Jordan and 129 branches abroad. Also, the Group operates through its subsidiaries and Arab Bank (Switzerland) limited.

Arab Bank Plc shares are traded on Amman Stock Exchange. The shareholders of Arab Bank PLC are the same shareholders of Arab Bank Switzerland (every 18 shares of Arab Bank PLC equal/ traded for 1 share of Arab Bank Switzerland).

The accompanying Interim condensed consolidated financial statements was approved by the Board of Directors in its meeting Number (6) on 30 October 2022.

2 - BASIS OF PREPARATION AND CONSOLIDATION

2 - 1 BASIS OF PREPARATION

The accompanying condensed consolidated interim financial statements was prepared in accordance with the international Accounting Standard (IAS) 34 "interim financial reporting".

The interim condensed consolidated financial statements are prepared in accordance with the historical cost principle, except for financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and financial derivatives which are stated at fair value as of the date of the interim condensed consolidated financial statements.

The accompanying interim condensed consolidated financial statements do not include all the information and disclosures required for the annual financial statements, which are prepared in accordance with the International Financial Reporting Standards and must be read with the Group consolidated financial statements as of 31 December 2021. In addition, the results of the Group's operations for the nine-months period ended 30 September 2022 do not necessarily represent indications of the expected results for the year ending 31 December 2022, and do not contain the appropriation of the profit of the current period, which is usually performed at year end.

The consolidated financial statements are presented in US dollars (USD) which is the functional currency of the Group.

ARAB BANK GROUP
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 September 2022 (REVIEWED NOT AUDITED)

2-2 BASIS OF CONSOLIDATION

The accompanying interim condensed consolidated financial statements of Arab Bank Group, presented in US dollars, comprise the financial statements of Arab Bank plc, Arab Bank (Switzerland) Limited and the following key subsidiaries:

Company Name	Percentage of Ownership %		Date of acquisition	Principal Activity	Place of Incorporation	Paid in Capital
	30 September 2022	31 December 2021				
Europe Arab Bank plc	100.00	100.00	2006	Banking	United Kingdom	€ 570m
Arab Bank Australia Limited	100.00	100.00	1994	Banking	Australia	AUD 119.3
Islamic International Arab Bank plc	100.00	100.00	1997	Banking	Jordan	JD 100m
Arab National Leasing Company LLC	100.00	100.00	1996	Financial Leasing	Jordan	JD 50m
Al-Arabi Investment Group LLC	100.00	100.00	1996	Brokerage and financial services	Jordan	JD 14m
Arab Sudanese Bank Limited	100.00	100.00	2008	Banking	Sudan	SDG 117.5m
Al Arabi Investment Group	100.00	100.00	2009	Brokerage and financial services	Palestine	JD 1.7m
Arab Tunisian Bank	64.24	64.24	1982	Banking	Tunisia	TND 128m
Oman Arab Bank*	49.00	49.00	1984	Banking	Oman	OMR 166.9m
Arab Bank Syria	51.29	51.29	2005	Banking	Syria	SYP 5.05b
Al Nisr Al Arabi Insurance Company	50.00	50.00	2006	Insurance	Jordan	JD 10m

* During 2021, the Group has obtained control over Oman Arab Bank. Accordingly, the investment has been reclassified from investment in an associate to investment in a subsidiary.

The interim condensed consolidated financial statements comprise the financial statements of the Bank and its subsidiaries where the Bank holds control over the subsidiaries.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee).
- Exposure, or rights, to variable returns from its involvement with the investee.
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee.
- Rights arising from other contractual arrangements.
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

ARAB BANK GROUP
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 September 2022 (REVIEWED NOT AUDITED)

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non- controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary without a loss of control is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary.
- Derecognizes the carrying amount of any non- controlling interests.
- Derecognizes the cumulative translation differences, recorded in equity.
- Recognizes the fair value of the consideration received.
- Recognizes the fair value of any investment retained.
- Recognizes the gain or loss resulted from loss of control.
- Reclassifies the parent's share of components previously recognized in OCI to profit or loss.

2-3 CHANGES IN ACCOUNTING POLICIES

The accounting policies used in the preparation of the consolidated financial statements are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2021 except for the adoption of new amendments on the standards effective as of 1 January 2022 shown below:

Reference to the Conceptual Framework – Amendments to IFRS 3

In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.

The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately.

At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.

These amendments had no material impact on the interim condensed consolidated financial statements of the Group.

ARAB BANK GROUP

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2022 (REVIEWED NOT AUDITED)

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

In May 2020, the IASB issued Amendments to IAS 16 Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

These amendments had no material impact on the interim condensed consolidated financial statements of the Group.

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

In May 2020, the IASB issued Amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a “directly related cost approach”. The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter

As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued an amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent’s date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16 (a) of IFRS 1.

The amendments is not applicable to the Group.

IFRS 9 Financial Instruments – Fees in the ‘10 per cent’ test for derecognition of financial liabilities

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received by the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

These amendments had no material impact on the interim condensed consolidated financial statements of the Group.

3 - USE OF ESTIMATE

Provisions for impairment - ECL

In determining impairment of financial assets, judgement is required in the estimation of the amount and timing of future cash flows as well as an assessment of whether the credit risk on the financial asset has increased significantly since initial recognition and incorporation of forward-looking information in the measurement of ECL.

ARAB BANK GROUP
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 September 2022 (REVIEWED NOT AUDITED)

Inputs, assumptions and techniques used for ECL calculation – IFRS9 Methodology

Key concepts in IFRS 9 that have the most significant impact and require a high level of judgment, as considered by the Group while determining the impact assessment, are:

In accordance with IFRS 9, a significant increase in credit risk can be assessed at the group/ portfolio level if the common risk characteristics are shared. Any instruments that are collectively assessed must have common credit risk characteristics. The Group has followed the following criteria for determining the ECL calculation on a collective versus individual basis as follows:

- Retail Portfolio: on Collective Basis based on the product level (Loans, Housing Loans, Car Loans, and Credit Cards)
- Corporate Portfolio: individual basis at customer/ facility level
- Financial Institutions: Individual basis at bank/ facility Level.
- Debt instruments measured at amortized cost: Individual level at instrument level.

• Assessment of Significant Increase in Credit Risk (SICR)

To assess whether the credit risk on a financial asset has increased significantly since origination, the Group compares the risk of default occurring over the expected life of the financial asset at the reporting date to the corresponding risk of default at origination, using key risk indicators that are used in the Group's existing risk management processes.

The Group performs the assessment of significant increases in credit risk will be performed periodically for each individual exposure based on some factors. If any of the following factors indicates that a significant increase in credit risk has occurred, the instrument will be moved from Stage 1 to Stage 2:

1. We have established thresholds for significant increases in credit risk based on movement in the customer's internal credit grade and the related PDs relative to initial recognition.
2. Restructuring and/or Rescheduling on the customers' accounts/ facilities during the assessment period is considered as indicator for SICR.

Movements between Stage 2 and Stage 3 are based on whether financial assets are credit-impaired as at the reporting date. The determination of credit-impairment under IFRS (9), is mentioned in the "Definition of default" below.

• Macroeconomic Factors, Forward Looking Information (FLI) and Multiple Scenarios

The measurement of expected credit losses for each stage and the assessment of significant increases in credit risk must consider information about past events and current conditions as well as reasonable and supportable forecasts of future events and economic conditions. The estimation and application of forward-looking information will require significant judgment in cooperation with international expert in this area.

PD, Loss Given Default (LGD) and Exposure At Default (EAD) inputs used to estimate Stage 1 and Stage 2 credit loss allowances are modelled based on the macroeconomic variables (or changes in macroeconomic variables) that are most closely correlated with credit losses in the relevant portfolio.

Each macroeconomic scenario used in our expected credit loss calculation will have forecasts of the relevant macroeconomic variables.

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The estimation of expected credit losses in Stage 1 and Stage 2 will be a discounted probability-weighted estimate that considers a minimum of three future macroeconomic scenarios.

The base case scenario will be based on macroeconomic forecasts (e.g.: GDP, inflation, interest rate). Upside and downside scenarios will be set relative to our base case scenario based on reasonably possible alternative macroeconomic conditions.

The Group calculates ECLs based on a three probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to the Group in accordance with the contract and the cash flows that the entity expects to receive. During 2020 and due to the developments and the abnormal situation resulted from COVID-19 pandemic, an additional downside scenario was used by the management for calculating the ECL until 30 June 2021. During the third quarter of the year 2021 the management resolved to use three scenarios using probability weight for each scenario based on the management best estimate for their likelihood. For certain countries, management continued to use more than three scenarios based on their judgment and as a response for developments of COVID – 19 pandemic in these countries. Below are the weights for each scenario for the periods ended 30 September 2022 and 30 September 2021:

	Assigned weighted average 30 September 2022	Assigned weighted average 30 September 2021	Assigned weighted average 30 June 2021
Baseline scenario	45%	45%	35%
Upside scenario	20%	20%	15%
Worst-case scenario 1	35%	35%	20%
Worst-case scenario 2	-	-	30%

Scenarios will be probability-weighted according to the best estimate of their relative likelihood based on historical frequency and current trends and conditions. Probability weights will be updated on a quarterly basis.

All scenarios considered will be applied to all portfolios subject to expected credit losses with the same probabilities.

The mechanism of the ECL calculations are outlined below and the key elements are, as follows:

- PD the Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period.
- EAD the Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.
- LGD the Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realization of any collateral. It is usually expressed as a percentage of the EAD.

Despite, the classification of credit facilities is governed by the regulations of the Central Bank of Jordan unless the local regulations in other countries are more stringent, or the Group must adopt the same according to the law.

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• **Definition of default**

The definition of default used in the measurement of expected credit losses and the assessment to determine movement between stages will be consistent with the definition of default used for internal credit risk management purposes. IFRS 9 does not define default, but contains a rebuttable presumption that default has occurred when an exposure is greater than 90 days past due.

Notwithstanding the above, the classification of credit facilities is governed by the Central Bank of Jordan regulations unless local regulations in other countries are stricter, or the Group has to adopt the same by law.

The Group has set out the definition of default where a default is considered to have occurred when either or both of the two following events have taken place:

- The obligor is considered unlikely to pay its credit obligations in full.
- The obligor is past due for 90 days or more on any material credit obligation.

• **Expected life**

When measuring ECL, the Group must consider the maximum contractual period over which the Group is exposed to credit risk. All contractual terms should be considered when determining the expected life, including prepayment options and extension and rollover options. For certain revolving credit facilities that do not have a fixed maturity, the expected life is estimated based on the period over which the Group is exposed to credit risk and where the credit losses would not be mitigated by management actions.

Governance of applying the requirements of IFRS 9:

To ensure compliance with the requirements of implementing the standard and to ensure the progress of the implementation, a special committee was established consisting of the manager of risk management, the manager of credit management, the financial manager of the Group in addition to the manager of the information systems department and the manager of project management. Where the committee takes the necessary decisions regarding implementation methodology, ensuring that the general policies, work procedures and regulations are updated in line with the requirements of the standard, and it also presents the results of calculating the expected credit losses based on the standard to the senior management and to the board of directors through the committees emanating from it.

4. CASH AND BALANCES WITH CENTRAL BANKS

The details of this item are as follows:

	30 September 2022 (Reviewed not Audited)	31 December 2021 (Audited)
	USD '000	USD '000
Cash in vaults	834 180	774 302
Balances with central banks:		
Current accounts	4 553 026	4 868 254
Time and notice	5 239 504	5 082 189
Mandatory cash reserve	1 544 500	1 484 161
Certificates of deposit	60 630	-
<u>Less: Net ECL Charges</u>	<u>(221 482)</u>	<u>(201 912)</u>
Total	12 010 358	12 006 994

- Except for the mandatory cash reserve, there are no restricted balances at Central Banks.

- There are no balances and certificates of deposits maturing after three months as of 30 September 2022 (USD 25 million as of 31 December 2021).

The movement of ECL charges on Balances with Central Banks is as follows:

	30 September 2022 (Reviewed not Audited)			31 December 2021 (Audited)	
	USD '000	USD '000	USD '000	USD '000	USD '000
	Stage 1	Stage 2	Stage 3	Total	Total
Balance at the beginning of the period/ year	1 909	200 003	-	201 912	142 351
Net ECL Charges for the period/ year	(316)	19 050	-	18 734	60 200
Adjustments during the period / year and translation adjustments	(161)	997	-	836	(639)
Balance at the end of the period/ year	1 432	220 050	-	221 482	201 912

5. BALANCES WITH BANKS AND FINANCIAL INSTITUTIONS

The details of this item are as follows:

Local banks and financial institutions

	30 September 2022 (Reviewed not Audited)	31 December 2021 (Audited)
	USD '000	USD '000
Current accounts	6 437	3 561
Time deposits maturing within 3 months	211 981	163 197
Total	218 418	166 758

Banks and financial institutions abroad

	30 September 2022 (Reviewed not Audited)	31 December 2021 (Audited)
	USD '000	USD '000
Current accounts	1 031 397	1 281 946
Time deposits maturing within 3 months	2 699 540	2 310 345
Total	3 730 937	3 592 291
<u>Less: Net ECL Charges</u>	<u>(2 155)</u>	<u>(2 765)</u>
Total balances with banks and financial institutions local and abroad	3 947 200	3 756 284

- There are no non-interest bearing balances as of 30 September 2022 and 31 December 2021.

- There are no restricted balances as of 30 September 2022 and 31 December 2021.

The movement of ECL charges on Balances with Banks and Financial Institutions is as follows:

	30 September 2022 (Reviewed not Audited)			31 December 2021 (Audited)	
	USD '000	USD '000	USD '000	USD '000	USD '000
	Stage 1	Stage 2	Stage 3	Total	Total
Balance at the beginning of the period/ year	2 765	-	-	2 765	2 893
Acquisition of Oman Arab Bank	-	-	-	-	106
Adjusted Balance at the beginning of the period/ year	2 765	-	-	2 765	2 999
Net ECL Charges for the period / year	(397)	-	-	(397)	(151)
Adjustments during the period / year and translation adjustments	(213)	-	-	(213)	(83)
Balance at the end of the period / year	2 155	-	-	2 155	2 765

6. DEPOSITS WITH BANKS AND FINANCIAL INSTITUTIONS

The details of this item are as follows:

Deposits with Local Banks and Financial Institutions:

	30 September 2022 (Reviewed not Audited)	31 December 2021 (Audited)
	USD '000	USD '000
Time deposits maturing after 6 months and before 9 months	-	21 150
Time deposits maturing after 9 months and before a year	11 006	6 161
Time deposits maturing after one year	47 610	47 610
Total	58 616	74 921

Deposits with Banks and Financial Institutions Abroad:

	30 September 2022 (Reviewed not Audited)	31 December 2021 (Audited)
	USD '000	USD '000
Time deposits maturing after 3 months and before 6 months	353 102	148 112
Time deposits maturing after 6 months and before 9 months	132 512	53 307
Time deposits maturing after 9 months and before a year	92 935	-
Time deposits maturing after one year	10 023	-
Total	588 572	201 419

Less: Net ECL Charges

	(1 007)	(846)
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Total deposits with banks and financial institutions local and abroad

	646 181	275 494
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- There are no restricted deposits as of 30 September 2022 and 31 December 2021.

The movement of ECL charges on Deposits with Banks and Financial Institutions is as follows:

	30 September 2022 (Reviewed not Audited)			31 December 2021 (Audited)	
	USD '000	USD '000	USD '000	USD '000	USD '000
	Stage 1	Stage 2	Stage 3	Total	Total
Balance at the beginning of the period/ year	846	-	-	846	2 743
Net ECL Charges for the period/ year	202	-	-	202	(1 810)
Adjustments during the period / year and translation adjustments	(41)	-	-	(41)	(87)
Balance at the end of the period/ year	1 007	-	-	1 007	846

7- **FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**

The details of this item are as follows:

	30 September 2022 (Reviewed not Audited)	31 December 2021 (Audited)
	USD '000	USD '000
Treasury bills and Governmental bonds	20 572	4 727
Corporate bonds	12 652	35 390
Corporate shares	3 180	12 091
Mutual funds	20 603	20 135
Total	57 007	72 343

8- **FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME**

The details of this item are as follows:

	30 September 2022 (Reviewed not Audited)	31 December 2021 (Audited)
	USD '000	USD '000
Quoted shares	148 051	163 766
Unquoted shares	195 105	211 587
Governmental bonds and bonds guaranteed by the government	250 594	219 330
Corporate bonds through OCI	100 637	93 643
<u>Less: Net ECL Charges</u>	(548)	(472)
Total	693 839	687 854

- Cash dividends from the investments above amounted to USD 7.6 million for the nine-months period ended 30 September 2022 (USD 6 millions for the nine-months period ended 30 September 2021).

The movement of ECL charges on Financial Assets at OCI is as follows:

	30 September 2022 (Reviewed not Audited)			31 December 2021 (Audited)	
	USD '000	USD '000	USD '000	USD '000	USD '000
	Stage 1	Stage 2	Stage 3	Total	Total
Balance at the beginning of the period/ year	472	-	-	472	-
Acquisition of Oman Arab Bank	-	-	-	-	1 065
Adjusted Balance at the beginning of the period/ year	472	-	-	472	1 065
Net ECL Charges for the period/ year	76	-	-	76	(593)
Balance at the end of the period/ year	548	-	-	548	472

9- DIRECT CREDIT FACILITIES AT AMORTIZED COST

The details of this item are as follows:

	30 September 2022					Total
	(Reviewed not Audited)					
	Consumer Banking	Corporates		Banks and Financial Institutions	Government and Public Sector	
USD '000	Small and Medium	Large	USD '000	USD '000	USD '000	
Discounted bills *	43 388	81 795	685 596	294 978	17 072	1 122 829
Overdrafts *	79 723	1 370 190	3 621 524	4 409	300 666	5 376 512
Loans and advances *	5 307 707	2 306 802	13 614 502	30 210	2 295 567	23 554 788
Real-estate loans	4 251 727	472 041	492 869	-	-	5 216 637
Credit cards	279 517	-	-	-	-	279 517
Total	9 962 062	4 230 828	18 414 491	329 597	2 613 305	35 550 283
<u>Less:</u> Interest and commission in suspense	112 250	152 117	619 681	49	-	884 097
Provision for impairment - ECL	298 200	407 895	2 058 891	4 445	10 679	2 780 110
Total	410 450	560 012	2 678 572	4 494	10 679	3 664 207
Net Direct Credit Facilities At Amortized Cost	9 551 612	3 670 816	15 735 919	325 103	2 602 626	31 886 076

* Net of interest and commission received in advance which amounted to USD 126.5 million as of 30 September 2022.

- Rescheduled loans during the nine-months period ended 30 September 2022 amounted to USD 627.1 million .
- Restructured loans (transferred from non performing to watch list loans) during the nine-months period ended 30 September 2022 amounted to USD 19.2 million.
- Direct credit facilities granted to and guaranteed by the Government of Jordan amounted to USD 145.6 million, or 0.41% of total direct credit facilities as of 30 September 2022.
- Non-performing direct credit facilities amounted to USD 2871.5 million, or 8.1% of total direct credit facilities as of 30 September 2022.
- Non-performing direct credit facilities (net of interest and commission in suspense) amounted to USD 2046 million, or 5.9% of direct credit facilities (after deducting interest and commission in suspense as of 30 September 2022).

31 December 2021

(Audited)

	Consumer Banking	Corporates		Banks and Financial Institutions	Government and Public Sector	Total
		Small and Medium	Large			
	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
Discounted bills *	50 829	103 133	645 780	336 437	22 442	1 158 621
Overdrafts *	93 379	1 486 085	3 480 308	4 274	408 225	5 472 271
Loans and advances *	4 943 584	2 286 684	13 357 152	37 537	2 068 640	22 693 597
Real-estate loans	4 022 728	479 256	492 740	-	-	4 994 724
Credit cards	231 250	-	-	-	-	231 250
Total	9 341 770	4 355 158	17 975 980	378 248	2 499 307	34 550 463
<u>Less: Interest and commission in suspense</u>	106 284	143 654	528 556	49	-	778 543
Provision for impairment - ECL	312 222	397 379	1 856 016	5 511	12 006	2 583 134
Total	418 506	541 033	2 384 572	5 560	12 006	3 361 677
Net Direct Credit Facilities at Amortized Cost	8 923 264	3 814 125	15 591 408	372 688	2 487 301	31 188 786

* Net of interest and commission received in advance, which amounted to USD 117.4 million as of 31 December 2021.

- Rescheduled loans during the year ended 31 December 2021 amounted to USD 1041.2 million.
- Restructured loans (transferred from non performing to watch list loans) during the year ended 31 December 2021 amounted to USD 1.3 million.
- Direct credit facilities granted to and guaranteed by the government of Jordan as of 31 December 2021 amounted to USD 100.1 million, or 0.3% of total direct credit facilities.
- Non-performing direct credit facilities as of 31 December 2021 amounted to USD 2855.3 million, or 8.3% of total direct credit facilities.
- Non-performing direct credit facilities (net of interest and commission in suspense) as of 31 December 2021 amounted to USD 2117.4 million, or 6.3% of direct credit facilities, (after deducting interest and commission in suspense).

The details of movement on the provision for impairment of the ECL as of 30 September 2022 are as follows:

30 September 2022
(Reviewed not Audited)

	USD '000	USD '000	USD '000	USD '000
	Stage 1	Stage 2	Stage 3	Total
Balance at the beginning of the period	101 833	655 000	1 826 301	2 583 134
Transferred to Stage 1	6 202	(6 051)	(151)	-
Transferred to Stage 2	(6 006)	7 388	(1 382)	-
Transferred to Stage 3	(1 117)	(23 380)	24 497	-
Net ECL Charges for the period	22 595	153 215	132 255	308 065
Used from provision (written off or transferred to off interim condensed consolidated statement of financial position)	-	-	(51 512)	(51 512)
Adjustments during the period and translation adjustments	(5 148)	8 659	(63 088)	(59 577)
Balance at the end of the period	118 359	794 831	1 866 920	2 780 110

The details of movement on the provision for impairment of the ECL as of 31 December 2021 are as follows:

31 December 2021
(Audited)

	USD '000	USD '000	USD '000	USD '000
	Stage 1	Stage 2	Stage 3	Total
Balance at the beginning of the year	120 651	440 147	1 403 943	1 964 741
Acquisition of Oman Arab Bank	25 386	76 070	137 314	238 770
Adjusted Balance at the beginning of the year	146 037	516 217	1 541 257	2 203 511
Transferred to Stage 1	5 827	(5 599)	(228)	-
Transferred to Stage 2	(12 148)	14 824	(2 676)	-
Transferred to Stage 3	(267)	(49 768)	50 035	-
Net ECL Charges for the year	(36 080)	185 065	307 208	456 193
Used from provision (written off or transferred to off consolidated statement of financial position)	-	(954)	(43 169)	(44 123)
Adjustments during the period and translation adjustments	(1 536)	(4 785)	(26 126)	(32 447)
Balance at the end of the year	101 833	655 000	1 826 301	2 583 134

- There are no provisions no longer required as a result of settlement or repayment, transferred to other non-performing direct credit facilities as of 30 September 2022 and as of 31 December 2021.

- Impairment is assessed based on individual customer accounts.

- Non-performing loans transferred to off interim condensed consolidated statement of financial position amounted to USD 43.7 million as of 30 September 2022 (USD 33.5 million as of 31 December 2021) noting that these non-performing direct credit facilities are fully covered by set provisions and suspended interest.

The details of movement on interest and commission in suspense are as follows:

	30 September 2022 (Reviewed not Audited)					
	Consumer Banking	Corporates		Banks and Financial Institutions	Government and Public Sector	Total
	USD '000	Small & Medium	Large	USD '000	USD '000	USD '000
Balance at the beginning of the period	106 284	143 654	528 556	49	-	778 543
Interest and commissions suspended during the period	18 566	18 728	130 775	-	-	168 069
Interest and commissions in suspense settled (written off or transferred to off condensed consolidated interim statement of financial position)	(4 961)	(4 709)	(17 607)	-	-	(27 277)
Recoveries	(5 036)	(1 573)	(4 454)	-	-	(11 063)
Adjustments during the period	-	(1 860)	1 860	-	-	-
Translation adjustments	(2 603)	(2 123)	(19 449)	-	-	(24 175)
Balance at the end of the period	112 250	152 117	619 681	49	-	884 097

	31 December 2021 (Audited)					
	Consumer Banking	Corporates		Banks and Financial Institutions	Government and Public Sector	Total
	USD '000	Small & Medium	Large	USD '000	USD '000	USD '000
Balance at the beginning of the year	92 524	115 426	411 265	53	-	619 268
Acquisition of Oman Arab Bank	5 499	9 795	15 774	-	-	31 068
Adjusted balance at the beginning of the year	98 023	125 221	427 039	53	-	650 336
Interest and commissions suspended during the year	23 826	26 865	136 612	-	-	187 303
Interest and commissions in suspense settled (written off or transferred to off condensed consolidated interim statement of financial position)	(8 680)	(3 885)	(19 311)	-	-	(31 876)
Recoveries	(5 541)	(2 803)	(5 122)	-	-	(13 466)
Adjustment during the year	274	(920)	647	(2)	-	(1)
Translation adjustments	(1 618)	(824)	(11 309)	(2)	-	(13 753)
Balance at the end of the year	106 284	143 654	528 556	49	-	778 543

Classification of direct credit facilities at amortized cost based on the geographical and economic sectors as follows:

Economic Sector	Inside Jordan	Outside Jordan	30 September 2022	31 December 2021
			(Reviewed not Audited)	(Audited)
	USD '000	USD '000	USD '000	USD '000
Consumer banking	3 612 044	5 939 568	9 551 612	8 923 264
Industry and mining	1 450 026	3 544 113	4 994 139	4 690 843
Constructions	484 571	1 738 754	2 223 325	2 291 070
Real - Estates	315 182	1 058 987	1 374 169	1 836 345
Trade	1 491 088	2 959 167	4 450 255	4 088 670
Agriculture	204 355	190 262	394 617	716 434
Tourism and hotels	258 482	512 530	771 012	1 013 506
Transportations	87 084	360 784	447 868	521 848
Shares	-	39 484	39 484	35 939
General services	608 221	4 103 645	4 711 866	4 210 878
Banks and financial institutions	95 708	229 395	325 103	372 688
Government and public sector	282 663	2 319 963	2 602 626	2 487 301
Net Direct Credit Facilities at amortized Cost	8 889 424	22 996 652	31 886 076	31 188 786

10- OTHER FINANCIAL ASSETS AT AMORTIZED COST

The details of this item are as follows:

	30 September 2022 (Reviewed not Audited)	31 December 2021 (Audited)
	USD '000	USD '000
Treasury bills	2 318 106	2 229 828
Governmental bonds and bonds guaranteed by the government	6 124 003	6 954 163
Corporate bonds	1 388 389	1 411 547
Less: Net ECL Charges	(42 663)	(34 365)
Total	9 787 835	10 561 173

Analysis of bonds based on interest nature:

	30 September 2022 (Reviewed not Audited)	31 December 2021 (Audited)
	USD '000	USD '000
Floating interest rate	351 320	742 911
Fixed interest rate	9 479 178	9 852 627
Less: Net ECL Charges	(42 663)	(34 365)
Total	9 787 835	10 561 173

Analysis of financial assets based on market quotation:

	30 September 2022 (Reviewed not Audited)	31 December 2021 (Audited)
	USD '000	USD '000
Financial assets quoted in the market:		
Treasury bills	953 897	1 099 121
Governmental bonds and bonds guaranteed by the government	1 643 714	2 298 270
Corporate bonds	1 273 779	1 286 285
Total	3 871 390	4 683 676

	30 September 2022 (Reviewed not Audited)	31 December 2021 (Audited)
	USD '000	USD '000
Financial assets unquoted in the market:		
Treasury bills	1 364 209	1 130 707
Governmental bonds and bonds guaranteed by the government	4 480 289	4 655 893
Corporate bonds	114 610	125 262
Total	5 959 108	5 911 862
Less: Net ECL Charges	(42 663)	(34 365)
Grand Total	9 787 835	10 561 173

The movement of ECL charges on Other Financial Assets at Amortized Cost is as follows:

	30 September 2022 (Reviewed not Audited)			31 December 2021 (Audited)	
	USD '000	USD '000	USD '000	USD '000	USD '000
	Stage 1	Stage 2	Stage 3	Total	Total
Balance at the beginning of the period/ year	14 388	19 977	-	34 365	40 033
Acquisition of Oman Arab Bank	-	-	-	-	174
Adjusted Balance at the beginning of the period/ year	14 388	19 977	-	34 365	40 207
Transferred to Stage 2	(3)	3	-	-	-
Net ECL Charges for the period/ year	10 070	(432)	-	9 638	(6 329)
Adjustments during the period and translation adjustments	(866)	(474)	-	(1 340)	487
Balance at the end of the period/ year	23 589	19 074	-	42 663	34 365

During the nine-month period ended 30 September 2022 certain financial assets at amortized cost with a total amount of USD 53.5 million were sold (USD 62 million during the year ended 31 December 2021).

11- FIXED ASSETS

The additions to and disposals of fixed assets during the nine-months period ended 30 September 2022 amounted to USD 47.8 million and USD 14.9 million respectively (USD 86.4 million and USD 53 million for the nine-months period ended 30 September 2021).

The cost of fully depreciated fixed assets amounted to USD 450.9 million as of 30 September 2022 (USD 428.8 million as of 31 December 2021)

12- OTHER ASSETS

The details of this item are as follows:

	30 September 2022 (Reviewed not Audited)	31 December 2021 (Audited)
	USD '000	USD '000
Accrued interest receivable	387 847	351 575
Prepaid expenses	59 671	56 352
Foreclosed assets *	175 880	163 793
Intangible assets	31 768	35 106
Right-of-use assets	93 773	96 752
Other miscellaneous assets	336 498	272 691
Total	1 085 437	976 269

* Central Bank of Jordan instructions require disposal of these assets during a maximum period of two years from the date of foreclosure.

13- CUSTOMERS' DEPOSITS

The details of this item are as follows:

30 September 2022 (Reviewed not Audited)

	Consumer Banking	Corporates		Government and Public Sector	Total
		Small & Medium	Large		
	USD '000	USD '000	USD '000	USD '000	USD '000
Current and demand	10 644 627	2 803 294	5 072 420	1 324 051	19 844 392
Savings	5 400 461	102 744	16 630	40 027	5 559 862
Time and notice	10 074 961	1 119 268	4 167 851	3 964 047	19 326 127
Certificates of deposit	475 278	14 324	70 593	37 029	597 224
Total	26 595 327	4 039 630	9 327 494	5 365 154	45 327 605

31 December 2021 (Audited)

	Consumer Banking	Corporates		Government and Public Sector	Total
		Small & Medium	Large		
	USD '000	USD '000	USD '000	USD '000	USD '000
Current and demand	10 978 690	2 979 364	3 819 526	1 309 225	19 086 805
Savings	5 372 418	134 073	18 919	51 751	5 577 161
Time and notice	9 732 761	1 340 172	3 983 992	4 017 431	19 074 356
Certificates of deposit	613 070	17 510	114 008	2 601	747 189
Total	26 696 939	4 471 119	7 936 445	5 381 008	44 485 511

- Total Government of Jordan and Jordanian public sector deposits amounted to USD 1257.7 millions, or 2.8% of total customer's deposits as of 30 September 2022 (USD 1197.7 million, or 2.7% of total customer's deposits as of 31 December 2021).
- Non-interest bearing deposits amounted to USD 16380.1 million, or 36.1% of total customer's deposits as of 30 September 2022 (USD 16012.4 million, or 36.0% of total customer's deposits as of 31 December 2021).
- Blocked deposits (restricted) amounted to USD 179.1 million, or 0.4% of total customer's deposits as of 30 September 2022 (USD 131.5 million, or 0.3% of total customer's deposits as of 31 December 2021).
- Dormant deposits amounted to USD 364.2 million, or 0.8% of total customer's deposits as of 30 September 2022 (USD 418 million, or 0.9% of total customer's deposits as of 31 December 2021).

14- BORROWED FUNDS

The details of this item are as follows:

	30 September 2022 (Reviewed not Audited) USD '000	31 December 2021 (Audited) USD '000
From Central Banks	146 210	159 466
From banks and financial institutions	371 916	462 994
Total	518 126	622 460

Analysis of borrowed funds according to interest nature is as follows:

	2022 (Reviewed not Audited) USD '000	31 December 2021 (Audited) USD '000
Floating interest rate	297 500	351 975
Fixed interest rate	220 626	270 485
Total	518 126	622 460

15- PROVISION FOR INCOME TAX

The details of this item are as follows:

	30 September 2022 (Reviewed not Audited) USD '000	31 December 2021 (Audited) USD '000
Balance at the beginning of the period/ year	202 477	275 406
Acquisition of Oman Arab Bank	-	11 706
Adjusted Balance at the beginning of the period/ year	202 477	287 112
Income tax expense	230 149	199 725
Income tax paid	(223 501)	(284 360)
Balance at the end of the period / year	209 125	202 477

Income tax expense charged to the interim condensed consolidated statement of income consists of the following:

	For the Nine-Months	
	30 September 2022 (Reviewed not Audited) USD '000	30 September 2021 (Reviewed not Audited) USD '000
Income tax expense for the period	230 149	185 176
Effect of deferred tax	(19 739)	(25 425)
Total	210 410	159 751

- The Banking income tax rate in Jordan is 38% (35% income tax + 3% national contribution tax), while the income tax rate in the countries where the Group has subsidiaries and branches ranges from zero to 38% as of 30 September 2022 and 31 December 2021. The effective tax rate for the Group is 34.1% as of 30 September 2022 and 37% as of 30 September 2021.
- The subsidiaries and branches of Arab Bank Group have reached recent tax settlements ranging between 2021 such as Arab Bank United Arab Emirates and 2020 such as Arab Sudanese Bank.

16- OTHER LIABILITIES

The details of this item are as follows:

	30 September 2022	31 December 2021
	(Reviewed not Audited)	(Audited)
	USD '000	USD '000
Accrued interest payable	261 380	189 031
Notes payable	216 085	189 180
Interest and commission received in advance	65 921	90 755
Accrued expenses	139 512	131 428
Dividends payable to shareholders	27 806	17 138
Provision for impairment - ECL of the indirect credit facilities*	172 614	145 511
Contracts lease liability	89 465	98 361
Other miscellaneous liabilities	486 039	391 367
Total	1 458 822	1 252 771

*The details of movement on the provision for impairment of the ECL of the indirect credit facilities are as follows:

	30 September 2022				31 December 2021
	(Reviewed not Audited)				(Audited)
	USD '000	USD '000	USD '000	USD '000	USD '000
	Stage 1	Stage 2	Stage 3	Total	Total
Balance at the beginning of the period/ year	29 517	23 549	92 445	145 511	91 950
Acquisition of Oman Arab Bank	-	-	-	-	1 569
Adjusted Balance at the beginning of the period/ year	29 517	23 549	92 445	145 511	93 519
Transferred to Stage 1	8	(8)	-	-	-
Transferred to Stage 2	(256)	256	-	-	-
Transferred to Stage 3	(1)	(7)	8	-	-
Net ECL charges for the period/ year	1 669	(2 776)	5 831	4 724	52 583
Adjustments during the period and translation adjustments	(497)	4 310	18 566	22 379	(591)
Balance at the end of the period/ year	30 440	25 324	116 850	172 614	145 511

17- SHARE CAPITAL AND RESERVES

- A. Share Capital amounted to USD 926.6 million distributed to 640.8 million shares as of 30 September 2022 and 31 December 2021.
- B. The Group did not make any appropriation to the legal reserves, in accordance with companies law, in the interim condensed consolidated financial statements as such appropriations are performed at year end.

18- PERPETUAL TIER 1 CAPITAL BONDS

- A. On 29 December 2016, Oman Arab Bank issued unsecured perpetual Tier 1 bonds of USD 77.9 million. The bonds are listed on the Muscat Securities Market and are transferable through trading. The bonds carry a fixed coupon rate of 7.75% per annum payable semi-annually and treated as deduction from equity. Interest is non-cumulative and payable at Bank's discretion. The bonds form part of Tier 1 Capital of the Bank and comply with Basel-III and Central Bank of Oman regulation.
- B. Additionally, on 17 October 2018, the Bank issued another series of unsecured perpetual Tier 1 bonds of USD 110.5 million. The bonds carry a fixed coupon rate of 7.5% per annum payable semi-annually and treated as deduction from equity. Interest is non-cumulative and payable at Bank's discretion. The bonds are in pari-passu with earlier issue.
- C. Additionally, on 4 June 2021, the Bank issued another series of unsecured perpetual Tier 1 bonds of USD 250 million. The bonds carry a fixed coupon rate of 7.625% per annum payable semi-annually and treated as deduction from equity. Interest is non-cumulative and payable at Bank's discretion. The bonds are in pari-passu with earlier issue.
- D. The Tier 1 bonds constitute direct, unconditional, subordinated and unsecured obligations of the Bank and are classified as equity in accordance with IAS 32: Financial Instruments – Classification. The Tier 1 bonds do not have a fixed or final maturity date and are redeemable by the Bank at its sole discretion. The Bond under note (a) has First Call Date on 29 January 2022, the bank has recalled these bonds on 25 January 2022, bond under note (b) has First Call date on 17 October 2023 bond under note (c) has First Call date on 4 January 2026. These bonds may be recalled on any interest payment date thereafter subject to the prior consent of the regulatory authority.

19- RETAINED EARNINGS

The details of movement on the retained earnings are as follows:

	30 September 2022 (Reviewed not Audited) USD '000	31 December 2021 (Audited) USD '000
Balance at the beginning of the period/ year	2 967 984	2 775 635
Profit for the period/ year attributable to the shareholders of the bank	389 689	306 721
Transferred from investment revaluation reserve to retained earnings	873	(2 211)
Dividends declared *	(186 532)	(111 944)
Transferred from/ to general banking risk reserve	1 141	-
Adjustment during the period/ year	(501)	(217)
Balance at the end of the period/ year	3 172 654	2 967 984

* The General Assembly of Arab Bank plc in its meeting held on 31 March 2022 approved the recommendation of the Bank's Board of Directors to distribute a 20% of par value as cash dividend, equivalent to USD 180.7 million for the year 2021. (The General Assembly of the Arab Bank plc in its meeting held on 25 March 2021 approved the recommendation of the Bank's Board of Directors to distribute 12% of par value as cash dividends for the year 2020 equivalent to USD 108.4 million).

20- INTEREST INCOME

The details of this item are as follows:

	For the Nine-Months period ended	
	30 September 2022 (Reviewed not Audited) USD '000	30 September 2021 (Reviewed not Audited) USD '000
Direct credit facilities at amortized cost	1 345 021	1 259 398
Balances with central banks	92 479	42 455
Balances and deposits with banks and financial institutions	32 816	12 112
Financial assets at fair value through profit or loss	4 351	11 868
Financial assets at fair value through OCI	9 727	5 589
Other financial assets at amortized cost	310 254	393 626
Total	1 794 648	1 725 048

21- INTEREST EXPENSE

The details of this item are as follows:

	For the Nine-Months period ended	
	30 September 2022 (Reviewed not Audited) USD '000	30 September 2021 (Reviewed not Audited) USD '000
Customer deposits	587 347	613 751
Banks and financial institutions deposits	38 670	35 759
Cash margins	24 499	20 915
Borrowed funds	16 662	12 084
Deposit insurance fees	22 647	20 300
Total	689 825	702 809

22- NET COMMISSION INCOME

The details of this item are as follows:

	For the Nine-Months period ended	
	30 September 2022	30 September 2021
	(Reviewed not Audited)	(Reviewed not Audited)
	USD '000	USD '000
Commission income:		
Direct credit facilities at amortized cost	83 502	70 831
Indirect credit facilities	94 129	91 608
Assets under management	20 180	20 561
Other	141 535	120 531
Less: commission expense	(59 692)	(55 646)
Net Commission Income	279 654	247 885

23- GAIN FROM FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The details of this item are as follows:

	For the Nine-Months period ended			
	30 September 2022			30 September 2021
	(Reviewed not Audited)			(Reviewed not Audited)
Realized Gain	Unrealized Gain (Loss)	Total	Total	
USD '000	USD '000	USD '000	USD '000	
Treasury bills and bonds	1 576	717	2 293	2 923
Corporate shares	-	-	-	170
Mutual funds	-	(1 381)	(1 381)	1 404
Total	1 576	(664)	912	4 497

24- OTHER REVENUE

The details of this item are as follows:

	For the Nine-Months period ended	
	30 September 2022	30 September 2021
	(Reviewed not Audited)	(Reviewed not Audited)
	USD '000	USD '000
Revenue from customer services	11 001	11 049
Safe box and other rentals	2 198	2 556
Gain from financial derivatives	8	184
Miscellaneous revenue	37 957	43 916
Total	51 164	57 705

25- BUSINESS SEGMENTS

The Group has an integrated group of products and services dedicated to serve the Group's customers and constantly developed in response to the ongoing changes in the banking business environment and the related state-of-the-art tools by the executive management in the Group.

The following is a summary of these Group's activities stating their business nature and future plans:

1. Corporate and Institutional Banking

This group provides banking services and finances with the following: corporate sector, private projects, foreign trading, small and medium sized projects, and banks and financial institutions, in addition to various banking services, through its network of branches spread around the world, starting from commercial lending, commercial finance and cash management to complex financing facilities. Arab Bank Group also provides its customers from the private and public sectors, large companies, medium and small-sized institutions, in addition to financial institutions, advanced and specialized products, services and solutions, through banking channels to implement their transactions effectively, through different branches or electronic channels.

2. Treasury

Treasury department at Arab Bank Group manages market and liquidity risks, and provides advice and trading services to Arab Bank clients internationally.

Moreover, this group is responsible for the management of the Group's assets and liabilities within the frame set by the Assets and Liabilities Committee.

The Treasury Department at the Arab Banks has responsibilities, the main responsibilities are:

- Liquidity management according to the highest standards of efficiency and within the established limits, while ensuring that liquidity is sufficiently available to business sectors at all times.
- Managing Market risk within the established limits.
- Generate revenue by managing both liquidity and market risk.
- Limiting the use of financial derivatives.
- Executing operations related to buying and selling bonds and derivatives and exchanging foreign currencies with Market expects. The treasury also carries out lending and borrowing operations for the money market with banks and other financial institutions.
- Selling foreign currencies, derivatives and other financial products to clients.
- Providing advice related to liquidity management and market risks to the relevant departments of the bank.

3. Consumer Banking

This group provides banking services to individuals and high-net worth elite customers, and endeavors to meet their financial service needs using the best methods, through effective distribution channels, and a variety of product services. Moreover, this group is in direct and close contact with the customers in order to provide them with timely and continuous services through different electronic channels such as direct phone calls, ATMs, the internet and text messaging via cellular phones.

Information about the Group's Business Segments

	30 September 2022 (Reviewed not Audited)					30 September 2021 (Reviewed not Audited)	
	Corporate and Institutional Banking	Treasury	Consumer Banking		Other	Total	Total
			Elite	Retail Banking			
			USD '000	USD '000			
Total income	785 199	464 019	(59 325)	316 883	302 821	1 809 597	1 634 467
Net inter-segment interest income	(120 070)	(156 579)	220 577	56 072	-	-	-
Less :Provision for impairment - ECL	325 177	2 343	5 182	8 340	-	341 042	405 369
Less :Other provisions	4 552	686	1 242	1 622	-	8 102	11 458
Less :Direct administrative expenses	103 343	16 498	30 759	166 840	5 828	323 268	329 860
Result of Operations of Segments	232 057	287 913	124 069	196 153	296 993	1 137 185	887 780
Less :Indirect expenses on segments	217 666	60 087	42 891	186 549	13 778	520 971	456 282
Profit for the Period before Income Tax	14 391	227 826	81 178	9 604	283 215	616 214	431 498
Less :Income tax expense	30 118	49 717	15 291	6 862	108 422	210 410	159 751
Profit for the Period	(15 727)	178 109	65 887	2 742	174 793	405 804	271 747
Depreciation and Amortization	20 704	5 670	5 405	30 685	-	62 464	60 919

Other Information	30 September 2022 (Reviewed not Audited)					31 December 2021 (Audited)	
	Corporate and Institutional Banking	Treasury	Consumer Banking		Other	Total	Total
			Elite	Retail Banking			
			USD '000	USD '000			
Segment assets	22 245 261	23 218 971	4 423 891	8 331 263	2 961 109	61 180 495	60 392 235
Inter-segment assets	-	-	13 240 200	3 265 965	4 795 971	-	-
Investments in associates	-	-	-	-	3 479 000	3 479 000	3 412 899
Total Assets	22 245 261	23 218 971	17 664 091	11 597 228	11 236 080	64 659 495	63 805 134
Segment liabilities	19 526 082	4 636 014	17 664 091	11 597 228	995 052	54 418 467	53 483 782
Shareholders' Equity	-	-	-	-	10 241 028	10 241 028	10 321 352
Inter-segment liabilities	2 719 179	18 582 957	-	-	-	-	-
Total Liabilities and Shareholders' Equity	22 245 261	23 218 971	17 664 091	11 597 228	11 236 080	64 659 495	63 805 134

26- MATURITY OF THE CONTINGENT ACCOUNTS

The table below details the maturity of expected liabilities and commitments on the basis of maturity:

30 September 2022				
(Reviewed not Audited)				
	Within 1 Year	From 1 Year and up to 5 Years	More than 5 Years	Total
	USD '000	USD '000	USD '000	USD '000
Letters of credit	2 220 919	153 230	17 640	2 391 789
Acceptances	825 101	33 532	-	858 633
Letters of guarantees:				
- Payment guarantees	1 087 971	156 676	129 893	1 374 540
- Performance guarantees	3 051 891	1 223 648	158 749	4 434 288
- Other guarantees	2 095 861	202 415	148 655	2 446 931
Unutilized credit facilities	5 379 993	270 273	29 895	5 680 161
Total	14 661 736	2 039 774	484 832	17 186 342
Construction projects contracts	3 411	-	-	3 411
Procurement contracts	12 365	2 088	400	14 853
Total	15 776	2 088	400	18 264
31 December 2021				
(Audited)				
	Within 1 Year	From 1 Year and up to 5 Years	More than 5 Years	Total
	USD '000	USD '000	USD '000	USD '000
Letters of credit	2 663 930	131 063	-	2 794 993
Acceptances	900 903	21 616	-	922 519
Letters of guarantees:				
- Payment guarantees	1 014 941	90 828	170 167	1 275 936
- Performance guarantees	3 352 075	1 293 348	151 150	4 796 573
- Other guarantees	2 334 414	352 522	35 372	2 722 308
Unutilized credit facilities	5 363 722	110 777	30 692	5 505 191
Total	15 629 985	2 000 154	387 381	18 017 520
Construction projects contracts	3 385	-	-	3 385
Procurement contracts	16 336	1 673	2 262	20 271
Total	19 721	1 673	2 262	23 656

27. CREDIT EXPOSURE FOR ASSETS CATEGORIZED BY GEOGRAPHICAL REGION:

The details for this items are as follows:

30 September 2022
(Reviewed not Audited)

	Jordan	Other Arab Countries	Asia *	Europe	America	Rest of the World	Total
	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
Balances with central banks	5 108 326	4 250 741	2 259	1 805 702	-	9 150	11 176 178
Balances and deposits with banks and financial institutions	276 981	1 330 190	546 515	2 142 007	243 867	53 821	4 593 381
Financial assets at fair value through profit or loss	-	20 572	-	7 724	-	4 928	33 224
Financial assets at fair value through OCI	-	205 860	-	101 450	-	43 373	350 683
Direct credit facilities at amortized cost	8 889 424	20 487 764	305 283	1 288 274	22 742	892 589	31 886 076
Consumer Banking	3 612 044	5 442 780	93	135 172	13 352	348 171	9 551 612
Small and Medium Corporates	907 077	1 844 475	81 724	580 034	9 390	248 116	3 670 816
Large Corporates	3 991 932	10 689 423	188 537	569 725	-	296 302	15 735 919
Banks and Financial Institutions	95 708	226 052	-	3 343	-	-	325 103
Government and Public Sector	282 663	2 285 034	34 929	-	-	-	2 602 626
Other financial assets at amortized cost	4 357 252	4 530 101	70 078	471 992	151 370	207 042	9 787 835
Other assets and financial derivatives - positive fair value	89 100	412 080	3 722	211 631	1 467	3 946	721 946
Total	18 721 083	31 237 308	927 857	6 028 780	419 446	1 214 849	58 549 323
Total as of 31 December 2021 (Audited)	17 900 675	31 321 263	766 947	5 882 506	736 768	1 253 400	57 861 559

* Excluding Arab Countries.

28. CREDIT EXPOSURE FOR ASSETS CATEGORIZED BY ECONOMIC SECTOR

The details for this items are as follows:

30 September 2022 (Reviewed not Audited)													
	Consumer Banking	Corporations								Banks and Financial Institutions	Government and Public Sector	Total	
	USD '000	Industry and Mining	Constructions	Real Estate	Trade	Agriculture	Tourism and Hotels	Transportation	Shares	General Services	USD '000	USD '000	USD '000
Balances with central banks	-	-	-	-	-	-	-	-	-	-	-	11 176 178	11 176 178
Balances and deposits with banks and financial institutions	-	-	-	-	-	-	-	-	-	-	4 593 381	-	4 593 381
Financial assets at fair value through profit or loss	-	12 652	-	-	-	-	-	-	-	-	-	20 572	33 224
Financial assets at fair value through OCI	-	-	-	-	-	-	-	-	-	36 022	64 080	250 581	350 683
Direct credit facilities at amortized cost	9 551 612	4 994 139	2 223 325	1 374 169	4 450 255	394 617	771 012	447 868	39 484	4 711 866	325 103	2 602 626	31 886 076
Other financial assets at amortized cost	-	110 060	-	6 852	-	-	-	-	-	277 898	982 675	8 410 350	9 787 835
Other assets & Financial Derivatives - positive fair value	35 343	43 147	30 285	17 404	46 649	6 157	10 360	8 329	-	157 498	290 481	76 293	721 946
Total	9 586 955	5 159 998	2 253 610	1 398 425	4 496 904	400 774	781 372	456 197	39 484	5 183 284	6 255 720	22 536 600	58 549 323
Total as of 31 December 2021 (Audited)	8 955 660	4 834 247	2 314 507	1 857 365	4 124 590	719 082	1 021 411	529 243	35 939	4 695 798	5 590 540	23 183 177	57 861 559

29- CAPITAL MANAGEMENT

The Group manages its capital to safeguard its ability to continue its operating activities while maximizing the return to shareholders. The composition of the regulatory capital, as defined by Basel III standards is as follows:

	30 September 2022 (Reviewed not Audited)	31 December 2021 (Audited)
	USD '000	USD '000
Common Equity Tier 1	9 370 916	9 376 735
Regulatory Adjustments (Deductions from Common Equity Tier 1)	(2 969 404)	(2 894 909)
Additional Tier 1	236 493	273 411
Deductions from Additional Tier 1	(6 234)	(12 987)
Supplementary Capital	406 237	388 384
Regulatory Capital	7 038 008	7 130 634
Risk-weighted assets (RWA)	42 827 482	43 132 067
Common Equity Tier 1 Ratio	%14.95	%15.03
Tier 1 Capital Ratio	%15.48	%15.63
Capital Adequacy Ratio	%16.43	%16.53

- The Board of Directors performs an overall review of the capital structure of the Group on a quarterly basis. As part of this review, the Board takes into consideration matters such as cost and risks of capital as integral factors in managing capital through setting dividend policies and capitalization of reserves.
- The liquidity coverage ratio is 214% as of 30 September 2022 and 222% as of 31 December 2021 (According to Central Bank of Jordan Memo no. 5/2020 the minimum liquidity coverage ratio is 100%).

30. Fair Value Hierarchy

Financial Instruments are either financial assets or financial liabilities

The Group uses the following methods and alternatives of valuating and presenting the fair value of financial instruments:

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

A. Fair Value of the Group financial assets and financial liabilities measured at fair value on a recurring basis.

Some financial assets and financial liabilities are measured at fair value at the end of each reporting period, the following note illustrates how the fair value is determined (Valuation techniques and key inputs):

Financial Assets /Financial Liabilities	Fair Value as at		Fair Value Hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
	30 September 2022 (Reviewed not Audited)	31 December 2021 (Audited)				
	USD '000	USD '000				
Financial Assets at Fair Value						
Financial assets at fair value through profit or loss:						
Treasury bills and bonds	20 572	4 727	Level 1	Quoted Shares	Not Applicable	Not Applicable
Corporate bonds	12 652	35 390	Level 1	Quoted Shares	Not Applicable	Not Applicable
Shares and mutual funds	23 783	32 226	Level 1	Quoted Shares	Not Applicable	Not Applicable
Total Financial Assets at Fair Value through Profit or Loss	57 007	72 343				
Financial derivatives - positive fair value	274 428	86 585	Level 2	Through Comparison of similar financial instruments	Not Applicable	Not Applicable
Financial assets at fair value through other comprehensive income:						
Quoted shares	148 051	163 766	Level 1	Quoted Shares	Not Applicable	Not Applicable
Unquoted shares	195 105	211 587	Level 2	Through using the index sector in the market	Not Applicable	Not Applicable
Governmental and Corporate bonds through OCI	350 683	312 501	Level 2	Through using the index sector in the market	Not Applicable	Not Applicable
Total financial assets at fair value through other comprehensive income	693 839	687 854				
Total Financial Assets at Fair Value	1 025 274	846 782				
Financial Liabilities at Fair Value						
Financial derivatives - negative fair value	156 696	95 809	Level 2	Through Comparison of similar financial instruments	Not Applicable	Not Applicable
Total Financial Liabilities at Fair Value	156 696	95 809				

There were no transfers between Level 1 and 2 during the nine-months period ended 30 September 2022 and the year 2021.

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

Except as detailed in the following table, we believe that the carrying amounts of financial assets and financial liabilities recognized in the banks financial statements approximate their fair values:

	30 September 2022 (Reviewed not Audited)		31 December 2021 (Audited)		Fair Value Hierarchy
	Book value USD '000	Fair value USD '000	Book value USD '000	Fair value USD '000	
Financial assets not calculated at fair value					
Mandatory cash reserve, Time and notice balances and Certificates of deposit with central banks	6 623 152	6 625 837	6 364 438	6 366 814	Level 2
Balances and deposits with banks and financial institutions	4 593 381	4 600 408	4 031 778	4 035 980	Level 2
Direct credit facilities at amortized cost	31 886 076	32 127 726	31 188 786	31 405 827	Level 2
Other financial assets at amortized cost	9 787 835	9 889 182	10 561 173	10 675 565	Level 1 & 2
Total financial assets not calculated at fair value	52 890 444	53 243 153	52 146 175	52 484 186	
Financial liabilities not calculated at fair value					
Banks' and financial institutions' deposits	4 017 315	4 026 852	3 992 699	3 995 172	Level 2
Customer deposits	45 327 605	45 522 873	44 485 511	44 639 198	Level 2
Cash margin	2 496 541	2 505 296	2 607 131	2 613 711	Level 2
Borrowed funds	518 126	524 222	622 460	628 132	Level 2
Total financial liabilities not calculated at fair value	52 359 587	52 579 243	51 707 801	51 876 213	

The fair values of the financial assets and financial liabilities included in level 2 categories above have been determined in accordance with the generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

31- **EARNINGS PER SHARE ATTRIBUTABLE TO THE BANK'S SHAREHOLDERS**

The details of this item are as follows:

	For the Nine-Months		For the Three-Months	
	Period Ended 30 September (Reviewed not Audited)		Period Ended 30 September (Reviewed not Audited)	
	2022	2021	2022	2021
	USD '000	USD '000	USD '000	USD '000
Profit for the period attributable to the Bank's shareholders	389 689	257 445	148 042	90 571
Less: Group's share of Interest on Perpetual Bonds	(7 096)	(6 441)	-	-
Net Profit for the period attributable to the Bank's shareholders	382 593	251 004	148 042	90 571
	Thousand / Shares		Thousand / Shares	
Average number of shares	640 800	640 800	640 800	640 800
	USD / Share		USD / Share	
Earnings Per Share for the period (basic and diluted)	0.60	0.39	0.23	0.14

32- **CASH AND CASH EQUIVALENTS**

The details of this item are as follows:

	30 September 2022	30 September 2021
	(Reviewed not Audited)	(Reviewed not Audited)
	USD '000	USD '000
Cash and balances with central banks maturing within 3 months	12 231 840	11 937 587
<u>Add:</u> Balances with banks and financial institutions maturing within 3 months	3 949 355	3 992 458
<u>Less:</u> Banks and financial institutions deposits maturing within 3 months	4 016 585	3 684 843
Total	12 164 610	12 245 202

33. RELATED PARTIES TRANSACTIONS

The details of the balances with related parties are as follows:

	30 September 2022 (Reviewed not Audited)			
	Deposits owed from Related Parties	Direct Credit Facilities at Amortized Cost	Deposits owed to Related Parties	LCs, LGs, Unutilized Credit Facilities and Acceptances
	USD '000	USD '000	USD '000	USD '000
Associated Companies	364 943	-	10 124	28 068
Major Shareholders and Members of the Board of Directors	-	281 642	724 964	71 652
Total	364 943	281 642	735 088	99 720

	31 December 2021 (Audited)			
	Deposits owed from Related Parties	Direct Credit Facilities at Amortized Cost	Deposits owed to Related Parties	LCs, LGs, Unutilized Credit Facilities and Acceptances
	USD '000	USD '000	USD '000	USD '000
Associated Companies	154 301	-	8 851	25 861
Major Shareholders and Members of the Board of Directors	-	291 628	975 382	43 875
Total	154 301	291 628	984 233	69 736

- All facilities granted to related parties are performing loans in accordance with the internal credit rating of the Group.

The details of transactions with related parties are as follows:

	30 September 2022 (Reviewed not Audited)	
	Interest Income	Interest Expense
	USD '000	USD '000
Associated Companies	1 431	217

	30 September 2021 (Reviewed not Audited)	
	Interest Income	Interest Expense
	USD '000	USD '000
Associated Companies	327	29

- Direct credit facilities granted to top management personnel amounted to USD 1.7 million and indirect credit facilities amounted to USD 5.6 thousand as of 30 September 2022 (USD 1.4 million direct credit facilities and USD 14.1 thousand indirect credit facilities as of 31 December 2021).

- Interest on credit facilities granted to major shareholders and members of the Board of Directors is recorded at arm's length.

- Deposits of key management personnel amounted to USD 3.7 million as of 30 September 2022 (USD 4.2 million as of 31 December 2021).

- The salaries and other fringe benefits of the Group's top management personnel, inside and outside Jordan, amounted to USD 60.3 million for the nine-month period ended 30 September 2022 (USD 55 million for the nine-month period ended 30 September 2021).

34- LEGAL CASES

There are lawsuits filed against the Bank totaling USD 305.1 million as of 30 September 2022 (USD 334.3 million as of 31 December 2021). In the opinion of the management and the lawyers representing the Bank in these litigations at issue, the provisions taken in connection with the lawsuits are adequate.

35- COMPARATIVE FIGURES

Some of the comparative figures for the year/ period 2021 have been reclassified to correspond with the nine-month period ended 30 September 2022 presentation and it did not result in any change to last year/ period's operating results.