

**ARAB BANK GROUP**  
**AMMAN – JORDAN**  
**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(REVIEWED NOT AUDITED)**  
**30 JUNE 2022**



**Building a better  
working world**

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

**Introduction**

We have reviewed the accompanying interim condensed consolidated financial statements of Arab Bank Group as of 30 June 2022, comprising of the interim condensed consolidated statement of financial position as of 30 June 2022 and the related interim condensed consolidated statement of income, 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 six-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  
28 July 2022

**ERNST & YOUNG**  
Amman - Jordan

**ARAB BANK GROUP**  
**INTERIM CONDENSED CONSOLIDATED**  
**STATEMENT OF FINANCIAL POSITION**

	Notes	30 June 2022 (Reviewed not Audited)	31 December 2021 (Audited)
		USD '000	USD '000
<b><u>ASSETS</u></b>			
Cash and balances with central banks	4	10 771 486	12 006 994
Balances with banks and financial institutions	5	3 844 713	3 756 284
Deposits with banks and financial institutions	6	573 684	275 494
Financial assets at fair value through profit or loss	7	68 948	72 343
Financial derivatives - positive fair value		208 892	86 585
Direct credit facilities at amortized cost - net	9	32 185 907	31 188 786
Financial assets at fair value through other comprehensive income	8	711 102	687 854
Other financial assets at amortized cost	10	10 085 566	10 561 173
Investments in associates		3 481 556	3 412 899
Fixed assets	11	523 570	531 955
Other assets	12	1 020 131	976 269
Deferred tax assets		265 454	248 498
<b>Total Assets</b>		<b>63 741 009</b>	<b>63 805 134</b>
<b><u>LIABILITIES AND SHAREHOLDERS' EQUITY</u></b>			
Banks and financial institutions' deposits		3 976 987	3 992 699
Customers' deposits	13	44 405 719	44 485 511
Cash margin		2 701 985	2 607 131
Financial derivatives - negative fair value		152 676	95 809
Borrowed funds	14	596 955	622 460
Provision for income tax	15	182 227	202 477
Other provisions		215 973	217 629
Other liabilities	16	1 304 105	1 252 771
Deferred tax liabilities		7 710	7 295
<b>Total Liabilities</b>		<b>53 544 337</b>	<b>53 483 782</b>
<b><u>Equity</u></b>			
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		( 370 051)	( 291 987)
Investments revaluation reserve		( 331 323)	( 312 553)
Retained earnings	19	3 025 213	2 967 984
<b>Total Equity Attributable to the Shareholders of the Bank</b>		<b>9 285 984</b>	<b>9 326 730</b>
Perpetual tier 1 capital bonds	18	360 527	438 449
Non-controlling interests		550 161	556 173
<b>Total Shareholders' Equity</b>		<b>10 196 672</b>	<b>10 321 352</b>
<b>Total Liabilities and Shareholders' Equity</b>		<b>63 741 009</b>	<b>63 805 134</b>

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 Six-Months Period Ended 30 June		For the Three-Months Period Ended 30 June	
		2022	2021	2022	2021
		USD '000	USD '000	USD '000	USD '000
<b>REVENUE</b>					
Interest income	20	1 132 932	1 144 592	577 091	578 056
Less: interest expense	21	432 367	470 181	219 018	236 114
<b>Net Interest Income</b>		<b>700 565</b>	<b>674 411</b>	<b>358 073</b>	<b>341 942</b>
Net commission income	22	196 017	167 223	96 966	84 405
<b>Net Interest and Commission Income</b>		<b>896 582</b>	<b>841 634</b>	<b>455 039</b>	<b>426 347</b>
Foreign exchange differences		56 106	59 624	29 888	28 217
(Loss) Gain from financial assets at fair value through profit or loss	23	( 289)	2 936	( 610)	1 612
Dividends from financial assets at fair value through other comprehensive income	8	7 205	5 178	2 272	2 498
Group's share of profits of associates		169 872	131 751	87 298	56 080
Other revenue/ net	24	38 705	45 097	20 048	29 487
<b>Total Income</b>		<b>1 168 181</b>	<b>1 086 220</b>	<b>593 935</b>	<b>544 241</b>
<b>EXPENSES</b>					
Employees' expenses		313 410	283 398	153 685	144 396
Other expenses		194 982	175 501	104 109	87 799
Depreciation and amortization		42 595	39 311	21 790	20 248
Provision for impairment - ECL		221 423	275 027	145 768	154 924
Impairment of investments held for sale		13 000	20 000	13 000	20 000
Other provisions		5 035	8 198	3 101	5 750
<b>Total Expenses</b>		<b>790 445</b>	<b>801 435</b>	<b>441 453</b>	<b>433 117</b>
<b>Profit for the Period before Income Tax</b>		<b>377 736</b>	<b>284 785</b>	<b>152 482</b>	<b>111 124</b>
Less: Income tax expense	15	125 379	102 380	66 168	57 003
<b>Profit for the Period</b>		<b>252 357</b>	<b>182 405</b>	<b>86 314</b>	<b>54 121</b>
<b>Attributable to :</b>					
- Bank's shareholders		241 647	166 874	82 781	43 892
- Non-controlling interests		10 710	15 531	3 533	10 229
<b>Total</b>		<b>252 357</b>	<b>182 405</b>	<b>86 314</b>	<b>54 121</b>
Earnings per share attributable to the Bank's shareholders					
- Basic and Diluted (US Dollars)	31	0.37	0.25	0.12	0.06

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)**

	<b>For the Six-Months</b>		<b>For the Three-Months</b>	
	<b>Period Ended 30 June</b>		<b>Period Ended 30 June</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>USD '000</b>	<b>USD '000</b>	<b>USD '000</b>	<b>USD '000</b>
<b>Profit for the period</b>	<b>252 357</b>	<b>182 405</b>	<b>86 314</b>	<b>54 121</b>
<u>Add:</u> Other comprehensive income items - after tax				
<b><u>Items that will be subsequently transferred to the Statement of Income</u></b>				
Exchange differences arising from the translation of foreign operations	( 79 372)	( 46 313)	( 60 479)	29 334
Revaluation loss on bonds at fair value through other comprehensive income	( 7 848)	-	( 3 860)	-
<b><u>Items that will not be subsequently transferred to the Statement of Income</u></b>				
<b>Net change in fair value of financial assets at fair value through other comprehensive income</b>	<b>( 16 835)</b>	<b>( 221)</b>	<b>( 47 202)</b>	<b>21 123</b>
Revaluation (loss) gain on equity instruments at fair value through other comprehensive income	( 16 835)	3 610	( 47 202)	21 857
Loss from sale of financial assets at fair value through other comprehensive income	-	( 3 831)	-	( 734)
<b>Total Other Comprehensive Income Items - after Tax</b>	<b>( 104 055)</b>	<b>( 46 534)</b>	<b>( 111 541)</b>	<b>50 457</b>
<b>Total Comprehensive Income for the Period</b>	<b>148 302</b>	<b>135 871</b>	<b>( 25 227)</b>	<b>104 578</b>
Attributable to :				
- Bank's shareholders	144 813	120 542	( 24 548)	90 237
- Non-controlling interests	3 489	15 329	( 679)	14 341
<b>Total</b>	<b>148 302</b>	<b>135 871</b>	<b>( 25 227)</b>	<b>104 578</b>

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
<b>For the Six-Months Period Ended 30 June 2022</b>														
	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
<b>Balance at the beginning of the Period</b>	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
Profit for the period	-	-	-	-	-	-	-	-	-	241 647	241 647	10 710	-	252 357
Other comprehensive income for the period	-	-	-	-	-	-	-	(78 064)	(18 770)	-	(96 834)	(7 221)	-	(104 055)
<b>Total Comprehensive Income for the Period</b>	-	-	-	-	-	-	-	(78 064)	(18 770)	241 647	144 813	3 489	-	148 302
Dividends	19	-	-	-	-	-	-	-	-	(186 532)	(186 532)	(2 115)	-	(188 647)
Transferred from general banking risk reserve	-	-	-	-	-	(1 141)	-	-	-	1 141	-	-	-	-
Maturity of Perpetual Bonds	18	-	-	-	-	-	-	-	-	-	-	-	(77 922)	(77 922)
Adjustments during the period	-	-	-	-	-	-	-	-	-	973	973	(7 386)	-	(6 413)
<b>Balance at the End of the Period</b>	<b>926 615</b>	<b>1 225 747</b>	<b>926 615</b>	<b>977 315</b>	<b>1 211 927</b>	<b>153 030</b>	<b>1 540 896</b>	<b>(370 051)</b>	<b>(331 323)</b>	<b>3 025 213</b>	<b>9 285 984</b>	<b>550 161</b>	<b>360 527</b>	<b>10 196 672</b>
<b>For the Six-Months Period Ended 30 June 2021</b>														
<b>Balance at the beginning of the period</b>	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
Profit for the period	-	-	-	-	-	-	-	-	-	166 874	166 874	15 531	-	182 405
Other comprehensive income for the period	-	-	-	-	-	-	-	(46 053)	(279)	-	(46 332)	(202)	-	(46 534)
<b>Total Comprehensive Income for the Period</b>	-	-	-	-	-	-	-	(46 053)	(279)	166 874	120 542	15 329	-	135 871
Transferred from investments revaluation reserve to retained earnings	-	-	-	-	-	-	-	-	1 877	(1 877)	-	-	-	-
Dividends	19	-	-	-	-	-	-	-	-	(111 944)	(111 944)	(2 115)	-	(114 059)
Acquisition of Oman Arab Bank	-	-	-	-	-	-	-	-	-	-	-	466 820	438 449	905 269
Adjustments during the period	-	-	-	-	-	-	-	-	-	1 953	1 953	(6 704)	-	(4 751)
<b>Balance at the End of the Period</b>	<b>926 615</b>	<b>1 225 747</b>	<b>926 615</b>	<b>977 315</b>	<b>1 141 824</b>	<b>224 274</b>	<b>1 540 896</b>	<b>(206 262)</b>	<b>(294 199)</b>	<b>2 830 641</b>	<b>9 293 466</b>	<b>579 178</b>	<b>438 449</b>	<b>10 311 093</b>

\* The retained earnings include restricted deferred tax assets in the amount of USD 265.5 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 June 2022

\* The Bank cannot use a restricted amount of USD (331.3) 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 June 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 Six-Months Period Ended 30 June	
		2022 USD '000	2021 USD '000
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
<b>Profit for the period before tax</b>		<b>377 736</b>	<b>284 785</b>
Adjustments for:			
Group's share of profits of associates		( 169 872)	( 131 751)
Depreciation and amortization		42 595	39 311
Expected credit losses on financial assets		221 423	275 027
Net accrued interest		47 091	( 76 216)
Gain from sale of fixed assets		( 527)	( 7 093)
Dividends on financial assets at fair value through other comprehensive income	8	( 7 205)	( 5 178)
Loss (gain) from revaluation of financial assets at fair value through profit or loss	23	1 026	( 2 405)
Provision for impairment of investments held for sale		13 000	20 000
Other provisions		5 035	8 198
<b>Total</b>		<b>530 302</b>	<b>404 678</b>
<b><u>(Increase) decrease in assets:</u></b>			
Balances with central banks (maturing after 3 months)		-	( 4 530)
Deposits with banks and financial institutions (maturing after 3 months)		( 298 620)	186 825
Direct credit facilities at amortized cost		(1 194 279)	( 206 771)
Financial assets at fair value through profit or loss		2 369	90 596
Other assets and financial derivatives		( 216 635)	102 536
<b><u>Increase (decrease) in liabilities:</u></b>			
Banks' and financial institutions' deposits (maturing after 3 months)		( 279 627)	( 2 375)
Customer's deposits		( 79 792)	20 478
Cash margin		94 854	130 061
Other liabilities and financial derivatives		48 504	( 197 021)
<b>Net Cash Flows (Used in) from Operating Activities before Income Tax</b>		<b>(1 392 924)</b>	<b>524 477</b>
Income tax paid	15	( 159 922)	( 213 398)
<b>Net Cash Flows (Used in) from Operating Activities</b>		<b>(1 552 846)</b>	<b>311 079</b>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>			
Purchase of financial assets at fair value through other comprehensive income		( 42 054)	( 205 763)
Maturity (Purchase) of other financial assets at amortized cost		465 452	( 924 977)
Decrease (Increase) of investments in associates		711	( 876)
Acquisition of Oman Arab Bank		-	689 119
Dividends received from associates		93 281	115 168
Dividends received from financial assets at fair value through other comprehensive income		7 205	5 178
Increase in fixed assets - net		( 18 230)	( 28 715)
<b>Net Cash Flows from (Used in) Investing Activities</b>		<b>506 365</b>	<b>( 350 866)</b>
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>			
Decrease in borrowed funds		( 25 505)	( 23 696)
(Decrease) increase in Perpetual Bonds	18	( 77 922)	250 000
Dividends paid to shareholders		( 173 862)	( 111 944)
Dividends paid to non-controlling interests		( 2 115)	( 2 115)
<b>Net Cash Flows (used in) from Financing Activities</b>		<b>( 279 404)</b>	<b>112 245</b>
Net (decrease) increase in cash and cash equivalents		(1 325 885)	72 458
Exchange differences - change in foreign exchange rates		( 78 064)	( 46 053)
Cash and cash equivalents at the beginning of the period		12 260 052	12 412 068
<b>Cash and Cash Equivalents at the End of the Period</b>	32	<b>10 856 103</b>	<b>12 438 473</b>
<b>Operational Cash Flows form Interest</b>			
Interest Paid		411 932	407 785
Interest Received		1 159 588	1 005 980

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 June 2022 (REVIEWED NOT AUDITED)**

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#### **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 (5) on 28 July 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 six-months period ended 30 June 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. For each entity in the Group, the Bank determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.



**ARAB BANK GROUP**  
**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**30 June 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 June 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 119.3m
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.

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 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.

#### **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.

#### **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.

Our 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.

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.

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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 June 2022 and 30 June 2021:

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

• **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 June 2022 (Reviewed not Audited)	31 December 2021 (Audited)
	USD '000	USD '000
Cash in vaults	957 518	774 302
Balances with central banks:		
Current accounts	4 073 793	4 868 254
Time and notice	4 476 707	5 082 189
Mandatory cash reserve	1 472 525	1 484 161
<u>Less: Net ECL Charges</u>	<u>( 209 057)</u>	<u>( 201 912)</u>
<b>Total</b>	<b><u>10 771 486</u></b>	<b><u>12 006 994</u></b>

- Except for the mandatory cash reserve, there are no restricted balances at Central Banks.
- Balances and certificates of deposits maturing after three months amounted to USD 25 million as of 30 June 2022 (USD 25 million as of 31 December 2021).

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

	30 June 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
<b>Balance at the beginning of the period/ year</b>	<b>1 909</b>	<b>200 003</b>	<b>-</b>	<b>201 912</b>	<b>142 351</b>
Net ECL Charges for the period/ year	( 279)	7 232	-	6 953	60 200
Adjustments during the period and translation adjustments	( 122)	314	-	192	( 639)
<b>Balance at the end of the period/ year</b>	<b><u>1 508</u></b>	<b><u>207 549</u></b>	<b><u>-</u></b>	<b><u>209 057</u></b>	<b><u>201 912</u></b>

#### 5. BALANCES WITH BANKS AND FINANCIAL INSTITUTIONS

The details of this item are as follows:

##### Local banks and financial institutions

	30 June 2022 (Reviewed not Audited)	31 December 2021 (Audited)
	USD '000	USD '000
Current accounts	5 618	3 561
Time deposits maturing within 3 months	182 587	163 197
<b>Total</b>	<b><u>188 205</u></b>	<b><u>166 758</u></b>

##### Banks and financial institutions abroad

	30 June 2022 (Reviewed not Audited)	31 December 2021 (Audited)
	USD '000	USD '000
Current accounts	1 033 074	1 281 946
Time deposits maturing within 3 months	2 626 099	2 310 345
<b>Total</b>	<b><u>3 659 173</u></b>	<b><u>3 592 291</u></b>
<u>Less: Net ECL Charges</u>	<u>( 2 665)</u>	<u>( 2 765)</u>
<b>Total balances with banks and financial institutions local and abroad</b>	<b><u>3 844 713</u></b>	<b><u>3 756 284</u></b>

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

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

	30 June 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
<b>Balance at the beginning of the period/ year</b>	2 765	-	-	2 765	2 893
Acquisition of Oman Arab Bank	-	-	-	-	106
<b>Adjusted Balance at the beginning of the period/ year</b>	2 765	-	-	2 765	2 999
Net ECL Charges for the period	( 12)	-	-	( 12)	( 151)
Adjustments during the period and translation adjustments	( 88)	-	-	( 88)	( 83)
<b>Balance at the end of the period / year</b>	<b>2 665</b>	<b>-</b>	<b>-</b>	<b>2 665</b>	<b>2 765</b>

## 6. DEPOSITS WITH BANKS AND FINANCIAL INSTITUTIONS

The details of this item are as follows:

Deposits with Local Banks and Financial Institutions:

	30 June 2022 (Reviewed not Audited)	31 December 2021 (Audited)
	USD '000	USD '000
Time deposits maturing after 3 months and before 6 months	11 559	-
Time deposits maturing after 6 months and before 9 months	-	21 150
Time deposits maturing after 9 months and before a year	-	6 161
Time deposits maturing after one year	47 610	47 610
<b>Total</b>	<b>59 169</b>	<b>74 921</b>

Deposits with Banks and Financial Institutions Abroad:

	30 June 2022 (Reviewed not Audited)	31 December 2021 (Audited)
	USD '000	USD '000
Time deposits maturing after 3 months and before 6 months	286 397	148 112
Time deposits maturing after 6 months and before 9 months	110 976	53 307
Time deposits maturing after 9 months and before a year	108 399	-
Time deposits maturing after one year	10 019	-
<b>Total</b>	<b>515 791</b>	<b>201 419</b>

**Less: Net ECL Charges**

	( 1 276)	( 846)
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**Total deposits with banks and financial institutions local and abroad**

	<b>573 684</b>	<b>275 494</b>
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- There are no restricted deposits as of 30 June 2022 and 31 December 2021.

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

	30 June 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
<b>Balance at the beginning of the period/ year</b>	846	-	-	846	2 743
Net ECL Charges for the period/ year	452	-	-	452	( 1 810)
Adjustments during the period and translation adjustments	( 22)	-	-	( 22)	( 87)
<b>Balance at the end of the period/ year</b>	<b>1 276</b>	<b>-</b>	<b>-</b>	<b>1 276</b>	<b>846</b>

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

The details of this item are as follows:

	<b>30 June 2022</b> <b>(Reviewed not</b> <b>Audited)</b>	<b>31 December</b> <b>2021</b> <b>(Audited)</b>
	<b>USD '000</b>	<b>USD '000</b>
Treasury bills and Governmental bonds	30 083	4 727
Corporate bonds	14 427	35 390
Corporate shares	4 171	12 091
Mutual funds	20 267	20 135
<b>Total</b>	<b>68 948</b>	<b>72 343</b>

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

The details of this item are as follows:

	<b>30 June 2022</b> <b>(Reviewed not</b> <b>Audited)</b>	<b>31 December</b> <b>2021</b> <b>(Audited)</b>
	<b>USD '000</b>	<b>USD '000</b>
Quoted shares	149 444	163 766
Unquoted shares	203 213	211 587
Governmental bonds and bonds guaranteed by the government	263 790	219 330
Corporate bonds through OCI	95 163	93 643
<u>Less: Net ECL Charges</u>	( 508)	( 472)
<b>Total</b>	<b>711 102</b>	<b>687 854</b>

- Cash dividends from the investments above amounted to USD 7.2 million for the six-months period ended 30 June 2022 (USD 5.2 millions for the six-months period ended 30 June 2021).

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

	<b>30 June 2022</b> <b>(Reviewed not Audited)</b>			<b>31 December</b> <b>2021</b> <b>(Audited)</b>	
	<b>USD '000</b>	<b>USD '000</b>	<b>USD '000</b>	<b>USD '000</b>	<b>USD '000</b>
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>	<b>Total</b>
<b>Balance at the beginning of the period/ year</b>	<b>472</b>	<b>-</b>	<b>-</b>	<b>472</b>	<b>-</b>
Acquisition of Oman Arab Bank	-	-	-	-	1 065
<b>Adjusted Balance at the beginning of the period/ year</b>	<b>472</b>	<b>-</b>	<b>-</b>	<b>472</b>	<b>1 065</b>
Net ECL Charges for the period/ year	36	-	-	36	( 593)
<b>Balance at the end of the period/ year</b>	<b>508</b>	<b>-</b>	<b>-</b>	<b>508</b>	<b>472</b>

## 9- DIRECT CREDIT FACILITIES AT AMORTIZED COST

The details of this item are as follows:

	<b>30 June 2022</b>					<b>Total</b>
	<b>(Reviewed not Audited)</b>					
	Consumer Banking	Corporates		Banks and Financial Institutions	Government and Public Sector	
<b>USD '000</b>	<b>USD '000</b>	<b>USD '000</b>	<b>USD '000</b>	<b>USD '000</b>	<b>USD '000</b>	
Discounted bills *	43 976	89 758	695 461	258 631	24 804	1 112 630
Overdrafts *	74 170	1 429 099	3 808 615	4 368	455 892	5 772 144
Loans and advances *	5 266 689	2 287 492	13 744 307	50 198	2 066 536	23 415 222
Real-estate loans	4 210 365	510 442	471 617	-	-	5 192 424
Credit cards	244 307	-	-	-	-	244 307
<b>Total</b>	<b>9 839 507</b>	<b>4 316 791</b>	<b>18 720 000</b>	<b>313 197</b>	<b>2 547 232</b>	<b>35 736 727</b>
<u>Less:</u> Interest and commission in suspense	110 754	150 463	594 084	46	-	855 347
Provision for impairment - ECL	306 894	399 969	1 970 484	5 166	12 960	2 695 473
<b>Total</b>	<b>417 648</b>	<b>550 432</b>	<b>2 564 568</b>	<b>5 212</b>	<b>12 960</b>	<b>3 550 820</b>
<b>Net Direct Credit Facilities At Amortized Cost</b>	<b>9 421 859</b>	<b>3 766 359</b>	<b>16 155 432</b>	<b>307 985</b>	<b>2 534 272</b>	<b>32 185 907</b>

\* Net of interest and commission received in advance which amounted to USD 121.8 million as of 30 June 2022.

- Rescheduled loans during the six-months period ended 30 June 2022 amounted to USD 261.7 million .
- Restructured loans (transferred from non performing to watch list loans) during the six-months period ended 30 June 2022 amounted to USD 3.9 million.
- Direct credit facilities granted to and guaranteed by the Government of Jordan amounted to USD 143.6 million, or 0.40% of total direct credit facilities as of 30 June 2022.
- Non-performing direct credit facilities amounted to USD 2901.5 million, or 8.1% of total direct credit facilities as of 30 June 2022.
- Non-performing direct credit facilities (net of interest and commission in suspense) amounted to USD 2097 million, or 6% of direct credit facilities (after deducting interest and commission in suspense as of 30 June 2022).



**31 December 2021**

**(Audited)**

	Consumer Banking	Corporates		Banks and Financial Institutions	Government and Public Sector	Total
		Small and Medium	Large			
	<b>USD '000</b>	<b>USD '000</b>	<b>USD '000</b>	<b>USD '000</b>	<b>USD '000</b>	<b>USD '000</b>
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
<b>Total</b>	<b>9 341 770</b>	<b>4 355 158</b>	<b>17 975 980</b>	<b>378 248</b>	<b>2 499 307</b>	<b>34 550 463</b>
<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
<b>Total</b>	<b>418 506</b>	<b>541 033</b>	<b>2 384 572</b>	<b>5 560</b>	<b>12 006</b>	<b>3 361 677</b>
<b>Net Direct Credit Facilities at Amortized Cost</b>	<b>8 923 264</b>	<b>3 814 125</b>	<b>15 591 408</b>	<b>372 688</b>	<b>2 487 301</b>	<b>31 188 786</b>

\* 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 June 2022 are as follows:

**30 June 2022**  
(Reviewed not Audited)

	USD '000	USD '000	USD '000	USD '000
	Stage 1	Stage 2	Stage 3	Total
<b>Balance at the beginning of the period</b>	<b>101 833</b>	<b>655 000</b>	<b>1 826 301</b>	<b>2 583 134</b>
Transferred to Stage 1	4 072	( 3 990)	( 82)	-
Transferred to Stage 2	( 3 042)	4 889	( 1 847)	-
Transferred to Stage 3	( 188)	( 20 639)	20 827	-
Net ECL Charges for the period	12 998	93 440	90 720	<b>197 158</b>
Used from provision (written off or transferred to off interim condensed consolidated statement of financial position)	-	-	( 28 076)	<b>( 28 076)</b>
Adjustments during the period and translation adjustments	( 3 013)	( 7 018)	( 46 712)	<b>( 56 743)</b>
<b>Balance at the end of the period</b>	<b>112 660</b>	<b>721 682</b>	<b>1 861 131</b>	<b>2 695 473</b>

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
<b>Balance at the beginning of the year</b>	<b>120 651</b>	<b>440 147</b>	<b>1 403 943</b>	<b>1 964 741</b>
Acquisition of Oman Arab Bank	25 386	76 070	137 314	238 770
<b>Adjusted Balance at the beginning of the year</b>	<b>146 037</b>	<b>516 217</b>	<b>1 541 257</b>	<b>2 203 511</b>
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	<b>456 193</b>
Used from provision (written off or transferred to off consolidated statement of financial position)	-	( 954)	( 43 169)	<b>( 44 123)</b>
Adjustments during the period and translation adjustments	( 1 536)	( 4 785)	( 26 126)	<b>( 32 447)</b>
<b>Balance at the end of the year</b>	<b>101 833</b>	<b>655 000</b>	<b>1 826 301</b>	<b>2 583 134</b>

- 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 June 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 19.6 million as of 30 June 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:

	<b>30 June 2022</b>					
	<b>(Reviewed not Audited)</b>					
	Consumer Banking	Corporates		Banks and Financial Institutions	Government and Public Sector	Total
USD '000	Small & Medium USD '000	Large USD '000	USD '000	USD '000	USD '000	
<b>Balance at the beginning of the period</b>	<b>106 284</b>	<b>143 654</b>	<b>528 556</b>	<b>49</b>	<b>-</b>	<b>778 543</b>
Interest and commissions suspended during the period	11 741	11 460	87 531	-	-	110 732
Interest and commissions in suspense settled (written off or transferred to off condensed consolidated interim statement of financial position)	( 2 209)	( 2 395)	( 10 939)	-	-	( 15 543)
Recoveries	( 3 635)	( 1 071)	( 2 485)	-	-	( 7 191)
Adjustments during the period	-	47	( 47)	-	-	-
Translation adjustments	( 1 427)	( 1 232)	( 8 532)	( 3)	-	( 11 194)
<b>Balance at the End of the Period</b>	<b>110 754</b>	<b>150 463</b>	<b>594 084</b>	<b>46</b>	<b>-</b>	<b>855 347</b>

	<b>31 December 2021</b>					
	<b>(Audited)</b>					
	Consumer Banking	Corporates		Banks and Financial Institutions	Government and Public Sector	Total
USD '000	Small & Medium USD '000	Large USD '000	USD '000	USD '000	USD '000	
<b>Balance at the beginning of the year</b>	<b>92 524</b>	<b>115 426</b>	<b>411 265</b>	<b>53</b>	<b>-</b>	<b>619 268</b>
Acquisition of Oman Arab Bank	5 499	9 795	15 774	-	-	31 068
<b>Adjusted Balance at the beginning of the year</b>	<b>98 023</b>	<b>125 221</b>	<b>427 039</b>	<b>53</b>	<b>-</b>	<b>650 336</b>
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)
<b>Balance at the End of the Year</b>	<b>106 284</b>	<b>143 654</b>	<b>528 556</b>	<b>49</b>	<b>-</b>	<b>778 543</b>

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

	Inside Jordan	Outside Jordan	30 June 2022	31 December
			(Reviewed not Audited)	2021 (Audited)
	USD '000	USD '000	USD '000	USD '000
<b>Economic Sector</b>				
Consumer banking	3 511 228	5 910 631	9 421 859	8 923 264
Industry and mining	1 539 700	3 578 402	5 118 102	4 690 843
Constructions	469 442	1 910 261	2 379 703	2 291 070
Real - Estates	317 519	1 169 784	1 487 303	1 836 345
Trade	1 436 843	3 286 092	4 722 935	4 088 670
Agriculture	193 236	216 914	410 150	716 434
Tourism and hotels	255 459	503 919	759 378	1 013 506
Transportations	86 035	210 790	296 825	521 848
Shares	-	5 994	5 994	35 939
General services	615 843	4 125 558	4 741 401	4 210 878
Banks and financial institutions	65 616	242 369	307 985	372 688
Government and public sector	200 279	2 333 993	2 534 272	2 487 301
<b>Net Direct Credit Facilities at amortized Cost</b>	<b>8 691 200</b>	<b>23 494 707</b>	<b>32 185 907</b>	<b>31 188 786</b>

**10- OTHER FINANCIAL ASSETS AT AMORTIZED COST**

The details of this item are as follows:

	30 June 2022 (Reviewed not Audited)	31 December 2021 (Audited)
	USD '000	USD '000
Treasury bills	2 459 507	2 229 828
Governmental bonds and bonds guaranteed by the government	6 240 340	6 954 163
Corporate bonds	1 429 270	1 411 547
Less: Net ECL Charges	( 43 551)	( 34 365)
<b>Total</b>	<b>10 085 566</b>	<b>10 561 173</b>

Analysis of bonds based on interest nature:

	30 June 2022 (Reviewed not Audited)	31 December 2021 (Audited)
	USD '000	USD '000
Floating interest rate	665 578	742 911
Fixed interest rate	9 463 539	9 852 627
Less: Net ECL Charges	( 43 551)	( 34 365)
<b>Total</b>	<b>10 085 566</b>	<b>10 561 173</b>

Analysis of financial assets based on market quotation:

	30 June 2022 (Reviewed not Audited)	31 December 2021 (Audited)
	USD '000	USD '000
<b>Financial assets quoted in the market:</b>		
Treasury bills	1 026 977	1 099 121
Governmental bonds and bonds guaranteed by the government	1 687 322	2 298 270
Corporate bonds	1 313 803	1 286 285
<b>Total</b>	<b>4 028 102</b>	<b>4 683 676</b>

	30 June 2022 (Reviewed not Audited)	31 December 2021 (Audited)
	USD '000	USD '000
<b>Financial assets unquoted in the market:</b>		
Treasury bills	1 432 530	1 130 707
Governmental bonds and bonds guaranteed by the government	4 553 018	4 655 893
Corporate bonds	115 467	125 262
<b>Total</b>	<b>6 101 015</b>	<b>5 911 862</b>
Less: Net ECL Charges	( 43 551)	( 34 365)
<b>Grand Total</b>	<b>10 085 566</b>	<b>10 561 173</b>

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

	30 June 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	10 630	( 475)	-	10 155	( 6 329)
Adjustments during the period and translation adjustments	( 781)	( 188)	-	( 969)	487
<b>Balance at the end of the period/ Year</b>	<b>24 234</b>	<b>19 317</b>	<b>-</b>	<b>43 551</b>	<b>34 365</b>

During the six-months period ended 30 June 2022 certain financial assets at amortized cost with a total amount of USD 51.5 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 six-month period ended 30 June 2022 amounted to USD 30.2 million and USD 11.5 million respectively (USD 71.6 million and USD 9.6 million for the six-months period ended 30 June 2021).

The cost of fully depreciated fixed assets amounted to USD 499 million as of 30 June 2022 ( USD 493.4 million as of 31 December 2021)

## 12- OTHER ASSETS

The details of this item are as follows:

	<b>30 June 2022</b> <b>(Reviewed not</b> <b>Audited)</b>	<b>31 December</b> <b>2021</b> <b>(Audited)</b>
	<b>USD '000</b>	<b>USD '000</b>
Accrued interest receivable	324 919	351 575
Prepaid expenses	81 104	56 352
Foreclosed assets *	177 385	163 793
Intangible assets	33 773	35 106
Right-of-use Assets	98 971	96 752
Other miscellaneous assets	303 979	272 691
<b>Total</b>	<b>1 020 131</b>	<b>976 269</b>

\* 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 June 2022				Total
	(Reviewed not Audited)				
	Consumer Banking	Corporates		Government and Public Sector	
	Small & Medium	Large			
	USD '000	USD '000	USD '000	USD '000	USD '000
Current and demand	11 109 100	2 957 833	3 809 516	1 247 655	19 124 104
Savings	5 493 390	127 273	18 068	46 156	5 684 887
Time and notice	9 883 231	1 260 826	3 994 262	3 771 966	18 910 285
Certificates of deposit	500 137	36 660	104 104	45 542	686 443
<b>Total</b>	<b>26 985 858</b>	<b>4 382 592</b>	<b>7 925 950</b>	<b>5 111 319</b>	<b>44 405 719</b>

	31 December 2021				Total
	(Audited)				
	Consumer Banking	Corporates		Government and Public Sector	
	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
<b>Total</b>	<b>26 696 939</b>	<b>4 471 119</b>	<b>7 936 445</b>	<b>5 381 008</b>	<b>44 485 511</b>

- Total Government of Jordan and Jordanian public sector deposits amounted to USD 1188.4 millions, or 2.7% of total customer's deposits as of 30 June 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 16058.4 million, or 36.2% of total customer's deposits as of 30 June 2022 (USD 16012.4 million, or 36.0% of total customer's deposits as of 31 December 2021).
- Blocked deposits (restricted) amounted to USD 173.3 million, or 0.4% of total customer's deposits as of 30 June 2022 (USD 131.5 million, or 0.3% of total customer's deposits as of 31 December 2021).
- Dormant deposits amounted to USD 389.3 million, or 0.9% of total customer's deposits as of 30 June 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 June 2022 (Reviewed not Audited)	31 December 2021 (Audited)
	USD '000	USD '000
From Central Banks	150 007	159 466
From banks and financial institutions	446 948	462 994
<b>Total</b>	<b>596 955</b>	<b>622 460</b>

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

	30 June 2022 (Reviewed not Audited)	31 December 2021 (Audited)
	USD '000	USD '000
Floating interest rate	437 302	351 975
Fixed interest rate	159 653	270 485
<b>Total</b>	<b>596 955</b>	<b>622 460</b>

**15- PROVISION FOR INCOME TAX**

The details of this item are as follows:

	30 June 2022 (Reviewed not Audited)	31 December 2021 (Audited)
	USD '000	USD '000
<b>Balance at the beginning of the period/ year</b>	<b>202 477</b>	<b>275 406</b>
Acquisition of Oman Arab Bank	-	11 706
<b>Adjusted Balance at the beginning of the period/ year</b>	<b>202 477</b>	<b>287 112</b>
Income tax expense	139 672	199 725
Income tax paid	( 159 922)	( 284 360)
<b>Balance at the End of the period / year</b>	<b>182 227</b>	<b>202 477</b>

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

	For the Six-Months	
	30 June 2022 (Reviewed not Audited)	30 June 2021 (Reviewed not Audited)
	USD '000	USD '000
Income tax expense for the period	139 672	124 540
Effect of deferred tax	( 14 293)	( 22 160)
<b>Total</b>	<b>125 379</b>	<b>102 380</b>

- 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 June 2022 and 31 December 2021. The effective tax rate for the Group is 33.2% as of 30 June 2022 and 35.9% as of 30 June 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 June 2022 (Reviewed not Audited)	31 December 2021 (Audited)
	USD '000	USD '000
Accrued interest payable	209 466	189 031
Notes payable	201 615	189 180
Interest and commission received in advance	72 654	90 755
Accrued expenses	135 100	131 428
Dividends payable to shareholders	29 808	17 138
Provision for impairment - ECL of the indirect credit facilities*	170 030	145 511
Contracts lease liability	94 934	98 361
Other miscellaneous liabilities	390 498	391 367
<b>Total</b>	<b>1 304 105</b>	<b>1 252 771</b>

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

	30 June 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
<b>Balance at the beginning of the period/ year</b>	<b>29 517</b>	<b>23 549</b>	<b>92 445</b>	<b>145 511</b>	<b>91 950</b>
Acquisition of Oman Arab Bank	-	-	-	-	1 569
<b>Adjusted Balance at the beginning of the period/ year</b>	<b>29 517</b>	<b>23 549</b>	<b>92 445</b>	<b>145 511</b>	<b>93 519</b>
Transferred to Stage 1	66	( 66)	-	-	-
Transferred to Stage 2	( 273)	273	-	-	-
Transferred to Stage 3	( 1)	( 11)	12	-	-
Net ECL charges for the period/ year	1 450	1 502	3 729	<b>6 681</b>	52 583
Adjustments during the period and translation adjustments	( 393)	183	18 048	<b>17 838</b>	( 591)
<b>Balance at the End of the period/ year</b>	<b>30 366</b>	<b>25 430</b>	<b>114 234</b>	<b>170 030</b>	<b>145 511</b>

**17- SHARE CAPITAL AND RESERVES**

A. Share Capital amounted to USD 926.6 million distributed to 640.8 million shares as of 30 June 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:

	<b>30 June 2022</b> <b>(Reviewed not</b> <b>Audited)</b>	<b>31 December 2021</b> <b>(Audited)</b>
	<b>USD '000</b>	<b>USD '000</b>
<b>Balance at the beginning of the period/ year</b>	<b>2 967 984</b>	<b>2 775 635</b>
Profit for the period/ year attributable to the shareholders of the bank	241 647	306 721
Transferred from investment revaluation reserve to retained earnings	-	( 2 211)
Dividends paid *	( 186 532)	( 111 944)
Transferred from/ to general banking risk reserve	1 141	-
Adjustment during the period/ year	973	( 217)
<b>Balance at the end of the period/ year</b>	<b>3 025 213</b>	<b>2 967 984</b>

\* 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:

	<b>30 June 2022</b> <b>(Reviewed not</b> <b>Audited)</b>	<b>30 June 2021</b> <b>(Reviewed not</b> <b>Audited)</b>
	<b>USD '000</b>	<b>USD '000</b>
Direct credit facilities at amortized cost	861 633	834 882
Balances with central banks	46 043	26 670
Balances and deposits with banks and financial institutions	13 867	7 910
Financial assets at fair value through profit or loss	2 051	8 686
Financial assets at fair value through OCI	7 554	-
Other financial assets at amortized cost	201 784	266 444
<b>Total</b>	<b>1 132 932</b>	<b>1 144 592</b>

## 21- INTEREST EXPENSE

The details of this item are as follows:

	<b>30 June 2022</b> <b>(Reviewed not</b> <b>Audited)</b>	<b>30 June 2021</b> <b>(Reviewed not</b> <b>Audited)</b>
	<b>USD '000</b>	<b>USD '000</b>
Customer deposits	374 999	412 496
Banks and financial institutions deposits	17 066	22 140
Cash margins	14 114	14 208
Borrowed funds	10 829	7 710
Deposit insurance fees	15 359	13 627
<b>Total</b>	<b>432 367</b>	<b>470 181</b>

**22- NET COMMISSION INCOME**

The details of this item are as follows:

	<b>30 June 2022</b>	<b>30 June 2021</b>
	<b>(Reviewed not Audited)</b>	<b>(Reviewed not Audited)</b>
	<b>USD '000</b>	<b>USD '000</b>
Commission income:		
Direct credit facilities at amortized cost	59 153	59 539
Indirect credit facilities	63 476	61 238
Assets under management	13 926	13 282
Other	97 990	66 697
<u>Less: commission expense</u>	<u>( 38 528)</u>	<u>( 33 533)</u>
<b>Net Commission Income</b>	<b><u>196 017</u></b>	<b><u>167 223</u></b>

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

The details of this item are as follows:

	<b>30 June 2022</b>		<b>30 June 2021</b>	
	<b>(Reviewed not Audited)</b>		<b>(Reviewed not Audited)</b>	
	Realized Gain	Unrealized Gain (Loss)	Total	Total
	<b>USD '000</b>	<b>USD '000</b>	<b>USD '000</b>	<b>USD '000</b>
Treasury bills and bonds	737	408	1 145	1 830
Corporate shares	-	( 52)	( 52)	66
Mutual funds	-	( 1 382)	( 1 382)	1 040
<b>Total</b>	<b><u>737</u></b>	<b><u>( 1 026)</u></b>	<b><u>( 289)</u></b>	<b><u>2 936</u></b>

**24- OTHER REVENUE**

The details of this item are as follows:

	<b>30 June 2022</b>	<b>30 June 2021</b>
	<b>(Reviewed not Audited)</b>	<b>(Reviewed not Audited)</b>
	<b>USD '000</b>	<b>USD '000</b>
Revenue from customer services	7 056	7 168
Safe box and other rentals	1 648	1 842
(Loss) gain from Financial derivatives	( 76)	103
Miscellaneous revenue	30 077	35 984
<b>Total</b>	<b><u>38 705</u></b>	<b><u>45 097</u></b>

## **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 June 2022 (Reviewed not Audited)					30 June 2021 (Reviewed not Audited)	
	Corporate and Institutional Banking	Treasury	Consumer Banking		Other	Total	Total
			Elite	Retail Banking			
	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	
Total income	520 810	275 862	( 34 166)	206 944	198 731	1 168 181	1 086 220
Net inter-segment interest income	( 81 245)	( 102 882)	131 626	52 501	-	-	-
Less :Provision for impairment - ECL	200 848	15 387	( 462)	5 650	-	221 423	275 027
Less :Other provisions	2 602	( 236)	202	2 467	-	5 035	8 198
Less :Direct administrative expenses	73 257	12 094	21 001	108 286	5 489	220 127	212 805
<b>Result of Operations of Segments</b>	<b>162 858</b>	<b>145 735</b>	<b>76 719</b>	<b>143 042</b>	<b>193 242</b>	<b>721 596</b>	<b>590 190</b>
Less :Indirect expenses on segments	148 648	36 908	28 230	114 794	15 280	343 860	305 405
<b>Profit for the Period before Income Tax</b>	<b>14 210</b>	<b>108 827</b>	<b>48 489</b>	<b>28 248</b>	<b>177 962</b>	<b>377 736</b>	<b>284 785</b>
Less :Income tax expense	26 699	28 262	13 622	5 818	50 978	125 379	102 380
<b>Profit for the Period</b>	<b>( 12 489)</b>	<b>80 565</b>	<b>34 867</b>	<b>22 430</b>	<b>126 984</b>	<b>252 357</b>	<b>182 405</b>
Depreciation and Amortization	13 643	3 657	2 156	23 139	-	42 595	39 311

Other Information	30 June 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	USD '000	USD '000	USD '000	USD '000	
Segment assets	22 630 289	21 912 138	4 237 890	8 661 304	2 817 832	60 259 453	60 392 235
Inter-segment assets	-	-	12 976 676	2 950 111	6 215 964	-	-
Investments in associates	-	-	-	-	3 481 556	3 481 556	3 412 899
<b>Total Assets</b>	<b>22 630 289</b>	<b>21 912 138</b>	<b>17 214 566</b>	<b>11 611 415</b>	<b>12 515 352</b>	<b>63 741 009</b>	<b>63 805 134</b>
Segment liabilities	18 947 849	3 451 827	17 214 566	11 611 415	2 318 680	53 544 337	53 483 782
Shareholders' Equity	-	-	-	-	10 196 672	10 196 672	10 321 352
Inter-segment liabilities	3 682 440	18 460 311	-	-	-	-	-
<b>Total Liabilities and Shareholders' Equity</b>	<b>22 630 289</b>	<b>21 912 138</b>	<b>17 214 566</b>	<b>11 611 415</b>	<b>12 515 352</b>	<b>63 741 009</b>	<b>63 805 134</b>

## 26- MATURITY OF THE CONTINGENT ACCOUNTS

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

<b>30 June 2022</b>				
<b>(Reviewed not Audited)</b>				
	<b>Within 1 Year</b>	<b>From 1 Year and up to 5 Years</b>	<b>More than 5 Years</b>	<b>Total</b>
	<b>USD '000</b>	<b>USD '000</b>	<b>USD '000</b>	<b>USD '000</b>
Letters of credit	2 491 434	133 971	7 404	2 632 809
Acceptances	912 190	6 825	-	919 015
Letters of guarantees:				
- Payment guarantees	953 704	160 348	283 945	1 397 997
- Performance guarantees	3 065 724	1 265 103	165 430	4 496 257
- Other guarantees	2 191 224	212 482	136 358	2 540 064
Unutilized credit facilities	5 105 476	263 593	29 289	5 398 358
<b>Total</b>	<b>14 719 752</b>	<b>2 042 322</b>	<b>622 426</b>	<b>17 384 500</b>
Construction projects contracts	3 278	-	-	3 278
Procurement contracts	12 255	1 401	1 661	15 317
<b>Total</b>	<b>15 533</b>	<b>1 401</b>	<b>1 661</b>	<b>18 595</b>
<b>31 December 2021</b>				
<b>(Audited)</b>				
	<b>Within 1 Year</b>	<b>From 1 Year and up to 5 Years</b>	<b>More than 5 Years</b>	<b>Total</b>
	<b>USD '000</b>	<b>USD '000</b>	<b>USD '000</b>	<b>USD '000</b>
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
<b>Total</b>	<b>15 629 985</b>	<b>2 000 154</b>	<b>387 381</b>	<b>18 017 520</b>
Construction projects contracts	3 385	-	-	3 385
Procurement contracts	16 336	1 673	2 262	20 271
<b>Total</b>	<b>19 721</b>	<b>1 673</b>	<b>2 262</b>	<b>23 656</b>

**27. CREDIT EXPOSURE FOR ASSETS CATEGORIZED BY GEOGRAPHICAL REGION:**

The details for this items are as follows:

**30 June 2022**  
(Reviewed not Audited)

	<b>Jordan</b>	<b>Other Arab Countries</b>	<b>Asia *</b>	<b>Europe</b>	<b>America</b>	<b>Rest of the World</b>	<b>Total</b>
	<b>USD '000</b>	<b>USD '000</b>	<b>USD '000</b>	<b>USD '000</b>	<b>USD '000</b>	<b>USD '000</b>	<b>USD '000</b>
Balances with central banks	4 883 055	3 770 780	858	1 149 631	-	9 644	9 813 968
Balances and deposits with banks and financial institutions	247 229	905 801	469 361	2 337 268	387 828	70 910	4 418 397
Financial assets at fair value through profit or loss	-	30 686	-	8 501	-	5 323	44 510
Financial assets at fair value through OCI	-	223 262	8 366	126 817	-	-	358 445
<b>Direct credit facilities at amortized cost</b>	<b>8 691 200</b>	<b>20 764 121</b>	<b>296 167</b>	<b>1 506 118</b>	<b>57 932</b>	<b>870 369</b>	<b>32 185 907</b>
Consumer Banking	3 511 228	5 384 813	95	140 122	9 569	376 032	9 421 859
Small and Medium Corporates	882 190	1 897 036	82 291	649 780	9 741	245 321	3 766 359
Large Corporates	4 031 887	10 998 390	207 327	630 190	38 622	249 016	16 155 432
Banks and Financial Institutions	65 616	240 159	-	2 210	-	-	307 985
Government and Public Sector	200 279	2 243 723	6 454	83 816	-	-	2 534 272
Other financial assets at amortized cost	4 408 770	4 715 388	84 985	544 461	121 412	210 550	10 085 566
Other assets and financial derivatives - positive fair value	80 910	382 610	2 740	144 889	773	2 993	614 915
<b>Total</b>	<b>18 311 164</b>	<b>30 792 648</b>	<b>862 477</b>	<b>5 817 685</b>	<b>567 945</b>	<b>1 169 789</b>	<b>57 521 708</b>
<b>Total as of 31 December 2021 (Audited)</b>	<b>17 900 675</b>	<b>31 321 263</b>	<b>766 947</b>	<b>5 882 506</b>	<b>736 768</b>	<b>1 253 400</b>	<b>57 861 559</b>

\* Excluding Arab Countries.

**28. CREDIT EXPOSURE FOR ASSETS CATEGORIZED BY ECONOMIC SECTOR**

The details for this items are as follows:

30 June 2022 (Reviewed not Audited)													
	Consumer Banking	Corporations								Banks and Financial Institutions	Government and Public Sector	Total	
		Industry and Mining	Constructions	Real Estate	Trade	Agriculture	Tourism and Hotels	Transportation	Shares				General Services
	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	
Balances with central banks	-	-	-	-	-	-	-	-	-	-	-	9 813 968	9 813 968
Balances and deposits with banks and financial institutions	-	-	-	-	-	-	-	-	-	-	4 418 397	-	4 418 397
Financial assets at fair value through profit or loss	-	13 824	-	-	-	-	-	-	-	-	603	30 083	44 510
Financial assets at fair value through OCI	-	-	-	-	-	-	-	-	-	37 362	57 306	263 777	358 445
Direct credit facilities at amortized cost	9 421 859	5 118 102	2 379 703	1 487 303	4 722 935	410 150	759 378	296 825	5 994	4 741 401	307 985	2 534 272	32 185 907
Other financial assets at amortized cost	-	110 114	-	6 858	-	-	-	-	-	306 773	997 706	8 664 115	10 085 566
Other assets & Financial Derivatives - positive fair value	39 834	32 658	23 867	12 303	33 843	4 038	9 063	7 022	-	124 176	231 534	96 577	614 915
<b>Total</b>	<b>9 461 693</b>	<b>5 274 698</b>	<b>2 403 570</b>	<b>1 506 464</b>	<b>4 756 778</b>	<b>414 188</b>	<b>768 441</b>	<b>303 847</b>	<b>5 994</b>	<b>5 209 712</b>	<b>6 013 531</b>	<b>21 402 792</b>	<b>57 521 708</b>
<b>Total as of 31 December 2021 (Audited)</b>	<b>8 955 660</b>	<b>4 834 247</b>	<b>2 314 507</b>	<b>1 857 365</b>	<b>4 124 590</b>	<b>719 082</b>	<b>1 021 411</b>	<b>529 243</b>	<b>35 939</b>	<b>4 695 798</b>	<b>5 590 540</b>	<b>23 183 177</b>	<b>57 861 559</b>

## 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:

	<b>30 June 2022 (Reviewed not Audited)</b>	<b>31 December 2021 (Audited)</b>
	<b>USD '000</b>	<b>USD '000</b>
Common Equity Tier 1	9 436 176	9 376 735
Regulatory Adjustments (Deductions from Common Equity Tier 1)	(2 961 503)	(2 894 909)
Additional Tier 1	236 848	273 411
Deductions from Additional Tier 1	( 6 234)	( 12 987)
Supplementary Capital	405 456	388 384
<b>Regulatory Capital</b>	<b>7 110 743</b>	<b>7 130 634</b>
<b>Risk-weighted assets (RWA)</b>	<b>43 295 276</b>	<b>43 132 067</b>
<b>Common Equity Tier 1 Ratio</b>	<b>%14.95</b>	<b>%15.03</b>
<b>Tier 1 Capital Ratio</b>	<b>%15.49</b>	<b>%15.63</b>
<b>Capital Adequacy Ratio</b>	<b>%16.42</b>	<b>%16.53</b>

- 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 207% as of 30 June 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 June 2022 (Reviewed not Audited)	31 December 2021 (Audited)				
	USD '000	USD '000				
<b>Financial Assets at Fair Value</b>						
Financial assets at fair value through profit or loss:						
Treasuring bills and Bonds	30 083	4 727	Level 1	Quoted Shares	Not Applicable	Not Applicable
Corporate Bonds	14 427	35 390	Level 1	Quoted Shares	Not Applicable	Not Applicable
Shares and mutual funds	24 438	32 226	Level 1	Quoted Shares	Not Applicable	Not Applicable
<b>Total Financial Assets at Fair Value through Profit or Loss</b>	<b>68 948</b>	<b>72 343</b>				
Financial derivatives - positive fair value	208 892	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	149 444	163 766	Level 1	Quoted Shares	Not Applicable	Not Applicable
Unquoted shares	203 213	211 587	Level 2	Through using the index sector in the market	Not Applicable	Not Applicable
Governmental and Corporate bonds through OCI	358 445	312 501	Level 2	Through using the index sector in the market	Not Applicable	Not Applicable
<b>Total financial assets at fair value through other comprehensive income</b>	<b>711 102</b>	<b>687 854</b>				
<b>Total Financial Assets at Fair Value</b>	<b>988 942</b>	<b>846 782</b>				
<b>Financial Liabilities at Fair Value</b>						
Financial derivatives - negative fair value	152 676	95 809	Level 2	Through Comparison of similar financial instruments	Not Applicable	Not Applicable
<b>Total Financial Liabilities at Fair Value</b>	<b>152 676</b>	<b>95 809</b>				

There were no transfers between Level 1 and 2 during the six-months period ended 30 June 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 June 2022 (Reviewed not Audited)		31 December 2021 (Audited)		Fair Value Hierarchy
	Book value	Fair value	Book value	Fair value	
	USD '000	USD '000	USD '000	USD '000	
<b>Financial assets not calculated at fair value</b>					
Mandatory cash reserve, Time and notice balances and Certificates of deposit with central banks	5 740 175	5 748 517	6 364 438	6 366 814	Level 2
Balances and deposits with banks and financial institutions	4 418 397	4 423 649	4 031 778	4 035 980	Level 2
Direct credit facilities at amortized cost	32 185 907	32 375 760	31 188 786	31 405 827	Level 2
Other financial assets at amortized cost	10 085 566	10 190 839	10 561 173	10 675 565	Level 1 & 2
<b>Total financial assets not calculated at fair value</b>	<b>52 430 045</b>	<b>52 738 765</b>	<b>52 146 175</b>	<b>52 484 186</b>	
<b>Financial liabilities not calculated at fair value</b>					
Banks' and financial institutions' deposits	3 976 987	3 982 434	3 992 699	3 995 172	Level 2
Customer deposits	44 405 719	44 574 916	44 485 511	44 639 198	Level 2
Cash margin	2 701 985	2 709 026	2 607 131	2 613 711	Level 2
Borrowed funds	596 955	603 942	622 460	628 132	Level 2
<b>Total financial liabilities not calculated at fair value</b>	<b>51 681 646</b>	<b>51 870 318</b>	<b>51 707 801</b>	<b>51 876 213</b>	

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 Six-Months Period Ended 30 June (Reviewed not Audited)		For the Three-Months Period Ended 30 June (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	241 647	166 874	82 781	43 892
Less: Group's share of Interest on Perpetual Bonds	( 7 096)	( 6 441)	( 6 770)	( 4 799)
Net Profit for the period attributable to the Bank's shareholders	234 551	160 433	76 011	39 093
	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)	0.37	0.25	0.12	0.06

32- **CASH AND CASH EQUIVALENTS**

The details of this item are as follows:

	30 June 2022 (Reviewed not Audited)	30 June 2021 (Reviewed not Audited)
	USD '000	USD '000
Cash and balances with central banks maturing within 3 months	10 955 543	11 965 205
<u>Add:</u> Balances with banks and financial institutions maturing within 3 months	3 847 378	3 821 790
<u>Less:</u> Banks and financial institutions deposits maturing within 3 months	3 946 818	3 348 522
<b>Total</b>	<b>10 856 103</b>	<b>12 438 473</b>

### **33. RELATED PARTIES TRANSACTIONS**

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

	<b>30 June 2022</b>			
	<b>(Reviewed not Audited)</b>			
	Deposits owed from Related Parties	Direct Credit Facilities at Amortized Cost	Deposits owed to Related Parties	LCs, LGs, Unutilized Credit Facilities and Acceptances
	<b>USD '000</b>	<b>USD '000</b>	<b>USD '000</b>	<b>USD '000</b>
Associated Companies	125 297	-	19 385	29 143
Major Shareholders and Members of the Board of Directors	-	299 856	835 278	61 931
<b>Total</b>	<b>125 297</b>	<b>299 856</b>	<b>854 663</b>	<b>91 074</b>

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

- 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:

	<b>30 June 2022</b>	
	<b>(Reviewed not Audited)</b>	
	Interest Income	Interest Expense
	<b>USD '000</b>	<b>USD '000</b>
Associated Companies	578	77

	<b>30 June 2021</b>	
	<b>(Reviewed not Audited)</b>	
	Interest Income	Interest Expense
	<b>USD '000</b>	<b>USD '000</b>
Associated Companies	222	10

- Direct credit facilities granted to top management personnel amounted to USD 1.4 million and indirect credit facilities amounted to USD 5.6 thousand as of 30 June 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 3.6 million as of 30 June 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 40.2 million for the six-months period ended 30 June 2022 (USD 33 million for the six-months period ended June 2021).

#### **34- LEGAL CASES**

There are lawsuits filed against the Bank totaling JD 295.9 million as of 30 June 2022 (JD 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 six-month period ended 30 June 2022 presentation and it did not result in any change to last year/ period's operating results.