

ARAB BANK GROUP

AMMAN - JORDAN

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(REVIEWED NOT AUDITED)

30 SEPTEMBER 2021



**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 2021, comprising of the interim condensed consolidated statement of financial position as of 30 September 2021 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-months 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 October 2021

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ARAB BANK GROUP
INTERIM CONDENSED CONSOLIDATED
STATEMENT OF FINANCIAL POSITION

	Notes	30 September 2021 (Reviewed not Audited)	31 December 2020 (Audited)
		USD '000	USD '000
<u>ASSETS</u>			
Cash and balances with central banks	5	11 809 820	10 807 627
Balances with banks and financial institutions	6	3 989 684	4 601 165
Deposits with banks and financial institutions	7	311 366	288 165
Financial assets at fair value through profit or loss	8	112 601	304 054
Financial derivatives - positive fair value		106 101	91 510
Direct credit facilities at amortized cost - Net	10	30 859 237	23 907 858
Financial assets at fair value through other comprehensive income	9	642 792	409 715
Other financial assets at amortized cost	11	10 755 390	8 762 789
Investments in associates		3 357 050	3 804 212
Fixed assets	12	533 071	458 518
Other assets	13	994 676	763 137
Deferred tax assets		248 561	214 933
Total Assets		63 720 349	54 413 683
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>			
Banks and financial institutions' deposits		4 215 954	3 974 226
Customers' deposits	14	44 035 644	36 235 138
Cash margin		2 572 356	2 483 253
Financial derivatives - negative fair value		62 918	170 956
Borrowed funds	15	629 248	609 791
Provision for income tax	16	202 534	275 406
Other provisions		227 860	230 069
Other liabilities	17	1 382 514	1 040 409
Deferred tax liabilities		8 370	5 672
Total Liabilities		53 337 398	45 024 920
<u>Equity</u>			
Share capital	18	926 615	926 615
Share premium		1 225 747	1 225 747
Statutory reserve	18	926 615	926 615
Voluntary reserve		977 315	977 315
General reserve		1 211 927	1 141 824
General banking risks reserve		154 171	224 274
Reserves with associates		1 540 896	1 540 896
Foreign currency translation reserve		(227 751)	(160 209)
Investments revaluation reserve		(286 905)	(295 797)
Retained earnings	20	2 921 149	2 775 635
Total Equity Attributable to the Shareholders of the Bank		9 369 779	9 282 915
Perpetual tier 1 capital bonds	19	438 449	-
Non-controlling interests		574 723	105 848
Total Shareholders' Equity		10 382 951	9 388 763
Total Liabilities and Shareholders' Equity		63 720 349	54 413 683

The accompanying notes from (1) to (36) 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	
		2021	2020	2021	2020
		USD '000	USD '000	USD '000	USD '000
REVENUE					
Interest income	21	1 725 048	1 573 812	580 456	490 764
Less: interest expense	22	702 809	664 976	232 628	205 349
Net Interest Income		1 022 239	908 836	347 828	285 415
Net commission income	23	247 885	202 194	80 662	67 923
Net Interest and Commission Income		1 270 124	1 111 030	428 490	353 338
Foreign exchange differences		86 405	74 284	26 781	22 849
Gain from financial assets at fair value	24	4 497	2 494	1 561	278
Dividends from financial assets at fair value through other comprehensive income	9	6 000	5 473	822	1 009
Group's share of profits of associates		209 736	244 372	77 985	92 769
Other revenue / Net	25	57 705	37 149	12 608	14 556
Total Income		1 634 467	1 474 802	548 247	484 799
EXPENSES					
Employees' expenses		430 635	376 172	147 237	122 291
Other expenses		274 588	226 941	99 087	82 068
Depreciation and amortization		60 919	46 563	21 608	17 195
Provision for impairment - ECL		405 369	468 184	130 342	159 868
Impairment of investments held for sale		20 000	-	-	-
Other provisions		11 458	16 796	3 260	4 330
Total Expenses		1 202 969	1 134 656	401 534	385 752
Profit for the period before Income Tax		431 498	340 146	146 713	99 047
Less: Income tax expense	16	159 751	124 910	57 371	35 914
Profit for the period		271 747	215 236	89 342	63 133
<u>Attributable to :</u>					
- Bank's shareholders		257 445	213 612	90 571	64 510
- Non-controlling interests		14 302	1 624	(1 229)	(1 377)
Total		271 747	215 236	89 342	63 133
Earnings per share attributable to the Bank's shareholders					
- Basic and Diluted (US Dollars)	32	0.40	0.33	0.14	0.10

The accompanying notes from (1) to (36) 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 Period		For The Three-Months Period	
	Ended 30 September		Ended 30 September	
	2021	2020	2021	2020
	USD '000	USD '000	USD '000	USD '000
Profit for the period	271 747	215 236	89 342	63 133
<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	(69 256)	57 562	(22 943)	52 922
<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	5 278	(23 252)	5 499	5 403
Revaluation gain (loss) on equity instruments at fair value through other comprehensive income	9 201	(23 552)	5 591	5 319
(Loss) Gain from sale of financial assets at fair value through other comprehensive income	(3 923)	300	(92)	84
Total Other Comprehensive Income Items - after Tax	(63 978)	34 310	(17 444)	58 325
Total Comprehensive Income for the period	207 769	249 546	71 898	121 458
Attributable to :				
- Bank's shareholders	196 980	238 244	76 438	120 515
- Non-controlling interests	10 789	11 302	(4 540)	943
Total	207 769	249 546	71 898	121 458

The accompanying notes from (1) to (36) 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-Months Period Ended 30 September 2021														
Balance at the beginning of the period	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	-	-	-	-	-	-	-	-	-	257 445	257 445	14 302	-	271 747
Other comprehensive income for the period	-	-	-	-	-	-	-	(67 542)	7 077	-	(60 465)	(3 513)	-	(63 978)
Total Comprehensive Income for the period	-	-	-	-	-	-	-	(67 542)	7 077	257 445	196 980	10 789	-	207 769
Transferred from investments revaluation reserve to retained earnings	20	-	-	-	-	-	-	-	1 815	(1 815)	-	-	-	-
Dividends	20	-	-	-	-	-	-	-	-	(111 944)	(111 944)	(2 115)	-	(114 059)
Acquisition of Oman Arab Bank	4	-	-	-	-	-	-	-	-	-	-	466 817	188 449	655 266
Issuance of Perpetual Bonds (Tier 1 Capital)	-	-	-	-	-	-	-	-	-	-	-	-	250 000	250 000
Transferred from general banking risk reserve	-	-	-	-	70 103	(70 103)	-	-	-	-	-	-	-	-
Adjustments during the period	20	-	-	-	-	-	-	-	-	1 828	1 828	(6 616)	-	(4 788)
Balance at the end of the period	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
For The Nine-Months Period Ended 30 September 2020														
Balance at the beginning of the period	926 615	1 225 747	926 615	977 315	1 141 824	238 952	1 540 896	(252 925)	(298 403)	2 584 537	9 011 173	91 278	-	9 102 451
Profit for the period	-	-	-	-	-	-	-	-	-	213 612	213 612	1 624	-	215 236
Other comprehensive income for the period	-	-	-	-	-	-	-	47 217	(22 585)	-	24 632	9 678	-	34 310
Total Comprehensive Income for the period	-	-	-	-	-	-	-	47 217	(22 585)	213 612	238 244	11 302	-	249 546
Transferred from investments revaluation reserve to retained earnings	-	-	-	-	-	-	-	-	22	(22)	-	-	-	-
Transferred from investments revaluation reserve to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(322)	-	(322)
Dividends	-	-	-	-	-	-	-	-	-	-	-	(1 763)	-	(1 763)
Transferred from general banking risk reserve	-	-	-	-	-	(17 676)	-	-	-	17 676	-	-	-	-
Changes in associates' equity	-	-	-	-	-	-	-	-	-	(3 252)	(3 252)	-	-	(3 252)
Adjustments during the period	-	-	-	-	-	-	-	-	-	(6 547)	(6 547)	-	-	(6 547)
Balance at the end of the period	926 615	1 225 747	926 615	977 315	1 141 824	221 276	1 540 896	(205 708)	(320 966)	2 806 004	9 239 618	100 495	-	9 340 113

* The retained earnings include restricted deferred tax assets in the amount of USD 248.6 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 2021.

* The Bank cannot use a restricted amount of USD 286.9 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 2021.

The accompanying notes from (1) to (36) 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	
		2021	2020
		USD '000	USD '000
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit for the period before tax		431 498	340 146
Adjustments for:			
Group's share of profits of associates		(209 736)	(244 372)
Depreciation and amortization		60 919	46 563
Expected credit losses on financial assets		405 369	468 184
Net accrued interest		(54 683)	(17 228)
(Gain) from sale of fixed assets		(8 280)	(549)
Dividends on financial assets at fair value through other comprehensive income	9	(6 000)	(5 473)
(Gain) loss from revaluation of financial assets at fair value through profit or loss	24	(3 553)	480
Provision for impairment of investments held for sale		20 000	-
Other provisions		11 458	16 796
Total		646 992	604 547
<u>(Increase) decrease in assets:</u>			
Balances with central banks (maturing after 3 months)		(3 941)	67 963
Deposits with banks and financial institutions (maturing after 3 months)		64 126	46 253
Direct credit facilities at amortized cost		(430 239)	(464 213)
Financial assets at fair value through profit or loss		196 053	185 994
Other assets and financial derivatives		95 054	(57 997)
<u>Increase (decrease) in liabilities:</u>			
Banks' and financial institutions' deposits (maturing after 3 months)		(378 095)	(20 839)
Customer's deposits		643 857	1 982 265
Cash margin		89 103	(703 190)
Other liabilities and financial derivatives		(149 713)	(72 720)
Net Cash Flows from Operating Activities before Income Tax		773 197	1 568 063
Income tax paid	16	(269 754)	(277 718)
Net Cash Flows from Operating Activities		503 443	1 290 345
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
(Purchase) of financial assets at fair value through other comprehensive income		(214 963)	(17 871)
(Purchase) Maturity of other financial assets at amortized cost		(1 374 852)	263 040
(Increase) of investments in associates		(538)	(139 946)
Acquisition of Oman Arab Bank	4	689 119	-
Dividends received from associates		194 068	143 358
Dividends received from financial assets at fair value through other comprehensive income		6 000	5 473
(Increase) in fixed assets - net		(6 140)	(37 628)
Net Cash Flows (used in) from Investing Activities		(707 306)	216 426
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
(Decrease) Increase in borrowed funds		(32 491)	214 394
Increase in Perpetual Bonds		250 000	-
Dividends paid to shareholders		(110 855)	(800)
Dividends paid to non-controlling interests		(2 115)	(1 763)
Net Cash Flows form Financing Activities		104 539	211 831
Net (Decrease) Increase in cash and cash equivalents		(99 324)	1 718 602
Exchange differences - change in foreign exchange rates		(67 542)	47 217
Cash and cash equivalents at the beginning of the Year		12 412 068	8 815 119
Cash and Cash Equivalents at the end of the period	33	12 245 202	10 580 938
<u>Operational Cash Flows form Interest</u>			
Interest Paid		618 085	702 030
Interest Received		1 585 641	1 593 638

The accompanying notes from (1) to (36) 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 2021 (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 79 branches in Jordan and 130 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 October 2021.

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 2020. In addition, the results of the Group's operations for the nine-months period ended 30 September 2021 do not necessarily represent indications of the expected results for the year ending 31 December 2021, and do not contain the appropriation of the profit of the current period, which is usually performed at year end.

ARAB BANK GROUP
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 SEPTEMBER 2021 (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 2021	31 December 2020				
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 / Palestine	100.00	100.00	2009	Brokerage and Financial Services	Palestine	JD 1.7m
Arab Tunisian Bank	64.24	64.24	1982	Banking	Tunisia	TND 100m
Oman Arab Bank*	49.00	-	1984	Banking	Oman	OMR 203m
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 (note 4).

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 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 interim condensed consolidated financial statements are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2020 except for the adoption of new standards effective as of 1 January 2021 shown below:

Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR).

The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest.
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued.
- Provide temporary relief to the Group from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

The application of these amendments to IFRSs has not had any material impact on the amounts reported for the current and prior periods.

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 three 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 (2020: Four scenarios).

The base case scenario will be based on macroeconomic forecasts (e.g.: GDP, inflation, interest rate). Upside and downside scenarios (2020: upside, downside, downside 2) will be set relative to our base case scenario based on reasonably possible alternative macroeconomic conditions.

ARAB BANK GROUP
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 SEPTEMBER 2021 (REVIEWED NOT AUDITED)

During 2020 and until the period ended 30 June 2021 and as a result of the developments of COVID – 19 pandemic, management used an additional downside scenario. During the period ended 30 September 2021, 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 2021 and 30 September 2020:

	Assigned weighted average 30 September 2020	Assigned weighted average 30 September 2021
Baseline scenario	35%	45%
Upside scenario	15%	20%
Worst-case scenario 1	20%	35%
Worst-case scenario 2	30%	N/A

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.

ARAB BANK GROUP
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 SEPTEMBER 2021 (REVIEWED NOT AUDITED)

4 - BUSINESS COMBINATIONS

Arab Bank Group owns 49% of OAB and the investment was accounted for as an associate in prior years. Currently, Arab Bank has the power and the ability to appoint majority of OAB Board of Directors (five out of nine) as a result of the amendments on OAB's Article of Association. Accordingly, the Group has obtained control over OAB and was classified as a subsidiary.

The fair values of the identifiable assets and liabilities of OAB as at the date of control were:

Assets	USD '000
Cash and deposits with banks and financial institutions	763 005
Direct credit facilities at amortized cost	6 845 338
Financial assets at fair value through OCI	122 192
Other financial assets at amortized cost	501 751
Fixed assets	121 052
Other assets	299 296
Deferred tax assets	6 387
Total assets	8 659 021

Liabilities	USD '000
Banks and financial institutions deposits	89 405
Customers' deposits	7 156 649
Provision for income tax	11 706
Other liabilities	381 251
Total liabilities	7 639 011

	USD '000
Net assets at fair value	1 020 010
Less: Non-controlling interests	520 205
Carrying amount of Assets acquired	456 940
Goodwill arising from the acquisition (Provisional)*	42 865

* The valuation of the assets and liabilities acquired had not been completed by the date the interim financial statements were approved for issue by the Board of Directors. Thus, the acquired assets may need to be subsequently adjusted, with a corresponding adjustment to goodwill prior to 1 January 2022 (one year after the transaction).

The investment in OAB of 49% held by the group directly before achieving control was re-measured at its control date fair value.

Analysis of cash flows resulted from the control:

	USD '000
Net cash acquired with Oman Arab Bank (included in cash flows from investing activities)	689 119
Cash paid	-
Net cash flows on acquisition	689 119

5 - CASH AND BALANCES WITH CENTRAL BANKS

The details of this item are as follows:

	30 September 2021 (Reviewed not Audited)	31 December 2020 (Audited)
	USD '000	USD '000
Cash in vaults	885 632	673 453
Balances with central banks:		
Current accounts	4 848 532	4 614 615
Time and notice	4 764 783	3 749 222
Mandatory cash reserve	1 467 034	1 613 267
Certificates of deposit	-	299 421
Less: Net ECL Charges	(156 161)	(142 351)
Total	11 809 820	10 807 627

- 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 28.4 million as of 30 September 2021 (USD 25 million as of 31 December 2020).

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

	30 September 2021 (Reviewed not Audited)			31 December 2020 (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	2 797	139 554	-	142 351	8 808
Net ECL Charges for the period/ year	(58)	14 415	-	14 357	133 592
Adjustments during the period and translation adjustments	(547)	-	-	(547)	(49)
Balance at the end of the period / year	2 192	153 969	-	156 161	142 351

6 - BALANCES WITH BANKS AND FINANCIAL INSTITUTIONS

The details of this item are as follows:

Local banks and financial institutions

	30 September 2021 (Reviewed not Audited)	31 December 2020 (Audited)
	USD '000	USD '000
Current Accounts	3 731	4 241
Time deposits maturing within 3 months	181 628	197 091
Total	185 359	201 332

Banks and financial institutions abroad

	30 September 2021 (Reviewed not Audited)	31 December 2020 (Audited)
	USD '000	USD '000
Current accounts	1 938 826	1 918 206
Time deposits maturing within 3 months	1 868 273	2 484 520
Total	3 807 099	4 402 726
Less: Net ECL Charges	(2 774)	(2 893)
Total balances with banks and financial institutions local and abroad	3 989 684	4 601 165

- There are no non-interest bearing balances as of 30 September 2021 and 31 December 2020.

- There are no restricted balances as of 30 September 2021 and 31 December 2020.

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

	30 September 2021 (Reviewed not Audited)			31 December 2020 (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	2 893	-	-	2 893	2 338
Acquisition of Oman Arab Bank - Note (4)	252	-	-	252	-
Adjusted Balance at the beginning of the period / year	3 145	-	-	3 145	2 338
Net ECL Charges for the period / year	(279)	-	-	(279)	429
Adjustments during the period and translation adjustments	(92)	-	-	(92)	126
Balance at the end of the period / year	2 774	-	-	2 774	2 893

7 - DEPOSITS WITH BANKS AND FINANCIAL INSTITUTIONS

The details of this item are as follows:

Deposits with Local Banks and Financial Institutions:

	30 September 2021 (Reviewed not Audited)	31 December 2020 (Audited)
	USD '000	USD '000
Time deposits maturing after 6 months and before 9 months	-	20 552
Time deposits maturing after 9 months and before a year	28 443	33 280
Time deposits maturing after one year	47 610	21 150
Total	76 053	74 982

Deposits with Banks and Financial Institutions Abroad:

	30 September 2021 (Reviewed not Audited)	31 December 2020 (Audited)
	USD '000	USD '000
Time deposits maturing after 3 months and before 6 months	113 652	110 419
Time deposits maturing after 6 months and before 9 months	64 183	100 354
Time deposits maturing after 9 months and before a year	58 645	5 153
Total	236 480	215 926
<u>Less: Net ECL Charges</u>	<u>(1 167)</u>	<u>(2 743)</u>
Total deposits with banks and financial institutions Local and Abroad	311 366	288 165

- There are no restricted deposits as of 30 September 2021 and 31 December 2020.

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

	30 September 2021 (Reviewed not Audited)			31 December 2020 (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	2 743	-	-	2 743	1 678
Net ECL Charges for the period/ year	(1 453)	-	-	(1 453)	1 021
Adjustments during the period and translation adjustments	(123)	-	-	(123)	44
Balance at the end of the period / year	1 167	-	-	1 167	2 743

8 - FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The details of this item are as follows:

	30 September 2021 (Reviewed not Audited)	31 December 2020 (Audited)
	USD '000	USD '000
Treasury bills and Governmental bonds	14 574	79 694
Corporate bonds	72 411	204 136
Corporate shares	6 431	2 532
Mutual funds	19 185	17 692
Total	112 601	304 054

9 - FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The details of this item are as follows:

	30 September 2021 (Reviewed not Audited)	31 December 2020 (Audited)
	USD '000	USD '000
Quoted shares	150 507	122 363
Unquoted shares	233 852	287 352
Governmental bonds and bonds guaranteed by the government	199 913	-
Corporate bonds through OCI	59 948	-
<u>Less: Net ECL Charges</u>	<u>(1 428)</u>	<u>-</u>
Total	642 792	409 715

- Cash dividends from the investments above amounted to USD 6 million for the nine-months period ended 30 September 2021 (USD 5.5 millions for the nine-months period ended 30 September 2020).

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

	30 September 2021 (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 / year	-	-	-	-
Acquisition of Oman Arab Bank - Note (4)	26	-	1 039	1 065
Adjusted Balance at the beginning of the period / year	26	-	1 039	1 065
Net ECL Charges for the period / year	423	-	(60)	363
Balance at the end of the period / year	449	-	979	1 428

10 - DIRECT CREDIT FACILITIES AT AMORTIZED COST

The details of this item are as follows:

	30 September 2021					
	(Reviewed not 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 *	62 206	97 105	608 079	237 545	37 490	1 042 425
Overdrafts *	95 432	1 224 181	3 645 014	4 204	359 483	5 328 314
Loans and advances *	4 934 882	2 274 565	13 329 169	51 120	1 972 588	22 562 324
Real-estate loans	3 946 312	469 842	502 806	-	-	4 918 960
Credit cards	224 272	-	-	-	-	224 272
Total	9 263 104	4 065 693	18 085 068	292 869	2 369 561	34 076 295
<u>Less:</u> Interest and commission in suspense	103 222	138 440	503 990	49	-	745 701
Provision for impairment - ECL	306 394	375 017	1 771 428	5 426	13 092	2 471 357
Total	409 616	513 457	2 275 418	5 475	13 092	3 217 058
Net Direct Credit Facilities At Amortized Cost	8 853 488	3 552 236	15 809 650	287 394	2 356 469	30 859 237

* Net of interest and commission received in advance which amounted to USD 117.1 million as of 30 September 2021.

- Rescheduled loans during the nine-months period ended 30 September 2021 amounted to USD 809.3 million .

- Restructured loans (transferred from non performing to watch list loans) during the nine-months period ended 30 September 2021 amounted to USD 0.9 million.

- Direct credit facilities granted to and guaranteed by the Government of Jordan amounted to USD 62.8 million, or 0.2% of total direct credit facilities as of 30 September 2021.

- Non-performing direct credit facilities amounted to USD 2796.7 million, or 8.2% of total direct credit facilities as of 30 September 2021.

- Non-performing direct credit facilities (net of interest and commission in suspense) amounted to USD 2087.4 million, or 6.3% of direct credit facilities (after deducting interest and commission in suspense) as of 30 September 2021.

31 December 2020

(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 *	68 294	91 600	549 247	157 770	13 764	880 675
Overdrafts *	92 404	1 136 980	3 359 056	5 662	442 991	5 037 093
Loans and advances *	3 533 021	1 967 850	11 255 638	32 626	906 931	17 696 066
Real-estate loans	2 336 319	145 412	210 500	-	-	2 692 231
Credit cards	185 802	-	-	-	-	185 802
Total	6 215 840	3 341 842	15 374 441	196 058	1 363 686	26 491 867
<u>Less:</u> Interest and commission in suspense	92 524	115 426	411 265	53	-	619 268
Provision for impairment - ECL	260 547	300 441	1 390 880	5 230	7 643	1 964 741
Total	353 071	415 867	1 802 145	5 283	7 643	2 584 009
Net Direct Credit Facilities at Amortized Cost	5 862 769	2 925 975	13 572 296	190 775	1 356 043	23 907 858

* Net of interest and commission received in advance, which amounted to USD 123.5 million as of 31 December 2020.

- Rescheduled loans during the year ended 31 December 2020 amounted to USD 491.7 million.
- Restructured loans (transferred from non performing to watch list loans) during the year ended 31 December 2020 amounted to USD 8 million.
- Direct credit facilities granted to and guaranteed by the Government of Jordan as of 31 December 2020 amounted to USD 77.9 million, or 0.3% of total direct credit facilities.
- Non-performing direct credit facilities as of 31 December 2020 amounted to USD 2358.4 million, or 8.9% of total direct credit facilities.
- Non-performing direct credit facilities (net of interest and commission in suspense) as of 31 December 2020 amounted to USD 1763.3 million or 6.8% 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 2021 are as follows:

	30 September 2021 (Reviewed not 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 - Note (4)	25 560	76 754	137 314	239 628
Adjusted Balance at the beginning of the year	146 211	516 901	1 541 257	2 204 369
Transferred to Stage 1	4 993	(4 930)	(63)	-
Transferred to Stage 2	(12 574)	15 633	(3 059)	-
Transferred to Stage 3	(257)	(41 433)	41 690	-
Net ECL Charges for the period	(30 256)	124 381	230 073	324 198
Used from provision (written off or transferred to off interim condensed consolidated statement of financial position)	-	-	(39 050)	(39 050)
Adjustments during the period and translation adjustments	(397)	(2 643)	(15 120)	(18 160)
Balance at the end of the period	107 720	607 909	1 755 728	2 471 357

The details of movement on the provision for impairment of the ECL as of 31 December 2020 are as follows:

	31 December 2020 (Audited)			
	USD '000	USD '000	USD '000	USD '000
	Stage 1	Stage 2	Stage 3	Total
Balance at the beginning of the year	94 539	319 979	1 218 644	1 633 162
Transferred to Stage 1	4 759	(4 487)	(272)	-
Transferred to Stage 2	(5 802)	6 750	(948)	-
Transferred to Stage 3	(2 033)	(38 049)	40 082	-
Net ECL Charges for the year	26 824	152 915	323 398	503 137
Used from provision (written off or transferred to off consolidated statement of financial position)	-	(571)	(155 758)	(156 329)
Adjustments during the period and translation adjustments	2 364	3 610	(21 203)	(15 229)
Balance at the end of the year	120 651	440 147	1 403 943	1 964 741

- 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 2021 and 31 December 2020.

- Impairment is assessed based on individual customer accounts.

- Non-performing loans transferred to off interim condensed consolidated statement of financial position amounted to USD 21.1 million as of 30 September 2021 (USD 175.3 million as of 31 December 2020) 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 2021 (Reviewed not Audited)					
	Consumer Banking	Corporates		Banks and Financial Institutions	Government and Public Sector	Total
		Small & Medium	Large			
	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
Balance at the beginning of the period	92 524	115 426	411 265	53	-	619 268
Acquisition of Oman Arab Bank - Note (4)	5 281	10 028	15 758	-	-	31 067
Adjusted Balance at the beginning of the period	97 805	125 454	427 023	53	-	650 335
Interest and commissions suspended during the period	17 904	20 290	105 810	-	-	144 004
Interest and commissions in suspense settled / written off or transferred to off condensed consolidated interim statement of financial position	(7 034)	(4 819)	(17 604)	-	-	(29 457)
Recoveries	(4 323)	(2 204)	(3 261)	(2)	-	(9 790)
Adjustments during the period	3	(1 099)	1 097	-	-	1
Translation adjustments	(1 133)	818	(9 075)	(2)	-	(9 392)
Balance at the end of the period	103 222	138 440	503 990	49	-	745 701

	31 December 2020 (Audited)					
	Consumer Banking	Corporates		Banks and Financial Institutions	Government and Public Sector	Total
		Small & Medium	Large			
	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
Balance at the beginning of the year	71 191	110 022	359 718	59	-	540 990
Interest and commissions suspended during the year	20 019	20 317	100 421	-	-	140 757
Interest and commissions in suspense settled / written off or transferred to off consolidated statement of financial position	(4 259)	(4 148)	(26 905)	-	-	(35 312)
Recoveries	(3 855)	(1 857)	(15 733)	-	-	(21 445)
Adjustment during the year	8 941	(9 140)	199	-	-	-
Translation adjustments	487	232	(6 435)	(6)	-	(5 722)
Balance at the end of the Year	92 524	115 426	411 265	53	-	619 268

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

	Inside Jordan	Outside Jordan	30 September 2021	31 December 2020
			(Reviewed not Audited)	(Audited)
	USD '000	USD '000	USD '000	USD '000
Economic Sector				
Consumer Banking	3 183 167	5 670 321	8 853 488	5 862 769
Industry and mining	1 417 425	3 512 272	4 929 697	4 573 963
Constructions	468 729	1 891 404	2 360 133	1 864 976
Real - Estates	313 377	1 337 848	1 651 225	1 630 077
Trade	1 340 074	3 110 183	4 450 257	3 906 963
Agriculture	154 803	186 884	341 687	335 015
Tourism and Hotels	244 400	526 873	771 273	633 796
Transportations	103 331	535 578	638 909	353 413
Shares	-	7 491	7 491	11 985
General Services	870 965	3 340 249	4 211 214	3 188 083
Banks and Financial Institutions	28 780	258 614	287 394	190 775
Government and Public Sector	158 641	2 197 828	2 356 469	1 356 043
Net Direct Credit Facilities at Amortized Cost	8 283 692	22 575 545	30 859 237	23 907 858

11 - OTHER FINANCIAL ASSETS AT AMORTIZED COST

The details of this item are as follows:

	30 September 2021 (Reviewed not Audited)	31 December 2020 (Audited)
	USD '000	USD '000
Treasury bills	2 956 799	1 965 105
Governmental bonds and bonds guaranteed by the government	6 432 208	5 583 556
Corporate bonds	1 400 948	1 254 161
Less: Net ECL Charges	(34 565)	(40 033)
Total	10 755 390	8 762 789

Analysis of bonds based on interest nature:

	30 September 2021 (Reviewed not Audited)	31 December 2020 (Audited)
	USD '000	USD '000
Floating interest rate	499 563	491 348
Fixed interest rate	10 290 392	8 311 474
Less: Net ECL Charges	(34 565)	(40 033)
Total	10 755 390	8 762 789

Analysis of financial assets based on market quotation:

	30 September 2021 (Reviewed not Audited)	31 December 2020 (Audited)
	USD '000	USD '000
Financial assets quoted in the market:		
Treasury bills	1 130 338	216 465
Governmental bonds and bonds guaranteed by the government	2 189 162	1 131 354
Corporate bonds	1 275 201	1 149 860
Total	4 594 701	2 497 679

	30 September 2021 (Reviewed not Audited)	31 December 2020 (Audited)
	USD '000	USD '000
Financial assets unquoted in the market:		
Treasury bills	1 826 461	1 748 640
Governmental bonds and bonds guaranteed by the government	4 243 046	4 452 202
Corporate bonds	125 747	104 301
Total	6 195 254	6 305 143
Less: Net ECL Charges	(34 565)	(40 033)
Grand Total	10 755 390	8 762 789

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

	30 September 2021 (Reviewed not Audited)			31 December 2020 (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	19 200	20 833	-	40 033	40 717
Acquisition of Oman Arab Bank - Note (4)	174	-	-	174	-
Adjusted Balance at the beginning of the period / year	19 374	20 833	-	40 207	40 717
Net ECL Charges for the period / year	(5 578)	(675)	-	(6 253)	800
Investments written off	-	-	-	-	(4 374)
Adjustments during the period and translation adjustments	673	(62)	-	611	2 890
Balance at the end of the period / year	14 469	20 096	-	34 565	40 033

During the nine-months period ended 30 September 2021 certain financial assets at amortized cost with a total amount of USD 29.9 million were sold (USD 81.1 million during the year ended 31 December 2020).

12 - FIXED ASSETS

The additions to and disposals of fixed assets during the nine-months period ended 30 September 2021 amounted to USD 86.4 million and USD 53 million respectively (USD 100.9 million and USD 74.2 million for the nine-months period ended 30 September 2020).

The cost of fully depreciated fixed assets amounted to USD 362.8 million as of 30 September 2021 (USD 335.2 million as of 31 December 2020).

13 - OTHER ASSETS

The details of this item are as follows:

	30 September 2021 (Reviewed not Audited)	31 December 2020 (Audited)
	USD '000	USD '000
Accrued interest receivable	331 520	192 113
Prepaid expenses	70 678	71 568
Foreclosed assets *	158 749	152 401
Intangible assets	27 687	34 272
Right-of-use Assets	91 509	86 315
Other miscellaneous assets	314 533	226 468
Total	994 676	763 137

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

14 - CUSTOMERS' DEPOSITS

The details of this item are as follows:

	30 September 2021				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	11 203 834	2 635 652	3 689 350	1 239 125	18 767 961
Savings	5 349 866	126 011	27 481	71 324	5 574 682
Time and notice	9 927 163	1 287 413	4 130 667	3 625 224	18 970 467
Certificates of deposit	588 701	19 778	78 337	35 718	722 534
Total	27 069 564	4 068 854	7 925 835	4 971 391	44 035 644

	31 December 2020				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	9 878 466	2 482 453	2 583 737	221 441	15 166 097
Savings	3 574 548	113 032	15 119	63 868	3 766 567
Time and notice	9 202 810	1 382 303	3 482 528	2 524 787	16 592 428
Certificates of deposit	507 979	69 222	94 423	38 422	710 046
Total	23 163 803	4 047 010	6 175 807	2 848 518	36 235 138

- Total Government of Jordan and Jordanian public sector deposits amounted to USD 969.8 millions, or 2.2% of total customer's deposits as of 30 September 2021 (USD 1057.7 million, or 2.9% of total customer's deposits as of 31 December 2020).
- Non-interest bearing deposits amounted to USD 15756.4 million, or 35.8% of total customer's deposits as of 30 September 2021 (USD 13732.4 million, or 37.9% of total customer's deposits as of 31 December 2020).
- Blocked deposits amounted to USD 149.8 million, or 0.3% of total customer's deposits as of 30 September 2021 (USD 159.8 million, or 0.4% of total customer's deposits as of 31 December 2020).
- Dormant deposits amounted to USD 466.9 million, or 1.1% of total customer's deposits as of 30 September 2021 (USD 492.1 million, or 1.4% of total customer's deposits as of 31 December 2020).

15 - BORROWED FUNDS

The details of this item are as follows:

	30 September 2021 (Reviewed not Audited)	31 December 2020 (Audited)
	USD '000	USD '000
From central banks	159 330	167 340
From banks and financial institutions	469 918	442 451
Total	629 248	609 791

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

	30 September 2021 (Reviewed not Audited)	31 December 2020 (Audited)
	USD '000	USD '000
Floating interest rate	332 538	364 386
Fixed interest rate	296 710	245 405
Total	629 248	609 791

16 - PROVISION FOR INCOME TAX

The details of this item are as follows:

	30 September 2021 (Reviewed not Audited)	31 December 2020 (Audited)
	USD '000	USD '000
Balance at the beginning of the period / year	275 406	345 054
Acquisition of Oman Arab Bank - Note (4)	11 706	-
Adjusted Balance at the beginning of the period / year	287 112	345 054
Income tax expense	185 176	215 066
Income tax paid	(269 754)	(284 714)
Balance at the end of the period / year	202 534	275 406

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

	For The Nine-Months Period Ended 30 September	
	2021	2020
	USD '000	USD '000
Income tax expense for the period	185 176	172 887
Effect of deferred tax	(25 425)	(47 977)
Total	159 751	124 910

- The income tax rate for the banking sector 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 2021 and 31 December 2020. The effective tax rate for the Group is 37.0% as of 30 September 2021 and 36.7% as of 30 September 2020.
- The subsidiaries and branches of Arab Bank Group have reached recent tax settlements ranging between 2019 such as Arab Bank United Arab Emirates and Arab Sudanese Bank and 2018 such as Arab Bank Egypt and Arab Investment Group Jordan Co.

17 - OTHER LIABILITIES

The details of this item are as follows:

	30 September 2021 (Reviewed not Audited)	31 December 2020 (Audited)
	USD '000	USD '000
Accrued interest payable	224 546	139 822
Notes payable	253 255	203 883
Interest and commission received in advance	58 276	61 133
Accrued expenses	125 075	90 349
Dividends payable to shareholders	20 494	19 405
Provision for impairment - ECL of the indirect credit facilities*	167 314	91 950
Lease contracts liability	90 293	84 245
Other miscellaneous liabilities	443 261	349 622
Total	1 382 514	1 040 409

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

	30 September 2021 (Reviewed not Audited)				31 December 2020 (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	36 363	27 457	28 130	91 950	59 213
Acquisition of Oman Arab Bank - Note (4)	428	558	441	1 427	-
Balance at the beginning of the period / year	36 791	28 015	28 571	93 377	59 213
Transferred to Stage 1	145	(145)	-	-	-
Transferred to Stage 2	(473)	580	(107)	-	-
Transferred to Stage 3	(1)	(58)	59	-	-
Net ECL Charges for the period / year	(5 981)	15 692	64 725	74 436	19 351
Adjustments during the period and translation Adjustments	(686)	116	71	(499)	13 386
Balance at the end of the period / year	29 795	44 200	93 319	167 314	91 950

18 - SHARE CAPITAL AND RESERVES

A. Share Capital amounted to USD 926.6 million distributed to 640.8 million shares as of 30 September 2021 and 31 December 2020.

B. The Group did not make any appropriation to the legal reserves, in accordance with companies law, in the interim financial statements as such appropriations are performed at year end.

19 - 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 cent per annum payable semi-annually in arrears and treated as deduction from equity for capital adequacy. 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 cent per annum payable semi-annually in arrears and treated as deduction from equity for capital adequacy. 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 cent per annum payable semi-annually in arrears and treated as deduction from equity for capital adequacy. 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 and bond under note (b) has First Call date on 17 October 2023 or on any interest payment date thereafter subject to the prior consent of the regulatory authority.

20 - RETAINED EARNINGS

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

	30 September 2021 (Reviewed not Audited)	31 December 2020 (Audited)
	USD '000	USD '000
Balance at the beginning of the period / year	2 775 635	2 584 537
Profit for the period/year attributable to the shareholders of the bank	257 445	192 791
Transferred from investment revaluation reserve to retained earnings	(1 815)	(2 575)
Dividends paid *	(111 944)	-
Transferred from / to general banking risk reserve	-	14 678
Changes in associates equity	-	(5 504)
Adjustment during the period / year	1 828	(8 292)
Balance at the end of the period / year	2 921 149	2 775 635

* The General Assembly of Arab Bank plc in its meeting held on 25 March, 2021 approved the recommendation of the Bank's Board of Directors to distribute a 12% of USD 1.4 par value as cash dividend, equivalent to USD 108.4 million, for the year 2020. (According to Central Bank of Jordan Memo no. 1/1/4693 dated 9 April 2020, Arab Bank did not distribute dividends for the year 2019).

21 - INTEREST INCOME

The details of this item are as follows:

	30 September 2021 (Reviewed not Audited)	30 September 2020 (Reviewed not Audited)
	USD '000	USD '000
Direct credit facilities at amortized cost	1 259 398	1 113 933
Balances with central banks	42 455	34 628
Balances and deposits with banks and financial institutions	12 112	33 896
Financial assets at fair value through profit or loss	11 868	12 113
Financial assets at fair value through OCI	5 589	-
Other financial assets at amortized cost	393 626	379 242
Total	1 725 048	1 573 812

22 - INTEREST EXPENSE

The details of this item are as follows:

	30 September 2021 (Reviewed not Audited)	30 September 2020 (Reviewed not Audited)
	USD '000	USD '000
Customers' deposits	613 751	545 103
Banks and financial institutions deposits	35 759	55 600
Cash margins	20 915	33 234
Borrowed funds	12 084	10 381
Deposit insurance fees	20 300	20 658
Total	702 809	664 976

23 - NET COMMISSION INCOME

The details of this item are as follows:

	30 September 2021 (Reviewed not Audited)	30 September 2020 (Reviewed not Audited)
	USD '000	USD '000
Commission income:		
Direct credit facilities at amortized cost	70 831	56 079
Indirect credit facilities	91 608	83 219
Assets under management	20 561	17 653
Other	120 531	82 292
Less: commission expense	(55 646)	(37 049)
Net Commission Income	247 885	202 194

24 - GAIN FROM FINANCIAL ASSETS AT FAIR VALUE

The details of this item are as follows:

	30 September 2021 (Reviewed not Audited)				30 September 2020 (Reviewed not Audited)	
	Realized gains FVTOCI	Realized gains FVTPL	Unrealized gains	Dividends	Total	Total
	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
Treasury bills and bonds	416	528	1 979	-	2 923	2 521
Corporate shares	-	-	170	-	170	(16)
Mutual funds	-	-	1 404	-	1 404	(11)
Total	416	528	3 553	-	4 497	2 494

25 - OTHER REVENUE

The details of this item are as follows:

	30 September 2021 (Reviewed not Audited)	30 September 2020 (Reviewed not Audited)
	USD '000	USD '000
Revenue from customer services	11 049	10 388
Safe box and other rentals	2 556	2 729
Gain (loss) from derivatives	184	(783)
Miscellaneous revenue	43 916	24 815
Total	57 705	37 149

26 - 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 Grouping business environment, and related state-of-the-art tools used by the executive management in the Group.

The following is a summary of these Groups' 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 Bank has several 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 risks 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
- 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 2021 (Reviewed not Audited)					30 September 2020 (Reviewed not Audited)	
	Corporate and Institutional Banking	Treasury	Consumer Banking		Other	Total	Total
			Elite	Retail Banking			
			USD '000	USD '000			
Total income	723 558	495 396	(65 565)	245 105	235 973	1 634 467	1 474 802
Net inter-segment interest income	(86 816)	(230 884)	199 927	117 773	-	-	-
Less :Provision for impairment - ECL	383 834	(188)	1 230	20 493	-	405 369	468 184
Less :Other provisions	3 403	1 518	1 403	5 134	-	11 458	16 796
Less :Direct administrative expenses	116 921	17 122	24 708	167 426	3 683	329 860	273 587
Result of Operations of Segments	132 584	246 060	107 021	169 825	232 290	887 780	716 235
Less :Indirect expenses on segments	182 961	50 802	40 793	160 155	21 571	456 282	376 089
Profit for the period before Income Tax	(50 377)	195 258	66 228	9 670	210 719	431 498	340 146
Less :Income tax expense	(18 651)	72 289	24 519	3 580	78 014	159 751	124 910
Profit for the period	(31 726)	122 969	41 709	6 090	132 705	271 747	215 236
Depreciation and Amortization	20 187	4 700	5 534	30 498	-	60 919	46 563

Other Information	30 September 2021 (Reviewed not Audited)					31 December 2020 (Audited)	
	Corporate and Institutional Banking	Treasury	Consumer Banking		Other	Total	Total
			Elite	Retail Banking			
			USD '000	USD '000			
Segment assets	21 983 500	23 361 018	4 077 070	8 159 927	2 781 784	60 363 299	50 609 471
Inter-segment assets	-	-	13 146 356	3 530 649	6 654 963	-	-
Investments in associates	-	-	-	-	3 357 050	3 357 050	3 804 212
Total Assets	21 983 500	23 361 018	17 223 426	11 690 576	12 793 797	63 720 349	54 413 683
Segment liabilities	18 273 311	3 739 239	17 223 426	11 690 576	2 410 846	53 337 398	45 024 920
Shareholders' Equity	-	-	-	-	10 382 951	10 382 951	9 388 763
Inter-segment liabilities	3 710 189	19 621 779	-	-	-	-	-
Total Liabilities and Shareholders' Equity	21 983 500	23 361 018	17 223 426	11 690 576	12 793 797	63 720 349	54 413 683

27 - MATURITY OF THE CONTINGENT ACCOUNTS

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

	30 September 2021 (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	2 243 104	133 339	-	2 376 443
Acceptances	784 292	19 403	-	803 695
Letters of guarantees:				
- Payment guarantees	1 129 325	99 477	51 256	1 280 058
- Performance guarantees	3 356 030	1 373 437	151 257	4 880 724
- Other guarantees	2 405 137	407 526	32 850	2 845 513
Unutilized credit facilities	5 019 214	179 356	28 581	5 227 151
Total	14 937 102	2 212 538	263 944	17 413 584
Construction projects contracts	3 163	-	-	3 163
Procurement contracts	4 432	1 238	2 418	8 088
Total	7 595	1 238	2 418	11 251
	31 December 2020 (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	1 618 727	92 907	-	1 711 634
Acceptances	584 809	5 743	-	590 552
Letters of guarantees:				
- Payment guarantees	1 190 935	121 408	74 204	1 386 547
- Performance guarantees	3 319 003	1 228 769	183 237	4 731 009
- Other guarantees	2 615 665	316 772	34 233	2 966 670
Unutilized credit facilities	3 901 956	314 266	33 487	4 249 709
Total	13 231 095	2 079 865	325 161	15 636 121
Construction projects contracts	3 502	-	-	3 502
Procurement contracts	10 537	3 033	2 528	16 098
Total	14 039	3 033	2 528	19 600

28 - CREDIT EXPOSURE FOR ASSETS CATEGORIZED BY GEOGRAPHICAL REGION:

The details for this items are as follows:

30 September 2021
(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	4 388 622	4 512 879	628	2 010 885	-	11 174	10 924 188
Balances and deposits with banks and financial institutions	261 209	1 069 281	203 781	1 783 875	888 627	94 277	4 301 050
Financial assets at fair value through profit or loss	-	14 966	10 084	56 052	-	5 883	86 985
Financial assets at fair value through OCI	-	212 043	-	46 390	-	-	258 433
Direct credit facilities at amortized cost	8 283 693	20 154 918	280 748	1 281 984	8 495	849 399	30 859 237
Consumer Banking	3 183 167	5 169 573	101	135 059	-	365 588	8 853 488
Small and Medium Corporates	880 634	1 845 535	26 452	567 262	5 290	227 063	3 552 236
Large Corporates	4 032 471	10 781 103	249 223	486 900	3 205	256 748	15 809 650
Banks and Financial Institutions	28 780	251 537	-	7 077	-	-	287 394
Government and Public Sector	158 641	2 107 170	4 972	85 686	-	-	2 356 469
Other financial assets at amortized cost	4 205 598	5 657 134	53 162	423 744	147 948	267 804	10 755 390
Other assets and financial derivatives - positive fair value	71 126	358 934	1 740	73 081	944	2 474	508 299
Total	17 210 248	31 980 155	550 143	5 676 011	1 046 014	1 231 011	57 693 582
Total as of 31 December 2020 (Audited)	16 418 323	22 638 240	881 341	6 373 923	845 506	1 175 839	48 333 172

* Excluding Arab Countries.

29 - CREDIT EXPOSURE FOR ASSETS CATEGORIZED BY ECONOMIC SECTOR

The details for this items are as follows:

30 September 2021
(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	-	-	-	-	-	-	-	-	-	-	-	10 924 188	10 924 188
Balances and deposits with banks and financial institutions	-	-	-	-	-	-	-	-	-	-	4 301 050	-	4 301 050
Financial assets at fair value through profit or loss	-	-	-	-	-	-	-	-	-	-	72 411	14 574	86 985
Financial assets at fair value through OCI	-	-	-	-	-	-	-	-	-	41 408	17 112	199 913	258 433
Direct credit facilities at amortized cost	8 853 488	4 929 697	2 360 133	1 651 225	4 450 257	341 687	771 273	638 909	7 491	4 211 214	287 394	2 356 469	30 859 237
Other financial assets at amortized cost	-	110 506	-	6 953	-	-	-	-	-	267 546	981 378	9 389 007	10 755 390
Other assets and Financial Derivatives - positive fair value	54 015	34 881	11 985	9 215	27 995	1 792	4 870	5 754	-	143 680	121 231	92 881	508 299
Total	8 907 503	5 075 084	2 372 118	1 667 393	4 478 252	343 479	776 143	644 663	7 491	4 663 848	5 780 576	22 977 032	57 693 582
Total as of 31 December 2020 (Audited)	5 883 353	4 700 198	1 872 257	1 643 625	3 926 238	336 602	636 983	358 558	11 985	3 510 756	6 259 677	19 192 940	48 333 172

30 - CAPITAL

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

	30 September 2021 (Reviewed not Audited)	31 December 2020 (Audited)
	USD '000	USD '000
Common Equity Tier 1	9 505 638	9 006 760
Regulatory Adjustments (Deductions from Common Equity Tier 1)	(2 848 079)	(3 356 130)
Additional Tier 1	274 580	439
Supplementary Capital	396 486	416 260
Regulatory Capital	7 328 625	6 067 329
Risk-weighted assets (RWA)	43 519 539	36 180 487
Common Equity Tier 1 Ratio	%15.30	%15.62
Tier 1 Capital Ratio	%15.93	%15.62
Capital Adequacy Ratio	%16.84	%16.77

- 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.

31 - 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 2021 (Reviewed not Audited)	31 December 2020 (Audited)				
	USD '000	USD '000				
Financial Assets at Fair Value						
Financial assets at fair value through profit or loss:						
Treasury bills and bonds	14 574	79 694	Level 1	Quoted Shares	Not Applicable	Not Applicable
Corporate bonds	72 411	204 136	Level 1	Quoted Shares	Not Applicable	Not Applicable
Shares and mutual funds	25 616	20 224	Level 1	Quoted Shares	Not Applicable	Not Applicable
Total Financial Assets at Fair Value through Profit or Loss	112 601	304 054				
Financial derivatives - positive fair value	106 101	91 510	Level 2	Through Comparison of similar financial instruments	Not Applicable	Not Applicable
Financial assets at fair value through other comprehensive income:						
Quoted shares	150 507	122 363	Level 1	Quoted Shares	Not Applicable	Not Applicable
Unquoted shares	233 852	287 352	Level 2	Through using the index sector in the market	Not Applicable	Not Applicable
Governmental and Corporate bonds through OCI	258 433	-	Level 2	Through using the index sector in the market	Not Applicable	Not Applicable
Total financial assets at fair value through other comprehensive income	642 792	409 715				
Total Financial Assets at Fair Value	861 494	805 279				
Financial Liabilities at Fair Value						
Financial derivatives - negative fair value	62 918	170 956	Level 2	Through Comparison of similar financial instruments	Not Applicable	Not Applicable
Total Financial Liabilities at Fair Value	62 918	170 956				

There were no transfers between Level 1 and 2 during the nine-months period ended 30 September 2021 and the year 2020.

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 2021 (Reviewed not Audited)		31 December 2020 (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	6 075 656	6 077 058	5 519 559	5 520 337	Level 2
Balances and deposits with banks and financial institutions	4 301 050	4 304 000	4 889 330	4 890 794	Level 2
Direct credit facilities at amortized cost	30 859 237	31 066 051	23 907 858	23 985 577	Level 2
Other financial assets at amortized cost	10 755 390	10 859 736	8 762 789	8 859 096	Level 1 & 2
Total financial assets not calculated at fair value	51 991 333	52 306 845	43 079 536	43 255 804	
Financial liabilities not calculated at fair value					
Banks' and financial institutions' deposits	4 215 954	4 218 096	3 974 226	3 984 107	Level 2
Customer deposits	44 035 644	44 220 742	36 235 138	36 328 603	Level 2
Cash margin	2 572 356	2 578 910	2 483 253	2 491 389	Level 2
Borrowed funds	629 248	635 296	609 791	615 966	Level 2
Total financial liabilities not calculated at fair value	51 453 202	51 653 044	43 302 408	43 420 065	

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.

34 - RELATED PARTIES TRANSACTIONS

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

	30 September 2021 (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	91 540	-	121 605	27 290
Major Shareholders and Members of the Board of Directors	-	319 901	692 512	53 308
Total	91 540	319 901	814 117	80 598

	31 December 2020 (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	197 484	-	20 940	71 161
Major Shareholders and Members of the Board of Directors	-	279 057	671 215	89 512
Total	197 484	279 057	692 155	160 673

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

	30 September 2020 (Reviewed not Audited)	
	Interest Income	Interest Expense
	USD '000	USD '000
Associated Companies	1 591	922

- Direct credit facilities granted to top management personnel amounted to USD 1.4 million and indirect credit facilities amounted to USD 14.1 thousand as of 30 September 2021 (USD 1.8 million direct credit facilities and USD 217.1 thousand indirect credit facilities as of 31 December 2020).

- 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 5.8 million as of 30 September 2021 (USD 5.4 million as of 31 December 2020).

- The salaries and other fringe benefits of the Group's top management personnel, inside and outside Jordan, amounted to USD 48.2 million for the nine-months period ended 30 September 2021 (USD 53.1 million for the nine-months period ended 30 September 2020).

35 - LEGAL CASES

There are lawsuits filed against the Bank totaling USD 328.6 million as of 30 September 2021 (USD 289.1 million as of 31 December 2020). In the opinion of the management and the lawyers representing the Bank in the litigation at issue, the provisions taken in connection with the lawsuits are adequate.

36 - COMPARATIVE FIGURES

Some the comparative figures for the year 2020 have been reclassified to correspond with the nine-months period ended 30 September 2021 presentation and it did not result in any change to last year's operating results.