

**ARAB BANK GROUP**

**AMMAN - HASHEMITE KINGDOM OF JORDAN**

**CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**

**(REVIEWED NOT AUDITED)**

**30 JUNE 2023**

**ARAB BANK GROUP**  
**AMMAN - HASHEMITE KINGDOM OF JORDAN**  
**CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**  
**(REVIEWED NOT AUDITED)**  
**30 JUNE 2023**

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## **Report on the Review of the Condensed Consolidated Interim Financial Information**

AM / 6631

To the Chairman and Members of the Board of Directors  
Arab Bank Group  
(A Public Shareholding Limited Company)  
Amman – The Hashemite Kingdom of Jordan

### **Introduction**

We have reviewed the accompanying condensed consolidated interim statement of financial position for Arab Bank Group (A Public Shareholding Limited Company) as of June 30, 2023, and the related condensed consolidated interim statements of income and comprehensive income for the three-month and six-month period ended as of June 30, 2023, changes in owners' equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for preparation and fair presentation of interim financial information in accordance with International Accounting Standard 34 Interim Financial Reporting. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

### **Scope of Review**

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of 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 condensed consolidated interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34 Interim Financial Reporting.

### **Other Matters**

- The condensed consolidated interim financial information of the Bank for the six-month period ended June 30, 2022 and the annual consolidated financial statements for the year ended December 31, 2022 were reviewed and audited respectively by another auditor who expressed an unmodified conclusion and unmodified opinion on the financial information and the statements on July 28, 2022 and February 12, 2023 respectively.
- The accompanying condensed consolidated interim financial information are a translation of the condensed consolidated interim financial information in the Arabic language to which reference is to be made.

Amman – Jordan  
July 30, 2023

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

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

	Notes	30 June 2023 (Reviewed not Audited)	31 December 2022 (Audited)
		USD '000	USD '000
<b><u>ASSETS</u></b>			
Cash and balances with central banks	4	13 075 745	11 695 391
Balances with banks and financial institutions	5	3 512 898	4 008 144
Deposits with banks and financial institutions	6	377 935	610 306
Financial assets at fair value through profit or loss	7	67 129	72 253
Financial derivatives - positive fair value		201 315	196 232
Direct credit facilities at amortized cost	9	32 308 098	31 726 598
Financial assets at fair value through other comprehensive income	8	752 020	750 572
Other financial assets at amortized cost	10	9 482 165	10 002 475
Investments in associates		3 686 239	3 558 864
Fixed assets	11	516 661	530 393
Other assets	12	1 288 805	1 028 650
Deferred tax assets		236 144	279 945
<b>Total Assets</b>		<b>65 505 154</b>	<b>64 459 823</b>
<b><u>LIABILITIES AND SHAREHOLDERS' EQUITY</u></b>			
Banks and financial institutions' deposits		3 708 174	3 517 640
Customers' deposits	13	45 825 498	45 287 371
Cash margin		2 464 294	2 461 500
Financial derivatives - negative fair value		151 418	163 611
Borrowed funds	14	538 709	522 368
Provision for income tax	15	254 841	293 029
Other provisions		224 821	232 423
Other liabilities	16	1 756 024	1 570 172
Deferred tax liabilities		10 825	9 253
<b>Total Liabilities</b>		<b>54 934 604</b>	<b>54 057 367</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	153 030
Reserves with associates		1 540 896	1 540 896
Foreign currency translation reserve		( 380 004)	( 400 986)
Investments revaluation reserve		( 371 811)	( 362 590)
Retained earnings	19	3 433 533	3 289 293
<b>Total Equity Attributable to the Shareholders of the Bank</b>		<b>9 643 863</b>	<b>9 487 862</b>
Perpetual tier 1 capital bonds	18	360 527	360 527
Non-controlling interests		566 160	554 067
<b>Total Shareholders' Equity</b>		<b>10 570 550</b>	<b>10 402 456</b>
<b>Total Liabilities and Shareholders' Equity</b>		<b>65 505 154</b>	<b>64 459 823</b>

The accompanying notes from (1) to (34) form an integral part of these condensed consolidated interim financial information and should be read with them and with the review report.

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

	Notes	For the Six-Months Period Ended 30 June		For the Three-Months Period Ended 30 June	
		2023	2022	2023	2022
		USD '000	USD '000	USD '000	USD '000
<b>REVENUE</b>					
Interest income	20	1 723 198	1 132 932	891 689	577 091
Less: interest expense	21	739 117	432 367	385 950	219 018
<b>Net Interest Income</b>		<b>984 081</b>	<b>700 565</b>	<b>505 739</b>	<b>358 073</b>
Net commission income	22	199 557	196 017	104 810	96 966
<b>Net Interest and Commission Income</b>		<b>1 183 638</b>	<b>896 582</b>	<b>610 549</b>	<b>455 039</b>
Foreign exchange differences		57 434	56 106	29 597	29 888
Gain from financial assets at fair value	23	1 482	( 289)	323	( 610)
Dividends from financial assets at fair value through other comprehensive income	8	7 410	7 205	3 207	2 272
Group's share of profits of associates		258 162	169 872	126 436	87 298
Other revenue - net	24	22 714	38 705	9 991	20 048
<b>Total Income</b>		<b>1 530 840</b>	<b>1 168 181</b>	<b>780 103</b>	<b>593 935</b>
<b>EXPENSES</b>					
Employees' expenses		343 913	313 410	171 818	153 685
Other expenses		215 043	194 982	115 288	104 109
Depreciation and amortization		42 130	42 595	20 657	21 790
Expected credit loss on financial assets		298 894	221 423	167 440	145 768
Provision for impairment of investments held for sale		-	13 000	-	13 000
Other provisions		13 132	5 035	7 349	3 101
<b>Total Expenses</b>		<b>913 112</b>	<b>790 445</b>	<b>482 552</b>	<b>441 453</b>
<b>Profit for the Period before Income Tax</b>		<b>617 728</b>	<b>377 736</b>	<b>297 551</b>	<b>152 482</b>
Less: Income tax expense	15	216 460	125 379	112 581	66 168
<b>Profit for the Period</b>		<b>401 268</b>	<b>252 357</b>	<b>184 970</b>	<b>86 314</b>
<b>Attributable to :</b>					
- Bank's shareholders		383 065	241 647	174 552	82 781
- Non-controlling interests		18 203	10 710	10 418	3 533
<b>Total</b>		<b>401 268</b>	<b>252 357</b>	<b>184 970</b>	<b>86 314</b>
Earnings per share attributable to the Bank's shareholders					
- Basic and Diluted (US Dollars)	31	0.59	0.37	0.26	0.12

The accompanying notes from (1) to (34) form an integral part of these condensed consolidated interim financial information and should be read with them and with the review report.

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

	For the Six-Months Period Ended 30 June		For the Three-Months Period Ended 30 June	
	2023	2022	2023	2022
	USD '000	USD '000	USD '000	USD '000
<b>Profit for the period</b>	<b>401 268</b>	<b>252 357</b>	<b>184 970</b>	<b>86 314</b>
<b>Add: Other comprehensive income items - after tax</b>				
<b><u>Items that will be subsequently transferred to profit or loss</u></b>				
Exchange differences arising from the translation of foreign currencies	24 364	( 79 372)	7 747	( 60 479)
Revaluation (loss) on financial assets at fair value through other comprehensive income	( 2 652)	( 7 848)	( 5 260)	( 3 860)
<b><u>Items that will not be subsequently transferred to profit or loss</u></b>				
<b>Net change in fair value of financial assets at fair value through other comprehensive income</b>	<b>( 7 573)</b>	<b>( 16 835)</b>	<b>( 5 305)</b>	<b>( 47 202)</b>
Revaluation (loss) on equity instruments at fair value through other comprehensive income	( 7 322)	( 16 835)	( 5 095)	( 47 202)
(Loss) from sale of financial assets at fair value through other comprehensive income	( 251)	-	( 210)	-
<b>Total Other Comprehensive Income Items - after Tax</b>	<b>14 139</b>	<b>( 104 055)</b>	<b>( 2 818)</b>	<b>( 111 541)</b>
<b>Total Comprehensive Income for the Period</b>	<b>415 407</b>	<b>148 302</b>	<b>182 152</b>	<b>( 25 227)</b>
Attributable to :				
- Bank's shareholders	394 575	144 813	171 274	( 24 548)
- Non-controlling interests	20 832	3 489	10 878	( 679)
<b>Total</b>	<b>415 407</b>	<b>148 302</b>	<b>182 152</b>	<b>( 25 227)</b>

The accompanying notes from (1) to (34) form an integral part of these condensed consolidated interim financial information and should be read with them and with the review report.

**ARAB BANK GROUP**  
**CONDENSED CONSOLIDATED INTERIM 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	Perpetual Bonds (Tier 1 Capital)	Non-Controlling Interests	Total Shareholders' Equity
<b>For the Six-Months Period Ended 30 June 2023</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
Balance at the beginning of the Period	926 615	1 225 747	926 615	977 315	1 211 927	153 030	1 540 896	(400 986)	(362 590)	3 289 293	9 487 862	360 527	554 067	10 402 456
Profit for the period	-	-	-	-	-	-	-	-	-	383 065	383 065	-	18 203	401 268
Other comprehensive income for the period	-	-	-	-	-	-	-	20 982	(9 472)	-	11 510	-	2 629	14 139
<b>Total Comprehensive Income for the Period</b>	-	-	-	-	-	-	-	20 982	(9 472)	383 065	394 575	-	20 832	415 407
Transferred from investments revaluation reserve to retained earnings	19	-	-	-	-	-	-	-	251	(251)	-	-	-	-
Dividends distributed	19	-	-	-	-	-	-	-	-	(231 640)	(231 640)	-	(1 763)	(233 403)
Adjustments during the period	-	-	-	-	-	-	-	-	-	(6 934)	(6 934)	-	(6 976)	(13 910)
<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>(380 004)</b>	<b>(371 811)</b>	<b>3 433 533</b>	<b>9 643 863</b>	<b>360 527</b>	<b>566 160</b>	<b>10 570 550</b>
<b>For the Six-Months Period Ended 30 June 2022</b>														
Balance at the beginning of the period	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	438 449	556 173	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 distributed	19	-	-	-	-	-	-	-	-	(186 532)	(186 532)	-	(2 115)	(188 647)
Issuance of Perpetual Bonds	-	-	-	-	-	-	-	-	-	-	-	(77 922)	-	(77 922)
Transferred from general banking risk reserve	19	-	-	-	-	(1 141)	-	-	-	1 141	-	-	-	-
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>360 527</b>	<b>550 161</b>	<b>10 196 672</b>

\* The retained earnings include restricted deferred tax assets in the amount of USD 222.9 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 2023.

\* The Bank cannot use a restricted amount of USD 371.8 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 2023.

\* The Central Bank of Jordan issued regulations No. 13/2018 dated 6 June 2018, which requires the transfer of the general banking risk reserve balance (calculated in accordance with the Central Bank of Jordan's regulations) to the retained earnings to offset the effect of IFRS 9 on the opening balance of the retained earnings account as of 1 January 2018. The regulations also instructs that the extra balance of the general banking risk reserve amounting to (USD 37.6 million) should be restricted and may not be distributed as dividends to the shareholders or used for any other purposes without prior approval from the Central Bank of Jordan.

The accompanying notes from (1) to (34) form an integral part of these condensed consolidated interim financial information and should be read with them and with the review report.

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

	Notes	For the Six-Months Period Ended 30 June	
		2023	2022
		USD '000	USD '000
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
<b>Profit for the period before tax</b>		<b>617 728</b>	<b>377 736</b>
Adjustments for:			
Group's share of profits of associates		( 258 162)	( 169 872)
Depreciation and amortization		42 130	42 595
Expected credit losses on financial assets		298 894	221 423
Net accrued interest		70 836	47 091
(Gain) from sale of fixed assets		( 189)	( 527)
Dividends on financial assets at fair value through other comprehensive income	8	( 7 410)	( 7 205)
(Gain) loss from revaluation of financial assets at fair value through profit or loss	23	( 1 019)	1 026
Provision for impairment of investments held for sale		-	13 000
Other provisions		13 132	5 035
<b>Total</b>		<b>775 940</b>	<b>530 302</b>
<b><u>(Increase) decrease in assets:</u></b>			
Balances with central banks (maturing after 3 months)		-	-
Deposits with banks and financial institutions (maturing after 3 months)		232 735	( 298 620)
Direct credit facilities at amortized cost		( 828 453)	(1 194 279)
Financial assets at fair value through profit or loss		6 143	2 369
Other assets and financial derivatives		( 186 642)	( 216 635)
<b><u>Increase (decrease) in liabilities:</u></b>			
Banks' and financial institutions' deposits (maturing after 3 months)		( 13 287)	( 279 627)
Customer's deposits		538 127	( 79 792)
Cash margin		2 794	94 854
Other liabilities and financial derivatives		3 918	48 504
<b>Net Cash Flows From (Used in) Operating Activities before Income Tax</b>		<b>531 275</b>	<b>(1 392 924)</b>
Income tax paid	15	( 210 252)	( 159 922)
<b>Net Cash Flows From (Used in) Operating Activities</b>		<b>321 023</b>	<b>(1 552 846)</b>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>			
(Purchase) of financial assets at fair value through other comprehensive income		( 11 733)	( 42 054)
Maturity of other financial assets at amortized cost		514 823	465 452
(Increase) decrease of investments in associates		( 9 167)	711
Dividends received from associates		122 775	93 281
Dividends received from financial assets at fair value through other comprehensive income		7 410	7 205
(Increase) in fixed assets - net		( 28 209)	( 18 230)
<b>Net Cash Flows from Investing Activities</b>		<b>595 899</b>	<b>506 365</b>
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>			
Increase (decrease) in borrowed funds		16 341	( 25 505)
(Decrease) increase in Perpetual Bonds	18	-	( 77 922)
Dividends paid to shareholders		( 230 845)	( 173 862)
Dividends paid to non-controlling interests		( 1 763)	( 2 115)
<b>Net Cash Flows (used in) Financing Activities</b>		<b>( 216 267)</b>	<b>( 279 404)</b>
Net increase (decrease) in cash and cash equivalents		700 655	(1 325 885)
Exchange differences - change in foreign exchange rates		24 364	( 78 064)
Cash and cash equivalents at the beginning of the period		12 434 674	12 260 052
<b>Cash and Cash Equivalents at the End of the Period</b>	32	<b>13 159 693</b>	<b>10 856 103</b>
<b>Operational Cash Flows form Interest</b>			
Interest Paid		633 486	411 932
Interest Received		1 688 403	1 159 588

The accompanying notes from (1) to (34) form an integral part of these condensed consolidated interim financial information and should be read with them and with the review report.



**ARAB BANK GROUP**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**  
**30 JUNE 2023**  
**(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 72 branches in Jordan and 128 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 condensed consolidated interim financial information was approved by the Board of Directors in its meeting Number (7) on 28 July 2023.

**2 - BASIS OF PREPARATION AND CONSOLIDATION**

**2 - 1 BASIS OF PREPARATION**

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

The condensed consolidated interim financial information is 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 information.

The accompanying condensed consolidated interim financial information 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 2022. In addition, the results of the Group's operations for the six-months period ended 30 June 2023 do not necessarily represent indications of the expected results for the year ending 31 December 2023, and do not contain the appropriation of the profit of the current period, which is usually performed at year end.

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

**ARAB BANK GROUP**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**  
**30 JUNE 2023**  
**(REVIEWED NOT AUDITED)**

**2-2 BASIS OF CONSOLIDATION**

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

Company Name	Percentage of Ownership %		Date of acquisition	Principal Activity	Place of Incorporation	Paid in Capital
	30 June 2023	31 December 2022				
Europe Arab Bank plc	100.00	100.00	2006	Banking	United Kingdom	€ 570m
Arab Bank Australia Limited	100.00	100.00	1994	Banking	Australia	AUD 119.3
Islamic International Arab Bank plc	100.00	100.00	1997	Banking	Jordan	JD 100m
Arab National Leasing Company LLC	100.00	100.00	1996	Financial Leasing	Jordan	JD 50m
Al-Arabi Investment Group LLC	100.00	100.00	1996	Brokerage and financial services	Jordan	JD 14m
Arab Sudanese Bank Limited	100.00	100.00	2008	Banking	Sudan	SDG 117.5m
Al Arabi Investment Group	100.00	100.00	2009	Brokerage and financial services	Palestine	JD 1.7m
Arab Tunisian Bank	64.24	64.24	1982	Banking	Tunisia	TND 128m
Oman Arab Bank	49.00	49.00	1984	Banking	Oman	OMR 166.9m
Arab Bank Syria	51.29	51.29	2005	Banking	Syria	SYP 5.05b
Al Nisr Al Arabi Insurance Company	50.00	50.00	2006	Insurance	Jordan	JD 10m

Arab Bank Switzerland (Limited) which is an integral part of Arab Bank Group is also consolidated in the Group's financial statements.

The consolidated condensed interim financial information includes the financial statements of the Bank and the subsidiary companies controlled by the Bank. Control is achieved when the Bank has the power to govern the financial and operating policies of the subsidiaries to obtain benefits from their activities. All intra-group transactions, balances, income, and expenses are eliminated.

The subsidiaries' financial information are prepared under the same accounting policies adopted by the Bank. If the subsidiaries apply different accounting policies than those used by the Bank, the necessary modifications shall be made to the subsidiaries' financial information to ensure compliance with the accounting policies used by the Bank.

The results of the subsidiary companies are incorporated into the condensed consolidated interim statement of profit or loss from the effective date of acquisition, which is the date when the Bank assumes actual control over the subsidiary. Moreover, the operating results of the disposed subsidiary are incorporated into the consolidated condensed interim statement of profit or loss up to the effective date of disposal which is the date on which the Bank loses control over the subsidiary companies.

Non-controlling interest represents the portion of equity not held by the Bank in the subsidiary.

Arab Bank Switzerland has signed an agreement to acquire a controlling stake in an investment company in Switzerland during the first half of 2023. The amounts paid have been recorded within other assets in the Group, pending the completion of all acquisition-related procedures, which are expected to be finalized during the second half of the current year.

**ARAB BANK GROUP**

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**

**30 JUNE 2023**

**(REVIEWED NOT AUDITED)**

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**2-3 CHANGES IN ACCOUNTING POLICIES**

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

**IFRS 17 Insurance Contracts (including the June 2020 amendments to IFRS 17)**

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts.

IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach.

The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees.

In June 2020, the Board issued Amendments to IFRS 17 to address concerns and implementation challenges that were identified after IFRS 17 was published. The amendments defer the date of initial application of IFRS 17 (incorporating the amendments) to annual reporting periods beginning on or after 1 January 2023. At the same time, the Board issued Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4) that extends the fixed expiry date of the temporary exemption from applying IFRS 9 in IFRS 4 to annual reporting periods beginning on or after 1 January 2023.

In December 2021, the IASB issued Initial Application of IFRS 17 and IFRS 9—Comparative Information (Amendment to IFRS 17) to address implementation challenges that were identified after IFRS 17 was published. The amendment addresses challenges in the presentation of comparative information.

**Amendments to IAS 1 Presentation of Financial Statements – Classification of Liabilities as Current or Non-current**

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

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

## **ARAB BANK GROUP**

### **NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**

**30 JUNE 2023**

**(REVIEWED NOT AUDITED)**

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For the purpose of the transition requirements, the date of initial application is the start of the annual reporting period in which the entity first applies the Standard, and the transition date is the beginning of the period immediately preceding the date of initial application.

#### **Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements - Disclosure of Accounting Policies**

The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term ‘significant accounting policies’ with ‘material accounting policy information’. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The Board has also developed guidance and examples to explain and demonstrate the application of the ‘four-step materiality process’ described in IFRS Practice Statement 2.

#### **Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates**

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”.

The definition of a change in accounting estimates was deleted. However, the Board retained the concept of changes in accounting estimates in the Standard with the following clarifications:

- A change in accounting estimate that results from new information or new developments is not the correction of an error
- The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors

The IASB added two examples (Examples 4-5) to the Guidance on implementing IAS 8, which accompanies the Standard. The IASB has deleted one example (Example 3) as it could cause confusion in light of the amendments.

#### **Amendments to IAS 12 Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction**

The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.

**ARAB BANK GROUP**

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**

**30 JUNE 2023**

**(REVIEWED NOT AUDITED)**

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Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. For example, this may arise upon recognition of a lease liability and the corresponding right-of-use asset applying IFRS 16 at the commencement date of a lease.

Following the amendments to IAS 12, an entity is required to recognise the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12.

The Board also adds an illustrative example to IAS 12 that explains how the amendments are applied.

The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period an entity recognises:

- A deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with:
  - Right-of-use assets and lease liabilities
  - Decommissioning, restoration and similar liabilities and the corresponding amounts recognised as part of the cost of the related asset

The cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date.

**3 - USE OF ESTIMATE**

Preparation of the condensed consolidated interim financial information and the application of the Group's accounting policies require the Group's management to make judgments and estimates that affect the financial assets and financial liabilities balances and disclosure of contingent liabilities. They also affect revenue, expenses, provisions, the provision for expected credit loss and the changes in fair value that appear in the condensed statement of comprehensive income and within owner's equity. In particular, this requires the Group's management to make significant judgments to estimate future cash flows and their timing. The mentioned estimates are necessarily based on different assumptions and factors that have varying amounts of estimation and uncertainty, and the actual results may differ from estimates due to changes resulting from those estimates future circumstances.

The estimates and assumptions adopted in preparing these condensed consolidated interim financial information are reasonable and consistent with those used when preparing the year 2022 Consolidated financial statements.

#### 4. CASH AND BALANCES WITH CENTRAL BANKS

The details of this item are as follows:

	30 June 2023 (Reviewed not Audited)	31 December 2022 (Audited)
	USD '000	USD '000
Cash in vaults	868 292	915 691
Balances with central banks:		
Current accounts	4 797 645	3 772 897
Time and notice	6 151 042	5 677 583
Mandatory cash reserve	1 357 621	1 430 592
Certificates of deposit	177 800	131 412
<b>Less: Expected credit loss</b>	<b>( 276 655)</b>	<b>( 232 784)</b>
<b>Total</b>	<b>13 075 745</b>	<b>11 695 391</b>

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

- There were no balances and certificates of deposits maturing after three months as of 30 June 2023 and 31 December 2022.

The movement of expected credit loss "ECL" charges on Balances with Central Banks during the period / year ended was as follows:

	30 June 2023 (Reviewed not Audited)			31 December 2022 (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>1 734</b>	<b>231 050</b>	<b>-</b>	<b>232 784</b>	<b>201 912</b>
Net ECL Charges for the period/ year	( 71)	43 934	-	43 863	30 998
Adjustments during the period and translation adjustments	15	( 7)	-	8	( 126)
<b>Balance at the end of the period/ year</b>	<b>1 678</b>	<b>274 977</b>	<b>-</b>	<b>276 655</b>	<b>232 784</b>

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

The details of this item are as follows:

##### Local banks and financial institutions

	30 June 2023 (Reviewed not Audited)	31 December 2022 (Audited)
	USD '000	USD '000
Current accounts	4 085	4 181
Time deposits maturing within 3 months	237 849	194 821
<b>Total</b>	<b>241 934</b>	<b>199 002</b>

##### Banks and financial institutions abroad

	30 June 2023 (Reviewed not Audited)	31 December 2022 (Audited)
	USD '000	USD '000
Current accounts	1 395 208	1 196 198
Time deposits maturing within 3 months	1 878 247	2 615 574
<b>Total</b>	<b>3 273 455</b>	<b>3 811 772</b>
<b>Less: Expected credit loss</b>	<b>( 2 491)</b>	<b>( 2 630)</b>
<b>Total balances with banks and financial institutions local and abroad</b>	<b>3 512 898</b>	<b>4 008 144</b>

- There are no non-interest bearing balances as of 30 June 2023 and 31 December 2022.

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

The movement of expected credit loss "ECL" charges on Balances with Banks & Financial Institutions during the period / year ended was as follows:

	30 June 2023 (Reviewed not Audited)			31 December 2022 (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	2 630	-	-	2 630	2 765
Net ECL Charges for the period	( 193)	-	-	( 193)	( 81)
Adjustments during the period and translation adjustments	54	-	-	54	( 54)
<b>Balance at the end of the period \ year</b>	<b>2 491</b>	<b>-</b>	<b>-</b>	<b>2 491</b>	<b>2 630</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 2023 (Reviewed not Audited)	31 December 2022 (Audited)
	USD '000	USD '000
Time deposits maturing after 3 months and before 6 months	7 753	-
Time deposits maturing after one year	47 610	47 610
<b>Total</b>	<b>55 363</b>	<b>47 610</b>

##### Deposits with Banks and Financial Institutions Abroad:

	30 June 2023 (Reviewed not Audited)	31 December 2022 (Audited)
	USD '000	USD '000
Time deposits maturing after 3 months and before 6 months	234 666	412 164
Time deposits maturing after 6 months and before 9 months	13 807	131 816
Time deposits maturing after 9 months and before a year	-	19 958
Certificates of deposits maturing after 6 months and before 9 months	74 977	-
<b>Total</b>	<b>323 450</b>	<b>563 938</b>

##### Less: Expected credit loss

	( 878)	( 1 242)
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##### Total deposits with banks and financial institutions local and abroad

	<b>377 935</b>	<b>610 306</b>
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- There are no restricted deposits as of 30 June 2023 and 31 December 2022.

The movement of expected credit loss "ECL" charges on Deposits with Banks & Financial Institutions during the period / year ended was as follows:

	30 June 2023 (Reviewed not Audited)			31 December 2022 (Audited)	
	USD '000	USD '000	USD '000	USD '000	USD '000
	Stage 1	Stage 2	Stage 3	Total	Total
Balance at the beginning of the period/ year	1 242	-	-	1 242	846
Net ECL Charges for the period/ year	( 407)	-	-	( 407)	404
Adjustments during the period and translation adjustments	43	-	-	43	( 8)
<b>Balance at the end of the period/ year</b>	<b>878</b>	<b>-</b>	<b>-</b>	<b>878</b>	<b>1 242</b>

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

The details of this item are as follows:

	30 June 2023 (Reviewed not Audited)	31 December 2022 (Audited)
	USD '000	USD '000
Treasury bills and Governmental bonds	29 348	35 315
Corporate bonds	13 610	13 347
Corporate shares	2 272	1 981
Mutual funds	21 899	21 610
<b>Total</b>	<b>67 129</b>	<b>72 253</b>

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

The details of this item are as follows:

	30 June 2023 (Reviewed not Audited)	31 December 2022 (Audited)
	USD '000	USD '000
Quoted shares	162 761	152 699
Unquoted shares	176 640	197 111
Governmental bonds and bonds guaranteed by the government through OCI	293 186	292 294
Corporate bonds through OCI	120 023	109 004
<b>Less: Expected credit loss on bonds</b>	<b>( 590)</b>	<b>( 536)</b>
<b>Total</b>	<b>752 020</b>	<b>750 572</b>

- Cash dividends from the investments above amounted to USD 7.4 million for the six-months period ended 30 June 2023 (USD 7.2 millions for the six-months period ended 30 June 2022).

The movement of expected credit loss "ECL" charges on Financial Assets at OCI during the period / year ended was as follows:

	30 June 2023 (Reviewed not Audited)			31 December 2022 (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>536</b>	<b>-</b>	<b>-</b>	<b>536</b>	<b>472</b>
Net ECL Charges for the period/ year	60	-	-	60	64
Adjustments during the period and translation adjustments	( 6)	-	-	( 6)	-
<b>Balance at the end of the period/ year</b>	<b>590</b>	<b>-</b>	<b>-</b>	<b>590</b>	<b>536</b>



## 9- DIRECT CREDIT FACILITIES AT AMORTIZED COST

The details of this item are as follows:

	<b>30 June 2023</b>					<b>Total</b>
	<b>(Reviewed not Audited)</b>					
	Consumer Banking	Corporates		Banks and Financial Institutions	Government and Public Sector	
	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 *	44 982	91 592	522 654	158 552	32 052	849 832
Overdrafts *	94 507	1 216 663	3 045 313	5 337	501 512	4 863 332
Loans and advances *	5 341 499	2 380 852	14 242 192	19 954	2 910 349	24 894 846
Real-estate loans	4 477 702	395 284	271 929	-	-	5 144 915
Credit cards	299 008	-	-	-	-	299 008
<b>Total</b>	<b>10 257 698</b>	<b>4 084 391</b>	<b>18 082 088</b>	<b>183 843</b>	<b>3 443 913</b>	<b>36 051 933</b>
<u>Less:</u> Interest and commission in suspense	118 972	139 142	605 599	50	-	863 763
Expected Credit Loss	288 684	380 319	2 191 551	4 043	15 475	2 880 072
<b>Total</b>	<b>407 656</b>	<b>519 461</b>	<b>2 797 150</b>	<b>4 093</b>	<b>15 475</b>	<b>3 743 835</b>
<b>Net Direct Credit Facilities At Amortized Cost</b>	<b>9 850 042</b>	<b>3 564 930</b>	<b>15 284 938</b>	<b>179 750</b>	<b>3 428 438</b>	<b>32 308 098</b>

\* Net of interest and commission received in advance which amounted to USD 165.7 million as of 30 June 2023.

- Rescheduled loans during the six-months period ended 30 June 2023 amounted to USD 318.4 million .
- Restructured loans (transferred from non performing to watch list loans) during the six-months period ended 30 June 2023 amounted to USD 0.8 million.
- Direct credit facilities granted to and guaranteed by the Government of Jordan amounted to USD 164.9 million, or 0.5% of total direct credit facilities as of 30 June 2023.
- Non-performing direct credit facilities amounted to USD 3059.6 million, or 8.5% of total direct credit facilities as of 30 June 2023.
- Non-performing direct credit facilities (net of interest and commission in suspense) amounted to USD 2218.7 million, or 6.3% of direct credit facilities after deducting interest and commission in suspense as of 30 June 2023.

**31 December 2022**

**(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 *	46 125	82 585	654 372	318 226	16 000	1 117 308
Overdrafts *	91 982	1 291 488	3 163 709	5 337	343 839	4 896 355
Loans and advances *	5 253 959	2 332 858	13 815 556	30 225	2 671 387	24 103 985
Real-estate loans	4 338 549	404 266	290 822	-	-	5 033 637
Credit cards	288 992	-	-	-	-	288 992
<b>Total</b>	<b>10 019 607</b>	<b>4 111 197</b>	<b>17 924 459</b>	<b>353 788</b>	<b>3 031 226</b>	<b>35 440 277</b>
<u>Less:</u> Interest and commission in suspense	112 987	141 609	646 506	49	-	901 151
Expected Credit Loss	292 007	421 493	2 078 270	4 751	16 007	2 812 528
<b>Total</b>	<b>404 994</b>	<b>563 102</b>	<b>2 724 776</b>	<b>4 800</b>	<b>16 007</b>	<b>3 713 679</b>
<b>Net Direct Credit Facilities at Amortized Cost</b>	<b>9 614 613</b>	<b>3 548 095</b>	<b>15 199 683</b>	<b>348 988</b>	<b>3 015 219</b>	<b>31 726 598</b>

\* Net of interest and commission received in advance which amounted to USD 136 million as of 31 December 2022.

- Rescheduled loans during the year ended 31 December 2022 amounted to USD 1001.9 million .
- Restructured loans (transferred from non performing to watch list loans) during the year ended 31 December 2022 amounted to USD 4.6 million.
- Direct credit facilities granted to and guaranteed by the Government of Jordan amounted to USD 139.5 million, or 0.4% of total direct credit facilities as of 31 December 2022.
- Non-performing direct credit facilities amounted to USD 2930 million, or 8.3% of total direct credit facilities as of 31 December 2022.
- Non-performing direct credit facilities ( net of interest and commission in suspense ) amounted to USD 2084.1 million, or 6% of direct credit facilities after deducting interest and commission in suspense as of 31 December 2022.

The details of movement on the provision for expected credit loss "ECL" during the period ended was as follows:

	<b>30 June 2023</b>			
	<b>(Reviewed not Audited)</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>Balance at the beginning of the period</b>	<b>130 778</b>	<b>792 482</b>	<b>1 889 268</b>	<b>2 812 528</b>
Transferred to Stage 1	16 806	( 5 768)	( 11 038)	-
Transferred to Stage 2	( 4 429)	5 520	( 1 091)	-
Transferred to Stage 3	( 697)	( 244 217)	244 914	-
Net ECL Charges for the period	64 207	93 264	89 482	<b>246 953</b>
Used from provision (written off or transferred to off condensed consolidated interim statement of financial position)	-	-	( 164 570)	<b>( 164 570)</b>
Adjustments during the period and translation adjustments	( 2 760)	( 6 877)	( 5 202)	<b>( 14 839)</b>
<b>Balance at the end of the period</b>	<b>203 905</b>	<b>634 404</b>	<b>2 041 763</b>	<b>2 880 072</b>

The details of movement on the provision for expected credit loss "ECL" during the year ended was as follows:

	<b>31 December 2022</b>			
	<b>(Audited)</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>Balance at the beginning of the year</b>	<b>101 833</b>	<b>655 000</b>	<b>1 826 301</b>	<b>2 583 134</b>
Transferred to Stage 1	13 297	( 13 212)	( 85)	-
Transferred to Stage 2	( 4 752)	5 900	( 1 148)	-
Transferred to Stage 3	( 1 281)	( 61 994)	63 275	-
Net ECL Charges for the year	28 810	199 792	190 438	<b>419 040</b>
Used from provision (written off or transferred to off consolidated statement of financial position)	-	-	( 114 242)	<b>( 114 242)</b>
Adjustments during the period and translation adjustments	( 7 129)	6 996	( 75 271)	<b>( 75 404)</b>
<b>Balance at the end of the year</b>	<b>130 778</b>	<b>792 482</b>	<b>1 889 268</b>	<b>2 812 528</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 2023 and as of 31 December 2022.

- Impairment is assessed based on individual customer accounts.

\* Non-performing loans transferred to off interim condensed consolidated statement of financial position amounted to USD 283.4 million as of 30 June 2023 ( USD 96.2 million as of 31 December 2022) 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 2023</b>						
<b>(Reviewed not Audited)</b>						
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	
<b>Balance at the beginning of the period</b>	<b>112 987</b>	<b>141 609</b>	<b>646 506</b>	<b>49</b>	<b>-</b>	<b>901 151</b>
Interest and commissions suspended during the period	12 523	12 666	77 022	-	-	102 211
Interest and commissions in suspense settled (written off or transferred to off condensed consolidated interim statement of financial position)	( 1 600)	( 12 686)	( 115 511)	-	-	( 129 797)
Recoveries	( 4 893)	( 1 373)	( 3 579)	-	-	( 9 845)
Adjustments during the period	(20)	( 317)	337	-	-	-
Translation adjustments	( 25)	( 757)	824	1	-	43
<b>Balance at the End of the Period</b>	<b>118 972</b>	<b>139 142</b>	<b>605 599</b>	<b>50</b>	<b>-</b>	<b>863 763</b>

<b>31 December 2022</b>						
<b>(Audited)</b>						
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	
<b>Balance at the beginning 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>
Interest and commissions suspended during the year	22 982	25 025	172 697	-	-	220 704
Interest and commissions in suspense settled (written off or transferred to off condensed consolidated interim statement of financial position)	( 7 542)	( 21 085)	( 33 653)	-	-	( 62 280)
Recoveries	( 6 906)	( 2 328)	( 6 990)	-	-	( 16 224)
Adjustment during the year	-	( 1 925)	1 925	-	-	-
Translation adjustments	( 1 831)	( 1 732)	( 16 029)	-	-	( 19 592)
<b>Balance at the End of the Year</b>	<b>112 987</b>	<b>141 609</b>	<b>646 506</b>	<b>49</b>	<b>-</b>	<b>901 151</b>

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

Economic Sector	Inside Jordan	Outside Jordan	<b>30 June 2023</b>	
			<b>(Reviewed not Audited)</b>	
	USD '000	USD '000	USD '000	USD '000
Consumer banking	3 733 887	6 116 155	9 850 042	9 614 613
Industry and mining	1 455 938	3 605 278	5 061 216	5 002 459
Constructions	461 017	1 443 559	1 904 576	2 089 411
Real - Estates	296 404	986 556	1 282 960	1 455 609
Trade	1 416 338	2 788 765	4 205 103	4 306 033
Agriculture	214 895	179 351	394 246	396 992
Tourism and hotels	247 374	528 128	775 502	705 434
Transportations	71 249	248 708	319 957	273 184
Shares	-	24 968	24 968	39 484
General services	705 485	4 175 855	4 881 340	4 479 172
Banks and financial institutions	34 911	144 839	179 750	348 988
Government and public sector	236 110	3 192 328	3 428 438	3 015 219
<b>Net Direct Credit Facilities at amortized Cost</b>	<b>8 873 608</b>	<b>23 434 490</b>	<b>32 308 098</b>	<b>31 726 598</b>

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

The details of this item are as follows:

	<b>30 June 2023</b> (Reviewed not Audited)	<b>31 December</b> <b>2022</b> (Audited)
	<b>USD '000</b>	<b>USD '000</b>
Treasury bills	2 212 556	2 583 487
Governmental bonds and bonds guaranteed by the government	5 935 663	6 075 044
Corporate bonds	1 383 009	1 387 990
<b>Less: Expected credit loss</b>	<b>( 49 063)</b>	<b>( 44 046)</b>
<b>Total</b>	<b>9 482 165</b>	<b>10 002 475</b>

Analysis of bonds based on interest nature:

	<b>30 June 2023</b> (Reviewed not Audited)	<b>31 December</b> <b>2022</b> (Audited)
	<b>USD '000</b>	<b>USD '000</b>
Floating interest rate	457 102	374 082
Fixed interest rate	9 074 126	9 672 439
<b>Less: Expected credit loss</b>	<b>( 49 063)</b>	<b>( 44 046)</b>
<b>Total</b>	<b>9 482 165</b>	<b>10 002 475</b>

Analysis of financial assets based on market quotation:

	<b>30 June 2023</b> (Reviewed not Audited)	<b>31 December</b> <b>2022</b> (Audited)
	<b>USD '000</b>	<b>USD '000</b>
<b>Financial assets quoted in the market:</b>		
Treasury bills	1 299 654	1 219 414
Governmental bonds and bonds guaranteed by the government	1 487 369	1 559 113
Corporate bonds	1 271 941	1 276 778
<b>Total</b>	<b>4 058 964</b>	<b>4 055 305</b>

	<b>30 June 2023</b> (Reviewed not Audited)	<b>31 December</b> <b>2022</b> (Audited)
	<b>USD '000</b>	<b>USD '000</b>
<b>Financial assets unquoted in the market:</b>		
Treasury bills	912 902	1 364 073
Governmental bonds and bonds guaranteed by the government	4 448 295	4 515 931
Corporate bonds	111 067	111 212
<b>Total</b>	<b>5 472 264</b>	<b>5 991 216</b>
<b>Less: Expected credit loss</b>	<b>( 49 063)</b>	<b>( 44 046)</b>
<b>Grand Total</b>	<b>9 482 165</b>	<b>10 002 475</b>

The movement of expected credit loss "ECL" charges on Other Financial Assets at Amortized Cost during the period / year ended was as follows:

	<b>30 June 2023</b> (Reviewed not Audited)			<b>31 December 2022</b> (Audited)	
	<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>
Balance at the beginning of the period/ year	24 926	19 120	-	44 046	34 365
Net ECL Charges for the period/ year	( 105)	5 592	-	5 487	10 930
Adjustments during the period and translation adjustments	( 306)	( 164)	-	( 470)	( 1 249)
<b>Balance at the end of the period/ Year</b>	<b>24 515</b>	<b>24 548</b>	<b>-</b>	<b>49 063</b>	<b>44 046</b>

During the six-months period ended 30 June 2023 certain financial assets at amortized cost in the amount of USD 1.6 million were sold (USD 52.9 million during the year ended 31 December 2022).

## 11- FIXED ASSETS

The cost of fully depreciated fixed assets amounted to USD 545.2 million as of 30 June 2023 (USD 519 million as of 31 December 2022)

## 12- OTHER ASSETS

The details of this item are as follows:

	<b>30 June 2023</b> <b>(Reviewed not</b> <b>Audited)</b>	<b>31 December</b> <b>2022</b> <b>(Audited)</b>
	<b>USD '000</b>	<b>USD '000</b>
Accrued interest receivable	427 456	392 661
Prepaid expenses	86 169	49 457
Foreclosed assets *	167 732	177 325
Intangible assets	27 555	31 404
Right-of-use Assets	88 848	87 697
Other miscellaneous assets	491 045	290 106
<b>Total</b>	<b>1 288 805</b>	<b>1 028 650</b>

\* The Central Bank of Jordan instructions require the disposal of these assets during a maximum period of two years after foreclosure, with a grace period of another two years under the CBJ approval.

### 13- CUSTOMERS' DEPOSITS

The details of this item are as follows:

#### 30 June 2023 (Reviewed not Audited)

	Consumer Banking	Corporates		Government and Public Sector	Total
		Small & Medium	Large		
	USD '000	USD '000	USD '000	USD '000	USD '000
Current and demand	9 934 488	2 510 851	4 626 001	1 138 946	18 210 286
Savings	5 461 532	51 884	14 914	37 736	5 566 066
Time and notice	11 145 823	1 545 296	4 758 515	4 148 197	21 597 831
Certificates of deposit	304 650	4 724	96 330	45 611	451 315
<b>Total</b>	<b>26 846 493</b>	<b>4 112 755</b>	<b>9 495 760</b>	<b>5 370 490</b>	<b>45 825 498</b>

#### 31 December 2022 (Audited)

	Consumer Banking	Corporates		Government and Public Sector	Total
		Small & Medium	Large		
	USD '000	USD '000	USD '000	USD '000	USD '000
Current and demand	10 096 899	2 756 827	4 582 419	1 150 800	18 586 945
Savings	5 378 739	95 669	14 969	33 731	5 523 108
Time and notice	10 345 385	1 499 245	4 804 215	3 935 047	20 583 892
Certificates of deposit	379 111	34 010	100 895	79 410	593 426
<b>Total</b>	<b>26 200 134</b>	<b>4 385 751</b>	<b>9 502 498</b>	<b>5 198 988</b>	<b>45 287 371</b>

- Total Government of Jordan and Jordanian public sector deposits amounted to USD 1047.2 millions, or 2.3% of total customer's deposits as of 30 June 2023 (USD 1305.1 million, or 2.9% of total customer's deposits as of 31 December 2022).
- Non-interest bearing deposits amounted to USD 15255.8 million, or 33.3% of total customer's deposits as of 30 June 2023 (USD 15437.1 million, or 34.1% of total customer's deposits as of 31 December 2022).
- Blocked deposits amounted to USD 241.8 million, or 0.5% of total customer's deposits as of 30 June 2023 (USD 177.6 million, or 0.4% of total customer's deposits as of 31 December 2022).
- Dormant deposits amounted to USD 501.9 million, or 1.1% of total customer's deposits as of 30 June 2023 (USD 389.3 million, or 0.9% of total customer's deposits as of 31 December 2022).

**14- BORROWED FUNDS**

The details of this item are as follows:

	<b>30 June 2023</b> <b>(Reviewed not</b> <b>Audited)</b>	<b>31 December</b> <b>2022</b> <b>(Audited)</b>
	<b>USD '000</b>	<b>USD '000</b>
From Central Banks	185 896	162 385
From banks and financial institutions	352 813	359 983
<b>Total</b>	<b>538 709</b>	<b>522 368</b>

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

	<b>30 June 2023</b> <b>(Reviewed not</b> <b>Audited)</b>	<b>31 December</b> <b>2022</b> <b>(Audited)</b>
	<b>USD '000</b>	<b>USD '000</b>
Floating interest rate	270 261	351 604
Fixed interest rate	268 448	170 764
<b>Total</b>	<b>538 709</b>	<b>522 368</b>

**15- PROVISION FOR INCOME TAX**

The details of this item are as follows:

	<b>30 June 2023</b> <b>(Reviewed not</b> <b>Audited)</b>	<b>31 December</b> <b>2022</b> <b>(Audited)</b>
	<b>USD '000</b>	<b>USD '000</b>
<b>Balance at the beginning of the period/ year</b>	<b>293 029</b>	<b>202 477</b>
Income tax expense	172 064	331 988
Income tax paid	( 210 252)	( 241 436)
<b>Balance at the End of the period / year</b>	<b>254 841</b>	<b>293 029</b>

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

	<b>For the Six-Months</b>	
	<b>30 June 2023</b> <b>(Reviewed not</b> <b>Audited)</b>	<b>30 June 2022</b> <b>(Reviewed not</b> <b>Audited)</b>
	<b>USD '000</b>	<b>USD '000</b>
Income tax expense for the period	172 064	139 672
Effect of deferred tax	44 396	( 14 293)
<b>Total</b>	<b>216 460</b>	<b>125 379</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 2023 and 31 December 2022. The effective tax rate for the Group is 35% as of 30 June 2023 and 33.2% as of 30 June 2022.

- 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 Sudanese Arab Bank.



## 16- OTHER LIABILITIES

The details of this item are as follows:

	30 June 2023 (Reviewed not Audited)	31 December 2022 (Audited)
	USD '000	USD '000
Accrued interest payable	405 403	299 772
Notes payable	217 674	150 927
Interest and commission received in advance	71 390	80 463
Accrued expenses	152 165	148 965
Dividends payable to shareholders	18 249	17 455
Provision for impairment - ECL of the indirect credit facilities*	177 990	176 384
Contracts lease liability	86 108	86 056
Other miscellaneous liabilities	627 045	610 150
<b>Total</b>	<b>1 756 024</b>	<b>1 570 172</b>

\*The details of movement on the provision for impairment of the "ECL" of the indirect credit facilities during the period / year ended was as follows:

	30 June 2023 (Reviewed not Audited)				31 December 2022 (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>32 873</b>	<b>22 573</b>	<b>120 938</b>	<b>176 384</b>	<b>145 511</b>
Transferred to Stage 1	323	( 323)	-	-	-
Transferred to Stage 2	( 390)	390	-	-	-
Transferred to Stage 3	( 11)	( 32)	43	-	-
Net ECL charges for the period/ year	5 472	( 3 011)	670	3 131	11 651
Adjustments during the period and translation adjustments	( 397)	156	( 1 284)	( 1 525)	19 222
<b>Balance at the End of the period/ year</b>	<b>37 870</b>	<b>19 753</b>	<b>120 367</b>	<b>177 990</b>	<b>176 384</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 2023 and 31 December 2022.

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

## 18- PERPETUAL TIER 1 CAPITAL BONDS

A. 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.

B. 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.

C. 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 17 October 2023 bond under note (B) has First Call date on 4 January 2026. These bonds may be recalled on any interest payment date thereafter subject to the prior consent of the regulatory authority.

## 19- RETAINED EARNINGS

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

	30 June 2023 (Reviewed not Audited) USD '000	31 December 2022 (Audited) USD '000
<b>Balance at the beginning of the period/ year</b>	<b>3 289 293</b>	<b>2 967 984</b>
Profit for the period/ year attributable to the shareholders of the bank	383 065	520 276
Transferred from investment revaluation reserve to retained earnings	( 251)	( 2 171)
Dividends paid *	( 231 640)	( 186 532)
Transferred from general banking risk reserve	-	1 141
Adjustment during the period/ year	( 6 934)	( 11 405)
<b>Balance at the end of the period/ year</b>	<b>3 433 533</b>	<b>3 289 293</b>

\* The General Assembly of Arab Bank Plc in it's meeting held on 30 March 2023 approved the recommendations of the Banks's Board of Directors to distribute 25% of par value as cash dividend, equivalent to USD 225.9 million for the year 2022. (The General Assembly of the Arab Bank plc in its meeting held on 31 March 2022 approved the recommendation of the Bank's Board of Directors to distribute 20% of par value as cash dividends for the year 2021 equivalent to USD 180.7 million).

## 20- INTEREST INCOME

The details of this item are as follows:

	For the six months period ended 30 June	
	2023	2022
	(Reviewed not Audited)	
	USD '000	USD '000
Direct credit facilities at amortized cost	1 166 671	861 633
Balances with central banks	201 227	46 043
Balances and deposits with banks and financial institutions	101 111	13 867
Financial assets at fair value through profit or loss	5 448	2 051
Financial assets at fair value through other comprehensive income	9 508	7 553
Other financial assets at amortized cost	239 233	201 785
<b>Total</b>	<b>1 723 198</b>	<b>1 132 932</b>

## 21- INTEREST EXPENSE

The details of this item are as follows:

	For the six months period ended 30 June	
	2023	2022
	(Reviewed not Audited)	
Customer deposits	596 785	374 999
Banks and financial institutions deposits	86 980	17 066
Cash margins	28 539	14 114
Borrowed funds	14 367	10 829
Deposit insurance fees	12 446	15 359
<b>Total</b>	<b>739 117</b>	<b>432 367</b>

**22- NET COMMISSION INCOME**

The details of this item are as follows:

	For the six months period ended 30 June	
	2023	2022
	(Reviewed not Audited)	
	USD '000	USD '000
Commission income:		
Direct credit facilities at amortized cost	62 163	59 153
Indirect credit facilities	58 214	63 476
Assets under management	17 699	13 926
Other	109 618	97 990
Less: commission expense	( 48 137)	( 38 528)
<b>Net Commission Income</b>	<b>199 557</b>	<b>196 017</b>

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

The details of this item are as follows:

	For the six months period ended 30 June			
	2023		2022	
	(Reviewed not Audited)			
	Realized Gain at FVTPL	Unrealized Gain at FVTPL	Total	Total
USD '000	USD '000	USD '000	USD '000	
Treasury bills and bonds	463	822	1 285	1 145
Corporate shares	-	-	-	( 52)
Mutual funds	-	197	197	( 1 382)
<b>Total</b>	<b>463</b>	<b>1 019</b>	<b>1 482</b>	<b>( 289)</b>

**24- OTHER REVENUE**

The details of this item are as follows:

	For the six months period ended 30 June	
	2023	2022
	(Reviewed not Audited)	
	USD '000	USD '000
Revenue from customer services	6 777	7 056
Safe box and other rentals	1 529	1 648
Gain (loss) from Financial derivatives	69	( 76)
Miscellaneous revenue	14 339	30 077
<b>Total</b>	<b>22 714</b>	<b>38 705</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 Group**

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 Group**

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 Group**

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**

For the six months period ended 30 June

	2023					2022	
	(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	USD '000
Total income	606 705	495 019	( 94 272)	245 013	278 375	1 530 840	1 168 181
Net inter-segment interest income	( 89 564)	( 249 582)	283 542	55 604	-	-	-
<u>Less:</u>							
Provision for impairment - ECL	278 192	23 540	( 474)	( 2 364)	-	298 894	221 423
Other provisions	4 354	1 832	1 583	5 363	-	13 132	5 035
Direct administrative expenses	75 702	11 337	16 751	115 499	6 025	225 314	220 127
<b>Result of Operations of Segments</b>	<b>158 893</b>	<b>208 728</b>	<b>171 410</b>	<b>182 119</b>	<b>272 350</b>	<b>993 500</b>	<b>721 596</b>
Less :Indirect expenses on segments	149 876	52 095	43 332	129 565	904	375 772	343 860
<b>Profit for the Period before Income Tax</b>	<b>9 017</b>	<b>156 633</b>	<b>128 078</b>	<b>52 554</b>	<b>271 446</b>	<b>617 728</b>	<b>377 736</b>
Less :Income tax expense	3 162	54 886	44 879	18 416	95 117	216 460	125 379
<b>Profit for the Period</b>	<b>5 855</b>	<b>101 747</b>	<b>83 199</b>	<b>34 138</b>	<b>176 329</b>	<b>401 268</b>	<b>252 357</b>
Depreciation and Amortization	14 111	4 236	2 111	21 672		42 130	42 595

	30 June 2023					31 December 2022	
	(Reviewed not Audited)						
Other Information	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	USD '000
Segment assets	22 954 879	23 593 494	4 252 306	9 121 724	1 896 512	61 818 915	60 900 959
Inter-segment assets	520 676	-	14 551 720	2 730 905	7 175 525	-	-
Investments in associates		-	-	-	3 686 239	3 686 239	3 558 864
<b>Total Assets</b>	<b>23 475 555</b>	<b>23 593 494</b>	<b>18 804 026</b>	<b>11 852 629</b>	<b>12 758 276</b>	<b>65 505 154</b>	<b>64 459 823</b>
Segment liabilities	19 732 968	3 762 136	18 069 180	11 189 855	2 180 465	54 934 604	54 057 367
Shareholders' Equity		-	-	-	10 570 550	10 570 550	10 402 456
Inter-segment liabilities	3 742 587	19 831 358	-	662 774	7 261	-	-
<b>Total Liabilities and Shareholders' Equity</b>	<b>23 475 555</b>	<b>23 593 494</b>	<b>18 804 026</b>	<b>11 852 629</b>	<b>12 758 276</b>	<b>65 505 154</b>	<b>64 459 823</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 2023</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	2 501 088	178 772	3 018	<b>2 682 878</b>
Acceptances	690 449	17 919		<b>708 368</b>
Letters of guarantees:				
- Payment guarantees	1 016 324	201 251	108 061	<b>1 325 636</b>
- Performance guarantees	2 923 254	1 238 180	226 048	<b>4 387 482</b>
- Other guarantees	1 833 577	363 194	91 632	<b>2 288 403</b>
Unutilized credit facilities	5 412 007	227 993	26 371	<b>5 666 371</b>
<b>Total</b>	<b>14 376 699</b>	<b>2 227 309</b>	<b>455 130</b>	<b>17 059 138</b>
Construction projects contracts	4 005	-	-	<b>4 005</b>
Procurement contracts	11 732	1 425	405	<b>13 562</b>
<b>Total</b>	<b>15 737</b>	<b>1 425</b>	<b>405</b>	<b>17 567</b>
<b>31 December 2022</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	2 711 022	163 284	-	<b>2 874 306</b>
Acceptances	747 489	14 031	-	<b>761 520</b>
Letters of guarantees:				
- Payment guarantees	1 093 722	188 515	129 364	<b>1 411 601</b>
- Performance guarantees	3 198 828	1 034 938	163 681	<b>4 397 447</b>
- Other guarantees	2 148 029	127 659	85 854	<b>2 361 542</b>
Unutilized credit facilities	5 398 449	264 603	29 556	<b>5 692 608</b>
<b>Total</b>	<b>15 297 539</b>	<b>1 793 030</b>	<b>408 455</b>	<b>17 499 024</b>
Construction projects contracts	2 892	-	-	<b>2 892</b>
Procurement contracts	18 141	1 455	400	<b>19 996</b>
<b>Total</b>	<b>21 033</b>	<b>1 455</b>	<b>400</b>	<b>22 888</b>

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

The details for this items are as follows:

**30 June 2023**  
(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	4 807 308	5 065 774	1 942	2 326 488	-	5 941	12 207 453
Balances and deposits with banks and financial institutions	297 290	1 094 006	343 974	1 476 573	630 982	48 008	3 890 833
Financial assets at fair value through profit or loss	-	29 350	-	8 614	-	4 994	42 958
Financial assets at fair value through OCI	-	273 462	-	139 157	-	-	412 619
<b>Direct credit facilities at amortized cost</b>	<b>8 873 608</b>	<b>20 794 330</b>	<b>408 566</b>	<b>1 304 744</b>	<b>116 964</b>	<b>809 886</b>	<b>32 308 098</b>
Consumer Banking	3 733 887	5 596 429	86	171 694	12 059	335 887	9 850 042
Small and Medium Corporates	879 878	1 953 830	2 110	496 884	10 815	221 413	3 564 930
Large Corporates	3 988 822	10 003 523	370 036	583 340	94 090	245 127	15 284 938
Banks and Financial Institutions	34 911	120 865	3 650	12 865	-	7 459	179 750
Government and Public Sector	236 110	3 119 683	32 684	39 961	-	-	3 428 438
Other financial assets at amortized cost	4 024 123	4 479 355	123 162	516 769	135 911	202 845	9 482 165
Other assets and financial derivatives - positive fair value	109 028	423 827	5 701	149 162	22 352	4 870	714 940
<b>Total</b>	<b>18 111 357</b>	<b>32 160 104</b>	<b>883 345</b>	<b>5 921 507</b>	<b>906 209</b>	<b>1 076 544</b>	<b>59 059 066</b>
<b>Total as of 31 December 2022 (Audited)</b>	<b>18 337 487</b>	<b>31 386 621</b>	<b>1 011 056</b>	<b>5 567 499</b>	<b>762 184</b>	<b>1 150 150</b>	<b>58 214 997</b>

\* Excluding Arab Countries.

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

The details for this items are as follows:

30 June 2023  
(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	-	-	-	-	-	-	-	-	-	-	-	12 207 453	12 207 453
Balances and deposits with banks and financial institutions	-	-	-	-	-	-	-	-	-	-	3 890 833	-	3 890 833
Financial assets at fair value through profit or loss	-	13 609	-	-	-	-	-	-	-	-	-	29 349	42 958
Financial assets at fair value through OCI	-	-	-	3 142	-	-	-	-	-	62 708	53 649	293 120	412 619
Direct credit facilities at amortized cost	9 850 042	5 061 216	1 904 576	1 282 960	4 205 103	394 246	775 502	319 957	24 968	4 881 340	179 750	3 428 438	32 308 098
Other financial assets at amortized cost	-	104 372	-	6 908	-	-	-	-	-	260 471	1 001 113	8 109 301	9 482 165
Other assets & Financial Derivatives - positive fair value	40 014	60 923	34 444	16 768	64 397	2 680	19 037	9 144	-	119 945	228 995	118 593	714 940
<b>Total</b>	<b>9 890 056</b>	<b>5 240 120</b>	<b>1 939 020</b>	<b>1 309 778</b>	<b>4 269 500</b>	<b>396 926</b>	<b>794 539</b>	<b>329 101</b>	<b>24 968</b>	<b>5 324 464</b>	<b>5 354 340</b>	<b>24 186 254</b>	<b>59 059 066</b>
<b>Total as of 31 December 2022 (Audited)</b>	<b>9 646 566</b>	<b>5 172 353</b>	<b>2 123 500</b>	<b>1 473 615</b>	<b>4 347 510</b>	<b>401 507</b>	<b>721 075</b>	<b>278 545</b>	<b>39 484</b>	<b>4 893 101</b>	<b>6 284 435</b>	<b>22 833 306</b>	<b>58 214 997</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 2023 (Reviewed not Audited)</b>	<b>31 December 2022 (Audited)</b>
	<b>USD '000</b>	<b>USD '000</b>
Common Equity Tier 1	9 755 024	9 486 770
Regulatory Adjustments (Deductions from Common Equity Tier 1)	(3 255 371)	(3 034 121)
Additional Tier 1	239 517	236 262
Deductions from Additional Tier 1	( 6 234)	( 6 234)
Supplementary Capital	505 154	423 755
<b>Regulatory Capital</b>	<b>7 238 090</b>	<b>7 106 432</b>
<b>Risk-weighted assets (RWA)</b>	<b>43 041 885</b>	<b>42 717 383</b>
<b>Common Equity Tier 1 Ratio</b>	<b>%15.10</b>	<b>%15.11</b>
<b>Tier 1 Capital Ratio</b>	<b>%15.64</b>	<b>%15.64</b>
<b>Capital Adequacy Ratio</b>	<b>%16.82</b>	<b>%16.64</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 218% as of 30 June 2023 and 217% as of 31 December 2022 (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 2023 (Reviewed not Audited)	31 December 2022 (Audited)				
	USD '000	USD '000				
<b>Financial Assets at Fair Value</b>						
Financial assets at fair value through profit or loss:						
Treasury bills and Bonds	29 348	35 315	Level 1	Quoted Shares	Not Applicable	Not Applicable
Corporate Bonds	13 610	13 347	Level 1	Quoted Shares	Not Applicable	Not Applicable
Shares and mutual funds	24 171	23 591	Level 1	Quoted Shares	Not Applicable	Not Applicable
<b>Total Financial Assets at Fair Value through Profit or Loss</b>	<b>67 129</b>	<b>72 253</b>				
Financial derivatives - positive fair value	201 315	196 232	Level 2	Through Comparison of similar financial instruments	Not Applicable	Not Applicable
Financial assets at fair value through other comprehensive income:						
Quoted shares	162 761	152 699	Level 1	Quoted Shares	Not Applicable	Not Applicable
Unquoted shares	176 640	197 111	Level 2	Through using the index sector in the market	Not Applicable	Not Applicable
Governmental and Corporate bonds through OCI	412 619	400 762	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>752 020</b>	<b>750 572</b>				
<b>Total Financial Assets at Fair Value</b>	<b>1 020 464</b>	<b>1 019 057</b>				
<b>Financial Liabilities at Fair Value</b>						
Financial derivatives - negative fair value	151 418	163 611	Level 2	Through Comparison of similar financial instruments	Not Applicable	Not Applicable
<b>Total Financial Liabilities at Fair Value</b>	<b>151 418</b>	<b>163 611</b>				

There were no transfers between Level 1 and 2 during the six-months period ended 30 June 2023 and the year 2022.

#### 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 2023 (Reviewed not Audited)		31 December 2022 (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	7 409 808	7 423 151	7 006 803	7 013 277	Level 2
Balances and deposits with banks and financial institutions	3 890 833	3 901 455	4 618 450	4 630 626	Level 2
Direct credit facilities at amortized cost	32 308 098	32 564 028	31 726 598	31 970 615	Level 2
Other financial assets at amortized cost	9 482 165	9 575 409	10 002 475	10 097 692	Level 1 & 2
<b>Total financial assets not calculated at fair value</b>	<b>53 090 904</b>	<b>53 464 043</b>	<b>53 354 326</b>	<b>53 712 210</b>	
<b>Financial liabilities not calculated at fair value</b>					
Banks' and financial institutions' deposits	3 708 174	3 725 249	3 517 640	3 530 783	Level 2
Customer deposits	45 825 498	46 145 944	45 287 371	45 518 129	Level 2
Cash margin	2 464 294	2 476 919	2 461 500	2 472 581	Level 2
Borrowed funds	538 709	547 488	522 368	530 109	Level 2
<b>Total financial liabilities not calculated at fair value</b>	<b>52 536 675</b>	<b>52 895 600</b>	<b>51 788 879</b>	<b>52 051 602</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)	
	2023	2022	2023	2022
	USD '000	USD '000	USD '000	USD '000
Profit for the period attributable to the Bank's shareholders	383 065	241 647	174 552	82 781
Less: Group's share of Interest on Perpetual Bonds	( 6 702)	( 7 096)	( 6 702)	( 6 770)
Net Profit for the period attributable to the Bank's shareholders	<b>376 363</b>	<b>234 551</b>	<b>167 850</b>	<b>76 011</b>
	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)	0.59	0.37	0.26	0.12

32- **CASH AND CASH EQUIVALENTS**

The details of this item are as follows:

	For the six months period ended 30 June	
	2023	2022
	(Reviewed not Audited)	
	USD '000	USD '000
Cash and balances with central banks maturing within 3 months	13 352 400	10 955 543
<u>Add:</u> Balances with banks and financial institutions maturing within 3 months	3 515 389	3 847 378
<u>Less:</u> Banks and financial institutions deposits maturing within 3 months	3 708 096	3 946 818
<b>Total</b>	<b>13 159 693</b>	<b>10 856 103</b>

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

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

	<b>30 June 2023</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	143 800	-	9 607	90 319
Major Shareholders and Members of the Board of Directors	-	260 638	611 694	75 028
<b>Total</b>	<b>143 800</b>	<b>260 638</b>	<b>621 301</b>	<b>165 347</b>

  

	<b>31 December 2022</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	78 087	-	58 084	26 393
Major Shareholders and Members of the Board of Directors	-	306 763	783 128	50 831
<b>Total</b>	<b>78 087</b>	<b>306 763</b>	<b>841 212</b>	<b>77 224</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>For the six months period ended</b>	
	<b>30 June 2023</b>	
	<b>(Reviewed not Audited)</b>	
	Interest Income	Interest Expense
	<b>USD '000</b>	<b>USD '000</b>
Associated Companies	2 290	1 158

  

	<b>For the six months period ended</b>	
	<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

- Direct credit facilities granted to top management personnel amounted to USD 1.3 million and indirect credit facilities amounted to USD 5.6 thousand as of 30 June 2023 (USD 1.6 million direct credit facilities and USD 5.6 thousand indirect credit facilities as of 31 December 2022).

- 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 5.2 million as of 30 June 2023 (USD 4.8 million as of 31 December 2022).

- The salaries and other fringe benefits of the Group's top management personnel, inside and outside Jordan, amounted to USD 45.9 million for the six-months period ended 30 June 2023 (USD 40.2 million for the six-months period ended 30 June 2022).

### **34 - LEGAL CASES**

There are lawsuits filed against the Group which amounted to USD 321.6 million as of 30 June 2023 (USD 290.4 million as of 31 December 2022). In the opinion of the management and the lawyers representing the Group in the litigations at issue, the provisions taken in connection with these lawsuits are adequate.