Arab Bank Group

Annual Report 2022

Arab Bank Group

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CHAIRMAN'S MESSAGE

Distinguished Shareholders,

The global economy faced several challenges in 2022. Global growth slowed down noticeably. At the same time, inflationary momentum built up, spreading globally and reaching high levels in advanced and other countries that were unprecedented in four decades. To slow demand and contain inflation, major central banks embarked on raising interest rates at a rapid pace and started tightening their monetary policies. Further, global geopolitical tensions increased in 2022 with the prolonged conflict in Ukraine, and its ramifications including higher energy and food prices and increased risk-off sentiment toward investment particularly in emerging markets, which was another factor for slowing down the global economy. Toward the end of 2022, the global economy had some promising signs of improvement, including the re-opening of the Chinese economy, moderation in the energy prices, and a slowdown in the inflation rates, prompting central banks to reduce the pace of increases in interest rates.

Growth of the Arab economies improved. This was driven by the full re-opening of economic activities after the retreat of the COVID-19 pandemic, along with a significant increase in the demand for many sectors including services, especially tourism, and mining activities such as oil, gas, and fertilizers. In addition, ongoing structural reforms in several countries contributed to this growth, albeit to varying degrees. In oil-exporting countries, particularly the GCC, the increase in oil prices and production levels led to strong growth rates, which had a knock-on effect in non-oil sectors as well, resulting in financial surpluses in most of these countries. Further, inflation rates in these countries were largely moderate. Arab oil-importing countries achieved good growth rates, despite being adversely affected by higher commodity prices, especially energy and food, and the impact of the higher import bill on fiscal deficits given the subsidies and on current account deficits. Some of these countries also experienced a notable depreciation of their currencies.

During 2022, Arab central banks raised interest rates to contain inflation and support the attractiveness of their currencies. In light of global and regional economic volatility, and with the support of central banks, the Arab banking sector implemented strategies to mitigate the impact of higher interest rates locally, while adopting prudent policies and measures to ensure the quality of the credit portfolio. In addition, the Arab banking industry has embraced investments in digital and FinTech solutions as a strategic choice, in order to cater to the changing needs of customers, which would unlock growth opportunities for banks in addition to raising income and reducing costs over the medium-term. Broadly speaking, the Arab banking sector has maintained high levels of capital adequacy and enhanced its profitability and liquidity, while relying on a broad and stable funding base.

Despite the challenges that the world and the region witnessed in 2022, Arab Bank continued to achieve positive results through its strategic and institutional focus on utilizing its wide geographical presence and competent business diversity, as well as its own digital transformation strategy to reach strong and sustainable levels of revenue and profits growth. The Group's operating profits increased by 23% to reach $1.35 billion, and the bank continued to support its capital base and enhance its key performance indicators.

Arab Bank also continued its pivotal role in supporting the efforts aimed at developing the economies and societies which it operates in and contributing to achieving sustainable development at the economic, social, and environmental levels, locally and regionally. This role is primarily reflected in the bank's contribution to supporting and financing strategic projects across various vital sectors, financing international trade, supporting start-ups and SMEs, and promoting financial inclusion by providing advanced banking services that meet the needs of various sectors and segments.

Through its sustainability strategy, the bank continued to work with various stakeholders to support and develop the community's capabilities in the face of the challenges it faced and to build on viable opportunities. The bank also reinforced its social investment throughout the year by providing various forms of support, including monetary and knowledge support, in addition to the volunteering activities of its employees in a range of initiatives directed at pressing social issues, including health, poverty alleviation, education, orphan support and environmental protection across various governorates in the kingdom.

In the period ahead, we look forward to building on our achievements based on an ambitious future vision and an integrated institutional strategy. We remain confident in the Group's ability to consolidate its position as a leading financial institution both locally and regionally, providing the most advanced and innovative banking services and solutions to customers as a trusted banking partner to both the customers and shareholders.

To conclude, I would like to take the opportunity to thank the Central Bank of Jordan for its pivotal role in sustaining the resilience and stability of the Jordanian banking system under all circumstances.

I would also like to extend our sincere appreciation and gratitude to our shareholders and valued customers for their ongoing loyalty and trust. Our thanks also go to all our employees across the different markets for their relentless efforts and dedication. As ever, we remain determined in Arab Bank's ability to achieve the best results for all our partners who place their confidence in us.

Sabih Taher Masri
Chairman of the Board of Directors

MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

Distinguished shareholders,

Arab Bank Group achieved a net income after tax of $544.3 million as compared to $314.5 million in 2021. The Group also maintained its solid financial position with Group equity of $10.4 billion.

Excluding the impact of devaluation of several currencies against the US dollar, the Group's loans and deposits grew by 5% to reach $35.4 billion and $ 47.7 billion, respectively, at the end of 2022.

Arab Bank Group continued to deliver sustainable growth rates during 2022 through its branch network and footprint in local and international markets, despite the economic challenges stemming from high inflation, increased interest rates and the devaluation in exchange rates of several currencies against the US dollar. The bank's net operating profit grew by 23% to reach $1.35 billion, driven by the growth in revenues from its core banking business, its diversified sources of income, with focus on non-interest income, as well as controlling operating expenses in line with the bank's prudent strategy. The bank achieved strong performance indicators in line with its business model. The Group's liquidity and asset quality remains solid where loan-to-deposit ratio stood at 74.2% and credit provisions held against non-performing loans continue to exceed 100%. Arab Bank Group maintains a strong capital base that is predominantly composed of common equity with a capital adequacy ratio of 16.6%, higher than the minimum required by the Central Bank of Jordan according to Basel III regulations.

As part of Arab Bank's commitment towards Sustainability and its Environmental, Social and Governance ("ESG") priorities, the bank has launched its inaugural Sustainable Finance Framework, in line with international principles, guidelines and best practices. Arab Bank is the first bank in Jordan to adopt such a Framework and obtained a second party opinion from S&P Global Ratings, which has affirmed the Framework's alignment with the related international principles.

With regard to the bank's digital transformation efforts, the bank continued to implement its ambitious strategy on this front, noting that during the year the bank launched several digital banking services and solutions across various markets to meet the evolving needs and expectations of the different customer segments, including future generations, in line with the latest trends and developments.

The year also witnessed Arab Bank receiving many awards at the local and regional levels from several prestigious international entities, most notably "Best Bank in the Middle East for 2022" for the seventh consecutive year by New York-based international publication "Global Finance". The bank also received several awards in recognition of its corporate and consumer digital banking services in Jordan and across the MENA region.

In conclusion, I would like to thank our valued customers for their continued trust and our loyal employees across the network for their ongoing loyalty and dedication.

Randa Mohammad El Sadek

Chief Executive Officer

MAIN BUSINESS ACTIVITIES OF ARAB BANK

Corporate and Institutional Banking

Arab Bank's Corporate and Institutional Banking (CIB) division manages the Group's corporate and institutional client base. It provides access to a full range of lending and financial solutions through an extensive branch network and electronic channels. CIB also offers a comprehensive range of advanced corporate digital banking solutions in line with the latest developments in the banking industry. The broad range and efficient delivery of its solutions enable Arab Bank to remain the bank of choice for local, regional, and international companies and institutions.

CIB is uniquely positioned to provide high quality products and services to meet clients' business requirements. The banking solutions offered are enriched by Arab Bank's global network, understanding of local markets, and in-depth expertise. Through its client-focused approach, CIB strengthens its franchise in key markets by building on and solidifying existing client relationships and adding new clients through targeted acquisition efforts.

The CIB division caters to clients' needs over the different stages of their business cycle and across different markets, providing consistent service levels at all levels of the network. CIB's objective is to provide its clients with an exceptional banking experience and a well-rounded range of tailored financial solutions, including products and services from across the bank's different business lines.

The quality of its staff underpins CIB's success. The division closely monitors the changing dynamics of the business environment and constantly invests in strengthening and expanding the capabilities and capacities of its teams and specialists to meet clients' needs and banking requirements.

Consumer Banking and Wealth Management

Consumer Banking and Wealth Management executes its strategy by developing the extensive range of services, solutions, and benefits offered throughout its vast branch network and integrated direct banking channels, both locally and regionally.

Advanced digital solutions enable Arab Bank to serve customers efficiently and to streamline our internal operations. New solutions are constantly under review and are introduced regularly to ensure that customers benefit from the latest and most effective direct banking services and channels. We also focus on providing our business partners with latest digital solutions that will enable them to expand their capabilities and enrich their offering.

Our family-focused model caters for both individuals and families and covers both the banking and non-banking needs of our customers. Our Arabi Junior program is designed for children under the age of 18, followed by the Shabab program for youth up to age 25. After that age, our focus shifts depending on the customer's financial position. The bank offers Arabi Extra for salaried customers, Arabi Premium for the middle-income segment, and the exclusive Elite program is offered to high-net-worth customers.

A key element of the bank's long-term strategy is to offer banking solutions and services at a regional level. We do this by providing cross-border solutions and services to our Elite and Arabi Premium clients through the bank's branch network and online banking services.

Arab Bank also places importance on developing wealth management solutions to meet the diverse financial and investment goals of its clients. We closely monitor and measure the level of service we offer our customers. Providing a high level of service is important to us to maintain our leading position, strengthen our competitive edge, and improve our customers' satisfaction.

The bank remains focused on the strategic pillars that drive its digital strategy, including a focus on innovation and, most importantly, artificial intelligence and predictive analytics.

Treasury

Arab Bank's Treasury manages the bank's liquidity and market risks, and provides expert advice and dealing services to Arab Bank's customers around the globe. Through its state-of-the art systems, Arab Bank's Treasury remains fully up to date with the latest market developments and regulatory standards and is well positioned to meet a wide range of both bank and customer needs.

Arab Bank's Treasury has a broad mandate, including the following responsibilities:

- To manage and optimise the liquidity of the bank within approved limits so that the business is always adequately funded
- To manage the market risk of the bank within approved limits
- To earn revenues from the effective management of liquidity and market risk
- To execute bond, foreign exchange, and money market transactions with market professionals
- To support the distribution of foreign exchange, derivatives, and other treasury products to customers
- To advise internal stakeholders on the consumption and management of liquidity and market risk

It is important for Treasury to balance the need to maintain high liquidity with low credit and low market risk. This approach is consistent with the bank's objective of being fully liquid at all times and under all circumstances, wherever the bank operates.

Treasury's role in managing the bank's liquidity and market risk is to ensure that the bank generates surplus liquidity, but also to invest this liquidity prudently using the following instruments:

- Short-term placements with central banks
- Short-term deposits with high quality banks
- A multi-currency portfolio of highly liquid bonds, treasury bills, and certificates of deposit

Arab Bank believes in the importance of protecting not only its own income, but also the income and interests of its clients, from market volatility. Therefore the Treasury department offers a full range of treasury products and services to clients throughout the bank's network, whether they are exporters, importers, or savers. These risk management and hedging tools include a broad range of products and derivatives for clients who require protection from interest rate and foreign exchange risks.

GEOGRAPHICAL COVERAGE

The following list contains basic information of Arab Bank plc's branch network and geographical coverage as of the end of 2022.

Country	Number of Branches	Operating Since	No. of Employees
Jordan	73 (Including HO)	1934	3 492
Palestine	34	1930	937
Egypt	44	1944	1 440
Lebanon	9	1944	264
Qatar	2	1957	116
Bahrain	6	1960	178
Morocco	5	1962	118
UAE	8	1963	288
Yemen	6	1972	184
USA (New York Agency)	1	1982	4
Singapore	1	1984	46
China	1	1985	22
South Korea (Representative Office)	1	1989	3
Algeria	11	2001	250
Kazakhstan (Representative Office)	-	2004	-
Total	**202**	**--**	**7 342**

BRANCHES & STAFF DISTRIBUTION ACCORDING TO GOVERNORATES

Branches & Staff Distribution According to Governorates

Governorate	Number of Branches	No. of Employees
Amman	(Including Head Office) 50	3 285
Irbid	3	43
Zarqa	6	51
Aqaba	1	20
Balqa'a	5	33
Karak	1	14
Mafraq	1	9
Ma'adaba	1	9
Jarash	1	8
Ma'an	2	10
Tafeila	1	6
Ajloun	1	4
Total	73	3 492

ADDRESSES OF ARAB BANK BRANCHES AND OFFICES ABROAD

Country	Operating Since	No. of Branches	Address	No. of Employees
Palestine	1930	34		937
			P.O Box 1476 - Grand Park Hotel Street Al Masyoon – Ramallah - Palestine Tel. 00970 (2) 2978100 Fax. 00970 (2) 2982444	
Egypt	1944	44		1440
			Plot 43 North 90 St. 5th Settlement - New Cairo Cairo Tel. 0020 (2) 25877100 Fax. 0020 (2) 28133116	
Lebanon	1944	9		264
			P.O Box 11-1015 Riad El Solh Sq. Banks Street Commercial Buildings Co. Bldg. Beirut - Lebanon Tel. 00961 (1) 981155 Fax. 00961 (1) 980803/299	
Qatar	1957	2		116
			P.O Box 172 Grand Hammed St. Old AL Ghanim Area Doha – Qatar Tel. 00974 44387777 Fax. 00974 44410774	
Bahrain	1960	6		178
			P.O Box 813 Building No. 540 Road 1706 - Block 317 Diplomatic Area , Bahrain Tel. 00973 17549000 Fax. 00973 17541116	
Morocco	1962	5		118
			P.O Box 13810 174 Mohamed V Street, Casablanca Tel. 00212 (5) 2222 3152 Fax. 00212 (5) 2220 0233	
United Arab Emirates	1963	8		288
Abu Dhabi Branch			Abu Dhabi: P.O Box 875 Al-Naser St. Sh. Tahnoun Bin Mohammad Building, Tel. 00971 (2) 6392225 Fax. 00971 (2) 6212370	
Dubai Branch			Dubai: P.O Box 11364 – Emaar Square, Building #2 Tel. 00971 (4) 3737400 Fax. 00971 (4) 3385022	

ADDRESSES OF ARAB BANK BRANCHES AND OFFICES ABROAD

Country	Operating Since	No. of Branches	Address	No. of Employees
Yemen	1972	6		184
			P.O Box 475 & 1301 Zubairi Str. – Sana'a Tel. 00967 (1) 276585/93 Fax. 00967 (1) 276583	
United States of America	1982	1		4
(New York Agency)			Federal Agency - New York 50 East 52nd Street New York, NY 1022 - 4213 Tel. 001 (212) 715 9700 Fax. 001 (212) 593 4632	
Singapore	1984	1		46
			3 Fraser street, Duo Tower #10-21, Singapore 189352 Tel. 0065 65330055 Fax. 0065 65322150	
China	1985	1		22
Shanghai			Unit 4505-07, Floor 45th IFC Two, No. 8 Century Avenue, Pudong New District, Shanghai PRC Zip Code: 200120 Tel. 0086 (21) 61607700 Fax. 0086 (21) 61607722	
South Korea (Representative Office)	1989	1		3
			Seoul Square Bldg., 5Fl. Hangangdaero 416 Jung-gu, Seoul 04637 South Korea Tel. 0082 (2) 775 4290 Fax.0082 (2) 775 4294	
Algeria	2001	11		250
			N°12 Val d'Hydra (Residence Chabani) Hydra - Alger Algeria Tel. 00213 (21) 480002 Fax. 00213 (23) 471973	
Total		**129**		**3 850**

TOTAL EMPLOYEES OF ARAB BANK GROUP

Entity	No. of Employees
Arab Bank plc	7 342
Europe Arab Bank plc	141
Arab Bank (Switzerland) Limited	161
Arab Bank Australia Limited	100
Islamic International Arab Bank	1070
Oman Arab Bank	1096
Arab Tunisian Bank	1409
Arab Bank – Syria	280
Arab Sudanese Bank Limited	80
Arab National Leasing Company	28
Al Arabi Investment Group (AB Invest)	49
Al Arabi Investment Group / Palestine	7
Al Nisr Al Arabi Insurance Company	243
Arab Company for Shared Services FZ	58
Arab Gulf Tech for IT Services FZ	30
Acabes for Financial Technology	13
Total	**12 107**

CAPITAL INVESTMENT OF ARAB BANK

The capital investment of Arab Bank plc amounted to JOD 214.5 million, representing net fixed assets of the Bank as of the end of year 2022 in comparison to JOD 216 million as of the end of year 2021.

SUBSIDIARIES & SISTER COMPANY

The following is a brief description of Arab Bank subsidiaries and sister company and their results for 2022

Arab Bank (Switzerland) Limited:

Founded in 1962 in accordance with Swiss law, Arab Bank (Switzerland) is an independent bank that is owned by the very same shareholders of Arab Bank plc. It has two main areas of activity through a network of two branches: private banking, which covers asset and investment management for both private and institutional clients in addition to trade financing.

The following table lists the main financial highlights of 2022 compared to 2021:

In CHF (thousands)	2022	2021
Capital	26 700	26 700
Total shareholders' equity	605 903	574 190
Total assets	5 038 863	5 309 209
Cash and quasi cash	3 538 320	3 659 088
Direct credit facilities	1 387 796	1 584 440
Total external sources of funds (customers' & banks' deposits)	4 322 732	4 667 141
Total revenues	127 500	84 464
Net profit / (loss) before tax	46 974	23 934
Net profit / (loss) after tax	37 657	18 178

Arab Bank Australia Limited:

Arab Bank Australia Limited founded in Australia in 1994. The current paid capital of the bank is AUD 119.3 million. The bank is a wholly owned subsidiary of Arab Bank plc. Through a network of five branches, the Bank provides all commercial and retail banking products and services to its customers.

The following table lists the main financial highlights of 2022 compared to 2021:

In AUD (thousands)	2022	2021
Capital	119 314	119 314
Total shareholders' equity	168 571	166 561
Percentage ownership	100%	100%
Bank share of net income / (loss)	2 011	644
Total assets	1 179 333	1 172 676
Cash and quasi cash	327 021	353 096
Direct credit facilities	826 375	794 058
Total external sources of funds (customers' & banks' deposits)	992 513	992 573
Total revenues	27 926	23 319
Net profit / (loss) before tax	2 906	964
Net profit / (loss) after tax	2 011	644

Europe Arab Bank plc:

Europe Arab Bank plc is a limited liability company established in 2006. The current paid capital of the bank is EUR 570 Million. The Bank is a wholly owned subsidiary of Arab Bank plc, with its headquarters in London. EAB has a European passport that enables it to open branches anywhere in the European Union. The Bank operates in UK, and in Germany, Italy and France through its subsidiary in France. EAB provides all types of banking products and services, including retail banking and treasury services, to its customers.

The following table lists the main financial highlights of 2022 compared to 2021:

In EUR (thousands)	2022	2021
Capital	569 982	569 985
Total shareholders' equity	286 206	284 428
Percentage ownership	100%	100%
Bank share of net income / (loss)	1 255	1 589
Total assets	2 466 924	2 628 086
Cash and quasi cash	1 266 977	1 474 892
Direct credit facilities	1 106 743	1 105 182
Total external sources of funds (customers' & banks' deposits)	2 113 243	2 266 644
Total revenues	46 365	41 498
Net profit / (loss) before tax	1 537	2 011
Net profit / (loss) after tax	1 255	1 589

Islamic International Arab Bank plc:

A wholly owned subsidiary of Arab Bank plc was established in Jordan in 1997 and started its operations in the year 1998. The current paid capital of the bank is JOD 100 Million. The bank offers a full range of banking products and services, which are in accordance with Islamic Sharia rules through a network of 47 branches spread in Jordan.

The following table lists the main financial highlights of 2022 compared to 2021:

In JOD (thousands)	2022	2021
Capital	100 000	100 000
Total shareholders' equity	262 341	266 873
Percentage ownership	100%	100%
Bank share of net income / (loss)	35 497	33 718
Total assets	2 951 146	2 808 070
Cash and quasi cash	898 978	943 886
Direct credit facilities *	1 967 630	1 787 459
Total external sources of funds (customers' & banks' deposits)	2 572 161	2 479 080
Total revenues	93 941	84 417
Net profit / (loss) before tax	54 189	48 152
Net profit / (loss) after tax	35 497	33 718

* This includes futures sales receivables, other accounts receivables, financings, assets leasing finished with ownership, and interest free loans. The net figure was taken for each item.

Arab Tunisian Bank:

Arab Tunisian Bank (ATB) was incorporated in Tunisia in 1982. The bank current paid capital is TND 128 Million. The bank is a majority-owned subsidiary of Arab Bank plc with a 64.24% share of its capital. Arab Tunisian Bank provides all banking products and services to its customers through a network of 130 branches, spread in Tunisia.

The following table lists the main financial highlights of 2022 compared to 2021:

In TND (thousands)	2022	2021
Capital	128 000	128 000
Total shareholders' equity	526 482	530 497
Percentage ownership	64.24%	64.24%
Bank share of net income / (loss)	4 824	(13 327)
Total assets	7 752 153	7 646 031
Cash and quasi cash	2 048 334	2 211 426
Direct credit facilities	5 389 748	5 121 903
Total external sources of funds (customers' & banks' deposits)	7 105 563	6 949 687
Total revenues	306 063	269 851
Net profit / (loss) before tax	9 532	(19 437)
Net profit / (loss) after tax	7 510	(20 745)

Oman Arab Bank S.A.O.G. :

Oman Arab Bank was established in the Sultanate of Oman in 1984 as a closed joint stock company with Arab Bank holds 49% of it. On 6 July 2020, Oman Arab Bank was listed on Muscat Securities Market.

The Bank engages commercial and investment banking activities through its network of 47 branches in the Sultanate of Oman, in addition to Islamic banking activities through its subsidiary "Al-Izz Islamic Bank". Oman Arab Bank is considered one of the leading banks in the Omani banking sector with a current capital of RO167 millions.

The following table lists the main financial highlights of 2022 compared to 2021:

In R.O **(thousands)**	2022	2021
Capital	166 941	166 941
Total shareholders' equity	489 512	516 252
Percentage ownership	49%	49%
Bank share of net income / (loss)	7 929	3 470
Total assets	3 661 229	3 407 529
Cash and quasi cash	485 241	542 372
Direct credit facilities	3 067 062	2 753 575
Total external sources of funds (customers' & banks' deposits)	3 086 321	2 823 772
Total revenues	122 710	114 677
Net profit / (loss) before tax	17 457	9 501
Net profit / (loss) after tax	16 182	7 081

Arab Bank – Syria:

Arab Bank – Syria was established in 2005, and it was licensed to carry out all commercial banking activities through a network of 14 branches spread in Syria. The current paid capital of the bank SYP 5.05 Billion. Arab Bank plc owns 51.29% of its capital and controls technical management of the Bank.

The following table lists the main financial highlights of 2022 compared to 2021:

In SYP (millions)	2022	2021
Capital	5 050	5 050
Total shareholders' equity	147 511	119 946
Percentage ownership	51.29%	51.29%
Bank share of net income / (loss)	(13)	(3 152)
Total assets	368 104	291 736
Cash and quasi cash	306 330	266 451
Direct credit facilities	49 018	16 217
Total external sources of funds (customers' & banks' deposits)	215 844	168 698
Total revenues	11 789	5 871
Net profit / (loss) before tax	148	(6 065)
Net profit / (loss) after tax	(25)	(6 145)

Arab Sudanese Bank Ltd.:

In 2008, Arab Bank plc obtained the license to establish and operate a fully owned subsidiary in Khartoum – Sudan, under the name "Arab Sudanese Bank", which offers a full range of banking products and services that are Islamic Sharia – compliant through a network of Four branches. The Bank started its operational activities in 2009 with a paid up capital of USD 50 Million.

The following table lists the main financial highlights of 2022 compared to 2021:

In SDG (thousands)	2022	2021
Capital	117 515	117 515
Total shareholders' equity	5 368 200	3 955 286
Percentage ownership	100%	100%
Bank share of net income / (loss)	1 094 120	2 241 531
Total assets	64 028 480	47 390 499
Cash and quasi cash	55 902 984	42 594 606
Direct credit facilities	7 635 821	4 532 718
Total external sources of funds (customers' & banks' deposits)	57 666 873	42 861 291
Total revenues	3 103 797	3 392 407
Net profit / (loss) before tax	1 327 890	2 381 511
Net profit / (loss) after tax	1 094 120	2 241 531

Al Arabi Investment Group (AB Invest):

AB Invest is a financial services company, focusing mainly on investment banking activities. It has developed into one of the leading investment entities in the Arab world. It was established in Jordan in 1996 providing a wide range of services, including brokerage, asset management, corporate finance and research. The Company has one branch operating in Jordan.

The Company's paid up capital is JOD 14 million and is wholly owned by Arab Bank plc.

The following table lists the main financial highlights of 2022 compared to 2021:

In JOD (thousands)	2022	2021
Capital	14 000	14 000
Total shareholders' equity	20 892	22 025
Percentage ownership	100%	100%
Bank share of net income / (loss)	854	674
Total assets	25 330	26 807
Cash and quasi cash	22 790	24 164
Direct credit facilities	-	-
Total external sources of funds (customers' & banks' deposits)	-	-
Total revenues	3 706	3 180
Net profit / (loss) before tax	1 034	904
Net profit / (loss) after tax	854	674

Arab National Leasing Company:

Arab National Leasing Co. was established in 1996 as a limited liability company and wholly-owned non-banking subsidiary of Arab Bank plc. The company current capital is JOD 50 Million, and it offers financial leasing services that cover a wide range of assets and products through one branch in Amman- Jordan.

The following table lists the main financial highlights of 2022 compared to 2021:

In JOD (thousands)	2022	2021
Capital	50 000	50 000
Total shareholders' equity	74 007	72 790
Percentage ownership	100%	100%
Bank share of net income / (loss)	4 217	4 318
Total assets	97 371	101 890
Cash and quasi cash	-	-
Investment in leasing contracts	92 856	97 227
Total external sources of funds (customers' & banks' deposits)	5 000	5 000
Total revenues	6 989	6 601
Net profit / (loss) before tax	5 849	6 101
Net profit / (loss) after tax	4 217	4 318

Al Nisr Al Arabi Insurance Company:

Al Nisr Al Arabi Insurance Co. is part of Arab Bank Group. It is a majority-owned subsidiary of the Bank that offers a full range of insurance products. The company was founded in 1976 with a current paid capital of JOD 10 Million. The Company has developed into one of the leading insurance companies in Jordan. The company has three branch operating in Jordan.

In 2006, Arab Bank acquired 50% in addition to two shares of the total shares representing the company's capital.

The following table lists the main financial highlights of 2022 compared to 2021:

In JOD (thousands)	2022	2021
Capital	10 000	10 000
Total shareholders' equity	20 899	22 848
Percentage ownership	50%+ 2 shares	50% + 2 shares
Bank share of net income / (loss)	1 155	1 463
Total assets	131 102	124 734
Cash and quasi cash	23 557	24 084
Total Investments	102 191	93 591
Total external sources of funds (customers' & banks' deposits)	-	-
Total revenues	32 734	32 438
Net profit / (loss) before tax	3 033	3 820
Net profit / (loss) after tax	2 310	2 926

Al Arabi Investment Group Company:

Al Arabi Investment Group Company is a financial company, established in Palestine in 2009 and launched its operational activities by the start of year 2010. The company's paid up capital is JOD 1.7 million, and Arab Bank Plc. owns 100% of its capital.

The following table lists the main financial highlights of 2022 compared to 2021:

In JOD (thousands)	2022	2021
Capital	1 700	1 700
Total shareholders' equity	1 496	1 520
Percentage ownership	100%	100%
Bank share of net income / (loss)	(24)	(48)
Total assets	2 902	2 554
Cash and quasi cash	2 576	2 020
Direct credit facilities	-	-
Total external sources of funds (customers' & banks' deposits)	-	-
Total revenues	304	260
Net profit / (loss) before tax	(24)	(48)
Net profit / (loss) after tax	(24)	(48)

DETAILED INFORMATION ON THE BANK'S SUBSIDIARIES & SISTER COMPANY

First: Jordanian Companies:

Entity	Type	Address	Type of Activity	Capital
Islamic International Arab Bank	Public Shareholding	Wasfi Al Tal St., Bldg. no. 20, PO Box 925802 Amman 11190 Jordan Tel. +962 6 5694901 Fax. +962 6 5694914 www.iiabank.com.jo	Islamic banking	JOD 100 Million
Arab National Leasing Co.	Limited Liability	Amman, Madina Monawwara St., Arab Bank Bldg. no. 255, PO Box 940638 Amman 11194 Jordan Tel. +962 6 5531640/49/50 Fax. +962 6 5529891 www.anl-jo.com	Financial leasing	JOD 50 Million
Al Arabi Investment Group (AB Invest)	Limited Liability	Shmeisani, Esam Ajlouni St., Bldg. no. 3, PO Box 143156 Amman 11814 Jordan Tel. +962 6 5522239 Fax. +962 6 5519064 www.ab-invest.net	Investment & Financial services	JOD 14 Million
Al Nisr Al Arabi Insurance Co.	Public Shareholding	Shmeisani, Esam Ajlouni St., Bldg. no. 21, PO Box 9194 Amman 11191 Jordan Tel. +962 6 5685171 Fax. +962 6 5685890 www.al-nisr.com	Insurance services	JOD 10 Million
Acabes for Financial Technology	Private Shareholding	Esam Ajlouni St., Shmeisani, Bldg. No. 8 P.O. Box 950545 Amman 11195 Jordan Tel. +962 (6) 5203640 Fax. +962 (6) 5673923	IT services	JOD 50 Thousand

Second: Arab & Foreign Companies:

Europe Arab Bank	Public Shareholding	13-15 Moorgate London EC2R 6AD United Kingdom Tel.: +44 20 7315 8500 Fax: +44 20 7600 7620 www.eabplc.com	Commercial banking	EUR 569.925 Million
Arab Bank Australia Limited	Public Shareholding	Level 7, 20 Bridge St., Sydney NSW 2000 Australia Tel. +61 2 9377 8900 Fax: +61 2 9221 5428 www.arabbank.com.au	Commercial banking	AUD 119.3 Million

No. of Employees	No. of Branches	Major Shareholders (5% or more of capital)				
		Name	No. of Shares as of 31/12/2021	%	No. of Shares as of 31/12/2022	%
1070	47	Arab Bank plc	100 000 000	100%	100 000 000	100%
28	1	Arab Bank plc	50 000 000 JD/Share	100%	50 000 000 JD/Share	100%
49	1	Arab Bank plc	14 000 000 JD/Share	100%	14 000 000 JD/Share	100%
243	3	Arab Bank plc	5 000 002	50%	5 000 002	50%
		Allianz Mena Holding	1 801 264	18.01%	1 801 264	18.01%
		Yacoub Sabella	1 010 395	10.10%	1 010 283	10.10%
		Zaid Sabella	936 234	9.36%	952 795	9.53%
13	1	Arab Bank plc	50 000	100%	50 000	100%
141	5	Arab Bank plc	50 000 deferred shares of £1 and 569 925 540 ordinary shares of €1	100%	50 000 deferred shares of £1 and 569 925 540 ordinary shares of €1	100%
100	5	Arab Bank plc	119 314 274	100%	119 314 274	100%

DETAILED INFORMATION ON THE BANK'S SUBSIDIARIES & SISTER COMPANY

Entity	Type	Address	Type of Activity	Capital
Oman Arab Bank	Omani Public Shareholding	North Ghubra, P.O.Box 2240 PC 130 Sultanate of Oman Tel. 00968 (24) 754000 Fax. 00968 (24) 797736 www.oman-arabbank.com	Commercial banking	RO 167 Million
Arab Tunisian Bank	Public Shareholding	9 Hadi Nouira St, Tunis 1001 Tel. +216 71 351 155 Fax. +216 71 342 852 E-Mail : atbbank@atb.com.tn www.atb.com.tn	Commercial banking	TND 128 Million
Arab Bank – Syria	Public Shareholding	Damascus, Abu Rummana, Mahdi Bin Baraka St., PO Box 38 Damascus, Syria Tel. +963 11 9421 Fax. +963 11 3349844 www.arabbank-syria.sy	Commercial banking	SYP 5.05 Billion
Arab Sudanese Bank Limited	Private Shareholding	Wahat El- Khartoum Towers, P.O Box 955, Khartoum, Sudan Tel. +249 15 6550001 Fax. +249 15 6550004	Islamic banking	USD 50 Million
Al Arabi Investment Group/ Palestine	Private Shareholding	Rammallah, old town , Al-Harjeh Bldg., PO Box 1476 Palestine Tel. +970 2 2980240 Fax. +970 2 2980249 www.abinvest.ps	Investment & Financial services	JOD 1.7 Million
Arab Company for Shared Services FZ	Limited Liability	Dubai Out Source Zone Academic City - Manamah st. ACSS Building First Floor P.O. Box 11364 Dubai, UAE Phone: +971 4 4450555 Fax: +971 4 4495463	Financial services for Arab Bank branches	AED 40.37 Million
Arab Gulf Tech for IT Services FZ	Limited Liability	Dubai Outsource Zone Academic City - Manamah st. ACSS Building, Second Floor P.O. Box 500524 Dubai, UAE Phone: +971 4 4450555 Fax :+971 4 4495460	IT services for Arab Bank branches	USD 1.5 Million

Third : Sister Company:

Entity	Type	Address	Type of Activity	Capital
Arab Bank (Switzerland) Limited	Public Shareholding	10-12 Place de Longemalle PO Box 3575, CH-1211 Geneva 3, Switzerland Tel. +41 22 715 1211 Fax. +41 22 715 1311 www.arabbank.ch	Commercial banking	CHF 26.7 Million

No. of Employees	No. of Branches	Major Shareholders (5% or more of capital)				
		Name	No. of Shares as of 31/12/2021	%	No. of Shares as of 31/12/2022	%
1096	47	Arab Bank plc	818 010 900	49%	818 010 900	49%
		Oman International Development & Investment Company SAOG (OMINVEST)	528 054 480	31.63%	517 382 480	30.99%
1409	130	Arab Bank plc	64 237 531	64.24%	64 237 531	64.24%
		Zarzari Complex	5 383 483	5.38%	5 242 421	5.24%
280	14	Arab Bank plc	25 899 385	51.29%	25 899 385	51.29%
		Alia Talal Zain	2 525 000	5%	2 525 000	5%
		Moh'd Kamel Sharabati	2 525 000	5%	2 525 000	5%
80	4	Arab Bank plc	5 000 000	100%	5 000 000	100%
7	1	Arab Bank plc	1 700 000	100%	1 700 000	100%
58	1	Arab Bank plc	40 370 Shares	100%	40 370 Shares	100%
30	1	Arab Bank plc	5 509 Shares	100%	5 509 Shares	100%
161	2	Shareholders of Arab Bank (Switzerland) Ltd. are the same shareholders of Arab Bank plc, with an identical ownership structure.				

Arab Bank Plc Investments in the Subsidiaries Companies As of 31/12/2022:

Name Of Company	Nature of Business	Ownership %	Ownership Type	Country
Europe Arab Bank Plc	Commercial Banking	100%	Subsidiary	UK
Arab Bank Australia Limited	Commercial Banking	100%	Subsidiary	Australia
Islamic International Arab Bank plc	Islamic Banking	100%	Subsidiary	Jordan
Arab National Leasing Company	Financial Leasing	100%	Subsidiary	Jordan
Al- Arabi Investment Group Co. (AB Invest)	Investment & Financial Services	100%	Subsidiary	Jordan
Arab Sudanese Bank Limited	Islamic Banking	100%	Subsidiary	Sudan
Al – Arabi Investment Group / Palestine	Investment & Financial Services	100%	Subsidiary	Palestine
ACABES for Financial Technology	Information Technology Services	100%	Subsidiary	Jordan
Arab Tunisian Bank	Commercial Banking	64.24%	Subsidiary	Tunisia
Al – Nisr Al – Arabi Co . Ltd.	Insurance Services	50% + 2 Shares	Subsidiary	Jordan
Arab Bank - Syria	Commercial Banking	51.29%	Subsidiary	Syria
Oman Arab Bank S.A.O.G.	Comercial Banking	49%	Subsidiary	Oman

Arab Bank Plc Investments in Affiliated Companies As of 31/12/2022:

Name Of Company	Nature of Business	Ownership %	Ownership Type	Country
Arab National Bank	Commercial Banking	40%	Affiliated	Saudi Arabia
Turkland Bank	Commercial Banking	50%	Affiliated	Turkey
Arabia Insurance Co.	Insurance Services	42.51%	Affiliated	Lebanon
Commercial Building Co. S.A.L	Real Estate Leasing	35.24%	Affiliated	Lebanon

Name	**Sabih Taher Darwish Masri**
Title	**Chairman / Non Executive / Non Independent**
Date of Membership	27/3/1998
Date of birth	2/12/1937
Academic qualifications	BSc in Chemical Engineering, University of Texas, Austin, USA 1963
Experiences	- More than 55 years experience in managing private businesses in various areas of investment, finance, industry and commerce - Founder and Chairman of Astra Group of companies (since 1966) - Chairman of the Board of Directors of ASTRA Industrial Group - Saudi Arabia (since 2007) - Chairman of the Board of Directors of ZARA Holding Co. - Jordan (since 5/1999) - Chairman of the Board of Directors of Palestine Telecommunication Corp. - Palestine (since 1998) - Member of the Board of Directors of Palestine Development & Investment Co. (Padico) - Palestine (since 1994) - Chairman of the Board of Directors of Arab Supply & Trading Co. - Saudi Arabia (since 1979) - Chairman of the Board of Directors of CICON for Building Materials Co. - UAE (since 1968) - Member of the Board of Directors of Arab Bank (Switzerland) (2005- 2013) - Chairman of the Board of Directors of Abdul Hameed Shoman Foundation - Chairman of the Board of Trustees of An-Najah National University

Name	**Khaled Sabih Taher Masri**
Title	**Deputy Chairman / Non Executive / Non Independent**
Date of Membership	25/1/2021
Date of birth	19/2/1966
Academic qualifications	- MBA, Georgetown University 1990 - B.Sc. in Computer Science and Engineering, M.I.T 1986
Experiences	- President, ASTRA Group (since 1995) - Board Member, Jordan Hotel and Tourism Co. (since 1997) - Board Member, Zara Holding (since 1994), and Vice Chairman (since 2005) - Board Member, Jordan Himmeh Mineral Co. (since 2000) - Chairman, Ayla Oasis Development Co. (since 2003) - Vice Chairman, Astra Industrial Group (since 2008) - Board Member, Cairo Amman Bank (1995 – 2021), and Chairman (1999 – 2012)

Name	**Ministry of Finance, Saudi Arabia** **Represented by Mr. Hisham Mohammed Mahmoud Attar**
Title	Member of the Board of Directors / Non Executive / Non Independent
Date of Membership	- Legal Entity : 29/4/1966 - Legal Entity's Representative : 29/3/2018
Date of birth	29/6/1981
Academic qualifications	- Bachelor in Business Economics and Public Private Sector Organizations / Brown University – USA, 2004
Experiences	- Chairman of the Saudi Jordanian Investment Funds - Jordan (since 2017) - Chairman of the Halal Development Company (since Nov. 2021) - Director Local Partnerships Development / The Public Investment Fund - Saudi Arabia (2019 – July 2022) - Senior Vice President / The Public Investment Fund - Saudi Arabia (2016 – August 2019) - Member of the Board of Directors / The Saudi Arabian Military Industries Company (SAMI) - Saudi Arabia (2018 – May 2021) - Member of the Board of Directors / Saudi Industrial Investment Company (Dussur) - Saudi Arabia (2017 – June 2021) - Member of the Board of Directors / The Industrialization and Energy Services - Saudi Arabia (TAQA) (2017 – Nov. 2019) - Member of the Board of Directors / Mobile Telecommunication (Zain) - Saudi Arabia (2016 - 2022)

Name

Social Security Corporation
It is a national solidarity insurance scheme corporation. Benefits are funded by the contributions paid by the insured persons and employers and it aims to provide social and economic protection to people.

Represented by Mr. Mohammad Adnan Hasan Almadi

Title

Member of the Board of Directors /Non Executive / Non Independent

Date of Membership

Legal Entity	:	20/9/2001
Legal Entity's Representative	:	15/12/2021

Date of birth

18/4/1971

Academic qualifications

- Master of Administrative Science/ Finance , University of Jordan 1998
- Bachelor Degree in Accounting, Yarmouk University – Jordan 1992

Experiences

- Manager of Equity Support Directorate / Social Security Investment Fund (since Oct. 2019)
- Manager of Internal Audit Unit / Social Security Investment Fund (May 2003 – Oct. 2019)
- Senior Internal Auditor / Central Bank of Jordan (Jan. 1994 – May 2003)
- Customer Relationship Officer / Arab Bank PLC (Feb. 1993 – Dec. 1993)
- External Auditor / Deloitte & Touche (Sep. 1992 – Feb. 1993)
- Previous Board Member and Committees member of several companies, Housing Bank for Trade and Finance, Jordan Kuwait Bank, Capital Bank, The Jordan Petroleum Refinery Company, Daman Investments Company, The Jordan Petroleum Products Marketing Company, The National Jordanian Mineral Oils Industry, The Jordan Real Estate Development Company

Name	**Wahbe Abdallah Wahbe Tamari**
Title	**Member of the Board of Directors / Non Executive / Non Independent**
Date of Membership	31/3/2006
Date of birth	14/5/1963
Academic qualifications	- Owner / President Management Program (OMP 43), Harvard Business School, (February 2013) - BA in Management, Webster University, Geneva, Switzerland (1985)
Experiences	- Chairman of the Board of Directors of Arab Bank (Switzerland) Ltd, Geneva, Switzerland (since April 2013), previously Member of the Board of Directors (2007-2013) - Vice Chairman of the Board of Directors of Oman Arab Bank SAOC- Muscat, Oman (since September 2016) - Chairman of the Board of Directors of Arabia Insurance Co. SAL. - Beirut, Lebanon (since June 2006) - Chairman of the Board of Directors of the National Company for Real Estate Projects (NCREP) S.A.L. – Beirut, Lebanon (since May 2013) - Member of the Board of Directors of Solidere International PLC. – Dubai, UAE (since May 2016) - Member of the Board of Directors of Sucafina S.A. Geneva, Switzerland (since August 1998) - Member of YPO GOLD - Switzerland (since 1999) - Member of the Board of The Tamari Foundation – Switzerland (since 2012) - Member of YPO EMIRATES GOLD- UAE (since 2021)

Name	**Alaa Arif Saad Batayneh**
Title	**Member of the Board of Directors / Non Executive / Non Independent**
Date of Membership	22/4/2015
Date of birth	6/6/1969

Academic qualifications

- MS Degree in Management Information Systems, The George Washington University 1993
- B.S.c of Science in Electrical Engineering, The George Washington University 1991

Experiences

- General Manager / Alarif Consultancy (present)
- Chairman of Jordan Petroleum Refinery Company plc (since 14/10/2020), and Member of the Board of Directors (since 2014)
- Member of the Board of Directors / Euro Arab Insurance Group plc. (since June 2020)
- Member of the Board of Trustees / The King Hussein Cancer Foundation (since 2014)
- Member of the Board of Trustees / The King Abdullah II Centre for Excellence (since 2012)
- Chief Executive Officer – Eagle Hills / Jordan (2015–2017)
- Senator in The Upper House of Parliament (2013–2016)
- Minister of Energy & Mineral Resources & Minister of Transport (2012–2013)
- Minister of Energy & Mineral Resources (May 2012–Oct. 2012)
- Minister of Transport (2011–2012)
- Minister of Transport (2009–2011)
- Minister of Public Works & Housing (Feb. 2009–Dec. 2009)
- Minister of Transport (2007–2009)
- Director General / Customs Department (2005–2007)
- Secretary General of Ministry of Transport / Ministry of Transport (2000–2005)
- General Manager / Al Ajdal Consultancy (1998–2000)
- Head of Project Management / New Work Co. (1994–1998)
- Communication Engineer / Racal Avionics, London (1992–1994)
- Engineer, Research Department / Intelsat, Washington – USA (1991)

Name	**Omar Monther Ibrahim Fahoum**
Title	**Member of the Board of Directors / Non Executive / Independent**
Date of Membership	31/3/2022
Date of birth	17/1/1959
Academic qualifications	- BA in Business Administration / Accounting (Major Accounting) – University of Texas, Austin 1980 - CPA / Texas State Board of Accountancy, 1983
Experiences	- 30 years of experience as a partner in Deloitte & Touche and the last 20 years as CEO of the firm. Experiences in Deloitte & Touche Middle East: • Chief Executive Officer – Deloitte & Touche Middle East (2001 – 2020) • Member of the Global Board – Deloitte Touche Tohmatsu (2017 – 2019) & (2007 – 2011) • Director of Operations for Saudi Arabia (1998) • Leader of the regional firm's valuation services (1995) • Leader of the firm's Eastern Province business in Saudi Arabia (1995) - Board Member / Royal Jordanian (since March 2021) - Co-founded in YPO / the Jordan chapter (since 1998) and Bahrain chapter (since 2007) - Regional Board Member / INJAZ (since 2007) - Founding Chair of the regional chapter / Club MENA 30% (since 2015) - Chairman / Amman Academy (2021-2022)

Name	**Nabil Hani Jamil Alqaddumi**
Title	**Member of the Board of Directors / Non Executive / Independent**
Date of Membership	31/3/2022
Date of birth	20/9/1954
Academic qualifications	- PhD / Civil Engineering – Massachusetts University - USA, 1982 - MSc. / Civil Engineering – Stanford University - USA, 1977 - Bsc. / Civil Engineering – University of Texas - Austin, 1976
Experiences	- Vice Chairman / Arab Fund for Arts and Culture (since 2007) - Founder & Director / Hani Qaddumi Scholarship Foundation (since 2001) - Chairman / SPETCO International Petroleum Company (since 2000) - The Governor of Palestine / Arab Fund for Economic and Social Development (2019 - 2021) and (2008 - 2017) - Board Member / Bank of Palestine (March 2018 – July 2019) - Board Member / Jordan Investment & Finance Bank (Invest Bank) (2000 – 2017) - Visiting lecturer / Stanford University (1989 – 1990) - Founder and Chairman / PROJACS International (1984 – 2020) - Lecturer / Kuwait University (1982 – 1993)

Name	**Majed Qustandi Elias Sifri**
Title	**Member of the Board of Directors / Non Executive / Independent**
Date of Membership	31/3/2022
Date of birth	17/12/1963
Academic qualifications	- J.D. (Doctor of Jurisprudence) / Washington College of Law, American University – Washington, 1989 - MBA (Masters of Business Administration-Finance), George Washington University, 1986 - BA (Economics and Business) - University of Maryland - USA, 1985
Experiences	- CEO / OPTIMIZA Co. (since 2010) - Board Member / ALTIBBI (2017 – 2021) - CEO / Redline Communications Inc., Toronto (2001 – 2009) - Chairman / Applications Technology Inc. (AppTek), Washington (1995 – 1999) - CEO / CTI Datacom Inc., Montreal (1990 – 2001) - Lawyer / The Law Bureau, Kuwait (1989 – 1990)

Name	**Sharif Mohdi Husni Saifi**
Title	**Member of the Board of Directors / Non Executive / Independent**
Date of Membership	31/3/2022
Date of birth	6/6/1972
Academic qualifications	- M.A. Leadership in Development Finance / Frankfurt School of Finance & Management, Germany, 2021 - Master in Marine Environmental Protection / University of Wales, Bangor, UK, 1999 - Bachelor of Science in Foreign Service / Georgetown University, Washington DC, 1994
Experiences	- Deputy Chairman & Deputy General Manager / Masar United Contracting Co. LLC, (since 2001) - Board Member / VTEL Holding Co. LLC, (since 2006) - Board Member / The South Coast Hotel Development Co., (since 1999) - Chairman / Harmattan for Marine Tourism Co., (since 2009) - Chairman / Al Mujtama Real Estate Development Co. LLC (since 2021) - Board Member / Cairo Amman Bank (2010 - Feb. 2022) - CEO / United Garment Manufacturing Co. / Filwa Investment Co. (2000-2004) - Board Member / Accelerator Technology Holdings LLC, (2009-2010) - Board Member / Raya Real Estate Development Co., (2005-2008)

Name	**Shahm Munib Elias Al-Wir**
Title	**Member of the Board of Directors / Non Executive / Independent**
Date of Membership	31/3/2022
Date of birth	28/12/1976
Academic qualifications	- Juris Doctorate in Law / University of Virginia School of Law, 2001 - Bachelors of Arts in Government (High Honors) / Harvard University, 1998
Experiences	- Partner / Foursan Group (since 2007) - Board Member / JO Academy (since 2021) - Board Member / Sands National Academy (since 2019) - Member of the Board of Trustees / The King Hussein Cancer Foundation (since 2019) - Board Member / Siniora Food Industries (since 2013) - Member of the Board of Trustees / Amman Baccalaureate School (since 2013) - Board Member / Abdul Hamid Shoman Foundation (2013 – March 2022) - Board Member / ATICO (2017 -2019) - Board Member / Central Bank of Jordan (2016 - March 2022) - Board Member / Zalatimo sweets and restaurants (2015 - 2021) - Board Member / Shamsuna Power Company LLC (2014 - 2017) - Board Member / Jordan Dubai Islamic Bank (2013 - 2016) - Senior Associate Attorney / Debevoise & Plimpton LLP, New York

Names of the Members of the Board of Directors whose membership has ended

Name	**Mahmoud Zuhdi Mahmoud Malhas**
Title	**Deputy Chairman / Non Executive / Independent**
Date of Membership	From 29/7/2021 until 31/3/2022
Date of birth	26/8/1938
Academic qualifications	Bachelor of Arts – Economics, American University of Beirut – Lebanon, 1957
Experiences	- President of Al- Mahmoudia Motors (Exclusive Agent Jaguar, Land Rover Vehicles) / Amman – Jordan (2000 – Present) - Founding Shareholder of Saudi American Bank, currently Bank NCB - Al Ahli Bank / Riyadh - Saudi Arabia (1981 – Present) - Deputy Chairman of Four Seasons Hotel / Amman – Jordan (2006 – Present) - Deputy Chairman of Jordan Ahli Bank / Amman - Jordan (1997 - 2020) - Chairman of Palestine Commercial Bank / Palestine (2008 - 2016) - Deputy Chairman of Tecan A.G. Public Shareholding Co. / Homberchticon Zurich- Switzerland (1985 - 1991) - Chief Advisor and Personal secretary of H.M. King Fahd Bin Abdel Aziz Custodian of Holy Places "May God have mercy on him" / Riyadh - Saudi Arabia (1968 - 1984)

Name	**Bassam Wa'el Roshdi Kanaan**
Title	**Member of the Board of Directors / Non Executive / Non Independent**
Date of Membership	From 22/1/2013 until 31/3/2022
Date of birth	10/5/1965
Academic qualifications	- Executive Masters of Business Administration (MBA), USA, 1998 - Bachelor of Arts (BA) in Economics / Accounting, Claremont McKenna College, Los Angeles, 1986 - Certified Public Accountant (CPA) California, USA, 1989 - Chartered Financial Analyst (CFA), 2001
Experiences	- More than thirty years in senior executive positions at leading private sector and publicly listed companies in the fields of General Management, Finance, Audit and Investment. - Chief Strategy and Corporate Development Officer, Hikma Pharmaceuticals plc (2014–present) - President & COO, MENA and EU, Hikma Pharmaceuticals plc (2010-present) - Chief Financial Officer, Hikma Pharmaceuticals plc (2001-2010) - Chief Financial Officer, Palestine Development & Investment Ltd (PADICO) (1994-2001) - Audit Manager, Deloitte & Touche, Los Angeles, USA (1986 –1993) - Member of the Board of Directors of Palestine Telecommunications Company (PALTEL) (2000 -2001) - Member of the Board of Directors of Central Electricity Generation Company (CEGCO), Jordan (2004-2005) - Member of the Board of Directors and Audit Committee, Zara Investment Holding Company (2006-2010) - Member of the Board of Directors and Chairman of the Audit Committee of Capital Bank of Jordan (formerly Export Finance Bank) (2007-2009) - Member of the Board of Directors and Chairman of the Audit Committee, Aqaba Development Company (ADC) (2008-2012)

Names of the Members of the Board of Directors whose membership has ended

Name	**Abbas Farouq Ahmad Zuaiter**
Title	**Member of the Board of Directors / Non Executive / Independent**
Date of Membership	From 27/3/2014 until 31/3/2022
Date of birth	16/7/1967
Academic qualifications	BSBA, Finance & Accounting, Georgetown University, 1989
Experiences	- Co-Founder & Managing Member, Zuaiter Capital Holdings, LLC (April 2013-present) - Member of the Board of Directors of Trine Acquisition Corp, Inc. (NYSE:TRNE) (March 2019-Present) - Member of the Board of Directors of Ossia, Inc. (Seattle, WA) (2017-Present) - Chairman of Investment Committee, Alcazar Capital (January 2019-Present) - Member of the Board of Directors of The Capital Holdings Funds plc (2014-present) - Member of the Board of Advisors, iMENA Group (2013–present) - Member of the Board of Advisors, Jibrel Networks, (2018-present) - Member of the Board of Advisors, Atom Investors, LP (2017-present) - Member of the Board of Advisors, EuroMena Capital, LP (2010-present) - Member of the Board of Advisors, McDonough School at Georgetown University (2015-present) - Member of the Board of Regents at Georgetown University (2014–present) - Chairman of the Board of Directors of Adecoagro (2003-2018) - Member of the Executive, Investment, Management, Capital Allocation & Risk Committees, Soros Fund Management (September 2002 – April 2013) - Chief Operating Officer, Soros Fund Management (September 2002-April 2013) - Group Chief Financial Officer, Soros Fund Management (September 2002- December 2004) - Partner, PricewaterhouseCoopers LLP – USA Firm (April 1994-September 2002)

Name	**Usama Ramez Omar Mikdashi**
Title	**Member of the Board of Directors / Non Executive / Independent**
Date of Membership	From 29/3/2018 until 31/3/2022
Date of birth	20/10/1941
Academic qualifications	- M.B.A. / American University of Beirut - Lebanon, 1963 - B.A.A. / American University of Beirut - Lebanon, 1961
Experiences	- Board of Directors of Arabia Insurance Co. SAL. - Beirut, Lebanon (since June 2019) - Chairman of the Banking Control Commission of Lebanon (2010-2015) - Board Directorships in Banking, Telecoms, Insurance, Real State in UK, South Africa, Turkey, Lebanon, Jordan & Bahrain (2007-2010) - Career Citibank / Citigroup (1962-2007): • Managing Director Corporate and Investment Banking Risk Management in Europe, Middle East & Africa, London (1995-2007) • Group Credit Officer, Financial Institutions Trade Finance, Securities and Cash Management, New York (1989-1995) • Division Head, Investment Banking, Middle East and Africa, London (1986-1989) • Credit Policy Committee Member, Europe, Middle East and South Asia, London (1982-1986) • Division Credit Officer, Middle East, Athens (1979-1982) • Senior Credit Officer, Asia Pacific Region, Manila (1977-1979) • Chief of Staff and Senior Credit Officer, Middle East & Africa, Beirut and Athens (1975-1977) • Project Finance Officer, Middle East Region, Bahrain (1973-1975) • Marketing and Credit Officer, South Asia and Middle East, New York (1970-1973) • Corporate Banking and Marketing Officer, Karachi (1969-1970) • Senior Operations Officer, Riyadh (1968-1969) • Assistant Manager, Beirut (1962-1968)

Names of the Members of the Board of Directors whose membership has ended

Name	**Suleiman Hafez Suleiman Al Masri**
Title	**Member of the Board of Directors / Non Executive / Independent**
Date of Membership	From 27/10/2016 until 31/3/2022
Date of birth	1/1/1941
Academic qualifications	- Bachelor Degree in Trade / University of Alexandria - Beirut Branch, 1968 - Financial and Management courses in the United States of America, United Kingdom and Austria
Experiences	- Member of the Board of Trustees of The Higher Council for Science and Technology (2013-2017) - Minister of Finance (1997-1998) - Minister of Finance (2012-2013) - Minister of Post & Telecommunications (1998-1999) - Minister of Energy (2010) - Secretary General of the Ministry of Finance (1991-1996) - Chairman / Royal Jordanian Airlines (2014-2016) - Chairman / Social Security Investment Fund / Social Security Corporation (2013-2016) - Chairman / Electricity Regulatory Commission (2009-2010) - Chairman / Telecommunication Regulatory Commission (1998-1999) - Chairman / Jordan Telecommunications Corporation (1999-2001) - Chairman / Arab Potash Co. (2001-2003) - Chairman / KEMAPCO (Kemera Co.) for Fertilizers & Chemicals Industries (2001-2003) - Chairman / Jordan Bromine Co. (2001-2003) - Chairman / Free Zones Corp. & Jordan Investment Corp (1997-1999) - Member of Royal Commission for Modernization and Development (1993-1996) - Governor of the International Monetary Fund "Representing Jordan" for various periods - Deputy Governor of the Islamic Development Bank / Jeddah "Representing Jordan" (1991-1997) - Deputy Governor of the Arab Monetary Fund "Representing Jordan" (1991-1997) - Chairman of the Ministerial Development Committee for various periods - Member of the Board of Directors / Royal Jordanian Airlines (1991-1997) - Member of the Board of Directors / Jordan Electricity Authority (1991-1997) - Member of the Board of Directors / Social Security Corporation (1991-1997) - Member of the Board of Directors / Orphan Development Corp. (1991-1997) - Member of the Board of Directors / Agriculture Credit Corp. (1991-1997) - Member of the Board of Directors / Arab Engineering Industries (1992-1997) - Member of the Board of Directors / Civil Aviation Authority (1991-1997) - Member of the Board of Directors / Jordan Cement Factories Co. (1990-1997) - Member of the Board of Directors / Jordan Phosphate Co. (1992-1997) - Member of the Board of Directors / Arab African Bank (1991-1997) - Member of the Board of Directors / Arab Organisation for Agricultural Development (1992-1997) - Member of the Board of Directors / Royal Automobile Club of Jordan (2012-2020)

Resigned Board Members during the year 2022

None.

The Board of Directors of Arab Bank plc was elected by the Ordinary General Assembly of the Bank in its meeting held on 31/3/2022 for its next term of four years ending on 30/3/2026.

SENIOR EXECUTIVES

Ms. Randa Mohammad Tawfiq El Sadek

Chief Executive Officer

Date of appointment	:	1/ 7/2010
Date of birth	:	14/11/1962

Academic Qualifications:

- B.A. in Business Administration - American University of Beirut, 1984
- M.B.A in Finance - American University of Beirut, 1986

Experience:

- Chief Executive Officer - Arab Bank (since February, 2022)
- Deputy Chief Executive Officer - Arab Bank (since July 1, 2010)
- Group General Manager for International Banking Group - National Bank of Kuwait (2006-2010)
- Managing Director - National Bank of Kuwait (International) plc, London (2005-2006)
- Assistant General Manager - National Bank of Kuwait (International) plc, London (1998-2005)
- Executive Manager & Treasurer - National Bank of Kuwait (International) plc, London (1993-1998)
- Head of Asset & Liability Management - National Bank of Kuwait (International) plc, London (1991-1993)
- Financial Analyst - National Bank of Kuwait (1986-1990)
- Graduate Assistant - American University of Beirut (1985-1986)

- Chairman of Arab Tunisian Bank
- Board Member of Oman Arab Bank
- Chairman of the Management Committee for Al-Arabi Investment Group Co.
- Board Member of Endeavor Jordan
- Board Member - Association of Banks in Jordan
- Board Member - Al Hussein Fund for Excellence
- Board Member - Jordan Payments and Clearing Company
- Chairman - Jordan Capital and Investment Fund Company
- Board Member - Jordan Capital and Investment Fund Company

Mr. Mohammed Ahmed Khaled Masri

Deputy CEO / Corporate and Institutional Banking

Date of appointment : 20/5/2018
Date of birth : 23/4/1972

Academic Qualifications:

- BA, Business Administration, Faculty of Economics and Administrative Sciences - University of Jordan, 1995

Experience:

- Deputy CEO / Corporate and Institutional Banking (Since 8/2022)
- Executive Vice President / Head of Corporate and Institutional and Institutional Banking, Arab Bank PLC (2018-8/2022)
- Country Manager, Arab Bank / United Arab Emirates (2011-2018)
- Senior General Manager, Chief Business Officer, Bank Audi/ Egypt (2006-2011)
- Head of Corporate and Institutional Banking, Millennium Capital Holding/ UAE/ Sudan (2006)
- Head of Trade Finance Department, Global Banking Group/ Arab Bank PLC (2004-2006)
- Head of Corporate and Institutional Banking, Standard Chartered Bank / Jordan (2001-2004)
- Regional Manager, Standard Chartered Bank / Palestine (1999-2001)
- Branch Management, Standard Chartered Bank (Formerly ANZ Grindlays Bank)/ Palestine (1995-1999)
- Board Member - Paltel
- Board Member - Arab Bank Australia Ltd

Mr. Naim Rassem Kamel Al-Hussaini

Deputy CEO / Consumer Banking and Wealth Management

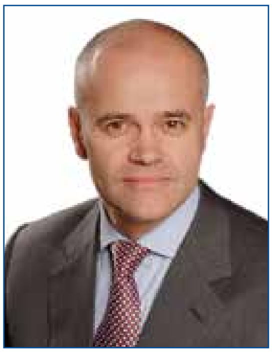
Date of appointment : 20/11/2011
Date of birth : 28/11/1962

Academic Qualifications:

- B.Sc. of Science, Industrial Management, University of Petroleum & Minerals – Saudi Arabia, 1985

Experience:

- Deputy CEO / Consumer Banking and Wealth Management (Since 8/2022)
- Head of Consumer Banking Division - Arab Bank (2011 – 8/2022)
- Head of Retail Banking Group, Banque Saudi Fransi, Saudi Arabia (2008 – 2011).
- Acting Head, Retail Banking Group, Banque Saudi Fransi, Saudi Arabia (2006 – 2007).
- Division Manager, Consumer Assets Sales Division, Retail Banking Group, Banque Saudi Fransi, Saudi Arabia (2005).
- Regional Manager, Retail Banking Division, Eastern Region, Banque Saudi Fransi, Saudi Arabia (2000 – 2005).
- Manager, Network & Financial Planning Department, Retail Banking Group, Head Office, Banque Saudi Fransi, Saudi Arabia (1995 – 2000).
- Personnel Manager, Corporate Human Resources Division, Head Office, Banque Saudi Fransi, Saudi Arabia (1993 – 1995).
- Manager, Recruitment & Government Relations, Corporate Human Resources Division, Head Office, Banque Saudi Fransi, Saudi Arabia (1990 – 1993).
- Manager, Budget & Financial Planning, ITISALAT ALSAUDIA (1988 – 1990).
- Head, Tender & Contracting, ITISALAT ALSAUDIA (1986 – 1988).
- Member of the Board - Arab Tunisian Bank - Tunisia
- Member of the Board - International Islamic Arab Bank
- Board Member of Jordan Hotels and Tourism Company



Mr. Antonio Mancuso-Marcello

EVP - Head of Treasury

Date of appointment : 1/6/2008
Date of birth : 2/5/1966

Academic Qualifications:

- BA (Honours), Business Studies and German, Nottingham – UK, 1989
- Certificate in Business Sciences, Universitaet-GHS Paderborn – Germany, 1987

Experience:

- Executive Vice President / Treasury, Arab Bank (6/2008 - present)
- Group Treasurer, UniCredit – Italy (2007-2008)
- Global Treasurer, GE Insurance Solutions – UK and US (2002-2006)
- Assistant Treasurer / Head of European Funding, GE Capital – France (1999-2002)
- Associate Director / Fixed Income, UBS – UK (1997-1999)
- Associate Director / Fixed Income, NatWest Markets – UK (1992-1997)
- Assistant Director / Money Markets, Yamaichi International – UK (1990-1992)
- Alumni Fellow of Nottingham Business School, Nottingham Trent University (since 2014)

Mr. Mohamed Abdul Fattah Hamad Ghanameh

EVP - Chief Credit Officer

Date of appointment : 1/2/2007
Date of birth : 6/1/1953

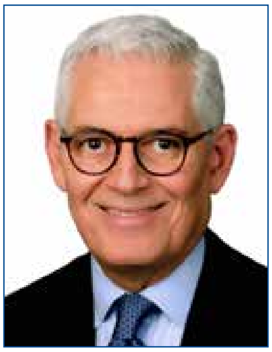
Academic Qualifications:

- B.Sc. in Mathematics, Riyadh University – Saudi Arabia, 1975
- Diploma in Computer Programming, London, 1976

Experience:

- EVP - Head of Credit, Arab Bank plc – Head Office, Jordan (since 4/2010)
- Executive Vice President / Global Head of Corporate & Investment Banking, Arab Bank plc – Head Office, Jordan (2007 –2010)
- Head of Corporate & Investment Banking Banque Saudi Fransi - Riyadh / Saudi Arabia (1999 – 2007)
- Head of Corporate & Investment Banking United Saudi Bank / USCB - Riyadh / Saudi Arabia (1995 – 1999)
- Assistant General Manager / Head of Corporate - Retail Banking Groups Cairo Amman Bank – Jordan (1990 –1995)
- Vice President / Head of Saudi Corporate Marketing Unit Gulf International Bank – Bahrain (1989 –1990)
- Manager International Corporate - Credit Division Arab Bank plc – General Management Jordan (1987–1989)
- Head of Corporate Banking / Central Region Saudi American Bank / Citibank - Riyadh / Saudi Arabia (1976 –1987)

- Chairman of the Supervisory Board of Arab National Leasing Company, Amman - Jordan
- Vice Chairman of International Islamic Arab Bank
- Deputy of the Supervisory Board of AB Invest , Amman – Jordan
- Member of the Board of Directors of Arab National Bank - Riyadh / Saudi Arabia
- Member of the Board of Directors of Arab Bank - Syria
- Member of the Board of Directors of Oman Arab Bank
- Vice Chairman of T - Bank - Turkey



Mr. Ziyad Anwar Abdul Rahman Akrouk
EVP-Head of Group
Risk Management

Date of appointment : 10/6/2018
Date of birth : 26/4/1958

Academic Qualifications:

- Master of Business Administration: Finance, December 1988.

  Syracuse University, Syracuse, N.Y.
- Bachelor of Science Degree with Honors, Civil Engineering, 1981

  University of Leeds, Leeds, England

Experience:

- EVP - Head of Group Risk, Arab Bank plc, Amman, Jordan (since 6/2018)
- Chief Executive Officer, Member of the Board of Directors, Europe Arab Bank plc, United Kingdom (2011-2018)
- Chief Executive Officer, Citibank, Kuwait (2010-2011)
- Chief Executive Officer, Citibank, Jordan (2005-2010)
- Regional Risk Manager, Senior Credit Officer, Citibank Egypt, Jordan, Lebanon and Libya (2003-2005)
- Risk Manager, Senior Credit Officer, Bank Handlowy (Memebr of Citigroup), Poland (2000-2003)
- Unit Head, Corporate Banking, Corporate Finance & Project Finance, Vice President, Citibank Bahrain (1995-2000)
- Relationship Manager, Financial Institutions , Vice President, Citibank Bahrain (1989-1994)
- Marketing and Technical Support Engineer, Saudi Arabia (1984-1986)
- Project Management Engineer, Kuwait (1981-1984)

- Chairman of the Board of Directors, Al Nisr AlArabi Insurance Company, Jordan
- Member of the Board of Directors, Arab National Bank, Saudi Arabia
- Member of the Board of Directory, Jordan Mortgage Refinance Company, Jordan

Mr. Eric Jaques Modave
Deputy CEO/ Chief Operating Officer

Date of appointment : 01/07/2014
Date of birth : 28/05/1966

Academic Qualifications:

- Master in Engineering and Business Management (HEC Liege) – 1989
- Certified Chartered Accountant (Luxembourg) – 2006
- AMP Insead (France) - 2013

Experience:

- Deputy CEO/ Chief Operating Officer (Since 8/2022)
- Chief Operating Officer, Arab Bank plc (Jordan), since (1/7/2014 - 8/2022)
- Chief Operating Officer, Barclays Africa (Kenya) (2009 - 2014)
- Global Payment Operating Head, Barclays (London) (2006 - 2009)
- Head of Operations, Global Consumer Bank Europe Middle-East, Africa and Russia, Citigroup, (London) (2005 –2006)
- Head of Retail Operations and Process Re-engineering Global Consumer Bank, Europe Middle-East, Africa and Russia, Citigroup (London) (2003 – 2005)
- Operations and Technology Head, Europe International Personal Banking, Citigroup (London) (2001 – 2002)
- Chief Financial Officer, Europe International Personal Banking, Citigroup (London) (1999 - 2000)
- Head of Business Planning and Analysis, Europe Consumer Bank, Citigroup (Brussels) (1996 - 1999)
- Audit Manager Arthur Andersen (Luxembourg), (1991 - 1996)

- Board Member - Europe Arab Bank plc
- Chairman of the Board of Arab Gulf Tech for IT Services - Dubai
- Chairman of the Board of Arab Company for Shared Services - Dubai
- Deputy Chairman of ACABES for Financial Technologies

Mr. Walid Muhi Eddin Mohammed Al Samhouri
EVP- Jordan Country Head

Date of appointment : 15/8/1988
Date of birth : 27/10/1962

Academic Qualifications:

- MSc in Economics University of Jordan, Amman 1994.
- BSc in Economics, Statistics & Public Administration - University of Jordan, Amman 1985.

Experience:

- Executive Vice President – Jordan Country Head (10/2015)
- Senior Vice President – Senior Credit Officer - Credit Group, Gulf, Egypt & Subsidiaries (2012-10/2015)
- Senior Vice President- Senior Credit Officer - Credit Group, Gulf, International & subsidiaries (2010-2011)
- Senior Vice President- Senior Credit Officer - Credit Group, North Africa and Lebanon (2008-2010)
- Head of Global Credit Administration & Control- Credit Group (2007-2008)
- Department Head – Corporate & Institutional Banking - Research & Support - Global Banking Group (GBG) (2003-2007)
- Senior Credit Officer - Credit Group (Country Risk, Sovereign and Quasi Sovereign) (1998-2003)
- Various responsibilities in credit, banking operations and trade finance in Jordan and Bahrain (1988-1998)

- Chairman - Arab Sudanese Bank- Sudan
- Board Member - Arab Tunisian Bank
- Board Member - Oman Arab Bank
- Board Member - Jordan Loan Guarantee Corp.
- Board Member - Saudi Jordanian Investment Fund
- Board Member - Commercial Bank Company for Investing in Companies
- Chairman - Company Bank Group Management
- Chairman - Commercial Bank Group Company for Investments

Mr. Firas Jaser Jamil Zayyad
EVP – Chief Financial Officer

Date of appointment : 5/6/2011
Date of birth : 10/9/1977

Academic Qualifications:

- B.Sc. in Accounting & Finance, Yarmouk University, Jordan, 1999
- Master of Business Administration (Finance & Accounting), University of Illinois, Chicago, USA, 2003
- Professional certification (CFA, CPA, CMA & CFM) from USA

Experience:

- Chief Financial Officer, Arab Bank, (since August 2021).
- Head of Financial Planning & Reporting Function, Arab Bank, (July 2014 –August 2021)
- Head of Corporate Investment Department, Arab Bank, (June 2011 – July 2014)
- CFO, Derayah Financials, SA, (August 2008 – June 2011)
- Regional Controller ME & Africa, International Air Transportation, Jordan (Aug 2006 – Aug 2008)
- Regional Finance Director, Aramark, USA, (2003 - 2006)
- Business Analyst, British Petroleum, Chicago, USA, (2000 - 2003)

- Member of the Board of Directors of Arab Tunisian Bank
- Member of the Boards of Directors of Al-Izz Islamic Bank – Oman
- Board member of Al- Arabi Investment Group Co. (AB Invest)

Basem Ali Al-Imam, Lawyer

Board Secretary / Head of Legal Affairs Division

Date of appointment	:	15/4/2003
Date of birth	:	19/4/1968

Academic Qualifications:

- B.A. in Law, Faculty of Law, University of Jordan, 1988
- Masters in Law, Faculty of Higher Studies, University of Jordan, 1994

Experience:

- Head of Legal Affairs Division, starting September 5, 2012
- Head of Legal Department – Arab Countries, (7/2007 – 9/2012)
- Legal Counsel (4/2003 – 7/2007)
- Advocate and Legal Consultant, The Housing Bank for Trade and Commerce, (6/1993 – 4/2003)
- Advocate, private law office (7/1991 - 6/1993)
- Legal Trainee (4/1989 – 6/1991)

Ms. Rabab Jamil Said Abbadi MCIPD

EVP - Head of Human Resources

Date of appointment	:	22/4/2018
Date of birth	:	10/12/1963

Academic Qualifications:

- B.Sc. Chemical Engineering, University of Baghdad, 1987
- Masters of Business Administration (MBA) Marketing, Coventry University, UK, 2003
- Member of the Chartered Institute of Personnel and Development, UK, 2016

Experience:

- Executive Vice President / Head of Human Resources/ Arab Bank (Since 4/2018)
- Executive Director / Human Resources/Bank of Jordan" Jordan, Palestine, Syria & Bahrain" (2009-2018)
- Head of Human Resources, "Bahrain & Egypt"/ Standard Chartered Bank (2006-2009)
- Head of Human Resources, Levant/ Standard Chartered Bank (2004-2006)
- HR Product Manager /Great Plains Middle East "Dubai" (2000-2002)
- Human Resources Officer/American University of Sharjah (1999-2000)

Mr. Michael Alexander Matossian

EVP - Chief Compliance Officer

Date of appointment	:	28/11/2005
Date of birth	:	23/2/1956

Academic Qualifications:

- B.Sc. Accounting, Montclair State University – USA, 1978
- Professional Certificates: Certified Public Accountant, Certified Management Accountant, Certified Fraud Examiner, Certified Risk Professional, Certified Anti-Money Laundering Specialist - USA

Experience:

- Executive Vice President / Group Regulatory Compliance, Arab Bank plc – (since 11/2005)
- Chief Compliance Officer, Fifth Third Bank – USA (2003 - 2005)
- Senior Vice President and Director of Regulatory Risk Management, Director Anti-Money Laundering, Director Operational Risk Governance – Wachovia Corporation (formerly First Union) – USA, (1995 – 2003)
- Vice President and Director of Management Internal Control, First Fidelity Bancorporation (acquired by First Union) - USA, (1993 - 1995)
- Senior Vice President and Chief Internal Auditor, National Community Banks, Inc. – USA, (1989 – 1993)
- Senior Audit Manager, Arthur Andersen, LLP – USA, (1979 - 1989)
- Regulatory Inspector, U.S. Treasury Department, Office of the Comptroller of the Currency – USA (1976 – 1979)

- Deputy Chair of the MENA Financial Crime Compliance Group and Vice Chair of the Global Coalition to Fight Financial Crime - MENA Chapter

Mr. Fadi Joseph Badih Zouein

EVP - Head of Internal Audit

Date of appointment	:	1/11/2009
Date of birth	:	14/04/1965

Academic Qualifications:

- BA, Business Administration, Saint Joseph University – Beirut, 1987
- High Diploma in Commercial Studies, Banking and Finance , Saint Joseph University – Beirut, 1992
- Professional Certifications (CIA, CISA,CFE)

Experience:

- Executive Vice President/ Head of Internal Audit , Arab Bank plc – (since 2009)
- General Manager Internal Audit, Gulf Bank – Kuwait, (2008 – 2009)
- Head of Internal Audit, Bank of Beirut – Lebanon, (1993- 2008)
- Senior Auditor Wedge Bank Middle East – Lebanon, (1992-1993)
- Credit Analyst, Bank Tohme - Lebanon, (1989 - 1992)

- Member of the Institute of Internal Auditors

RESIGNED SENIOR EXECUTIVES DURING 2022

Name	Title	Resignation Date
Mr. Nemeh Elias Nemeh Sabbagh	Chief Executive Officer	31/1/2022

Date of appointment	:	31/1/2010
Date of birth	:	15/3/1951

Academic Qualifications:

- B.A. in Economics and French at Austin College in Texas, 1972 with studies at L'Institut d'Etudes Politiques in Paris.
- MA in International Economics and Middle East Studies - Johns Hopkins University, 1974
- MBA in Finance - University of Chicago, 1976
- Completed the Senior Executive Program at the Graduate School of Business - Stanford University, 1990

Experience:

- Chief Executive Officer - Arab Bank (since 31/1/2010 until 31/1/2022)
- Executive General Manager - Bank Med in Lebanon(2006-2009)
- Managing Director and Chief Executive Officer - Arab National Bank in Riyadh, Saudi Arabia (1998-2005)
- General Manager of the International Banking Group- National Bank of Kuwait (1979-1998)
- Worked with the Industrial Bank of Kuwait (1976-1979), First Chicago in Chicago (1974-1975) and the World Bank in Washington, D.C., 1973

- Board Member of Europe Arab Bank plc –London (Chairman)
- Board Member of Arab National Bank - Saudi Arabia
- Board Member of Association of Banks in Jordan until 31/1/2022
- Vice Chairman - Jordan Payments and Clearing Company until 31/1/2022
- Co-Chair of the Board of Trustees - American University of Beirut

NAMES OF MAJOR SHAREHOLDERS OF 5% AND MORE AND SHAREHOLDERS WHO OWN 1% OR MORE OF THE SHARE CAPITAL OF THE BANK, THE ULTIMATE BENEFICIAL OWNER AND NUMBER OF PLEDGED SHARES

Names of Major Shareholders of 5% and more

Shareholder's Name	Number of shares 31.12.2021	Ownership %	Number of shares 31.12.2022
Social Security Corporation	110108286	17.183%	110108286

Shareholders who own 1% or more of the share capital of the Bank, the ultimate beneficiary owner and number of pledged shares

Shareholder name	Nationality	No. of Shares as 31/12/2022	Percentage %
Social Security Corporation	Jordanian	110108286	17.183%
Abdul Hameed Shoman Foundation	Jordanian	32023026	4.997%
Ministry of Finance, Saudi Arabia	Saudi	28800000	4.494%
Arab Supply & Trading Co	Saudi	28043226	4.376%
Musallam Ali Hussein Musallam	Saudi	22705758	3.543%
Arcadia Co.	Bahraini	19999998	3.121%
AlMaseera International Co. E.C.	Bahraini	17442846	2.722%
Dar Al Handasa (Shair and Partners) Co.	Emirates	13608972	2.124%
Mohamed Abdel Hamid Abdul Majeed Shoman	Jordanian	10834038	1.691%
Ministry of Economy and Finance / Qatar	Qatari	10564164	1.649%
UBHAR CAPITAL SAOC	Omani	7417260	1.158%
Palestine Development and Investment LTD (PADICO)	Liberia	7211790	1.125%
Mary Issa Elias Alousi	Jordanian	6544656	1.021%

Ownership %
17.183%

Ultimate Beneficial Owner	No. of pledged Shares	Percentage %	Pledgee
Same.	-	-	-
Abdul Hameed Shoman Foundation, Panama/ Private Interest Foundation, Foundation Council.	-	-	-
Same / Government.	-	-	-
Sabih Taher Darwish Masri / Khaled Sabih Taher Masri / Desert peak Company Percentage of Ownership: 9% / 90% / 1% Ultimate Beneficial Owner: 0.416% / 3.96%			
Same.	22695750	3.542%	Housing Bank
* ARKAAN Real Rstate 100% PADICO 32.3% of ARKAAN Real Estate Rawan International Investment 19.39%, Massar International - Group 14.57%, AlMaseera International Co. E.C. 12.47%,Siraj Palestine Fund I LTD 6.53%, Munib Rashid Munib Masri - Group 4.25%. Ultimate Beneficial Owner 1% or More : None	-	-	-
Sabih Taher Darwish Masri / Khalid Sabih Taher Masri Percentage of Ownership: 40% / 60% Ultimate Beneficial Owner: 1.089% / 1.633%	17442846	2.722%	Gulf International Bank
Holding Limited Company owned by Mr. Talal Kamal Abdo Al Shair (28.5%) & others. Ultimate Beneficial Owner 1% or More : None	-	-	-
Same	-	-	-
Same / Government	-	-	-
* Jabreen International Development Company SAOC («Jabreen Capital» with 65.99%) Oman International Development and Investment Company SAOC(«Ominvest» 99.6%) * Arab Bank (Switzerland) Ltd. ("ABS" with 34%) The same Arab Bank plc shareholders with the same ownership percentage . Ultimate Beneficial Owner 1% or More : None	749934	0.117%	Arab Bank/ Switzerland
Rawan International Investment 19.39%, Massar International - Group 14.57%, AlMaseera International Co. E.C. 12.47%, Siraj Palestine Fund I LTD 6.53%, Munib Rashid Munib Masri - Group 4.25%. Ultimate Beneficial Owner 1% or More : None	1067778 3468870	0.166% 0.541%	Ahli Bank Housing Bank
Same	-	-	-

SUMMARY OF PERFORMANCE APPRAISAL AND PERFORMANCE INCENTIVES POLICIES

Arab Bank complies with the corporate governance regulations issued by the Central Bank of Jordan and the other central banks, and the relevant official entities in the countries where Arab Bank operates. Its performance management and incentives policies link performance bonuses with the employee's performance, the results of the respective division, the performance of the country where Arab Bank operates, and the overall performance of the bank.

Arab Bank believes that the performance salary and bonus policy should be competitive so that it is able to attract and retain people with high levels of knowledge, skill, and expertise in their fields. For that reason, the bonus scheme is based on the different levels of performance categories.

The bank's salary and bonus policies do not accept or approve any achievements that may expose the bank to unacceptable short- or long-term risks and do not reward poor performance. The bank applies tools in line with governance regulations that promote the optimal use of the bonus pool based on achievement levels and allow for the possibility of deferring, reducing, or clawing back the already approved or granted bonuses.

The policies take into account all types of risks associated with the core activities of the bank (liquidity, credit, operational and market risks, general circumstances in the regions where the bank operates, etc.). These risks are identified to help achieve the balance between financial performance and risk levels that could arise through its banking activities and business deals.

The purpose of the policies is to enhance the bank's long-term performance and ensure that revenues have been achieved, while taking into account that future revenues may be subject to changing circumstances. For this reason, granting bonuses is based not only on the current year's performance, but also on the period it may take for such revenues to be attained. This policy applies to long-term objectives that cannot be achieved in the same year, thereby emphasizing the link between the bonus amount, the period over which it will be granted, and the actual attainment of future results.

Arab Bank is also keen to apply the best practices in measuring and evaluating performance by benchmarking itself against set Key Performance Indicators (KPIs). These KPIs help to determine the bonus amounts that reward high performance, achieve differentiation between various levels of performance, and help to motivate and retain outstanding performers at all management levels.

The performance bonus policy helps the bank to be objective and independent of the employees working in control functions, such as risk management, compliance, internal control, and internal audit, where their performance is measured and their bonuses are determined independently from the business functions they control.

COMPETITIVENESS AND MARKET SHARE

Arab Bank has one of the largest global Arab banking branch networks, with over 600 branches across five continents. In addition to being one of the most important banks in the Middle East and North Africa, Arab Bank is also one of the most competitive and diverse financial institutions. It enjoys an excellent reputation and high levels of credibility, and it has earned the trust of its customers and shareholders.

Despite the challenges posed by the current situation in the Middle East and the volatility of the global economy, Arab Bank continues to meet the needs and expectations of its customers and to protect the interests of its shareholders. The bank maintains a policy of strong liquidity and high capital adequacy ratios. This strategy enables it to work efficiently under difficult and volatile conditions and to achieve sustainable profits, underpinned by a foundation of solid financial performance.

Arab Bank has continued to stay abreast of the latest technological and digital developments in the field of information technology, in line with the bank's strategy and ambitious vision, in which digital transformation plays a fundamental role. The bank continuously employs state-of-the-art digital technology solutions in the financial and banking services it offers to clients from various segments. It also leverages its regional branch network to offer an extensive array of cross-border banking services which cater to the financial needs and requirements of various sectors.

THE LEADING REGIONAL BANK

Arab Bank received several international awards and recognitions from reputable international parties during 2022. These include:

Global Finance Magazine

- Best Bank in the Middle East (for seven consecutive years)
- World's Best Financial Innovation Labs
- World's Best Integrated Consumer Banking Site
- Best Open Banking APIs in the Middle East and Jordan
- Best Trade Finance Provider in the Middle East, Jordan and Palestine
- Best Bank for Cash Management in the Middle East,Jordan, Morocco and Qatar
- Best Integrated Consumer Banking Site in the Middle East and Jordan
- Best User Experience (UX) Design in Jordan
- Best Information Security and Fraud Management in the Middle East and Jordan
- Best Bill Payment and Presentment in the Middle East and Jordan
- Best Foreign Exchange Provider in Jordan

- Best Trade Finance Services in Jordan
- Best Sustainable Finance Bank in Jordan
- Most Innovative Digital Bank in Jordan
- Best Mobile Banking Adaptive Site in Jordan
- Best SME Banking in the Middle East and Jordan
- Best Mobile Banking App / Corporate /Institutional in Jordan
- Best Mobile Banking App / Consumer in Jordan
- Best in Social Media Marketing and Services in Jordan
- Best in Lending in Jordan
- Best Consumer Digital Bank in Jordan, Egypt and Palestine
- Best Corporate /Institutional Digital Bank in Palestine and Morocco
- Best Online Deposit, Card and Investment Product Offerings in Jordan

Euromoney Magazine
- Best Bank in Jordan
- Best Bank for Digital Solutions in Jordan

EMEA Finance Magazine
- Best Cash Management Services in the Middle East
- Best Trade Finance Services in the Middle East

The Banker Magazine (published by the Financial Times)
- Bank of the Year in Jordan

Global Trade Review Magazine
- Best Trade Finance Bank in Jordan

Meed
- MENA SME Bank of the Year

Market shares in specific Locations:

Arab Bank operates in 29 countries in five continents. Its market share varies by country, according to the nature of business it conducts. The following table presents the Bank's market share in selected Arab countries where the Bank operates:

Country	Total Assets %	Deposits %	Direct Credit Facilities %
Jordan	20.13%	20.38%	15.29%
Palestine	22.6%	24%	18%
Bahrain	3.55%	2.52%	3.01%
Egypt	0.70%	0.76%	0.93%
Qatar	0.39%	0.55%	0.41%
UAE	0.54%	0.66%	0.61%

Note: Market Share was calculated based on the most recent data released by the central banks in the respective countries. Arab Bank ranks first among banks operating in Jordan in terms of total assets, deposits and credit facilities.

MAJOR SUPPLIERS AND CLIENTS

No specific individual supplier or client accounts for 10% or more of the Bank's total purchases and / or sales.

PATENTS & GOVERNMENT PROTECTION

Arab Bank competes in free and open economies on the basis of fair competition. It does not enjoy any government or preferential protection. It has obtained neither preferential advantages nor specific patents.

GOVERNMENT OR INTERNATIONAL ORGANIZATIONS REGULATIONS

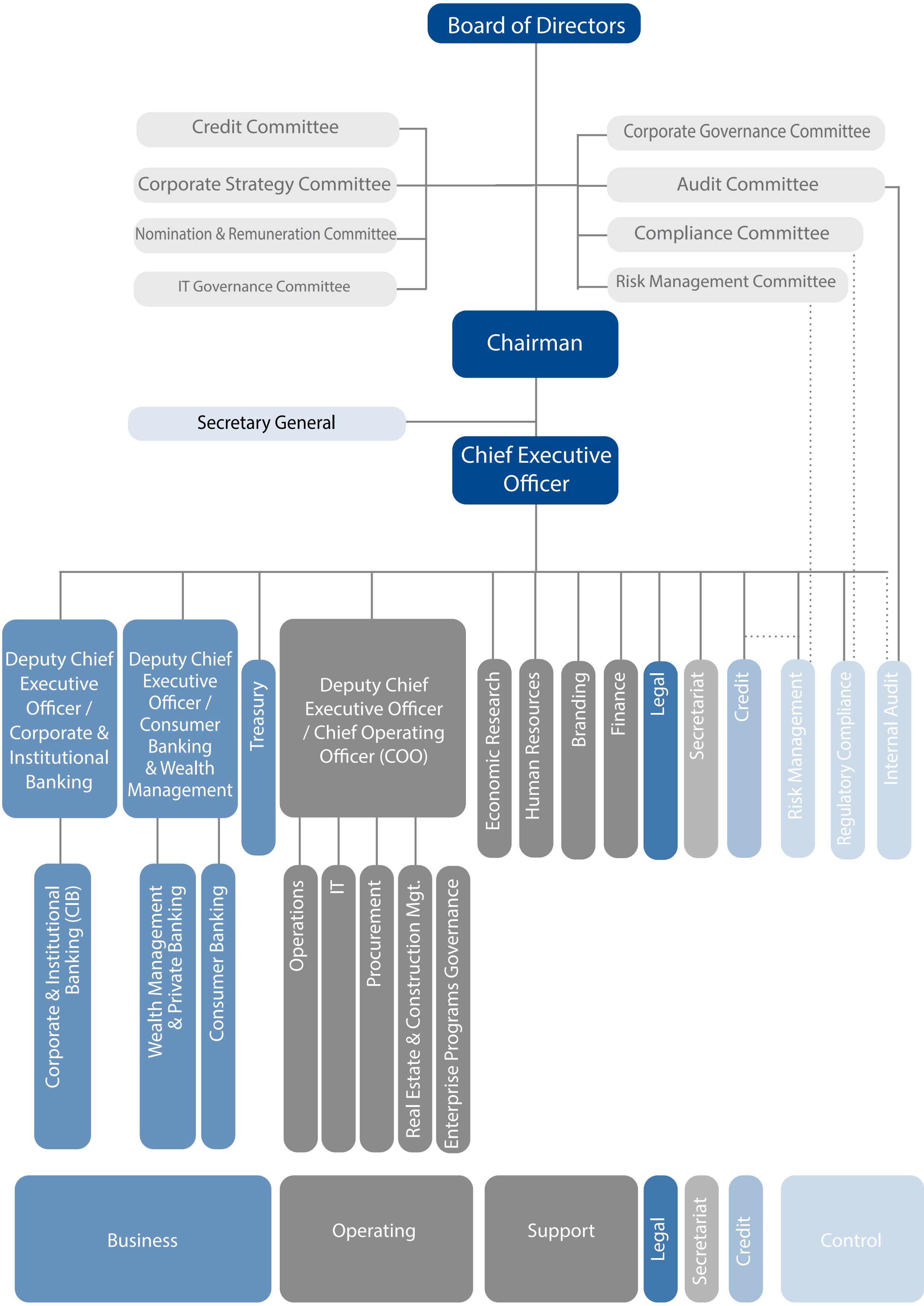
No decrees, laws or regulations were issued by any governmental bodies or international organizations that would have material impact on the Bank, its products or its competitive capabilities, noting that the international quality standards are not applicable to the Bank.

In 2022, Arab Bank received the following ratings from international credit rating agencies, considering the credit rating for the Jordanian Government.

- (BB) with stable outlook from Fitch, in December 2022
- (Ba2) with positive outlook from Moody's, in November 2022
- (B+) for Arab Bank plc with (Stable) outlook in August 2022, as well as (BB+) with a (Negative) outlook for Europe Arab Bank from Standard and Poor's

In their reports, the aforementioned agencies stated that Arab Bank follows a prudent risk approach and enjoys a strong franchise and a diverse geographic presence, in addition to sound management.

ARAB BANK ORGANIZATION CHART / HEAD OFFICE



NUMBER OF STAFF AND ACADEMIC QUALIFICATIONS

Academic Qualifications	Arab Bank plc	Europe Arab Bank plc	Arab Bank (Switzerland) Ltd.	Arab Bank Australia Ltd.	Islamic International Arab Bank	Oman Arab BANK S.A.O.G	Arab Tunisian Bank
PhD	6	0	4	1	12	1	1
Master's degree	670	30	64	16	117	85	309
Advanced diplomas	27	20	30	1	4	12	326
Bachelor's degree	5 407	66	26	39	731	366	298
Junior college	352	8	27	30	101	179	112
High school	419	17	10	12	40	399	173
Sub high school	461	0	0	1	65	54	190
Total Employees	**7 342**	**141**	**161**	**100**	**1 070**	**1 096**	**1 409**

Arab Bank - Syria	Arab Sudanese Bank Ltd.	Arab National Leasing Company	Al-Arabi Investment Group (AB Invest)	Al-Arabi Investment Group	Al Nisr Al Arabi Insurance Company	Arab Company for Shared Services	Arab Gulf Tech for IT Services	Acabes for Financial Technology	Total
1	1	0	0	0	0	0	0	0	27
22	13	6	11	0	16	9	2	0	1 370
3	1	0	1	1	0	1	0	0	427
192	58	17	31	5	204	34	24	13	7 511
36	3	3	1	0	12	8	2	0	874
17	2	1	1	1	3	4	1	0	1 100
9	2	1	4	0	8	2	1	0	798
280	**80**	**28**	**49**	**7**	**243**	**58**	**30**	**13**	**12 107**

TRAINING COURSES VS. TRAINEES IN JORDAN & ARAB AREAS IN 2022

Area	Talent and Ruwad		In house							
			Internal Trainers				In house/Training Partners			
			Technical		Soft		Technical		Soft	
	Courses	Trainees	Courses	Trainees	Courses	Trainees	Courses	Trainees	Courses	Trainees
Jordan	86	886	62	1056	170	3933	33	415	33	290
Palestine	42	215	63	667	51	290	25	219	11	21
Egypt	91	644	135	1259	45	1002	62	476	2	3
Morocco	0	0	1	5	44	94	0	0	0	0
Algeria	0	0	3	31	60	134	0	0	0	0
Lebanon	0	0	13	213	20	94	1	1	0	0
Yemen	0	0	1	1	3	3	0	0	0	0
Bahrain	1	1	16	97	34	48	11	37	3	4
UAE	0	0	0	0	68	402	6	12	65	83
Qatar	0	0	3	8	19	25	0	0	0	0
Total per Item	**220**	**1 746**	**297**	**3 337**	**514**	**6 025**	**138**	**1 160**	**114**	**401**

	External				E-Learning		Certifications and Business Skills		Grand Total Per Area	
	Technical		Soft							
	Courses	Trainees	Courses	Trainees	Courses	Trainees	Courses	Trainees	Courses	Trainees
	26	83	17	259	348	13555	16	96	791	20 573
	20	118	17	44	16	3374	6	31	251	4 979
	196	1497	22	110	27	5701	11	104	591	10 796
	0	0	8	8	11	461	0	0	64	568
	5	11	11	14	11	1037	18	31	108	1 258
	11	36	8	11	25	1129	0	0	78	1 484
	23	44	2	4	19	592	16	25	64	669
	52	89	61	98	22	787	11	12	211	1 173
	268	379	33	53	15	1356	3	3	458	2 288
	1	1	8	8	11	443	1	1	43	486
	602	**2 258**	**187**	**609**	**505**	**28 435**	**82**	**303**	**2 659**	**44 274**

RISK MANAGEMENT

OVERVIEW

Arab Bank (the 'Bank') addresses the challenges of banking risks comprehensively through an Enterprise Risk Management (ERM) Framework which is built around these main pillars:

- Governance and Culture: The Bank's Enterprise Risk Management Framework is based on leading best practices, and supported by a Board and Executive level risk governance structure consisting of risk-related Board Committees, Executive Management Committees, and three independent levels of oversight.
- Strategy and Objective-Setting: A risk appetite is established and aligned with strategy. Business objectives put strategy into practice while serving as a basis for identifying, assessing, and responding to Risk.
- Performance: Risks that may impact the achievement of strategy and business objectives are identified, assessed and prioritized by severity in the context of risk appetite. The Bank then selects risk responses and takes a portfolio view of the amount of risk it has assumed. The results of this process are reported to key risk stakeholders.
- Review: By reviewing the Bank's performance, the Bank can consider how well the Enterprise Risk Management components are functioning over time in light of substantial changes, and what revisions are needed.
- Information, Communication, and Reporting: Enterprise Risk Management requires a continual process of obtaining and sharing necessary information, from both internal and external sources, which flows across the Bank.

RISK GOVERNANCE

The Board of Directors adopts a corporate culture of high ethical standards and integrity alongside setting and implementing clear lines of responsibility and accountability throughout the Bank. Furthermore, the Board of Directors approves and oversees the execution of the Bank's Risk Management Strategy, Risk Management Frameworks, High Level Policies and the Group Risk Appetite.

In addition, the Board of Directors, through its various committees, oversees and ensures that comprehensive risk management policies and procedures are established in all of the Bank's locations to manage all types of risks including Credit Risk, Market Risk, Liquidity Risk, Operational Risk, Information Security and Business Continuity and Crisis Management.

The Bank governs risk through the following Board and Executive Committees:

- Corporate Governance Committee (Board of Directors)
- Audit Committee. (Board of Directors)
- Risk Management Committee. (Board of Directors)
- Compliance Committee. (Board of Directors)
- Credit Committee. (Board of Directors)
- Executive Credit Committees. (Executive Management)
- High Asset and Liability Management Committee. (Executive Management)
- Operational Risk-related committees including Investigation Committee, Information Security and Business Continuity Committee. (Executive Management)

The Bank adopts three lines of defense model for risk control and oversight and each line has a distinct but interrelated role to play to ensure that the Bank as a whole manages risk. Each line has a number of responsibilities, which are laid out below:

- First Line: Strategic Business Lines and Country Internal Control Units. The Heads of the Strategic Business Lines manage risks within their specific business lines whether credit or operational. In addition, the Treasury is responsible for the management of market and liquidity risks. They operate within formally delegated risk limits and are responsible and accountable for identifying, assessing, mitigating and reporting on risks in the course of their business activities.
- Second Line: Group Risk Management (GRM) and Group Regulatory Compliance (GRC). The Risk Management Function is responsible for ensuring that the Bank has a robust system for the identification and management of risk and for establishing appropriate risk frameworks consistent with the Bank's overall business strategy and risk appetite. The Compliance Function challenges the first line on effective compliance risk management, provides advice and guidance, and is responsible for assuring that the Bank is in compliance with applicable laws, rules and regulations issued by local regulatory authorities as well as adherence with the Bank's Code of Conduct.
- Third Line: Group Internal Audit (GIA). The Bank's Internal Audit Function is independent from executive management and reports to the Audit Committee of the Board. It contributes to achieving the Bank's objectives by following a systematic and disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. The function conducts its activities in accordance with the Internal Audit Standards and provides an independent and objective assurance that the Bank's functions work in compliance with approved policies and procedures, and that all functions are committed

to maintain an effective and efficient internal control environment, within approved methodologies and frameworks. Group Internal Audit provides the Board Audit Committee, the Chief Executive Officer and the respective business units with the audit outcome and monitors the implementation of remedial actions.

RISK MANAGEMENT

Group Risk Management represents one of the fundamental levels of oversight and is part of the organizational structure framework for managing the Bank's risks. Arab Bank's Risk Management Strategy is designed to provide a structured approach for identifying, assessing, controlling, reporting and monitoring financial and non-financial risks within the Bank. Within this structure, the Risk Management Function is responsible for:

1. Developing an integrated Risk Management Framework aligned with the Bank's overall strategy.
2. Implementing the Risk Management strategy and developing policies and procedures for all types of risks and monitoring their implementation across all Arab Bank plc entities.
3. Defining the Risk Appetite Statement and establishing the appropriate risk acceptance parameters and limits supported by clear methodologies to evaluate risk. This is carried out at the Group level and cascaded down at the local level.
4. Developing appropriate risk measurement tools and models to measure, control and oversee all types of risks at the Group and local level.
5. Designing the risk and control self-assessment (RCSA) program for the Bank's products, activities, processes and systems and monitor its implementation across the Lines of Business (LOBs) and functions.
6. Ensuring that Business Continuity Management, Crisis Management and Disaster Recovery Plans are in place and developing related policies and procedures in line with local regulatory requirements and international best practices in that regard.
7. Perform Internal Capital Adequacy Assessment Process (ICAAP) for the Group and locally according to related requirements.
8. Develop the Bank's Recovery Plan for the Group and locally according to related requirements.
9. Putting in place the Contingency Funding Plan framework, in coordination with Global Treasury, that clearly sets out the strategies for addressing liquidity shortfalls in emergency situations, at the Group and country levels.
10. Conduct stress-testing for Credit, Liquidity, Market and Operational risks to measure the ability of the Bank to withstand shocks and elevated risks.
11. Monitoring the level of compliance of the LOBs and functions with the set risk appetite.
12. Developing and enhancing internal risk management practices in line with regulatory changes and industry best practices.
13. Submitting reports to the Board (through the Risk Committee) and to the Executive Management on the Risk Profile of the Bank and its status in relation to the Bank's Risk Appetite, and follow-up to ensure the proper remediation of deviations.
14. Providing recommendations to the Risk Committee of the Board on mitigating risk exposures and documenting and reporting any exception to the policies and standards.
15. Providing the necessary information for required risk reporting and disclosures.
16. Improving and raising the level of risk awareness among all employees based on best practices and standards especially those pertaining to the financial sector.
17. Ensuring proper integration between risk measuring tools and IT systems.

Each of the following departments within Group Risk Management has specific roles and responsibilities aimed at advancing the Bank's risk management capabilities based on best practices, international guidelines and requirements of regulatory authorities. Group Risk Management Division includes the following departments: Credit Risk Department, Business Risk Review Department, Market and Liquidity Risk Department, Treasury Middle Office Department, Operational Risk Department, Information Security Department, Business Continuity Management Department, Insurance Department, and the Policy Center.

- The Credit Risk Management Department is responsible for the centralized reporting of credit risk, credit policy review, the International Financial Reporting Standard (IFRS9) Impairment Methodology, and the internal risk rating systems, which are designed to enhance "probability of default" measurement. The department is also responsible for the implementation of Central Banks and Basel Committee requirements that are related to Credit Risk and any amendments thereof.
- The Business Risk Review Department conducts comprehensive individual, portfolio and business risk reviews to ensure that the Bank's various portfolios are aligned to their economic perspective, business strategy and target market and recommends corrective action, if necessary. The department also

assesses the quality of the loan portfolio, the sound implementation of the lending policies and processes and the capabilities of the credit staff. Supplemental targeted reviews are undertaken based on market conditions, the size and sectoral nature of portfolios. In specific instances, such reviews are supported by tailored stress testing scenarios.

- The Market and Liquidity Risk Management Department is responsible for setting comprehensive market and liquidity risk policy frameworks. The policy framework ensures independent measurement, monitoring and control of the Bank's market and liquidity risks. The department is also responsible for setting and monitoring risk limits and development of market and liquidity risks measurement tools, such as Value-at-Risk, stress testing and other quantitative risk assessments (such as those related to Basel II and III), which are performed in coordination with Treasury and Finance. The Treasury Middle Office function is a Treasury Front Office control unit responsible for trade monitoring and validation, monitoring of limits, escalation of breaches and risk reporting.
- The Operational Risk Management Department, which also covers strategic and reputation risks, leads the implementation of a Bank-wide operational risk management framework, as part of the overall strengthening and continuous improvement of the internal control systems within the Bank. The framework consists of policies and aims at the identification, assessment, controlling/responding, monitoring, and reporting of operational risks in all business activities. The Bank monitors operational risk exposures against the risk appetite at various levels across the Bank. The operational risk appetite is articulated in the Board approved Risk Appetite Statement. Operational Risk Management Department supports innovation and digital transformation to enable the Bank to effectively manage related risks and support process optimization, growth and performance, while maintaining risks within the acceptable levels. Major tools used for operational risk management include:
- Risk and Control Self-Assessment (RCSA); through which the Bank assesses the operational risks of the Bank's products and services and their potential impact.
- Key Risk Indicators provide early signals of changes in risk exposures in various areas of the Bank.
- Loss data collection and analysis of operational risks provide meaningful information for assessing the Bank's exposure to operational risk and the effectiveness of internal controls.
- Operational Risk Stress Testing used by the Bank to assess the impact of possible future operational risk stresses on its capital adequacy and limits.
- The Information Security Department aims at enabling and supporting business growth by minimizing information and technology risks, ensuring compliance and enabling technology adoption in all lines of business including the digital banking services enjoyed by our clients. The goal is to ensure that assets (information, people, processes and technologies) are adequately protected from possible threats, whether internal or external, deliberate or accidental. Our strategy recognizes the importance of Information Security in establishing and maintaining a trust relationship with our customers, business partners, and Bank employees. This is built to instill good security practices, raise information risk awareness, strengthen controls, and ongoing enhancement for the effectiveness of prevention security controls, monitoring and incident response.
- The Business Continuity Management Department aims to counteract interruptions in business activities, to protect critical processes from the effects of major information systems failures or any disasters, whether natural or otherwise, and to ensure their timely resumption. The framework is based on identifying major risks and analyzing their impact on business. The teams conduct Business Impact Analysis (BIA) and risk assessments and use a centralized system to build the Bank's comprehensive continuity plans. These plans are kept up-to-date by each country using a web-based application, and are tested on a regular basis to ensure timely resumption of essential operations and services.
- The Insurance Department oversees all the Bank's insurance operations using a centralized database at the local and group levels. It also arranges adequate insurance cover for all insurable risks. Additionally, the department provides the Bank's divisions with the necessary support in reviewing, recommending, and delivering customized insurance coverage for products, portfolios, credit facilities, and financial transactions related to the Bank's clients. In addition, the Insurance Department is responsible for the setup and maintenance of the Bancassurance products and agreements.
- The Policy Center Department is responsible for centrally managing all the Bank's high level policies from the development phase until final ratification, according to a standard framework specifically customized for the Bank and in line with best international market practices. These high level policies are then embedded in more details into the Bank's various operational processes and its policies and procedures. The high level policies of the Bank are periodically reviewed in order to increase the effectiveness of the risk measurement and monitoring tools, and to reflect new regulatory requirements.

The various Group Risk Management departments work in coordination with the Finance division on Capital Management to assess the impact of new regulations (e.g. Basel III), and to deliver a comprehensive Internal Capital Adequacy Assessment Process (ICAAP) and the Recovery Plan. This is supplemented by a stress testing framework which includes multiple scenarios covering credit, market, liquidity and operational risk events. Periodic reporting to Senior Management and to banking regulators further ensures that our capital is managed effectively.

CREDIT RISK:

Arab Bank's conservative risk strategy combined with its dynamic and proactive approach in managing credit risk are key elements in achieving its strategic objective of maintaining and further enhancing its asset quality and credit risk profile. The conservative, prudent and well-established credit standards, policies and procedures and risk methodologies as well as strong risk monitoring and control infrastructure enable the Bank to deal effectively with emerging risks and challenges.

Credit management decisions are based on the Bank's business strategy and risk appetite. The quality of the portfolio is examined on a regular basis in relation to key performance indicators. Diversification is the cornerstone for mitigating portfolio risks, which is achieved through industry, geographical, and customer tolerance limits. Periodic stress testing based on conservative scenarios, which are regularly reviewed, are key tools in managing the credit portfolio.

The credit process at Arab Bank is well defined and is institutionally predicated on:

- Clear tolerance limits and risk appetite set at the Board level, well communicated to the business units, periodically reviewed, and adjusted as appropriate.
- Credit Committee structure that ensures credit approvals are made by consensus through committees and not individuals.
- Clear segregation between Business and Credit.
- Authorities are delegated based on risk-differentiated grids for each committee at Country and Head Office levels, which are reviewed on a regular basis.
- Well-defined target market and risk asset acceptance criteria.
- Rigorous financial, credit and overall risk analysis for each customer/transaction.
- Regular credit risk reporting to Senior Management, Credit Committees and Risk Committee of the Board.
- Concentrations together with mitigation strategies are continuously assessed.
- Early warning system is continually validated and modified to ensure proper functioning for risk identification.
- Advanced systematic and objective credit risk rating methodologies that are based on quantitative, qualitative and expert judgment, these methodologies undergo regular validation and calibration processes.
- Systematic credit limits management enabling the Bank to monitor its credit exposure on daily basis at country, borrower, industry, credit risk rating and credit facility type levels.
- Solid documentation and collateral management processes where collateral is continuously monitored and assessed to ensure proper coverage and top-up triggers.
- Annual and interim individual credit reviews to ensure detecting any signs of weakness or warning signals and considering proper remedies in case of need.
- Implementation of strict control and monitoring systems, which are based on disciplined follow up and monitoring.
- The Bank offers several consumer banking products which are managed on a product portfolio basis through a well-established Credit Product Program. The program is considered the principal approval vehicle for credit products offered to a homogenous set of customers in multiple locations, and is subject to annual review and approval and regular assessment of the program's performance at Arab Bank Head Office.
- Starting January 2018 Arab Bank has applied the International Financial Reporting Standard (IFRS9). A forward looking expected credit loss model that closely aligns with the clients' credit worthiness, the significant increase in credit risk based on three stages and taking into consideration related macroeconomic factors. The Bank adopts the credit provisioning requirement in accordance with IFRS9 guidelines, Central Bank of Jordan or other regulators' guidelines in countries where the Bank has presence, whichever is stricter.
- Conservative approach to provisioning and managing bad debt collection and early identification of problem areas. Such approach is subject to periodic legal and credit reviews and account strategies set to minimize NPLs and maximize recoveries and collections.
- Regular stress-testing scenarios for top exposures and portfolios and assessment of impact on capital and earnings.
- The Bank enhances its processes and technology infrastructure on an ongoing basis taking into account the changing banking environment and the availability of new systems in the industry.

- Our credit processes are supplemented by sectoral portfolio reviews focused on countries, regions or specific industries, which are intended to identify any inherent risks in the portfolios resulting from changes in market conditions.
- Business Risk Review department within the Credit Risk department in Group Risk Management and Group Internal Audit provide independent regular reviews and assessments on the quality of the credit portfolios within the Bank and the related credit management processes.
- The Bank is focused on developing and enhancing its credit staff competencies through specialized training programs to ensure that they are well equipped to effectively carry out their roles and responsibilities.
- The Bank pays great attention to environmental and social risks, as it developed and issued an environmental and social risk management policy, which is considered an integral part of the Bank's credit policy. The Bank also launched a framework for sustainable financing (published on the Bank's website), which aims to supporting the Bank's direction in terms of sustainability and the Bank's priorities in the areas of Environmental, Social and Governance (ESG) .

LIQUIDITY RISK:

Liquidity is defined by the Bank for International Settlements as the ability of a Bank to fund increases in assets and meet obligations as they come due, without incurring unacceptable losses. The objective of the liquidity risk management framework is to ensure that the Group can fulfill its payment obligations at all times and can manage liquidity and funding risks within its risk appetite. Arab Bank has a robust infrastructure of policies, processes and people, in order to support its strategy and ensure that all obligations are met in a timely manner, under all circumstances and without undue cost.

Liquidity continues to be an area of great focus for Arab Bank. The Bank has a highly diversified and stable funding footprint. In addition, it maintains a large portfolio of highly liquid assets, which acts as a contingent funding source which further boosts liquidity. Arab Bank's long-standing emphasis on maintaining a broad and stable liquidity base has protected the Bank from any negative effects of market volatility.

Arab Bank's liquidity management strategy is determined by the High Asset and Liability Management Committee (High ALCO). The operations of the country level Treasury teams are centrally controlled, and monitored. In coordination with local Asset and Liability Management Committees, the various countries' Treasury teams across Arab Bank work together to meet local and Group needs. The Asset and Liability Management Committees analyse market and liquidity risk exposures and take action where appropriate to adjust the pricing and product mix, in order to ensure an optimal balance sheet structure and market and liquidity risk profile for the Bank.

Treasury Department is mandated to manage the overall liquidity and funding position of the Bank, with Group Risk Management Department acting as an independent control function, responsible for reviewing the liquidity risk framework, setting the risk appetite and developing of Liquidity Risk models, which are used by Treasury, to measure and manage the Group's liquidity risk profile.

The Global Treasury and Group Risk Management receive daily information on actual, forecast and modeled liquidity. Such information is received at country level and at Group level. This provides the Treasurer with high quality decision support information and ensures that Treasury can provide the High ALCO with comprehensive management information on liquidity across the Group. The establishment of Arab Bank's liquidity risk appetite, as with other forms of risk, is managed by the Head of Group Risk and the High ALCO.

The Bank uses a variety of tools to measure liquidity risk in the balance sheet. These metrics help the Bank to plan and manage its funding and help to identify any mismatches in assets and liabilities, which may expose the Bank to roll risk. These metrics include one week and one month liquidity ratios, cumulative liquidity gap modeling, inter-group borrowing and lending analysis, loan to deposit ratios, large depositor concentration monitoring, Basel III liquidity ratios, and stress testing.

Liquidity Stress Testing framework is one of the key tools for anticipating liquidity risk and evaluating the Group's short term liquidity positon. The Bank uses stress tests and scenario analysis to assess the impact of possible future liquidity stresses on its cash flow and liquidity. The liquidity stress testing methodology consists of hypothetical events inspired by the Bank's own experience, regulatory requirements and external events of relevance to the Bank's portfolio.

Arab Bank's comprehensive approach to measuring and managing liquidity gives the Group a great deal of confidence in its ability to endure all unforeseen market events, while still being able to meet all of its obligations to its customers and regulators. This is supported by the Bank's Treasury and Risk systems.

Liquidity risk will continue to have a major influence on how the world's banks operate and interact, and regulators will continue to require increasingly high standards of liquidity governance. Arab Bank's approach to liquidity management, along with its current and contingent funding structures, leaves it very well placed to face the future with great confidence. Arab Bank's funding model has shown itself to be extremely resilient for many years and hence remains materially unchanged.

MARKET RISK:

Market risk is defined as the potential for loss from changes in the value of the Bank's portfolios due to movements in interest rates, foreign exchange rates, equity prices and commodity prices. One of the main objectives of Market Risk Management is to ensure that the Bank's risk exposure is within the approved market risk appetite. Market Risk Management defines and implements a framework to systematically identify, assess, monitor and report the Bank's market risk.

Historically the Bank has managed its market risk across its Trading and Banking Books on a consolidated basis as this is a more conservative approach to the management of this risk. In addition, through its Funds Transfer Pricing Policy, the Bank ensures that market risk is transferred from Corporate and Institutional Banking and Consumer Banking to Treasury, where it can be aggregated and centrally managed.

In addition to customer deposit taking and lending activity, three main activities which can expose the Bank to market risk are: Money Markets Trading, Foreign Exchange Trading and Capital Markets Trading.

The Bank's market risk management strategy is to maximise the economic return of assets taking into account the Bank's risk appetite as well as local regulatory constraints. Market risk is governed by the Global Treasurer, the Head of Group Risk and the Chief Financial Officer. The High ALCO provides market risk oversight and guidance on risk appetite and policy settings, and establishes the overall limits, which are then allocated to the various entities by the Global Treasurer. The Global Treasury Policies and Procedures clearly define the rules that exist for the active management of all the Group's portfolios, which are subject to market risk. Group Risk Management, in coordination with Global Treasury, ensures that the policies and procedures are updated on a regular basis, or when the need arises. The market risk limits are established based on the Bank's strategy and risk appetite, and risks are monitored by an independent Middle Office and are reviewed on a regular basis by Global Treasury and Group Risk Management.

The Bank is subject to three types of market risks:

- Interest Rate Risk: Interest rate risk in the Group is limited, well managed, and continuously supervised. A large proportion of the interest rate exposure is concentrated in the short end of the yield curve, with durations of up to one year. Exposures of more than one year are particularly limited and well controlled. Interest rate risk is managed in accordance with the policies and limits established by the High ALCO. The Asset and Liability Management Committees in the various countries, as well as the respective treasurers, handle the day-to-day management of interest rate risks.

  The Group manages its IRR exposures using economic value (PV01) as well as earnings based (NII 100) measures. The Treasury Department is mandated to manage the interest rate risk, with Group Risk Management Department acting as an independent oversight function.

- Capital Markets Exposures: Investments in capital markets instruments are exposed to market risk arising from changes in interest rates and credit spreads. Arab Bank Group's exposure to this kind of risk is limited due to its strong control over credit and interest rate risk.

The equity investment portfolio represents a very small percent of the Bank's overall investments and generally consists of direct investments in strategic alliances as well as seed investment in mutual funds originated from within the Group.

- Foreign Exchange Risk: Foreign exchange activity arises from mismatches in assets and liabilities that are denominated in currencies other than the functional currency of the respective entity. Strict foreign exchange risk limits are set to define exposure and sensitivity tolerance for trading in foreign exchange. The Bank hedges itself appropriately against potential currency fluctuations in order to minimise foreign exchange exposure.

In Treasury, positions are usually held open only for small risk equivalents. The majority of positions arising from customers are covered on a daily basis. Positions are measured and supervised by local management daily and by global management weekly.

Market Risk Management and Measurement Techniques:

Managing market risk is a key part of the Bank's business planning process, and in line with the Bank's risk appetite, exposure to market risk is kept at a minimal level. The main tools used for measuring and managing market risk are the following:

1. Present Value One Basis Point (PV01): PV01 uses the interest rate gaps at the balance sheet level to measure the risk to economic value arising from changes in interest rates by 0.01%. This is measured at country and Group levels. All interest rate positions are included in the PV01 calculation, including both on-balance sheet and off-balance sheet products in the Trading and Banking Books.
2. Net Interest Income 100 Basis Point (NII 100): NII100 measures the effect of a 1% increase in interest rates on first and second year pretax earnings. This is measured at country and Group levels.

3. Overall Net Open FX Position: The Overall Net Open FX Position measures the open position for each currency, including precious metals, at country and Group levels.
4. Value at Risk (VaR): VaR is currently used as an internal measure of market risk to estimate the maximum loss that may be experienced by the Group over a one day holding period with 99% confidence level using the Historical Simulation approach supported by 500 days of data. The Group's VaR calculation is run at consolidated and country levels and covers both interest rate and foreign exchange risks.
5. Stress Testing: The Stress Testing model aims to complement the Group's Market Risk calculations by identifying and quantifying the effects of extreme, but plausible events on the Group's portfolio. The methodologies used range from single factor to multi-factor stress tests. The single factor stress tests incorporate a number of standard shocks in addition to worst historical movements for each risk factor. The multi-factor tests consist of hypothetical and historical tests as well as a hybrid of the two. All scenarios are tailored to account for the special characteristics of the Group's portfolio.

OTHER RISKS:

Arab Bank faces a number of other banking risks, which include compliance risk and strategic risk.

COMPLIANCE RISK:

Arab Bank maintains an unwavering commitment to integrity and exercises the highest ethical standards across its operation, applying both the letter and spirit of regulations to ensure compliance with statutory, regulatory, and supervisory requirements. The Board's Compliance Committee has primary oversight responsibility for all aspects of compliance risks, including financial crime risk, and adherence to the Bank's Code of Conduct.

Group Regulatory Compliance Division, reporting directly to the Chief Executive Officer and with direct access to the Compliance Committee of the Board of Directors, is responsible for maintaining appropriate policies, procedures and controls to identify and mitigate risks arising from financial crime including terrorist financing, money laundering, bribery and corruption, and sanctions and interdiction. Our combating financial crime standards and controls set the minimum requirements and control objectives to guard against involvement in illicit activity and are reflective of applicable regulatory requirements and industry leading practices. Compliance processes are in place across our Branches and Subsidiaries while also taking into consideration applicable local requirements. Where local laws and regulations are more stringent, these more stringent local laws and regulations are applied. Appropriate processes are also applied to manage compliance risks arising from the conduct of our employees including personal conduct related conflicts of interest, treating customers fairly as well as privacy and data protection.

To preserve the Bank's reputation and integrity, all employees are expected to adhere to applicable laws, policies, and our Code of Conduct which provides an ethical compass guiding their daily actions. Senior management leads by example encouraging a culture of ethics. Employees and third parties are required to promptly report any actual or potential irregularity or misconduct within Arab Bank. There have been no regulatory sanctions nor any significant fines associated with non-compliance.

Arab Bank endeavors to protect customers' interests and that they are treated fairly by applying a customer centric approach in developing and marketing products and services. Therefore, internal communications and training reiterate and foster customer centricity while treating customers fairly and transparently

Arab Bank gives great importance to customer complaints, recognizing that it is one of the key indicators of the level of service quality and performance of its products and services offered to customers. In Jordan, Algeria, Bahrain, Egypt, Palestine, Qatar, UAE, and IIAB Customer Complaints are managed by separate units within the Compliance function in accordance with local regulatory guidelines / requirements in these countries, and has been equipped with qualified and trained staff who are able to handle, analyze, and act on customer complaints as required. In the rest of the Arab Bank plc branches, Customer Complaints are managed by the Service Excellence Unit under the Consumer Banking Division. All complaints are handled in an effective and highly professional manner including the identification of root causes to avoid repeated complaints. All customer complaints received by Arab Bank during 2022, have been reviewed, analyzed, and handled in accordance with the Bank's policies and procedures and in a fair and transparent manner.

The Bank maintains a tech-enabled compliance program driving towards a data-led approach to compliance for greater efficiency and effectiveness supporting management of regulatory risk, conduct risk, privacy and data protection, and financial crime. With the steadfast support and commitment of the Arab Bank Board of Directors and Senior Management, coupled with the dedication of Bank staff, Arab Bank is resolved to sustain and further strengthen its sound compliance program and to continue to adhere with applicable regulatory requirements while also adapting to changing customer demands.

STRATEGIC RISK:

Strategic risk is defined as the risk of current or prospective impact on a bank's earnings, capital, reputation, or standing; arising from changes in the environment of which the Bank operates in or from adverse strategic decisions, improper implementation of strategic decisions, or lack of responsiveness to industry, economic or technological changes.

The Bank maintains clearly defined work standards for comprehensive strategic planning. The Board of Directors, together with the Bank's management, periodically analyses the impact of the Bank's major operations on its strategy, including the internal and external working conditions, the implications of competition, customer requirements, changes in laws and information technology as well as the Bank's existing systems.

Achievement of the Bank's clearly-defined objectives depends on a basic principle; its ability to fully leverage its widespread network of branches, maintain and develop its strong customer base, continuously expand and improve its products and services, maintain its sound financial position and support the digitization and automation of Bank's products and processes.

Management assesses the Group's financial performance in light of the current strategy and the need to revise its objectives in the context of a continuously changing work and market environment.

ACCOMPLISHMENTS 2022

During 2022, the world continued to face unprecedented health, economic, and social challenges locally, regionally, and globally as a result of the ongoing COVID-19 pandemic, the supply chains crisis, and high inflation rates. These factors had health, economic, and social repercussions on various countries, regions, and economies of the world.

Arab Bank Group achieved solid results for the period ending December 31, 2022, with net income after tax of $544.3 million, compared to $314.5 million in 2021. The Group's performance was driven by robust growth in its core banking business across different markets, with net profit before provisions and tax increased by 23% to reach $1.35 billion.

Excluding the impact of devaluation of several currencies against the US dollar, loans and deposits grew by 5% to reach $35.4 billion and $47.7 billion, respectively, despite the volatile operating environment.

The positive results achieved by the Arab Bank Group during 2022 reflect the bank's unique footprint, diversified franchise, and solid presence in several markets.

Arab Bank continued to deliver sustainable growth rates during 2022 despite the economic challenges stemming from high inflation, rising interest rates, and the devaluation in exchange rates of several currencies against the US dollar. The bank's net operating profit grew by 23%, driven by the growth in revenues from its core banking business, its diversified sources of income (with a focus on non-interest income), and tightly controlled operating expenses in line with the bank's prudent strategy. The Group's liquidity and asset quality remains solid, with the loan-to-deposit ratio standing at 74.2%, and credit provisions held against non-performing loans continue to exceed 100%. Arab Bank Group maintains a strong capital base that consists predominantly of common equity with a capital adequacy ratio of 16.6%.

Corporate and Institutional Banking (CIB) demonstrated solid financial results in 2022, despite challenging regional and global market conditions. Its robust portfolio management across the network, unique expertise and talent base, and commitment to its digital transformation strategy are the key pillars supporting its positive performance.

2022 was a pivotal year for CIB. It introduced structural and operational upgrades and laid the foundation for further digital advancement. CIB's digital plan includes upgrading its current primary cash management and trade finance corporate platform, ArabiConnect, and the ArabiSync host-to-host solution. It also plans to introduce new solutions and digital platforms over the coming period. CIB has also launched an advanced analytics and reporting platform to track business performance and target untapped opportunities.

CIB continues to leverage Arab Bank's international network and regional accessibility, which provide essential support to clients as they expand their operational reach across geographies and gain the benefits of cross-border business flows and global markets. Arab Bank remains a prominent financial institution for major corporations involved in trade and projects related to power, electricity, water treatment and desalination, and road infrastructure across the MENA region.

In the field of SME banking, CIB has also deepened its engagement within the SME segment with specialized comprehensive solutions and dedicated business centers across Arab Bank's network.

Arabi Next was launched in 2022 as the first application dedicated to small and medium-sized companies in Jordan. It is a platform that meets the banking needs of SME companies, facilitates their financial and banking transactions using the latest digital technology, and provides them with easy and convenient payment solutions, account follow-up, and other banking services. The Arabi Mongez loan for small enterprises was introduced in Egypt as part of Arab Bank's ongoing efforts to support the vital SME sector with specialized banking and financial solutions.

SME sites in Jordan have been increased from 8 to 19, and in Egypt, business teams have been reallocated to serve new geographical areas, including remote regions. The aim is to help customers gain a larger share of the market in the areas where SMEs are concentrated. Additionally, a new and extensive list of operational improvements to SME processes was introduced at the end of 2022 and will continue to be implemented during 2023.

Consumer Banking and Wealth Management remained committed to enhancing customer experience and engagement. It introduced new digital services and products for smoother customer journeys, and introduced the Arabi Cross Border program on Arabi Mobile application to enable digital account opening in both Jordan and UAE.

During 2022, a wide range of digital products was introduced on Arabi Mobile to complement the bank's digital offering. Eligible customers can instantly issue their digital credit cards and can obtain the printed version either via courier services or through any of the bank's kiosk machines in Jordan. Arab Bank has enriched its leading position in payments by introducing the Buy Now Pay Later service, which offers customers the flexibility of paying for their purchases over three equal instalments. Apple Pay and a similar service for Android mobile devices were launched in Jordan and other markets to make payments quicker and easier. An innovative payment ring was also introduced as an alternative to physical cards to make contactless payments.

Arab Bank continued to expand its merchants' network to include hotels and new retail shops in Jordan and Palestine. This expansion is supported by the bank's point-of-sale solution, which offers expanded acceptance options, including American Express cards and others. The eCommerce payment gateway was also introduced with many value-adding services, including payment links, multi-currencies support, instant merchant payout, and dynamic currency conversion for international cardholders. The Arabi e-Mart mobile application was launched in Jordan on Apple and Google Play stores and in Palestine in collaboration with the bank's merchants' network. The Arabi Shopix service was also launched in Jordan. It is a platform that creates comprehensive electronic stores for merchants to enable them to sell their goods and services online using the bank's payment gateway and delivery services. Merchants have the ability to select their preferred design.

The Arabi Mobile app was enriched with many innovative services, including CRIF report generation and an interactive Chatbot service for a wait-free response to customer inquiries in Jordan, Palestine, Bahrain, Qatar and UAE. The Arabi Access service was also introduced on our mobile application, enabling customers to view, manage, and transfer money between their own accounts and other customers' Arab Bank accounts across the bank's different countries. Arab expats can easily transfer money to their home countries using this service.

Consumer Banking and Wealth Management offers an exclusive service to Elite customers that combines personal banking with technology to enable video, audio, and text-based direct interaction with the Elite team. This innovation enables our Elite customers to perform many financial transactions and get answers to questions without the need to visit a branch.

Consumer Banking and Wealth Management has also enhanced its digital loans services by including more eligible customers and providing them with more special features, such as a digital loan instant top-up service. An upgrade to the Baiti service also presents appropriate offers based on customers' profiles through one platform. Mortgage services were also launched in Algeria to provide financing for the purchase of homes and apartments. In addition, the CRM system was launched in Bahrain and merged with our digital offers for an enhanced digital experience.

To help customers grow their deposits, Consumer Banking and Wealth Management launched the digital deposit certificates product for non-resident Egyptian customers. An e-Tawfeer product was launched in Bahrain to help depositors grow their deposits digitally.

Consumer Banking and Wealth Management has also introduced Tabeeb Plus in Bahrain and Qatar after successful launches in Jordan, Palestine, Egypt, and Lebanon. This program is aimed at meeting the financial needs of doctors within the Arabi Premium and Elite programs. The youth-focused Shabab program was launched in Egypt to increase youth participation within the bank's customer base and enhance our family-centric relationship model.

New cards products and promotional campaigns were launched during the year, positioning Arab Bank as a leading card-issuing provider. The Meeza card and pre-paid cards were launched in Egypt and several campaigns were held. For example, the FIFA World

Cup 2022 campaign was held in collaboration with VISA International, offering cashbacks and discounts through the bank's global partnership with airlines, travel accommodation services, and platforms streaming sports and entertainment content. The bank's credit policy was also modified to broaden the range of eligible customers, enhance the culture of electronic payments, and increase the number of customers benefiting from various cards features.

To expand Arab Bank's reach, numerous new features were launched as part of the neo-bank Reflect application, including a salary transfer service, spending analytics, the Buy Now Pay Later service, and the ability to request a credit card to meet specific customer needs.

Arab Bank continued to enhance its Arabi Points program by adding and modifying new and existing points acquisition methods, including the ability to earn points through the use of Arabi e-Mart, e-Tawfeer, and digital onboarding loyalty schemes. On the redemption side, channels and options were expanded to allow customers to redeem their points more conveniently using the Arabi Points virtual card through the Apple Pay service and a wide range of new e-vouchers.

Consumer Banking and Wealth Management has used its big data platform and algorithms developed specifically to understand customers' needs and spending patterns to engage with customer on tailored offers and products through the CRM system and Arabi Mobile app notifications.

Arab Bank diversified and strengthened its funding footprint, ending the year with a strong liquidity position. Treasury continued to invest in its people, serve its customers, and grow in sophistication and reach. As a result, the bank maintained its conservative risk position and delivered stable earnings, while benefitting from its treasury and risk management systems, which deliver real-time information and high-quality analysis and support straight-through processing in all countries.

2022 presented the financial markets with unprecedented volatility in light of the repercussions of the COVID-19 pandemic, including rapidly rising inflation and interest rates. Arab Bank Treasury was able to protect the bank from such volatility and to benefit from the increase in market interest rates.

FINANCIAL IMPACT OF NON-RECURRING OPERATIONS

There have been no non-recurring operations that had a material effect on the bank or the group financial position in 2022.

TIME SERIES DATA FOR MAJOR FINANCIAL INDICATORS

Time Series Data for Major Financial Indicators (2018 - 2022):

	Values in JOD Millions for the Bank & in USD Millions for the Group				
	2022	**2021**	**2020**	**2019**	**2018**
Arab Bank PLC : Net Profit after Tax	327.5	156.1	21.8	423.6	433.5
Arab Bank Group : Net Profit after tax	544.3	314.5	195.3	846.5	820.5
Arab Bank PLC : Shareholder's Equity	3 929.8	3 816.0	3 852.6	3 795.2	3 670.6
Arab Bank Group : Owner's Equity	10 402.5	10 321.4	9 388.8	9 102.5	8 664.6

Distributed Dividends					
Total Dividends (in JOD millions)	160.2	128.2	76.9	-	288.4
Dividends (%)	25%	20%	12%	0%	45%
Number of Issued Shares (in thousands)	640 800	640 800	640 800	640 800	640 800
Share price on Last Working Day (JOD)	4.88	4.89	4.12	5.75	6.21

FINANCIAL PERFORMANCE

This section of the Board of Directors report highlights relevant financial data which is included in the consolidated financial statements of Arab Bank Plc and Arab Bank Group for the year 2022. The financial statements were prepared in accordance with the International Financial Reporting Statndards (IFRS), the interpretations issued by the Committee of the IFRS Board and the prevailing rules of the countries where the Group operates and the Central Bank of Jordan requirements.The accompanying notes are an integral part of the consolidated financial statements.

The Consolidated Financial Statements of Arab Bank Group consolidate the statements of Arab Bank Plc, Arab Bank (Switzerland) and the following subsidiaries:

	Percentage of ownership as of 31 December 2022
Arab Bank Australia Limited	100.00%
Europe Arab Bank Plc	100.00%
Islamic International Arab Bank Plc	100.00%
Arab National Leasing Company L.L.C	100.00%
Al - Arabi Investment Group L.L.C	100.00%
Arab Sudanese Bank Limited	100.00%
Al Arabi Investment Group - Palestine	100.00%
Arab Tunisian Bank	64.24%
Arab Bank Syria	51.29%
Oman Arab Bank	49.00%
Al Nisr Al Arabi Insurance Plc	50.00%

Subsidiaries are the companies under the effective control of the bank. Control becomes effective when the bank has the power to govern the financial and operating policies of the subsudiary so as to obtain benefits from its activities. Transactions are eliminated between Arab Bank plc, the subsidiaries and it's sister company Arab Bank (Switzerland) upon the consolidation of the group financial statements.

Arab Bank Group

Consolidated Statement of Income

Arab Bank Group's net income for the year ended 31 December 2022 amounted USD 544.3 million compared to USD 314.5 million for the year ended 31 December 2021. Total revenues of the Group stood at USD 2526.1 million compared to USD 2169.7 million in 2021 recording an increase of 16%, expected credit losses for financial assets amounted to USD 473 million.

The following schedule compares the principal components of the Group's Consolidated Statement of Income:

In USD (Thousands)	2022	2021	Variance	%
Revenue				
Net interest income	1 584 804	1 350 427	234 377	17%
Net commission income	374 369	347 956	26 413	8%
Other	566 937	471 282	95 655	20%
Total Income	**2 526 110**	**2 169 665**	**356 445**	**16%**
Expenses				
Employees Expenses	663 569	597 361	66 208	11%
Other Expenses	538 187	524 116	14 071	3%
Provision for impairment - ECL	473 006	560 093	(87 087)	(16%)
Total Expenses	**1 674 762**	**1 681 570**	**(6 808)**	**(0.4%)**
Profit For the year before Tax	**851 348**	**488 095**	**363 253**	**74%**
Income tax	307 046	173 578	133 468	77%
Profit for the year	**544 302**	**314 517**	**229 785**	**73%**

Consolidated Statement of Comprehensive Income

Arab Bank Group's comprehensive income for the year ended 31 December 2022 amounted USD 373.4 million compared to USD 156.6 million for the year ended 31 December 2021, the following schedule shows the principal components of the Group's consolidated statement of comprehensive income.

In USD (Thousands)	2022	2021
Profit for the year	**544 302**	**314 517**
Add:		
Items that will be subsequently transferred to the consolidated statement of Income		
Exchange differences arising from the translation of foreign operations	(114 187)	(134 776)
Revaluation loss on bonds at fair value through other comprehensive income	(7 028)	(1 100)
Items that will not be subsequently transferred to the consolidated statement of Income		
Net change in fair value of financial assets at fair value through other comprehensive income	(49 648)	(22 057)
TOTAL COMPREHNSIVE INCOME FOR THE YEAR	**373 439**	**156 584**

Consolidated Statement of Financial Position

Arab Bank Group assets reached USD 64.5 billion as at 31 December 2022, Customer deposits amounted USD 47.7 billion. Investment portfolio has reached USD 10.8 billion, Credit facilities amounted USD 31.7 billion forming 49% of total assets while Shareholders' equity reached USD 10.4 billion.

The Following schedule compares the principal components of the Group's consolidated statement of financial posotion:

In USD (thousands)	2022	2021	Variance	%
Assets				
Cash and due from Banks	16 313 841	16 038 772	275 069	2%
Investment Portfolio	10 825 300	11 321 370	(496 070)	(4%)
Direct credit facilities at amortized cost	31 726 598	31 188 786	537 812	2%
Other	5 594 084	5 256 206	337 878	6%
Total Assets	**64 459 823**	**63 805 134**	**654 689**	**1%**
Liabilities				
Due to banks	4 040 008	4 615 159	(575 151)	(12%)
Due to customers	47 748 871	47 092 642	656 229	1%
Other	2 268 488	1 775 981	492 507	28%
Shareholders' Equity	10 402 456	10 321 352	81 104	1%
Total Liabilities and Shareholders' Equity	**64 459 823**	**63 805 134**	**654 689**	**1%**

Arab Bank plc

Statement of Income

Arab Bank plc's net income for the year ended 31 December 2022 amounted JOD 327.5 million compared to JOD 156.1 million for the year ended 31 December 2021. Total revenues of the Bank stood at JOD 1096.5 million compared to JOD 931.7 million in 2021 recording an increase of 17.7%, expected credit losses for financial assets amounted JOD 156.5 million.

The following schedule compares the principal components of the Arab Bank Plc's statement of income:

In JOD (thousands)	2022	2021	Variance	%
Revenue				
Net Interest income	737 244	623 634	113 610	18%
Net commission income	151 249	141 531	9 718	7%
other	208 011	166 508	41 503	25%
Total Income	**1 096 504**	**931 673**	**164 831**	**17.7%**
Expenses				
Employees expenses	242 750	219 214	23 536	11%
Other expenses	254 444	246 446	7 998	3%
Provision for impairment - ECL	156 451	255 471	(99 020)	(39%)
Total Expenses	**653 645**	**721 131**	**(67 486)**	**(9%)**
Profit for the year before tax	**442 859**	**210 542**	**232 317**	**110%**
Income tax	115 324	54 441	60 883	112%
Profit for the year	**327 535**	**156 101**	**171 434**	**110%**

Statement of Comprehensive Income

Arab Bank Plc's comprehensive income for the year ended 31 December 2022 amounted JOD 242 million compared to JOD 33.5 million for the year ended 31 December 2021.

The Following schedule shows the principal components of the Arab Bank plc's statement of comprehensive income.

In JOD (Thousands)	2022	2021
Profit for the year	327 535	156 101
Add:		
Items that will be subsequently transferred to the statement of income		
Exchange differences arising on the translation of foreign operations	(77 909)	(100 202)
Items that will not be subsequently transferred to the statement of income		
Change in fair value of financial assets at fair value through other Comprehensive income	(7 711)	(22 375)
Total Comprehensive income for the year	**241 915**	**33 524**

Statement of Financial Position

Arab bank Plc assets reached JOD 27.8 billion as at 31 December 2022. Customer deposits amounted JOD 20.7 billion and investment portfolio has reached JOD 5.6 billion . Credit facilities amount to JOD 11.4 billion forming 41% of total assets while shareholder's equity reached JOD 3.9 billion.

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The following schedule compares the principal components of the Arab Bank Plc's statement of financial position:

In JOD (Thousands)	2022	2021	Variance	%
Assets				
Cash and due from banks	8 952 878	8 391 621	561 257	7%
Investment Portfolio	5 584 522	5 959 033	(374 511)	(6%)
Direct credit facilities at amortized cost	11 416 222	11 445 175	(28 953)	(0.3%)
other	1 860 284	1 819 650	40 634	2%
Total Assets	**27 813 906**	**27 615 479**	**198 427**	**1%**
Liabilities				
Due to banks	2 200 056	2 529 551	(329 495)	(13%)
Due to Customers	20 732 730	20 516 921	215 809	1%
Other	951 345	752 987	198 358	26%
Shareholders' equity	3 929 775	3 816 020	113 755	3%
Total Liabilities and shareholders' equity	**27 813 906**	**27 615 479**	**198 427**	**1%**

Capital Adequacy

Arab Bank maintains capital adequacy ratios that exceed the required levels as per Basel committee, and Central Bank of Jordan requirements. The following table presents a summary of the capital adequacy calculations for the years 2022 and 2021 in accordance with Basel III:

Arab Bank Group

In USD (Thousands)

Capital Adequacy Ratio as at December 31, 2022 and 2021 in accordance with Basel III requirements

Risk-weighted assets (RWA)	**42 717 383**	**43 132 067**
Common Equity Tier 1	9 486 770	9 376 735
Regulatory Adjustments (Deductions from Common Equity Tier 1)	(3 034 121)	(2 894 909)
Additional Tier 1	236 262	273 411
Regulatory Adjustments (Deductions from Additional Tier 1)	(6 234)	(12 987)
Supplementary Capital	423 755	388 384
Regulatory Capital	**7 106 432**	**7 130 634**
Common Equity Tier 1 Ratio	**15.11%**	**15.03%**
Tier 1 Capital Ratio	**15.64%**	**15.63%**
Capital Adequacy Ratio	**16.64%**	**16.53%**

Arab Bank PLC

In JOD (Thousands)

Capital Adequacy Ratio as at December 31, 2022 and 2021 in accordance with Basel III requirements

Risk-weighted assets (RWA)	**17 825 302**	**18 600 995**
Common Equity Tier 1	3 659 116	3 577 401
Regulatory Adjustments (Deductions from Common Equity Tier 1)	(1 057 266)	(1 067 669)
Supplementary Capital	173 460	159 730
Regulatory Adjustments (Deductions from Supplementary Capital)	(5 609)	(6 148)
Regulatory Capital	**2 769 701**	**2 663 314**
Common Equity Tier 1 Ratio	**14.60%**	**13.49%**
Tier 1 Capital Ratio	**14.60%**	**13.49%**
Capital Adequacy Ratio	**15.54%**	**14.32%**

Income Appropriation for Arab Bank plc

Arab Bank follows a well established policy with regards to cash dividends, which aims at achieving the enhancement of its revenues and financial position , and the distribution of a reasonable dividends to the shareholders.

The Board of Directors recommends the distribution of cash dividends of 25% of the shares par value, or JOD 160.2 million for the year 2022 Compared to 20% of the shares par value or JOD 128.2 million in 2021 as shown in the table below:

In JOD (Millions)	2022	2021
Income available for appropriation	327.5	156.1
Statutory Reserve	0.0	0.0
Voluntary Reserve	0.0	0.0
General Reserve	0.0	0.0
General banking risk reserve	0.0	0.0
Proposed Cash dividends	160.2	128.2
Retained earnings	167.3	27.9
Total Appropriation	**327.5**	**156.1**

Financial Ratios related to Arab Bank Group:

	2022	2021
Owners' equity / Total Assets	16.1%	16.2%
Loans / Deposits	66.4%	66.2%
Liquidity Ratio (cash and quasi cash)	42.4%	43.0%
Cost / Income	66.3%	77.5%
Cost / Income (excluding provisions for impairment)	46.6%	49.4%
Common Equity Tier 1 Ratio - Basel III	15.11%	15.03%
Tier 1 Capital Ratio - Basel III	15.64%	15.63%
Capital Adequacy Ratio - Basel III	16.64%	16.53%
Return on Equity	5.2%	3.0%
Return on Assets	0.8%	0.5%
Net interest and commission income / total Assets	3.0%	2.7%
EPS (USD)	0.79	0.46

Financial Ratios related to Arab bank Plc:

	2022	2021
Shareholders' equity / Total Assets	14.1%	13.8%
Loans / Deposits	55.1%	55.8%
Liquidity ratio (cash and quasi cash)	52.5%	52.1%
Cost / Income	59.6%	77.4%
Cost / income (excluding provision for impairment)	43.7%	46.2%
Common Equity Tier 1 Ratio - Basel III	14.60%	13.49%
Tier 1 Capital Ratio - Basel III	14.60%	13.49%
Capital Adequacy Ratio - Basel III	15.54%	14.32%
Return on equity	8.3%	4.1%
Return on Assets	1.2%	0.6%
Net interest and commission income / Total Assets	3.2%	2.8%

FUTURE OUTLOOK AND PLANS FOR 2023

Looking toward 2023 and beyond, Arab Bank has taken into consideration the prevailing and anticipated market conditions locally, regionally, and internationally.

The bank will continue to focus on achieving sustainable growth in its operations across the Group's core business sectors, including corporate and institutional banking, consumer banking and wealth management, and treasury services. The bank's comprehensive digital transformation strategy will enhance this growth by providing an integrated digital platform to offer customers a seamless banking experience. Customers remain at the core of Arab Bank's priorities as the bank continues to focus on the needs of clients from various sectors when designing and developing its business models, operational frameworks, products, and services.

Additionally, the bank will work to strengthen the effective communication between its sectors and enhance its performance levels across the Group's entities to add further value to its customers across its different operational areas.

Arab Bank will continue to focus strategically on promoting sustainable practices and adopting environmental, social, and governance (ESG) standards in its business model by focusing on five key areas: responsible financing, employee empowerment, transparent reporting, system optimization, and community cooperation.

Arab Bank consistently monitors global and regional developments and diligently assesses their expected impact on the bank. It adopts all necessary measures to maintain its historical values and guiding principles, which have been the foundation of the bank's excellence and success in the following areas:

Liquidity:

Our priority is to maintain ample liquidity to support our operations and protect our shareholders and customers in the regions in which we operate. This has always been, and will continue to be, one of the main pillars of Arab Bank.

Capital adequacy:

We are committed to maintaining a comfortable capital adequacy ratio that exceeds limits set by Basel, the Central Bank of Jordan, and other regulatory bodies in the countries in which we operate.

Risk management:

We believe in taking calculated risks. We have not, and will not enter into, any business that we do not understand, cannot calculate, and the risks of which we cannot mitigate.

Excellence:

We will continue to build upon and enhance our customers' satisfaction and operational efficiency and our shareholders' returns.

Our objectives for 2023 are to reinforce our financial position by expanding the bank's business in a responsible and sustainable manner, improving our customer service and business processes, maintaining prudent credit policies, and enhancing our risk management platform. By taking a cautious approach, we will continue to ensure that shareholders' equity is safeguarded, and we are well-positioned to deal with any unexpected crises across the regions in which we operate and in the world.

Looking ahead, CIB is committed to solidifying its value proposition in the region, investing in targeted growth initiatives and deploying modern technology, while maintaining capital discipline and increasing efficiencies. In line with the evolving banking landscape, CIB is committed to incorporating ESG principles within its operating framework and to expanding sustainable lending.

In the year ahead, Arab Bank will continue to develop products and services related to the business of small and medium enterprises (SMEs) with the aim of empowering this important sector and expanding our share of the Jordanian market, leading to more profitability. These efforts will go hand-in-hand with Arab Bank's launch of a new set of products and services that will give SME companies easier and quicker access to financing, including different types of loans and many more value-adding services that will help SME businesses grow.

In 2023, Arab Bank will continue to grow the number of SME customers benefitting from our payment gateway to expand their e-commerce businesses. Customers will also be strongly encouraged to market and sell their products on Arabi E-mart and Shopix. SMEs will also be able to benefit from factoring facilities and Buy Now Pay Later payment options. These improvements will lead to an expansion of Arab Bank's ecosystem and partnerships network.

In line with the bank's digital strategy, which focuses on creating new, unique digital experiences and products, Consumer Banking and Wealth Management will continue to introduce new digital services and products in addition to new investment opportunities for wealth management that include a suite of new products to match the needs of the different types of customers.

In the year ahead, the bank will capitalize on its regional presence to maximize the benefits of our cross-border program. Further services will be added to this program to increase our customer base of different nationalities and enhance the regional digital journeys on our different channels.

The accelerated development of digital services remains vital to Arab Bank. Consumer Banking and Wealth Management will continue to develop its state-of-the-art digital banking capabilities to meet the evolving needs of customers. The bank will also continue to expand its partnerships and offer best-in-class payment solutions to individual customers and SMEs to enrich their experience and convenience.

Consumer Banking and Wealth Management will continue to work to make Arab Bank's cards the top-of-wallet choice for customers. This includes offering unique features, redefined loyalty programs, international coverage, numerous benefits through the bank's ecosystem tie-ups, and the prestige of Arab Bank's brand. Consumer Banking and Wealth Management will continue to work on satisfying customers' needs by focusing on segmented customers and digital experiences management during all banking card transactions and adding value through promotions, best-in-class digital services, and innovative solutions.

The bank's vision is supported by an advanced digital strategy that focuses on creating new, easily accessible services and products that match the customers' lifestyle needs and expectations and reduce the time and effort needed to access them. This strategy is supported by modern data analytics algorithms and backed by our commitment to serve customer needs instantly and smoothly.

Arab Bank will continue to reward its loyal customers and enhance their experience of its Arabi Points loyalty program.

Treasury's pathway is clear for 2023. It will continue to deliver increased earnings for the bank in a higher interest rate environment and leverage technology to deliver the highest quality of service to customers, in collaboration with Consumer Banking and Wealth Management and CIB, Treasury's growing use of technology will help to ensure that the bank remains relevant, and that it retains its competitive advantage in decision support information, data analytics, and customer service.

EXTERNAL AUDITORS' COMPENSATION IN JORDAN AND ABROAD

In JOD Thousands	2022	2021
Fees for quarterly and annual audits and reviews including other related audit reports	1,396	1,323

Following are the Service contracts (outside the auditing scope) provided by external auditors:

Service	External Auditor	Fees In JOD Thousands
Variation to the External Review as per CBJ COBIT 5.0 regulations service	Ernst & Young	25
Bond Issuance review	Ernst & Young	85

NUMBER OF ARAB BANK SHARES OWNED BY MEMBERS OF THE BOARD OF DIRECTORS

Number of Arab Bank Shares Owned by Members of the Board of Directors and the companies controlled by them in comparison with last year

No.	Name	Position	Nationality	Number of shares		No. of shares owned by companies controlled by them	
				31/12/2022	31/12/2021	31/12/2022	31/12/2021
1.	**Mr. Sabih Taher Darwish Masri**	Chairman	Jordanian	1007370	1007370	48153600	65629134
2.	**Mr. Khaled Sabih Taher Masri**	Deputy Chairman	Jordanian	10008	10008	48153600	48153600
3.	**Messrs. Ministry of Finance, Saudi Arabia** Represented by Mr. Hisham Mohammed Mahmoud Attar	Member	Saudi	28800000	28800000	---	---
4.	**Messrs. Social Security Corporation** Represented by Mr. Mohammad Adnan Hasan AlMadi	Member	Jordanian	110108286	110108286	---	---
5.	**Mr. Wahbe Abdallah Wahbe Tamari**	Member	Lebanese	18000	18000	8168256	8168256
6.	**Mr. Alaa Arif Saad Batayneh**	Member	Jordanian	57420	79254	---	---
7.	**Mr. Omar Monther Ibrahim Fahoum** From: 31/3/2022	Member	Jordanian	10512	---	---	---
8.	**Dr. Nabil Hani Jamil Al Qaddumi** From: 31/3/2022	Member	Kuwaiti	10008	531180	---	---
9.	**Mr. Majed Qustandi Elias Sifri** From: 31/3/2022	Member	Canadian	10008	---	---	---
10.	**Mr. Sharif Mohdi Husni Saifi** From: 31/3/2022	Member	Jordanian	587682	587682	---	---
11.	**Mr. Shahm Munib Elias Al-Wir** From: 31/3/2022	Member	Jordanian	15012	---	---	---

NUMBER OF ARAB BANK SHARES OWNED BY MEMBERS OF THE BOARD OF DIRECTORS WHOSE MEMBERSHIP HAS ENDED

Number of Arab Bank Shares Owned by Members of the Board of Directors whose membership has ended on 31/3/2022 and the companies controlled by them in comparison with last year

No.	Name	Position	Nationality	Number of shares		No of shares owned by companies controlled by them	
				31/12/2022	31/12/2021	31/12/2022	31/12/2021
1.	**Mr. Mahmoud Bin Zuhdi Bin Mahmoud Malhas**	Deputy Chairman	Saudi	10008	10008	1145898	1145898
2.	**Mr. Suleiman Hafez Suleiman Masri**	Member	Jordanian	10008	10008	-	-
3.	**Mr. Bassam Wael Roshdi Kanaan**	Member	Jordanian	108360	112410	-	-
4.	**Mr. Abbas Farouq Ahmad Zuaiter**	Member	Jordanian	34092	148086	-	-
5.	**Mr. Usama Ramez Omar Mikdashi**	Member	Lebanese	-	10008	-	-

NUMBER OF ARAB BANK SHARES OWNED BY SENIOR EXECUTIVES

Number of Arab Bank Shares Owned by Senior Executives and the companies controlled by them in comparison with last year

No.	Name	Position	Nationality	Number of shares		No of shares owned by companies controlled by them	
				31/12/2022	31/12/2021	31/12/2022	31/12/2021
1.	**Miss. Randa Mohammad Tawfiq El Sadek**	Chief Executive Officer	Jordanian	34020	34020	-------	-------
2.	**Mr. Mohammed Ahmad Khaled Al-Masri**	Deputy CEO - Corporate & Institutional Banking	Jordanian	------	------	-------	-------
3.	**Mr. Naim Rasim Kamel Al Hussaini**	Deputy CEO – Consumer banking and Wealth Management	Saudi	-------	-------	-------	-------
4.	**Mr. Eric Jacques Modave**	Deputy CEO – Chief Operating Officer	Belgian	12006	12006	-------	-------
5.	**Mr. Ziyad Anwar Abdul Rahman Akrouk**	EVP Head of Group Risk	Jordanian	10206	10206	-------	-------
6.	**Mr. Mohamed Abdul Fattah Hamad Al Ghanamah**	EVP Chief Credit Officer	Jordanian	53244	53244	-------	-------
7.	**Mr. Antonio Mancuso Marcello**	EVP Head Of Treasury	British	------	------	-------	-------
8.	**Mr. Walid Muhi Eddin Mohammad Al Samhouri**	EVP Jordan Country Head	Jordanian	------	------	-------	-------
9.	**Mr. Firas Jaser Jamil Zayyad**	EVP Chief Financial Officer	Jordanian	972	972	-------	-------
10.	**Mr. Basem Ali Abdallah Al Imam**	Board Secretary Head of Legal Affairs	Jordanian	1080	1080	-------	-------
11.	**Mrs. Rabab Jamil Said Abbadi**	EVP Head of Human Resources	Jordanian	------	------	-------	-------
12.	**Mr. Michael Alexander Matossian**	EVP Chief Compliance Officer	American	1440	1440	-------	-------
13.	**Mr. Fadi Joseph Badih Zouein**	EVP Head of Internal Audit	Lebanese	------	------	-------	-------

NUMBER OF ARAB BANK SHARES OWNED BY RESIGNED SENIOR EXECUTIVES

Number of Arab Bank Shares Owned by Resigned Senior Executives during the year 2022 and the companies controlled by them in comparison with last year

No.	Name	Position	Nationality	Number of shares		No of shares owned by companies controlled by them	
				31/12/2022	31/12/2021	31/12/2022	31/12/2021
1.	**Mr. Nemeh Elias Nemeh Sabbagh** Until 31/1/2022	Chief executive Officer	Lebanese	12006	12006	------	------

NUMBER OF ARAB BANK SHARES OWNED BY THE RELATIVES OF MEMBERS OF THE BOARD OF DIRECTORS

Number of Arab Bank Shares Owned by the Relatives of Members of the Board of Directors and the companies Controlled by them in comparison with last year

No.	Name	Relationship	Nationality	Number of shares		No of shares owned by companies controlled by them	
				31/12/2022	31/12/2021	31/12/2022	31/12/2021
1.	**Mr. Sabih Taher Darwish Masri** Chairman						
		Spouse Minors	------ ------	------ ------	------ ------	------ ------	------ ------
2.	**Mr. Khaled Sabih Taher Masri** Deputy Chairman						
		Spouse Minors	------ ------	------ ------	------ ------	------ ------	------ ------
3.	**Messrs. Ministry of Finance, Saudi Arabia** Member Represented by Mr. Hisham Mohammed Mahmoud Attar						
		------ ------	------ ------	------ ------	------ ------	------ ------	------ ------
4.	**Messrs. Social Security Corporation** Member Represented by Mr. Mohammad Adnan Hasan AlMadi						
		------ ------	------ ------	------ ------	------ ------	------ ------	------ ------
5.	**Mr. Wahbe Abdallah Wahbe Tamari** Member						
		Spouse Minors	------ ------	------ ------	------ ------	------ ------	------ ------
6.	**Mr. Alaa Arif Saad Batayneh** Member						
	Arif Alaa Arif Batayneh	Spouse Minors	------ Jordanian	------ 6588	------ 6588	------ ------	------ ------
7.	**Mr. Omar Monther Ibrahim Fahoum** Member						
	From 31/3/2022	Spouse Minors	------ ------	------ ------	------ ------	------ ------	------ ------
8.	**Dr. Nabil Hani Jamil Al Qaddumi** Member						
	From 31/3/2022	Spouse Minors	------ ------	------ ------	------ ------	------ ------	------ ------
9.	**Mr. Majed Qustandi Elias Sifri** Member						
	From 31/3/2022	Spouse Minors	------ ------	------ ------	------ ------	------ ------	------ ------
10.	**Mr. Sharif Mohdi Husni Saifi** Member						
	From 31/3/2022	Spouse Minors	------ ------	------ ------	------ ------	------ ------	------ ------
11.	**Mr. Shahm Munib Elias Al-Wir** Member						
	From 31/3/2022	Spouse Minors	------ ------	------ ------	------ ------	------ ------	------ ------

NUMBER OF ARAB BANK SHARES OWNED BY THE RELATIVES OF MEMBERS OF THE BOARD OF DIRECTORS WHOSE MEMBERSHIP HAS ENDED

Number of Arab Bank Shares Owned by the Relatives of Members of the Board of Directors whose membership has ended on 31/3/2022 and the companies controlled by them in comparison with last year

No.	Name	Relationship	Nationality	Number of shares		No of shares owned by companies controlled by them	
				31/12/2022	31/12/2021	31/12/2022	31/12/2021
1.	**Mr. Mahmoud Bin Zuhdi Bin Mahmoud Malhas**	Deputy Chairman					
	Mrs. Rima Samir Jamil AlKhalidi	Spouse	Jordanian	9 000	9 000	------	------
		Minors	------	------	------	------	------
2.	**Mr. Suleiman Hafez Suleiman Masri**						
	Mrs. Rusaila Mohamad Lutfe Mohamad Hasan Bayazidi	Spouse	Jordanian	2 214	2 214	------	------
		Minors	------	------	------	------	------
3.	**Mr. Bassam Wael Roshdi Kanaan**						
		Spouse	------	------	------	------	------
		Minors	------	------	------	------	------
4.	**Mr. Abbas Farouq Ahmad Zuaiter**						
		Spouse	------	------	------	------	------
		Minors	------	------	------	------	------
5.	**Mr. Usama Ramez Omar Mikdashi**						
		Spouse	------	------	------	------	------
		Minors	------	------	------	------	------

NUMBER OF ARAB BANK SHARES OWNED BY THE RELATIVES OF SENIOR EXECUTIVES

Number of Arab Bank Shares Owned by the Relatives of Senior Executives and the companies Controlled by them in comparison with last year

No.	Name	Relationship	Nationality	Number of shares		No of shares owned by companies controlled by them	
				31/12/2022	31/12/2021	31/12/2022	31/12/2021
1.	**Miss. Randa Mohammad Tawfiq El Sadek**						
		Spouse	------	-------	-------	-------	-------
		Minors					
2.	**Mr. Mohammed Ahmad Khaled Al-Masri**						
		Spouse	Jordanian	------	------	-------	-------
		Minors					
3.	**Mr. Naim Rasim Kamel Al Hussaini**						
		Spouse	Saudi	------	------	-------	-------
		Minors					
4.	**Mr. Eric Jacques Modave**						
		Spouse	Belgian	------	------	-------	-------
		Minors					
5.	**Mr. Ziyad Anwar Abdul Rahman Akrouk**						
	Mrs. Jumana Shuja' Mohammad Al-Asad	Spouse	Jordanian	28872	21762	-------	-------
		Minors					
6.	**Mr. Mohamed Abdul Fattah Hamad Al Ghanameh**						
		Spouse	Jordanian	------	------	-------	-------
		Minors					
8.	**Mr. Walid Muhi Eddin Mohammad Al Samhouri**						
	Mrs. Rima Mohammad Abdulkareem Shwaika	Spouse	Jordanian	90	90	-------	-------
		Minors		-------	------		
9.	**Mr. Firas Jaser Jamil Zayyad**						
		Spouse	Jordanian	-------	-------	-------	-------
		Minors					
10.	**Mr. Basem Ali Abdallah Al Imam**						
		Spouse	Jordanian	------	------	-------	-------
		Minors					
11.	**Mrs. Rabab Jamil Said Abbadi**						
		Spouse	-------	------	------	-------	-------
		Minors					
12.	**Mr. Michael Alexander Matossian**						
		Spouse	American	------	------	-------	-------
		Minors					
13.	**Mr. Fadi Joseph Badih Zouein**						
		Spouse	Lebanese	------	------	-------	-------
		Minors					

NUMBER OF ARAB BANK SHARES OWNED BY THE RELATIVES OF RESIGNED SENIOR EXECUTIVES

Number of Arab Bank Shares Owned by the Relatives of Resigned Senior Executives during the year 2022 and the companies Controlled by them in comparison with last year

No.	Name	Relationship	Nationality	Number of shares		No of shares owned by companies controlled by them	
				31/12/2022	31/12/2021	31/12/2022	31/12/2021
1.	**Mr. Nemeh Elias Nemeh Sabbagh**						
	Until 31/1/2022	Spouse Minors	Lebanese	------	------	-------	-------

BOARD OF DIRECTORS REMUNERATION AND BENEFITS

Board of Directors Remuneration and Benefits paid in 2022

(Amounts in Jordanian Dinar)

No.	Member Name	Title	Annual Salary	Annual Transportation Allowance	Annual Remuneration For attendance Board & Committees Meetings	Annual Board Remuneration	Total
1	Mr. Sabih Taher Darwish Masri	Chairman	-	24000	57500	5000	86500
2	Mr. Khaled Sabih Taher Masri	Deputy Chairman	-	24000	72500	4286	100786
3	Messrs Ministry of Finance, Saudi Arabia Represented by Mr. Hisham Mohammed Mahmoud Attar	Member	-	24000	50000	4286	78286
4	Messrs Social Security Corporation	Member	-	24000	60000	5000	89000
5	Mr. Wahbe Abdallah Wahbe Tamari	Member	-	24000	45000	5000	74000
6	Mr. Alaa Arif Saad Batayneh	Member	-	24000	57500	5000	86500
7	Mr. Omar Monther Ibrahim Fahoum (since 31/3/2022)	Member	-	18000	47500	-	65500
8	Dr. Nabil Hani Jamil Alqaddumi (since 31/3/2022)	Member	-	18000	35000	-	53000
9	Mr. Majed Qustandi Elias Sifri (since 31/3/2022)	Member	-	18000	37500	-	55500
10	Mr. Sharif Mohdi Husni Saifi (since 31/3/2022)	Member	-	18000	50000	-	68000
11	Mr. Shahm Munib Elias Al-Wir (since 31/3/2022)	Member	-	18000	55000	-	73000

BOARD OF DIRECTORS REMUNERATION AND BENEFITS

Remuneration and Benefits paid to the Board of Directors whose memberships has ended on 31/3/2022

(Amounts in Jordanian Dinar)

No.	Member Name	Title	Annual Salary	Annual Transportation Allowance	Annual Remuneration For attendance Board & Committees Meetings	Annual Board Remuneration	Total
1	Mr. Mahmoud Zuhdi Mahmoud Malhas	Deputy Chairman	-	6000	5000	2143	13143
2	Mr. Suleiman Hafez Suleiman Masri	Member	-	6000	17500	5000	28500
3	Mr. Bassam Wa'el Roshdi Kanaan	Member	-	6000	17500	5000	28500
4	Mr. Abbas Farouq Ahmad Zuaiter	Member	-	6000	12500	5000	23500
5	Mr. Usama Ramez Omar Mikdashi	Member	-	6000	15000	5000	26000

EXECUTIVE MANAGEMENT COMPENSATION AND BENEFITS IN 2022

(In JOD)

Name	Position	Annual Salary	Annual Transportation allowance	Annual Travel Expenses (does not include accommodation and tickets)	Performance Bonus paid during 2022	Total
Randa Mohammad Tawfiq El Sadek	Chief Executive Officer	634 663	-	-	256 048	890 711
Mohammed Ahmad Khaled Al-Masri	Deputy CEO -Corporate & Institutional Banking	481 296	-	-	63 303	544 599
Naim Rasim Kamel Al Hussaini	Deputy CEO -Consumer Banking & Wealth Management	375 752	-	-	47 979	423 731
Eric Jacques Modave	Deputy CEO - Chief Operating Officer	265 304	-	-	38 012	303 316
Ziyad Anwar Abdul Rahman Akrouk	EVP -Head of Group Risk Management	481 296	-	-	42 202	523 498
Mohamed Abdul Fattah Hamad Al Ghanamah	EVP - Chief Credit Officer	343 248	-	-	29 839	373 087
Antonio Mancuso Marcello	EVP - Head of Treasury	410 864	-	-	75 926	486 790
Walid Muhi Eddin Mohammad Al Samhouri	EVP - Jordan Country Head	394 198	-	-	57 366	451 564
Firas Jaser Jamil Zayyad	EVP- Chief Financial Officer	265 168	-	-	29 000	294 168
Basem Ali Abdallah Al Imam	Board Secretary / Head of Legal Affairs Division	279 104	-	-	64 980	344 084
Rabab Jamil Said Abbadi	EVP - Head of Human Resources	231 840	-	-	40 173	272 013
Michael Alexander Matossian	EVP - Chief Compliance Officer	482 008	-	-	59 983	541 991
Fadi Joseph Badih Zouein	EVP - Head of Internal Audit	328 240	-	-	38 426	366 666

COMPENSATION AND BENEFITS FOR RESIGNED EXECUTIVE MANAGEMENT IN 2022

(In JOD)

Name	Position	Annual Salary	Annual Transportation allowance	Annual Travel Expenses (does not include accommodation and tickets)	Performance Bonus paid during 2022	Total
Nemeh Elias Nemeh Sabbagh	Chief Executive Officer Until 31/1/2022	67 222	-	-	-	67 222

ARAB BANK'S DONATIONS DURING YEAR 2022

Project / Entity	JOD
Abdul Hameed Shoman Foundation	10 129 952
King Hussein Cancer Foundation	1 160 787
The Queen Rania Foundation for Education and Development	770 099
The project of spreading the community's financial culture	450 000
Initiatives of the Royal Hashemite Court	432 000
King's Academy	404 635
Scholarships for Employees' Children	200 029
University of Jordan	200 000
Global Policy Forum	150 000
Jordanian Hashemite Fund for Human Development (JOHUD)	50 000
Thareed Endowment	50 000
Jordan River Foundation	40 645
Jerash Festival for Culture and Arts	20 000
El-Hassan Youth Award	15 000
The Ministry Of Education - Computers purchase	13 968
Ministry of Social Development	10 000
Tkiyet Um Ali	9 055
SOS Children Villages	7 500
Jordan Strategies Forum Association	7 000
Royal Hashemite Documentation Center	5 000
Others	97 580
	14 223 250

TRANSACTIONS WITH RELATED PARTIES

Excluding transactions carried out within the context of the Bank's regular business, the Bank did not enter in any form of contracts, projects or commitments with any of it's subsidiaries, sister companies and affiliates. The Bank has neither entered in any form of contracts with it's chairman, any of it's directors, the Chief Executives Officer, any of it's staff or their relatives.

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

JD '000

	December 31, 2022			
	Deposits owed from Related Parties	Direct Credit Facilities at Amortized Cost	Deposits owed to Related Parties	LCs, LGs, Unutilized Credit Facilities and Acceptances
Sister and subsidiary companies	1 292 306	19 065	120 133	345 732
Associates companies	54 575	-	40 764	18 719
Major shareholders and members of the Board of Directors	-	202 078	458 927	36 050
Total	**1 346 881**	**221 143**	**619 824**	**400 501**

JD '000

	December 31, 2021			
	Deposits owed from Related Parties	Direct Credit Facilities at Amortized Cost	Deposits owed to Related Parties	LCs, LGs, Unutilized Credit Facilities and Acceptances
Sister and subsidiary companies	1 431 682	21 903	257 666	245 725
Associates companies	94 702	-	5 891	18 341
Major shareholders and members of the Board of Directors	-	196 489	500 750	31 117
Total	**1 526 384**	**218 392**	**764 307**	**295 183**

The details of transactions with related parties are as follows:

JD '000

	2022		**2021**	
	Interest Income	Interest Expense	Interest Income	Interest Expense
Sister and subsidiary companies	22 213	1 417	3 447	684
Associates companies	1 772	562	331	34
Total	**23 985**	**1 979**	**3 778**	**718**

The details of the credit facilities granted to members of the Board of Directors and related parties are as follows:

December 31, 2022 JD '000

	Granted to BOD Members			Granted to Related Parties			Total		
	Direct Credit Facilities	Indirect Credit Facilities	Total	Direct Credit Facilities	Indirect Credit Facilities	Total	Direct Credit Facilities	Indirect Credit Facilities	Total
Mr. Sabih Taher Darweesh Masri & Mr. Khaled Sabih Taher Masri	-	1	1	141 831	34 672	176 503	141 831	34 673	176 504
Mr. Wahbe Abdullah Wahbe Tamari	1	-	1	55 287	-	55 287	55 288		55 288
Mr. Omar Monther Ibrahim Fahoum	2	-	2	-	-	-	2	-	2
Mr. Majed Qustandi Elias Sifri	2	-	2	-	-	-	2	-	2
Mr. Mohammed Adnan Hasan Al-Madi	1	-	1	-	-	-	1	-	1
Mr. Alaa Arif Saed Batayneh	4	-	4	-	-	-	4	-	4
Mr. Sharif Mohdi Husni Saifi	-	-	-	4 950	1 377	6 327	4 950	1 377	6 327
Total	**10**	**1**	**11**	**202 068**	**36 049**	**238 117**	**202 078**	**36 050**	**238 128**

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

ENVIRONMENTAL PROTECTION

Arab Bank believes that a clean and sustainable environment is essential for the welfare of future generations, including employees, their families, and wider society. That is why it actively participates in internal and external initiatives and activities aimed at protecting the environment.

The bank adopts environmentally friendly systems in new branches and employs innovative solutions at existing branches wherever possible. The bank has switched all lighting units in its buildings to LED contributing significantly to a reduction in energy consumption during the year.

Arab Bank strives to reduce the environmental impact associated with its electricity consumption by seeking to cover the increase resulting from the expansion of the previous two years through new renewable resources.

The bank installed a more advanced VRF air-conditioning system in the new locations with the aim of reducing both energy consumption and toxic emissions. A more advanced AC system (VRV/VRF) was installed in the new locations instead of the traditional system. A variable refrigerant volume (VRV) system will be installed to control heating and cooling consumption in the new head office building. The new system has led to a marked reduction in electricity consumption.

The bank continues to reduce fuel consumption by installing GPS tracking systems on its vehicles with the aim of reducing both fuel consumption and toxic emissions. Additionally, purchasing new electrical cars is in progress, which will help to reduce energy consumption and create a clean and more sustainable environment within Arab Bank.

As part of Arab Bank's commitment to environmental sustainability and to reducing the carbon footprint in its operations, the bank continues to encourage its employees, business partners, and customers to consider the environmental aspects when carrying out their transactions. To this end, the bank has established a paperless working environment program and several digital initiatives, which have been integrated into its daily business practice.

Arab Bank continues to implement projects that help customers carry out their transactions using digital platforms and modern technology by providing all technical requirements and ensuring a complete digital transformation in transactions and procedures. Among these projects was the expansion in the usage of e-statements and e-advices and other related digital initiatives, resulting in reduced paper purchases, which was widely appreciated by all customers and stakeholders.

At the internal level, the bank continued its campaign that aims at establishing a paperless work environment promoting sound environmental practices as part of its corporate culture. In this regard, the bank has launched several initiatives, including:

- Awareness sessions and meetings on the importance of reducing paper usage
- Implementation of several initiatives to reduce printing, including:
    - Automation of internal reports and workflows in many departments of the bank
    - Electronic archiving system for many of the bank's internal departments to provide electronic copies of documents and their circulation without the need for printing

    - Automation of many human resource services, which contributed significantly to saving paper
    - Launching a paper recycling campaign through which 50 tons of paper were recycled this year

Arab Bank always seeks to support and preserve the environment through the role it plays. The methods and means of support vary across various fields, and an important role is given to the specialized parties at the bank to grant banking facilities and finance projects for institutions concerned with the environment and its preservation.

Among the most important of these projects are those that fall within the energy sector, such as renewable energy projects and reducing energy consumption, which remove a large burden on the environment by reducing dependence on fuel for energy production. As a result, carbon dioxide emissions that are harmful to the environment are also reduced.

Across its branches in five continents, Arab Bank allocates a good part of its financial portfolio to financing projects that have a positive impact on the environment, including solar, wind, and hydro projects.

As part of the bank's achievements for this year, several solar energy projects were financed with a capacity of 300 megawatts in Saudi Arabia, 200 megawatts in Egypt, and a capacity of more than 200 megawatts in Jordan. In addition, Arab Bank participates in three syndication loans to provide green financing through its branch in Singapore.

The bank places great value on the water sector, given its critical role in protecting the environment. In addition to its benefits in producing energy through water transportation, wastewater treatment projects are among the projects that have a significant impact on the environment. Purifying wastewater enables the water to be recycled, thus preserving this precious natural resource.

The bank collaborated with the Royal Society for the Conservation of Nature (RSCN) on several initiatives to protect the environment in Jordan. The bank supported the "Reserves Souq" that was organized by the RSCN to showcase various RSCN products created by local women, including food products, handicrafts, jewelry, ostrich eggs, soap, leather goods and more. A group of Arab Bank employees and their families volunteered to plant and irrigate 500 forest trees at Dibeen Forest Reserve in Jerash, in addition to participating in the "Clean up the World" campaign in Dibeen Forests.

The bank implemented an environmental educational program in four schools in Amman with the aim to increase the students' awareness of water scarcity problems in Jordan through creative online and offline tools, including story telling.

In Bahrain, the bank participated in the national campaign for Tree Plantation "Forever Green" by planting trees in the Central Market in addition to Muharraq City, with the participation of 34 of the bank's employees.

Sustainability at Arab Bank

Arab Bank's sustainability journey began in 1930 when the bank was founded. It has evolved over time as an integral part of the bank's objectives and many of its efforts towards shaping the lives of people in the Arab world and developing the economies and communities in which it operates. The bank supports and finances strategic projects in the region with the aim of developing the capacity of the Arab world through serving community needs and priorities.

Recognizing the importance of a comprehensive management approach to sustainability, the bank set a sustainability strategy that is rooted in its values and foundations. This strategy aims to achieve a sustainability advantage by integrating social and environmental aspects, in addition to economic and ethical perspectives, in its daily operations, which will help the bank adopt effective and immediate actions that contribute positively to the community and create value to the bank's stakeholders.

The bank has implemented many initiatives aimed at achieving economic, environmental, and social sustainability as part of its sustainability commitment. Building on a long history of community investment, it developed an inclusive stakeholder model to optimize the bank's contribution to its community and create long-term financial and non-financial value for the bank and its stakeholders. The model consists of three main pillars that drive the bank's community cooperation and goals: the bank's dedicated CSR program, Together, which supports the community's fundamental causes, the Abdul Hameed Shoman Foundation, and our direct charitable donations and sponsorships.

The bank issues an annual sustainability report, based on the sustainability reporting standards of the Global Reporting Initiative (GRI). By reporting in this way, the bank measures, understands, and communicates its economic, environmental, and social performance, and manages change in line with international best practices. This approach also allows the bank to measure its strategic goals for sustainability regularly. The bank issued its twelve sustainability report in 2022.

Sustainable Finance Framework

In 2022, Arab Bank launched its inaugural Sustainable Finance Framework, which will support its sustainability commitments and environmental, social and governance ("ESG") priorities. Arab Bank intends to use the Framework as the basis to issue sustainable debt instruments to advance projects that will contribute to climate action, employment generation as well as supporting the United Nations Sustainable Development Goals ("SDGs").

Arab Bank is the first bank in Jordan to adopt such framework, which is aligned with the four core components of the Green Bond Principles 2021 ("GBP"), Social Bond Principles 2021 ("SBP") and Sustainability Bond Guidelines 2021 ("SBG") published by the International Capital Market Association ("ICMA"), as well as the Green Loan Principles 2021 ("GLP") and Social Loan Principles 2021 ("SLP") published by the Loan Market

Association ("LMA").

The Bank has obtained a Second Party Opinion from S&P Global Ratings which has affirmed the Framework's alignment with the aforementioned ICMA and LMA principles.

Corporate Social Responsibility Program: Together

The bank established Together as an integrated, full-fledged corporate social responsibility (CSR) program to get the bank's employees, customers, and selected NGOs involved in supporting causes that are aligned with the community's needs and priorities and the bank's sustainability direction.

The bank adopted five main community causes as the primary focus areas for Together, based on the community's primary needs and the bank's ability to make a positive and long-lasting impact. These areas are health, poverty alleviation, environmental protection, education, and orphan support. Around 80,000 beneficiaries from the community have experienced a positive impact in their lives resulted from Together program.

Through Together program, the bank fosters engagement with its employees, customers, and partner NGOs by utilizing the following paths:

- **Employee volunteering:** Arab Bank encourages its employees to donate their time, efforts, and experience to initiatives and programs that are aligned with the five main community causes the bank has adopted. The volunteering program is driven by a set of KPIs and is managed by a full-fledged system that drives and monitors its performance and deliverables. In 2022, our employees and their families volunteered around

748 instances, contributing over 1,935 hours through 64 community programs.

- **Collaboration with NGOs:** The bank works closely with reputable NGOs in each of the bank's CSR focus areas. Our efforts included developing and implementing community initiatives and intervention programs through Arab Bank community investments. These programs set deliverables and KPIs that are aligned with the bank's sustainability strategy. As part of working with partner NGOs, the bank offers a capacity-building program that focuses on strengthening the functional, technical, and interpersonal skills of the NGO's staff in a way that positively affects the NGO's performance and community role. During 2022, the courses benefited 167 employees at our partner NGOs through the delivery of 884 training hours.
- **Customer donations:** Through Together, the bank enables its customers to contribute financially to its five main community causes. A donation mechanism within the bank's service channels – ATMs, online banking, Together credit card, the branch network, and the efawateercom service – enables customers to donate to any of the Together partner NGOs easily and conveniently. During 2022, customer donations reached more than JOD 1,970,000.

Here are the highlights of Arab Bank's community contributions through the Together program:

Health

Arab Bank has collaborated with several organizations to support initiatives aimed at advancing health-related causes in the community. The bank sponsored the Back to School Program with the King Hussein Cancer Foundation (KHCF), supporting around 430 young patients and giving them a chance to continue their education while undergoing treatment at the King Hussein Cancer Center. The bank also was the diamond sponsor of the King Hussein Award for Cancer Research, with the aim to reinforce cancer research efforts in the Arab world by targeting leading researchers in several areas related to cancer. Furthermore, the bank collaborated with the KHCF and the Jordan Breast Cancer Program (JBCP) to organize a breast cancer early detection awareness campaign.

The bank collaborated with the Royal Health Awareness Society (RHAS) to help implement the Healthy Schools National Accreditation program at six schools. This program is aimed at creating health-promoting environment within the schools contributing positively towards students' physical and social growth and academic performance. Additionally, the bank also supported the Mental Health Program with RHAS that aims to educate the administrative and teaching staff of the schools participating in the Healthy Schools program to understand the stages of psychological development, and to recognize the first signs of mental disorders among school students and distinguish between them and psychological tensions.

The bank supported the Jordan Air Ambulance Center in providing emergency air transportation services to patients. During 2022, the bank organized six blood donation drives in collaboration with Jordan Blood Bank, during which the bank's employees donated 325 blood units.

The bank reinforced the importance of supporting health initiatives by participating in several health and sports initiatives in Jordan, including sponsoring the Jordan National Football and Professional Leagues, and the Amman Marathon. The bank also covered the participation cost of 684 of the bank's employees and their families and friends in the Amman Marathon.

In Palestine, the bank donated several necessary medical equipment for public hospitals and medical centers with the aim to enhance the quality of the medical services provided to the public. The bank donated a Mammography machine to Nablus Health Directorate, in addition to donating an Ultrasound machine to Qalqiliah Health Directorate. The bank also participated in a campaign for breast Cancer early detection in cooperation with Dunya Women's Cancer Center to raise the awareness and importance of early detection of breast cancer, and encouraging women to do a periodic check-ups to limit the spread and exacerbation of the disease. The agreement of this cooperation included coverage of mammogram examinations for approximately 200 women, in addition to covering the costs of conducting biopsy examinations for approximately 50 women, with the aim of encouraging less fortunate women to do the necessary examinations, to increase the chances of recovery from this disease.

Poverty alleviation

Arab Bank continued to support programs aimed at alleviating pockets of poverty in the Kingdom. The bank supported 56 underprivileged families by providing them with monthly food packages for one year through Tkiyet Um Ali (TUA). Additionally, the bank collaborated with TUA during the month of Ramadan sponsoring the distribution of 2,200 hot meals for underprivileged families with the participation of Arab Bank's volunteers. The bank has distributed 1,125 blankets to TUA's underprivileged families in several areas of poverty across the Kingdom as part of the Lamset Dafa initiative. The bank also sponsored many charity Iftars to underprivileged kids through the Children's Museum, the Jordan River Foundation (JRF), and Clothing Bank. This is in addition to preparing and distributing over 1,400 hot meals to underprivileged families with the Jordan Hashemite Charity Organization, and supporting a program with the Ministry of Social Development that entails distributing food packages to underprivileged families during the month of Ramadan.

The bank also supported Jordan River Foundation (JRF) Child and Family Program that focuses on increasing the awareness and knowledge regarding child safety and protection in addition to enhancing the living conditions of a number of underprivileged families across the Kingdom.

In Palestine, the bank supported several elderly care houses at two different centers in Jericho and Ramallah. The bank also renewed the agreement with "Princess Basma Center" to support the comprehensive rehabilitation treatment of 126 children with disabilities in the inpatient section, including Mothers Empowerment on how to take care of their children. In addition, the support also included covering the treatment therapy for 70 outpatient children with disabilities. The bank also donated 2,000 blankets to underprivileged families in 5 different governorates in cooperation with Ministry of Social Development.

In Egypt, Arab Bank organized food packages distribution campaign in collaboration with Misr ElKheir Foundation, through which 1,500 food packages were prepared, packed and then distributed during the holy month of Ramadan. The campaign included the participation of Arab Bank volunteers in preparing and distributing the food packages to the beneficiaries.

Environmental Protection

The bank collaborated with the Royal Society for the Conservation of Nature (RSCN) on several initiatives to protect the environment in Jordan. The bank supported the "Reserves Souq" that was organized by the RSCN to showcase various RSCN products created by local women, including food products, handicrafts, jewelry, ostrich eggs, soap, leather goods and more. A group of Arab Bank employees and their families volunteered to plant and irrigate 500 forest trees at Dibeen Forest Reserve in Jerash, in addition to participating in the "Clean up the World" campaign in Dibeen Forests.

The bank implemented an environmental educational program in four schools in Amman with the aim to increase the students' awareness of water scarcity problems in Jordan through creative online and offline tools, including story telling.

In Bahrain, the bank participated in the national campaign for Tree Plantation "Forever Green" by planting trees in the Central Market in addition to Muharraq City, with the participation of 34 of the bank's employees.

Education

Arab Bank collaborated with several organizations to empower youth through education and training. To this effect, Arab Bank employees volunteered with INJAZ to deliver courses in schools and universities.

The bank continued to support the Central Bank of Jordan-initiated national financial educational program to increase financial literacy among school students and teach them smart saving habits and how to make sound financial decisions. The bank also supported this initiative through the Abdul Hameed Shoman Foundation. The program aims to bridge the gap between financial knowledge and behavior, while acquainting students in grades 7 to 12 with basic economic and financial concepts.

Under the umbrella of the Queen Rania Foundation, Arab Bank supported "Read!", a program designed with the aim to build and foster a culture of reading through providing school libraries with appropriate and engaging reading materials. Additionally, the program focuses on training teachers and librarians for grades from 1-6. The bank also supported the Madrasati's Inclusive School Improvement Planning initiative by renovating the facilities and infrastructure of two schools; the Proud to be a Teacher program, which enhances teachers' social and interpersonal skills, and Masahati, which aims to enrich the student and teacher experience. The bank also supported the Queen Rania Teacher Academy Teach Like a Champion 2.0 program, and sponsored online courses through EDRAAK. The bank continued its support for the Community Connection Program with the Children's Museum. Events for the 2022 program included: Arab Financial Inclusion Day, World Health Day, Ramadan, World Refugee Day, Universal Children's Day

and International Day of Disabled Persons. The bank was the main sponsor of the Jordan Science and Art Festival, which was held for three days at the Children's Museum and attended by over 3,800 parents and their children in addition to the one held in Ma'an. The bank also and renewed its support to the Bea'ati Al Ajmal program, one of Queen Rania Award programs that play a significant role in the local education ecosystem.

The bank also supported the training-for-employment initiative in the information and communication technology (ICT) sector, which aims in its first phase to train and employ 25 youth from Jordan's central governorates.

The bank donated computer equipment to schools and youth centers in the most underprivileged areas in the Kingdom.

In Palestine, the bank continued to be involved with the Schools' Renovation Project in cooperation with INJAZ for the seventh year. This year the bank added seven schools from different areas. The program aims to improve the school environment and contribute to a better quality of education for the students. The bank also collaborated with the Ministry of Social Development to distribute 2,000 school bags for underprivileged students throughout Palestine.

In Bahrain, the bank organized a training program for several university students for two months with the aim to prepare them for working at the banking sector. This was done through attaching the trainees to different departments at the bank, based on their specialties and under the supervision of mentors from Arab Bank employees.

Orphan support

The bank supported several initiatives to improve the quality of orphans' lives, prepare them to be integrated into society, and to become self-reliant and productive members of their communities. The bank supported Al Aman Fund for the Future of Orphans by providing university education to 30 orphans who have aged out of care. The bank also sponsored one of the SOS houses in Amman and the Charity Clothing Bank's Orphans' Day program, which provides new clothes for 1,200 orphans for one year.

In Palestine, the bank sponsored one of the families of SOS houses for the year 2022. Additionally, Arab Bank employees volunteered in several activities in the SOS village, including entertainment of the children and Ramadan Iftar.

Other Initiatives

As part of its strategic partnership with the Union of Arab Banks, the bank sponsored several conferences and forums, including the Arab Banking Cyber Security Forum in its third session, Compliance with International Standards in the Specialization of Money Laundering and Terrorist Financing- Future & Challenges, International Arab Banking Summit – IABS 2022 entitled "Responding to Global Shocks & Managing Uncertainty" in Germany. In addition to U.S. Dept. of Treasury Conference on ABC, AMLD6 and AMLA 2020 held in Lebanon, as well as The Role of Arab Women in Achieving Sustainable Development Goals: Current Status and Future Prospects in Tunisia. Several conferences and forums in Egypt also received sponsorship, including The Arab Banking Conference for 2022 entitled "The Repercussions of the International Crisis and its Impact on the Economic Situation in the Arab Region" and The Future of Small and Medium Enterprises: Vision 2030 conference, in addition to Anti-Money Laundering & Terrorism Financing Forum.

Arab Bank also participated as "Banking Sponsor" in the activities of the Middle East North Africa Information and Communication Technology "MENA ICT" Forum in its ninth edition, with over 2000 participants including officials, experts, and specialists in the public and private sectors, representing 40 countries. The forum was organized by the Information and Communications Technology

Association of Jordan "Int@j" in partnership with the Ministry of Digital Economy and Entrepreneurship, the Central Bank of Jordan as strategic partner, the Ministry of Investment as investment partner, with the participation of 77 representatives of 50 investment funds in the region.

Arab Bank was a strategic sponsor for the 11th International Professional Scientific Forum activities entitled "Towards the Internationalization of the Accounting and Auditing Profession", which was organized by the Jordanian Association of Certified Public Accountants with the collaboration of The Arab Federation of Accountants and Auditors. This forum highlighted the international standards of the accounting and auditing profession in the world and discussed a number of topics and researches related to the auditing and accounting profession.

Arab Bank supported the Endeavour Jordan fellowship program, "The Leap!" Which is aimed at empowering experienced executives with more than 10 years of experience in the labor market to make the leap from employment to entrepreneurship.

Arab Bank also sponsored the Jerash Festival for Culture and Arts for the year 2022 in its 36th edition held under the royal patronage. The festival featured various arts and culture activities from around the region and the globe.

Arab Bank was the strategic sponsor of the "Jordan Trail" initiative organized by the Jordan Trail Association in strategic partnership with the Ministry of Tourism and the Jordan Tourism Board. The "Jordan Trail" initiative, which was launched in October, witnessed the participation of nearly 300 hikers of different age groups from 20 countries around the world (including Europe, America and a number of Arab countries). Arab Bank's support of the "Jordan Trail" initiative comes in line with its constant efforts to support local community activities and initiatives, as this trip is considered one of the most vital community activities for its cultural role in promoting tourism across Jordan, and introducing tourists to local areas and communities, thus allowing them to experience the local hospitality that the Kingdom is known for.

Arab Bank has participated in several initiatives and activities that are of interest to youth, including sponsoring several career days at Princess Sumaya University for Technology and the American University of Madaba, the German Jordanian University, and Hashemite University.

In Palestine, Arab Bank was the Gold Sponsor for the Seventh National Forum for Innovation and Excellence, entitled "Creativity and Future Skills", which was organized by the Higher Council for Innovation and Excellence. Arab Bank's sponsorship of this event reflects its constant commitment to supporting innovation, entrepreneurship, and excellence.

Arab Bank sponsored BAFT Global Annual Meeting (GAM) – celebrating 100 years of the Bankers Association for Finance and Trade, which was a hybrid event held in Washington DC - USA. The conference focused on several banking topics including technology, digitization, innovation; regulatory issues; sustainable trade finance.

Arab Bank was also the Diamond Sponsor of the BAFT MENA bank-to-bank forum held in Dubai. The forum attracted attendees from transaction banking, trade, payments and cash management, FI/sales/relationship management, and more. The forum focused on a range of themes and topics of interest to correspondent banks such as technology, digitization, innovation; regulatory issues; an economic development; and compliance.

Abdul Hameed Shoman Foundation

Established in 1978 by the Arab Bank, the Abdul Hameed Shoman Foundation (AHSF) is committed to promoting cultural enlightenment, supporting scientific research, and encouraging creativity in Jordan and the Arab world. As a beacon of cultural and social responsibility, the Foundation has created a strong legacy of contributions that have made a significant impact on society.

In 2022, the AHSF rose to the challenge of mitigating the impact of the Covid-19 pandemic on the cultural sector. Undeterred by the circumstances, the Foundation continued to expand and develop its programs and services on multiple levels, bolstered by a confidence in its programs, team, and the unwavering support of Arab Bank. To extend its reach, the Foundation established a new “Zarqa Branch” and transferred all its activities to it during the “Zarki Cultural Festival”, demonstrating a commitment to supporting cultural events and community engagement. The Foundation’s dedication to its cause paid off, as it doubled its visitor numbers and honored its scholars and writers in a grand ceremony. It also organized global cultural events, granted awards that serve knowledge, science, and culture both locally and regionally, and supported projects it believed in, contributing to the development of Arab digital cultural content.

The Foundation’s efforts were not limited to these accomplishments alone. In 2022, it expanded its scientific, knowledge, and cultural services to four branches, two of which were launched during the year. Through various events and activities, the Foundation promoted a culture of reading and enabled art in all its forms to flourish within the community of creativity. It provided space for cultural and scientific dialogue and communication, and kept up with the progress of technology to ensure it remains at the forefront of innovation. The AHSF achievements in 2022 serve as a testament to its unwavering commitment to promoting cultural and scientific development and its dedication to advancing knowledge, science, and culture in the Arab world.

Abdul Hameed Shoman Foundation Innovation Award 2022

The Abdul Hameed Shoman Foundation Award for Innovation is making a significant impact on Jordan’s innovative landscape. In 2022, the nine winning projects continued to pursue their goals in five fields: green technology and environmental sustainability, agriculture, labor market and economic productivity solutions, educational solutions, and culture and arts. With a total investment of nearly one million Jordanian dinars, financial and in-kind, these projects received the biggest financial support for innovative projects in the Kingdom.

To further develop these projects, the Foundation implemented the Deep Dive II training program, providing specialized training courses for the winners and their teams to achieve the best outcomes. The winners also received mentoring sessions from specialists to help them realize their visions and achieve their goals for the community. By investing in these projects and supporting innovative ideas, the Foundation is driving progress and advancing Jordan’s knowledge-based economy.

The Abdul Hameed Shoman Creativity Award for Children and Youth (Abd’e)

The Creativity Award received 1,928 applications in seven fields from children and adolescents of all nationalities. After a rigorous evaluation process and specialized training workshops, winners were awarded a cash prize of one thousand dollars each and honored at a special ceremony. The award is designed to inspire and nurture the talent of the next generation of innovators and artists.

Scientific Research

-Abdul Hameed Shoman Award for Arab Researchers

Honored 17 exceptional male and female researchers from different Arab countries in twelve subjects across six scientific fields. The ceremony, held under the patronage of the Chairman of the Arab Bank Board of Directors and the AHSF, Mr. Sabih Al-Masri, was attended by distinguished Arab researchers, scientists, and experts, as well as representatives of various Arab awards.

-Abdul Hameed Shoman Scientific Research Support Fund

In 2022, the AHSF continued its support for scientific research, executing 26 projects, eight of which aimed to study the impact of the coronavirus pandemic. Researchers supported by the Foundation published eight scientific papers in international and Arab peer-reviewed scientific journals. Additionally, the Foundation formed a team of distinguished Jordanian researchers to develop a national strategy to advance scientific research in the fields of social sciences and humanities, working towards six objectives.

Abdul Hameed Shoman Award for Children's Literature

This award recognized excellence in children's literature in 2022, with a theme of "Inspiring Folktales from Arab Culture for Children aged 9-12". Three female writers from Jordan, Syria, and Saudi Arabia were honored during a ceremony, and their works were published in print and digital formats. The award nurtures the talent of the next generation of writers and storytellers, promoting the cultural heritage of the Arab world.

Abdul Hameed Shoman Public Library

The AHSF library achieved numerous accomplishments in 2022, expanding its cultural services and programs to reach a wider audience. Among the most important achievements were the opening of a new branch in Zarqa and the fourth branch in partnership with Al Hussein Technical University.

The library also established a free space for talent, training, and chess tournaments, and continued to hold extracurricular activities. These include holding five courses on scientific research in both Karak and Zarqa, 151 specialized technology training, six sessions within the author and writer program, announcing 13 books, and holding three poetry evenings.

The library also executed the "Reading Marathon" event on National Reading Day. It was promoted by the Prime Minister's office and is based on the Foundation's intensive efforts to allocate September 29 of each year as a national day for reading. The marathon resulted in the reading of more than 81,417 pages by children and adults in 6 governorates through 12 locations, including 6 locations for adults, 4 for children, and 3 shared locations. The podcast series "S" continued to air, with the library interviewing 12 leading, influential, and pioneering

figures about their professional and personal experiences, in addition to broadcasting 12 poetic stations by ancient Arab poets.

The library also implemented innovative activities, including "A Night at the Library" and the "Sixth Library Seminar," which addressed efforts to instill and strengthen the habit of reading in society.

The AHSF library hosted the "Sixth Library Seminar" on the importance of promoting a culture of reading in society. The seminar focused on local and global efforts to encourage reading, and included workshops with the Foundation's team, and a round table to discuss efforts to promote reading within the organization and throughout the Kingdom. The seminar was an important step towards achieving the library's goal of promoting a more informed and literate society.

In 2022, the AHSF library saw an increase in visitors, with a total of 139,188 people compared to 91,628 in 2021. This included visitors to the Ashrafieh, Zarqa, and Al Hussein Technical University branches. The library also had an increase in new subscriptions, the number of borrowed books, and digital books borrowed. The library provided access to over 52,922 books and 18,171 databases, including 1,875 through database devices in Ashrafieh, 843 in Zarqa, and 66 in Al Hussein Technical University branch.

"Knowledge Path" Library for Children and Young People (Jabal Amman, Ashrafieh, and Zarqa branches)

The "Knowledge Path" Library continued its efforts to promote reading and cultural activities to children and youth across Jordan.

In its efforts to reach a wider audience, the "Knowledge Path" Library strengthened its social media presence, reaching 450,000 people on Facebook and sharing 598 posts promoting reading.

The library implemented 14 summer and winter clubs, some of which were in the governorates, helping to achieve the geographical reach that the Foundation aspires to. Working with the education sector, the "Knowledge Path" team visited 99 public and private schools to implement cultural activities. These were attended by 2,101 male and female students, and involved implementing a program of reinforcement lessons and literacy classes for some subjects.

The library had a busy year in 2022, with a focus on expanding its reach to children and young adults. In addition to conducting over 1,200 storytelling readings and activities, hosting 14 children's writers, and engaging over 300 children in reading clubs, the library launched several new initiatives. These included the "A Reading Household" program, which saw 10 families participate in reading activities, and the "16 Before 16" reading competition for children and adolescents. The library also held a "Night in the Library" event and continued its Young Adults Club program. To develop children's skills, the library implemented several training courses, including creative writing, financial literacy, scientific research, and philosophy, as well as 14 innovation workshops. Overall, the library's efforts to promote reading and literacy were felt throughout the community, and it remained a vital cultural hub in Jordan.

For the second consecutive year, the library provided support to the United Nations Youth Model Program, an international conference aimed at enhancing dialogue, creating change, and advocating for world peace, providing a platform for 450 children and youth to participate.

The library organized the "Reading Marathon" program in collaboration with partner institutions concerned with childhood and culture. It attracted 31,863 children to its branches, with 40,036 books borrowed in various subjects.

During the year 2022, the library received 31,863 children - 15,381 in the Jabal Amman branch, 10,844 in the Jabal Al Ashrafieh branch, and 5,638 in the Zarqa branch. The children borrowed 40,036 books - 19,166 in the Jabal Amman branch, 16,781 in the Jabal Al Ashrafieh branch, and 4,089 in the Zarqa branch. Note that the Zarqa branch was opened at the end of May 2022. Additionally, approximately 1,448 digital books were borrowed from the "Knowledge Path" Electronic Library from various governorates of the kingdom.

The Foundation also implemented the Zarki Cultural Festival for the first time in its library in Zarqa. It included more than 35 cultural and interactive activities for adults and children, with over 3,050 people from the Zarqa Governorate participating in the festival's events.

Young Innovators Lab

The AHSF comprehensive program to produce a generation of young innovators is making significant strides in cultivating the next wave of scientific leaders. In 2022, the Foundation held an exhibition for its sixth cycle, showcasing 11 projects by young innovators. The Foundation also opened applications for the program and provided training sessions for 45 young innovators, both male and female. The participants produced 10 scientific projects, demonstrating their creativity, ingenuity, and dedication to advancing knowledge and innovation.

Cultural Forum

The events of the Abdul Hameed Shoman Cultural Forum continued in the year 2022. In the Monday program, the forum held 31 cultural events on various topics and themes, including education, politics, environment, economy, health, arts, literature, and culture.

The number of Arab figures hosted in the forum's dialogues were three Arab figures (three lecturers), and two from outside the Arab world, in addition to 79 local figures (56 male lecturers, 23 female lecturers). The events were facilitated by 20 male facilitators and 14 female facilitators.

The forum also organized several other events, the most noteworthy one was the round table in partnership with the Scientific Cultural Association for University Professors in Jordan entitled "Prospects for Higher Education in Jordan: The Preparatory Year and University Debt," which discussed the conditions of universities and the challenges they face. The forum also hosted the launch of the report "The State of Archives in State Ministries and Institutions." It also organized a seminar entitled "Arar... The Voice of the Marginalized," in which 16 researchers participated, shedding further light on the creativity of the poet Arar.

During the year, the forum hosted many distinguished events that received praise and appreciation, with a distinguished attendance, including the launch ceremony of "The Complete Poetic Works" of Ibrahim Nasrallah, the celebration of Ma'an Al-Razzaz: "Twenty Years of Presence Despite Absence," "The Arabs in the Second Cold War Era," "Updating the Political System... Where Are We and Where Are We Headed?" "Misinformation... How Do We Constrain and Reduce Its Effects," the launch of an interpreted version of "The Jordanian Constitution: Challenges of Jordan Between the Interior and Exterior," "The Municipality of Amman's Environmental Strategy," and a poetry evening entitled "The Anthem of the Seeker" by the poet Tamim Al-Barghouti.

Cinema

The Cinema Department at the Foundation continued to offer screenings of selected international and Arab films, in addition to holding discussions about world cinema masterpieces, and write analytical bulletins for films as part of the weekly program every Tuesday evening. During 2022, 64 weekly film screenings were presented, both indoors and outdoors, including 21 screenings at the Foundation branches in Zarqa and Ashrafieh.

The Cinema Department also continued to add new translated international films to the film library. Three specialized cinema workshops were held in 2022, including: a workshop on "Writing the Documentary Film as an Artistic Project" and a workshop on "Small Lenses: Filmmaking with Mobile Devices". A film week was also held, with a rich and diverse program. The first week was titled “Iraqi Directors in Exile,” featuring a collection of films by important contemporary Iraqi directors. The second week was titled “Norwegian Film Nights” held in collaboration with the Norwegian Embassy. During the year, 10 monthly sessions were held as part of the Cinema Club program, promoting cinematic dialogue and creating an interactive environment through discussion sessions that brought together cinema lovers for discussions.

Abdul Hameed Shoman Musical Evenings

The Foundation continued to offer its highly anticipated “Sound and Color Evenings”, which bring together various forms of art. These outdoor musical events showcase visual arts from the Foundation’s impressive collection of Jordanian and Arab visual artists.

Throughout the year, five Sound and Color evenings were held, featuring captivating performances by local and Arab artists. These events provided a platform for the promotion of cultural diversity and artistic expression, further strengthening the Foundation’s commitment to supporting and celebrating creativity in all its forms.

Grants and Support Programs during (2014-2022)

Over the past nine years, 237 cultural and educational projects have been supported with grants totaling more than 8 million Jordanian dinars, achieving a significant impact in both Jordan and Palestine. In 2022, nine of the projects from 2021 achieved all their main objectives and outputs.

The Foundation provided financial support in 2022 to the 16th cycle of the Jordanian Family Library, affiliated with the Ministry of Culture, with a value of 10,000 Jordanian dinars granted. It also provided support to the Royal Society of Fine Arts to the value of 20,000 Jordanian Dinars. It continued to support the mobile children’s library in cooperation with the Haya Cultural Center and the Jordanian Ministry of Culture since its launch in 2007.

Additionally, the Foundation provided a series of project management and entrepreneurship training to 14 beneficiaries of the CEWAS initiative, enhancing their artistic abilities in marketing their projects and obtaining funding, as well as helping them achieve their project goals.

The Digital Transformation of the Foundation

As part of its modern and integrated vision, the Foundation has developed new electronic services that adapt to the external ecosystem, updated previously launched electronic services relying on technological advancements and beneficiary experiences, and updated the infrastructure components to match the institution’s digital transformation and provide its services with the best quality.

The following are the most prominent achievements and digital programs that the Foundation has introduced:

- Launching the first version of the Foundation’s mobile application on Apple, Android, and Huawei platforms.
- Adding new digital services to the decision support system.
- Equipping the new branches of the Foundation in Zarqa and Al-Muqabalain with technical equipment.
- Launching an automated response platform on the website.
- Launching a portal to display the Foundation’s art collections on the website.
- Launching a reading marathon competition through the phone application.

The mentioned systems facilitate the process of applying for awards and competitions by submitting digital applications instead of using traditional methods. They also facilitate the completion of evaluation processes and the extraction of executive and analytical reports electronically, which contributes to developing the decisions and future visions of the institution.

To promote culture and communicate with the public, the Foundation reached more than 33 million accounts and over 582,000 followers through its social media channels in 2022. It also reached over 13 million views for the visual content it posted on all its accounts, which included cultural content and an introduction to its programs and services.

To enhance the capabilities of its employees, develop their skills, and increase their knowledge base, the Foundation registered 90 of its workforces in 57 training courses. The team also participated in numerous local and international conferences and exhibitions, and the institution benefited from their unique knowledge, experience, and skills during their work.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

USD '000

ARAB BANK GROUP	Notes	31 December 2022	31 December 2021	
Cash and balances with central banks	8	11 695 391	12 006 994	ASSETS
Balances with banks and financial institutions	9	4 008 144	3 756 284	
Deposits with banks and financial institutions	10	610 306	275 494	
Financial assets at fair value through profit or loss	11	72 253	72 343	
Financial derivatives - positive fair value	43	196 232	86 585	
Direct credit facilities at amortized cost - net	13	31 726 598	31 188 786	
Financial assets at fair value through other comprehensive income	12	750 572	687 854	
Other financial assets at amortized cost	14	10 002 475	10 561 173	
Investments in associates	15	3 558 864	3 412 899	
Fixed assets	16	530 393	531 955	
Other assets	17	1 028 650	976 269	
Deferred tax assets	18	279 945	248 498	
Total Assets		**64 459 823**	**63 805 134**	
Banks' and financial institutions' deposits	19	3 517 640	3 992 699	LIABILITIES AND OWNERS' EQUITY
Customers' deposits	20	45 287 371	44 485 511	
Cash margin	21	2 461 500	2 607 131	
Financial derivatives - negative fair value	43	163 611	95 809	
Borrowed funds	22	522 368	622 460	
Provision for income tax	23	293 029	202 477	
Other provisions	24	232 423	217 629	
Other liabilities	25	1 570 172	1 252 771	
Deferred tax liabilities	26	9 253	7 295	
Total Liabilities		**54 057 367**	**53 483 782**	
Share capital	27	926 615	926 615	
Share premium	27	1 225 747	1 225 747	
Statutory reserve	28	926 615	926 615	
Voluntary reserve	29	977 315	977 315	
General reserve	30	1 211 927	1 211 927	
General banking risks reserve	31	153 030	154 171	
Reserves with associates		1 540 896	1 540 896	
Foreign currency translation reserve	32	(400 986)	(291 987)	
Investments revaluation reserve	33	(362 590)	(312 553)	
Retained earnings	35	3 289 293	2 967 984	
Total Equity Attributable to the Shareholders of the Bank		**9 487 862**	**9 326 730**	
Perpetual tier 1 capital bonds	34	360 527	438 449	
Non-controlling interests	35	554 067	556 173	
Total Shareholders' Equity		**10 402 456**	**10 321 352**	
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**64 459 823**	**63 805 134**	

The accompanying notes from (1) to (62) are an integral part of these consolidated financial statements and should be read with them.

CONSOLIDATED STATEMENT OF INCOME

USD '000

ARAB BANK GROUP

		Notes	2022	2021
REVENUE	Interest income	36	2 583 484	2 208 981
	Less: interest expense	37	998 680	858 554
	Net interest income		**1 584 804**	**1 350 427**
	Net commissions income	38	374 369	347 956
	Net interest and commissions income		**1 959 173**	**1 698 383**
	Foreign exchange differences		106 345	110 933
	Gain from financial assets at fair value through profit or loss	39	1 182	4 197
	Dividends on financial assets at fair value through other comprehensive income	12	8 251	6 088
	Group's share of profits from associates	15	384 494	276 818
	Other revenue	40	66 665	73 246
	TOTAL INCOME		**2 526 110**	**2 169 665**
EXPENSES	Employees' expenses	41	663 569	597 361
	Other expenses	42	415 310	378 504
	Depreciation and amortization	16/17	84 751	83 635
	Provision for impairment - ECL	7	473 006	560 093
	Impairment of investment held for sale		25 701	50 000
	Other provisions	24	12 425	11 977
	TOTAL EXPENSES		**1 674 762**	**1 681 570**
PROFIT FOR THE YEAR	**PROFIT FOR THE YEAR BEFORE INCOME TAX**		**851 348**	**488 095**
	Less: Income tax expense	23	307 046	173 578
	PROFIT FOR THE YEAR		**544 302**	**314 517**
	Attributable to :			
	Bank's shareholders	35	520 276	306 721
	Non-controlling interests	35	24 026	7 796
	Total		**544 302**	**314 517**
	Earnings per share attributable to the Bank's Shareholders			
	- Basic and Diluted (US Dollars)	57	0.79	0.46

The accompanying notes from (1) to (62) are an integral part of these consolidated financial statements and should be read with them.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

USD '000

ARAB BANK GROUP

	2022	2021
Profit for the year	**544 302**	**314 517**
Add: Other comprehensive income items - after tax		
Items that will be subsequently transferred to the consolidated statement of Income		
Exchange differences arising from the translation of foreign operations	(114 187)	(134 776)
Revaluation loss on bonds at fair value through other comprehensive income	(7 028)	(1 100)
Items that will not be subsequently transferred to the consolidated statement of Income		
Net change in fair value of financial assets at fair value through other comprehensive income	(49 648)	(22 057)
Revaluation loss on equity instruments at fair value through other comprehensive income	(47 477)	(17 325)
Loss from sale of financial assets at fair value through other comprehensive income	(2 171)	(4 732)
Total Other Comprehensive Income Items - after tax	**(170 863)**	**(157 933)**
TOTAL COMPREHNSIVE INCOME FOR THE YEAR	**373 439**	**156 584**
Attributable to :		
- Bank's shareholders	359 069	155 976
- Non-controlling interests	14 370	608
Total	**373 439**	**156 584**

The accompanying notes from (1) to (62) are an integral part of these consolidated financial statements and should be read with them.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

ARAB BANK GROUP

		Notes	Share Capital	Share Premium	Statutory Reserve	Voluntary Reserve	General Reserve
2022	**Balance at the Beginning of the year**		**926 615**	**1 225 747**	**926 615**	**977 315**	**1 211 927**
	Profit for the year		-	-	-	-	-
	Other comprehensive income for the year		-	-	-	-	-
	Total Comprehensive Income for the Year		**-**	**-**	**-**	**-**	**-**
	Transferred from general banking risk reserve		-	-	-	-	-
	Transferred from Investments revaluation reserve to retained earnings		-	-	-	-	-
	Dividends	35	-	-	-	-	-
	Maturity of perpetual bonds	34	-	-	-	-	-
	Adjustments during the year		-	-	-	-	-
	Balance at the End of the Year		**926 615**	**1 225 747**	**926 615**	**977 315**	**1 211 927**
2021	**Balance at the Beginning of the year**		**926 615**	**1 225 747**	**926 615**	**977 315**	**1 141 824**
	Profit for the year		-	-	-	-	-
	Other comprehensive income for the year		-	-	-	-	-
	Total Comprehensive Income for the Year		**-**	**-**	**-**	**-**	**-**
	Transferred to general banking risk reserve		-	-	-	-	70 103
	Transferred from Investments revaluation reserve to retained earnings		-	-	-	-	-
	Dividends	35	-	-	-	-	-
	Acquisition of Oman Arab Bank	6	-	-	-	-	-
	Issuance of Perpetual Bonds (Tier 1 Capital)	34	-	-	-	-	-
	Adjustments during the year		-	-	-	-	-
	Balance at the End of the Year		**926 615**	**1 225 747**	**926 615**	**977 315**	**1 211 927**

- Retained earnings include restricted deferred tax assets in the amount of USD 280 million. Restricted retained earnings that cannot be distributed or otherwise utilized except only under certain circumstances, as a result of adopting of certain International Accounting Standards, amounted to USD 2.8 million as of 31 December 2022.
- The Central Bank of Jordan issued a new regulations No. 13/2018 dated 6 June 2018, in which it requested 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 Bank cannot use a restricted amount of USD 362.6 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 31 December 2022.

The accompanying notes from (1) to (62) are an integral part of these consolidated financial statements and should be read with them.

USD ‘000

	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
	154 171	**1 540 896**	**(291 987)**	**(312 553)**	**2 967 984**	**9 326 730**	**556 173**	**438 449**	**10 321 352**
	-	-	-	-	520 276	520 276	24 026	-	544 302
	-	-	(108 999)	(52 208)	-	(161 207)	(9 656)	-	(170 863)
	-	**-**	**(108 999)**	**(52 208)**	**520 276**	**359 069**	**14 370**	**-**	**373 439**
	(1 141)	-	-	-	1 141	-	-	-	-
	-	-	-	2 171	(2 171)	-	-	-	-
	-	-	-	-	(186 532)	(186 532)	(2 115)	-	(188 647)
	-	-	-	-	-	-	-	(77 922)	(77 922)
	-	-	-	-	(11 405)	(11 405)	(14 361)	-	(25 766)
	153 030	**1 540 896**	**(400 986)**	**(362 590)**	**3 289 293**	**9 487 862**	**554 067**	**360 527**	**10 402 456**
	224 274	**1 540 896**	**(160 209)**	**(295 797)**	**2 775 635**	**9 282 915**	**105 848**	**-**	**9 388 763**
	-	-	-	-	306 721	306 721	7 796	-	314 517
	-	-	(131 778)	(18 967)	-	(150 745)	(7 188)	-	(157 933)
	-	**-**	**(131 778)**	**(18 967)**	**306 721**	**155 976**	**608**	**-**	**156 584**
	(70 103)	-	-	-	-	-	-	-	-
	-	-	-	2 211	(2 211)	-	-	-	-
	-	-	-	-	(111 944)	(111 944)	(2 115)	-	(114 059)
	-	-	-	-	-	-	466 817	188 449	655 266
	-	-	-	-	-	-	-	250 000	250 000
	-	-	-	-	(217)	(217)	(14 985)	-	(15 202)
	154 171	**1 540 896**	**(291 987)**	**(312 553)**	**2 967 984**	**9 326 730**	**556 173**	**438 449**	**10 321 352**

CONSOLIDATED STATEMENT OF CASH FLOWS

ARAB BANK GROUP

USD '000

	Notes	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year before income tax		**851 348**	**488 095**
Adjustments for:			
- Depreciation	16	68 148	69 151
- Amortization of intangible assets	17	16 603	14 484
- Depreciation of right of use assets	17	23 733	23 749
- Expected credit losses on financial assets	7	473 006	560 093
- Net accrued interest		69 655	(110 253)
- Gain from sale of fixed assets		(718)	(8 114)
- Loss (gain) from revaluation of financial assets at fair value through profit or loss	39	742	(2 971)
- Dividends from financial assets at fair value through other comprehensive income	12	(8 251)	(6 088)
- Group's share of profits from associates	15	(384 494)	(276 818)
- Impairment of investment held for sale		25 701	50 000
- Other provisions	24	12 425	11 977
Total		**1 147 898**	**813 305**
(Increase) decrease in assets:			
Balances with central banks (maturing after 3 months)		25 000	-
Deposits with banks and financial institutions (maturing after 3 months)		(335 208)	48 270
Direct credit facilities at amortized cost		(956 852)	(891 783)
Financial assets at fair value through profit and loss		(652)	235 729
Other assets and financial derivatives		(173 920)	130 131
Increase (decrease) in liabilities:			
Bank and financial institutions deposits (maturing after 3 months)		(296 431)	(547 462)
Customers' deposits		801 860	1 093 724
Cash margin		(145 631)	123 878
Other liabilities and financial derivatives		261 564	(168 051)
Net Cash flows from Operating Activities before Income Tax		**327 628**	**837 741**
Income tax paid	23	(241 436)	(284 360)
Net Cash Flows from Operating Activities		**86 192**	**553 381**
CASH FLOWS FROM INVESTING ACTIVITIES			
(Purchase) of financial assets at fair value through other comprehensive income		(75 423)	(175 386)
Maturity (purchase) of other financial assets at amortized cost		547 768	(1 290 286)
Decrease (increase) of investments in associates	15	611	(96)
Net cash resulted from the acquisition of Oman Arab Bank		-	689 119
Dividends received from associates	15	196 345	194 106
Dividends from financial assets at fair value through other comprehensive income	12	8 251	6 088
(Purchase) of fixed assets - Net	16	(74 881)	(77 348)
Proceeds from selling fixed assets		3 415	42 039
(Purchase) of intangible assets - Net	17	(14 154)	(26 868)
Net Cash Flows from (used in) Investing Activities		**591 932**	**(638 632)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of borrowed funds		(100 092)	(39 279)
(Decrease) increase in perpetual bonds	34	(77 922)	250 000
Interest paid on perpetual bonds		(28 159)	(29 382)
Dividends paid to shareholders		(186 215)	(114 211)
Dividends paid to non-controlling interests		(2 115)	(2 115)
Net Cash Flows (used in) from Financing Activities		**(394 503)**	**65 013**
Net increase in Cash and Cash Equivalents		283 621	(20 238)
Exchange differences - change in foreign exchange rates		(108 999)	(131 778)
Cash and cash equivalent at the beginning of the year		12 260 052	12 412 068
Cash and Cash Equivalent at the End of the Year	**59**	**12 434 674**	**12 260 052**
Operational cash flows from interest			
Interest Received		2 542 398	2 368 443
Interest Paid		887 939	809 345

The accompanying notes from (1) to (62) are an integral part of these consolidated financial statements and should be read with them.

1. General

Arab Bank was established in 1930, and is registered as a Jordanian Public Shareholding Limited Company. The Head Office of the Bank is domiciled in Amman – Hashemite Kingdom of Jordan and the Bank operates worldwide through its 73 branches in Jordan and 129 branches abroad. Also, the Bank operates through its subsidiaries and Arab Bank (Switzerland).

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 consolidated financial statements were approved by the Board of Directors in its meeting number (1) on 26 January 2023 and are subject to the approval of the General Assembly.

2. (A) BASIS OF PREPARATION

The accompanying consolidated financial statements are prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.

Arab Bank Group adheres to the local regulations and instructions of the Central Bank of Jordan, as well as to the prevailing regulations in the countries where the Group operates.

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

The consolidated financial statements are presented in US dollars (USD) which is the functional currency of the Group. For each entity in the Group, the Bank determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

2. (b) Basis of Consolidation

The accompanying consolidated financial statements 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-up Capital
	2022	**2021**				
Europe Arab Bank plc	100.00	100.00	2006	Banking	United Kingdom	€ 570m
Arab Bank Australia Limited	100.00	100.00	1994	Banking	Australia	AUD 119.3m
Islamic International Arab Bank plc	100.00	100.00	1997	Banking	Jordan	JD 100m
Arab National Leasing Company L.L.C.	100.00	100.00	1996	Financial Leasing	Jordan	JD 50m
Al-Arabi Investment Group L.L.C.	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 128m
Oman Arab Bank S.A.O.	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 PLC	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 based on the assessment of the requirements of IFRS.

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.

3. CHANGES IN ACCOUNTING POLICIES

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

Reference to the Conceptual Framework – Amendments to IFRS 3

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

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

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

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

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

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

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

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

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

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

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

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

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

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

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

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

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

These amendments had no impact on the consolidated financial statements of the Group

4. SIGNIFICANT ACCOUNTING POLICIES

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquire.

If the business combination is achieved in stages, any previously held equity interest is re measured at its acquisition date fair value and any resulting gain or loss is recognized in profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with changes in fair value recognized in the consolidated statement of comprehensive income.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquire are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

Hedges directly affected by interest rate benchmark reform

Accounting relief relating to hedge accounting provided by International Accounting Standard Board during the phase 1 and phase 2 are being considered.

At the time of the transition to risk free rates, hedge documentation, were referring to Libor, were updated to reflect the transition to the new reference rate for the hedging item and the hedging instrument in every case. Economic equivalency was maintained and therefore no material P&L impact was recognized.

For this purpose, the hedge designation is amended only to make one or more of the following changes:

- Designating an alternative benchmark rate as the hedged risk.
- Updating the description of the hedged item, including the description of the designated portion of the cash flows or fair value being hedged; or

Updating the description of the hedging instrument.

Recognition of Interest Income

The effective interest rate method

In accordance with IFRS 9, interest income is recognized using the effective interest rate method for all financial instruments at amortized cost and financial instruments at fair value through the income statement or through other comprehensive income. The effective interest rate is the rate that discounts estimated future cash receipts over the expected life of the financial instrument, or, shorter period, to the net carrying amount of the financial asset.

The EIR (and therefore, the amortized cost of the asset) is calculated by taking into account any discount or premium on acquisition, fees and costs that are an integral part of the EIR. The Group recognizes interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the loan. Hence, it recognizes the effect of potentially different interest rates charged at various stages, and other characteristics of the product life cycle (including prepayments, penalty interest and charges).

If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk. The adjustment is booked as a positive or negative adjustment to the carrying amount of the asset in the consolidated statement of financial position with an increase or reduction in interest income. The adjustment is subsequently amortized through interest and similar income in the consolidated statement of income.

Interest and similar income and expense

For all financial instruments measured at amortized cost, financial instruments designated at FVOCI and FVTPL, interest income or expense is recorded using the EIR. The calculation takes into account all of the contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the EIR, but not future credit losses.

When the recorded value of a financial asset or a group of similar financial assets has been reduced by an impairment loss, interest income continues to be recognized using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

The Bank also may hold investments in assets of countries with negative interest rates. The Bank discloses interest paid on these assets as interest expense.

Fee and commission income

Fee income can be divided into the following two categories:

A. Fee income earned from services that are provided over a certain period of time

Fees earned for the provision of services over a period of time are accrued over that period. These fees include commission income and private wealth and asset management fees, custody and other management fees.

B. Fee income forming an integral part of the corresponding financial instrument

Fees that the Bank considers to be an integral part of the corresponding financial instruments include:

loan origination fees, loan commitment fees for loans that are likely to be drawn down and other credit related fees.

Financial Instruments – Initial Recognition

Date of recognition

Financial assets and liabilities, with the exception of loans and advances to customers and balances due to customers, are initially recognized on the trade date, i.e., the date that the Group becomes a party to the contractual provisions of the instrument. This includes regular way trades: purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place. Loans and advances to customers are recognized when funds are transferred to the customers' accounts. The Group recognizes balances due to customers when funds are transferred to the Group.

Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at their fair value, except in the case of financial assets and financial liabilities recorded at FVTPL, transaction costs are added to, or subtracted from, this amount. Receivables are measured at the transaction price. When the fair value of financial instruments at initial recognition differs from the transaction price, the Group accounts for the Day 1 profit or loss, as described below.

Day 1 profit or loss

When the transaction price of the instrument differs from the fair value at origination and the fair value is based on a valuation technique using only inputs observable in market transactions, the Group recognizes the difference between the transaction price and fair value in net trading income. In those cases where fair value is based on models for which some of the inputs are not observable, the difference between the transaction price and the fair value is deferred and is only recognized in profit or loss when the inputs become observable, or when the instrument is derecognized.

Measurement categories of financial assets and liabilities

The Group classifies its financial assets (Debt Instruments) based on the business model for managing the assets and the asset's contractual terms, measured at either:

- Amortized cost
- FVOCI
- FVTPL

The Group classifies and measures its derivative and trading portfolio at FVTPL. The Group may designate financial instruments at FVTPL, if so doing eliminates or significantly reduces measurement or recognition inconsistencies.

Financial liabilities, other than loan commitments and financial guarantees, are measured at amortized cost or at FVTPL when they are held for trading and derivative instruments or the fair value designation is applied.

Financial Assets and Liabilities

The Group only measures due from banks, loans and advances to customers and other financial investments at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

The details of these conditions are outlined below.

Business model assessment

The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Group's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel.
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed.
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).
- The expected frequency, value and timing of sales are also important aspects of the Group's assessment.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realized in a way that is different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

The SPPI test

As a second step of its classification process the Group assesses the contractual terms of financial to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortization of the premium/discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Group applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

Derivatives recorded at fair value through profit or loss

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided that, in the case of a non-financial variable, it is not specific to a party to the contract (i.e., the 'underlying').
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts expected to have a similar response to changes in market factors.
- It is settled at a future date.

The Group enters into derivative transactions with various counterparties. These include interest rate swaps, futures and cross-currency swaps. Derivatives are recorded at fair value and carried as assets when their fair value is positive and as liabilities when their fair value is negative. Changes in the fair value of derivatives are included in net trading income unless hedge accounting is applied.

Debt instruments at FVOCI

The Group measures of debt instruments at FVOCI when both of the following conditions are met:

- The instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets
- The contractual terms of the financial asset meet the SPPI test

FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognized in OCI. Interest income and foreign exchange gains and losses are recognized in profit or loss in the same manner as for financial assets measured at amortized cost. Where the Group holds more than one investment in the same security, they are deemed to be disposed of on a first–in first–out basis. On derecognition, cumulative gains or losses previously recognized in OCI are reclassified from OCI to profit or loss.

Equity instruments at FVOCI

Upon initial recognition, the Group occasionally elects to classify irrevocably some of its equity investments as equity instruments at FVOCI when they meet the definition of definition of Equity under IAS 32 Financial Instruments: Presentation and are not held for trading. Such classification is determined on an instrument-by-instrument basis.

Gains and losses on these equity instruments are never recycled to the consolidated statement of income. Dividends are recognized in profit or loss as other operating income when the right of the payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. Equity instruments at FVOCI are not subject to an impairment assessment.

Financial assets and financial liabilities at fair value through profit or loss

Financial assets and financial liabilities at FVTPL are recorded in the consolidated statement of financial position at fair value. Changes in fair value are recorded in profit and loss with the exception of movements in fair value of liabilities designated at FVTPL due to changes in the Group's own credit risk. Such changes in fair value are recorded in the Own credit reserve through OCI and do not get recycled to the profit or loss. Interest earned or incurred on instruments designated at FVTPL is accrued in interest income or interest expense, respectively, using the EIR, taking into account any discount/ premium and qualifying transaction costs being an integral part of instrument. Interest earnt on assets mandatorily required to be measured at FVTPL is recorded using contractual interest rate. Dividend income from equity instruments measured at FVTPL is recorded in profit or loss as other operating income when the right to the payment has been established.

Financial guarantees, letters of credit and undrawn loan commitments

The Group issues financial guarantees, letters of credit and loan commitments.

Financial guarantees are initially recognized in the consolidated financial statements (within other liabilities) at fair value, being the premium received. Subsequent to initial recognition, the Group's liability under each guarantee is measured at the higher of the amount initially recognized less cumulative amortization recognized in the consolidated statement of income and an ECL provision.

The premium received is recognized in the consolidated statement of income net of fees and commission income on a straight line basis over the life of the guarantee.

Undrawn loan commitments and letters of credits are commitments under which, over the duration of the commitment, the Group is required to provide a loan with pre-specified terms to the customer. Similar to financial guarantee contracts, these contracts are in the scope of the ECL requirements.

The nominal contractual value of financial guarantees, letters of credit and undrawn loan commitments, where the loan agreed to be provided is on market terms, are not recorded on in the consolidated statement of financial position.

The Group occasionally issues loan commitments at below market interest rates drawdown. Such commitments are subsequently measured at the higher of the amount of the ECL and the amount initially recognized less, when appropriate, the cumulative amount of income recognized.

Derecognition of financial assets and liabilities

Derecognition due to substantial modification of terms and conditions

The Group derecognizes a financial asset, such as a loans to the customer when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognized as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognized loans are classified as Stage 1 for ECL measurement purposes.

If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Group records a modification gain or loss, to the extent that an impairment loss has not already been recorded.

Derecognition other than for substantial modification

A. Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when the rights to receive cash flows from the financial asset have expired. The Group also derecognizes the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

The Group has transferred the financial asset if, and only if, either:

- The Group has transferred its contractual rights to receive cash flows from the financial asset

Or

- It retains the rights to the cash flows, but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass–through' arrangement

Pass-through arrangements are transactions whereby the Group retains the contractual rights to receive the cash flows of a financial asset (the 'original asset'), but assumes a contractual obligation to pay those cash flows to one or more entities (the 'eventual recipients'), when all of the following three conditions are met:

- The Group has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset, excluding short-term advances with the right to full recovery of the amount lent plus accrued interest at market rates
- The Group cannot sell or pledge the original asset other than as security to the eventual recipients
- The Group has to remit any cash flows it collects on behalf of the eventual recipients without material delay. In addition, the Group is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents including interest earned, during the period between the collection date and the date of required remittance to the eventual recipients.

A transfer only qualifies for derecognition if either:

- The Group has transferred substantially all the risks and rewards of the asset

Or

- The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

The Group considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

When the Group has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognized only to the extent of the Group's continuing involvement, in which case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration the Group could be required to pay.

If continuing involvement takes the form of a written or purchased option (or both) on the transferred asset, the continuing involvement is measured at the value the Group would be required to pay upon repurchase. In the case of a written put option on an asset that is measured at fair value, the extent of the entity's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

B. Financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognized in profit or loss.

Impairment of financial assets

Overview of the ECL principles

The Group records the allowance for expected credit loss for all loans and other debt financial assets not held at FVTPL, together with loan commitments and financial guarantee contracts, in this section all referred to as 'financial instruments'. Equity instruments are not subject to impairment under IFRS 9.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss.

The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both LTECLs and 12mECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

The Group has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Based on the above process, the Group groups its financial assets into Stage 1, Stage 2 and Stage 3, as described below:

Stage 1: When financial assets are first recognized, the Group recognizes an allowance based on 12mECLs. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.

Stage 2: When a financial asset has shown a significant increase in credit risk since origination, the Group records an allowance for the LTECLs. Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3.

Stage 3: Financial assets considered credit-impaired. The Group records an allowance for the LTECLs.

For financial assets for which the Group has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered a (partial) derecognition of the financial asset.

The Group's internal credit rating system:

The main measure of Credit Risk is at the counterparty level where the exposure is measured in line with the bank's credit standards applicable by the bank and detailed in the policies and procedures. Therefore, Arab Bank implemented an Internal Rating methodology to assess the customers financially and non-financially. In parallel, Arab Bank is using Moody's Risk Analyst (MRA), it is a financial analysis and ratings platform that aggregates quantitative and qualitative information on individual obligors to obtain an assessment that can be used to determine a credit rating for each obligor and the related probability of default (PD). The MRA model went through validation, optimization and calibration phases which lead to the development of a new model. It worthwhile to mention that MRA is complementing AB Internal Rating to better comply with regulatory requirements i.e BASEL.

The MRA Rating System is centrally managed by Risk Management Department at Head Office noting that the Corporate and Investment Banking and the Credit Department are the main users. The Customers' Ratings are being reviewed on annual basis using these rating methodology (AB Internal Rating and / or MRA) during the annual review of the customers' facilities.

The calculation of ECLs

The Group calculates ECLs based on a three probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive. During 2020 and due to the developments and the abnormal situation resulted from COVID-19 pandemic, an additional downside scenario was used by the management for calculating the ECL for the year ended 31 December 2020 and until 30 June 2021. During the third quarter of the year 2021 the management resolved to use three scenarios using probability weight for each scenario based on the management best estimate for their likelihood. Below are the weights for each scenario for the years 2022 and 2021:

Scenario	Assigned weighted average 31 December 2022	Assigned weighted average 31 December 2021	Assigned weighted average up to 30 June 2021
Baseline	45%	45%	35%
Upside	20%	20%	15%
Downside 1	35%	35%	20%
Downside 2	-	-	30%

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.

When estimating the ECLs, the Group considers three scenarios. Each of these is associated with different PDs, EADs and LGDs. When relevant, the assessment of multiple scenarios also incorporates how defaulted loans are expected to be recovered, including the probability that the loans will cure and the value of collateral or the amount that might be received for selling the asset.

With the exception of credit cards and other revolving facilities, the maximum period for which the credit losses are determined is the contractual life of a financial instrument unless the Group has the legal right to call it earlier.

Impairment losses and releases are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset's gross carrying value.

The mechanism of the ECL method are summarized below:

Stage 1: The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Group calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR. This calculation is made for each of the three scenarios, as explained above.

Stage 2: When a financial asset has shown a significant increase in credit risk since origination, the Group records an allowance for the LTECLs. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument.

The expected cash shortfalls are discounted by an approximation to the original EIR.

Stage 3: For financial assets which are considered credit-impaired, the Group recognizes the lifetime expected credit losses for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100% and with higher LGD than the first two stages.

Loan commitments and letter of credit

When estimating LTECLs for undrawn loan commitments, the Group estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down, based on a probability-weighting of the three scenarios. The expected cash shortfalls are discounted at an approximation to the expected EIR on the loan.

Financial guarantee contracts

The Group's liability under each guarantee is measured at the higher of the amount initially recognized less cumulative amortization recognized in the consolidated statement of income, and the ECL provision. For this purpose, the Group estimates ECLs based on the present value of the expected payments to reimburse the holder for a credit loss that it incurs. The shortfalls are discounted by the risk-adjusted interest rate relevant to the exposure.

The calculation is made using a probability-weighting of the three scenarios. The ECLs related to financial guarantee contracts are recognized within other liabilities.

Debt instruments measured at fair value through OCI

The ECLs for debt instruments measured at FVOCI do not reduce the carrying amount of these financial assets in the consolidated statement of financial position, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortized cost is recognized in OCI as an accumulated impairment amount, with a corresponding charge to profit or loss. The accumulated loss recognized in OCI is recycled to the profit and loss upon derecognition of the assets.

Credit cards and other revolving facilities

The Group's product offering includes a variety of corporate and retail overdraft and credit cards facilities, in which the Group has the right to cancel and/or reduce the facilities with one day's notice. The Group does not limit its exposure to credit losses to the contractual notice period, but, instead calculates ECL over a period that reflects the Group's expectations of the customer behavior, its likelihood of default and the Group's future risk mitigation procedures, which could include reducing or cancelling the facilities.

The ongoing assessment of whether a significant increase in credit risk has occurred for revolving facilities is similar to other lending products. This is based on shifts in the customer's internal credit grade.

The interest rate used to discount the ECLs for credit cards is based on the effective interest rate.

The calculation of ECLs, including the estimation of the expected period of exposure and discount rate is made, on an individual basis for corporate and on a collective basis for retail products. The collective assessments are made separately for portfolios of facilities with similar credit risk characteristics.

Forward looking information

In its ECL models, the Group relies on a broad range of forward looking information as economic inputs, such as:

- GDP growth
- Unemployment rates
- Central Bank base rates

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the consolidated financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

Collateral valuation

To mitigate its credit risks on financial assets, the Group seeks to use collateral, where possible. The collateral comes in various forms, such as cash, securities, letters of credit/guarantees, real estate, receivables, inventories, other non-financial assets and credit enhancements such as netting agreements. Collateral, unless repossessed, is not recorded on the Group's consolidated statement of financial position. However, the fair value of collateral affects the calculation of ECLs. It is generally assessed, at a minimum, at inception and re-assessed periodically. However, some collateral, for example, cash or securities relating to margining requirements, is valued daily.

To the extent possible, the Group uses active market data for valuing financial assets held as collateral. Other financial assets which do not have readily determinable market values are valued using models. Non-financial collateral, such as real estate, is valued based on data provided by third parties such as mortgage brokers, or based on housing price indices.

Collateral repossessed

The Group's policy is to determine whether a repossessed asset can be best used for its internal operations or should be sold. Assets determined to be useful for the internal operations are transferred to their relevant asset category at the lower of their repossessed value or the carrying value of the original secured asset. Assets for which selling is determined to be a better option are transferred to assets held for sale at their fair value (if financial assets) and fair value less cost to sell for non-financial assets at the repossession date in, line with the Group's policy.

In its normal course of business, the Group does not physically repossess properties or other assets in its retail portfolio, but engages external agents to recover funds, generally at auction, to settle outstanding debt. Any surplus funds are returned to the customers/obligors. As a result of this practice, the residential properties under legal repossession processes are not recorded on the balance sheet.

Write-offs

Financial assets are written off either partially or in their entirety only when the Group has stopped pursuing the recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to credit loss expense.

Modified loans

The Group sometimes makes concessions or modifications to the original terms of loans as a response to the borrower's financial difficulties, (rather than taking possession or to otherwise enforce collection of collateral.) The Group considers a loan forborne when such concessions or modifications are provided as a result of the borrower's present or expected financial difficulties and the Group would not have agreed to them if the borrower had been financially healthy. (Indicators of financial difficulties include defaults on covenants, or significant concerns raised by the Credit Risk Department). Forbearance may involve extending the payment arrangements and the agreement of new loan conditions. (Once the terms have been renegotiated, any impairment is measured using the original EIR as calculated before the modification of terms). It is the Group's policy to monitor forborne loans to help ensure that future payments continue to be likely to occur. Derecognition decisions and classification between Stage 2 and Stage 3 are determined on a case-by-case basis. If these procedures identify a loss in relation to a loan, it is disclosed and managed as an impaired Stage 3 forborne asset until it is collected or written off.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use assets includes the amount of lease obligations recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life or the lease term. Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

Short term and low value assets lease

The Group defines short-term leases that have a term of less than 12 months or that all lease payments have low value.

For these contracts the Group makes recognizes the lease payments as an operating expense on a straight line basis over the period of the lease, unless another regular basis is more representative of the time pattern in which the economic benefits from the leased assets are utilized.

Foreign currency translation

Transactions and balances

Transactions in foreign currencies are initially recorded in the functional currency at the spot rate of exchange ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated into the functional currency at the spot rate of exchange at the reporting date. All foreign exchange differences arising on non–trading activities are taken to other operating income/expense in the income statement.

Non–monetary items that are measured at historical cost in a foreign currency are translated using the spot exchange rates as at the date of recognition.

Group companies

On consolidation, the assets and liabilities in foreign operations are translated into dollars at the spot rate of exchange prevailing at the reporting date and their income statements are translated at average exchange rates during the year. The exchange differences arising on translation for consolidation are recognized in OCI.

Translation of financial statements of foreign entities / branches operating under hyperinflationary economy

The results and financial position of an entity whose functional currency is the currency of a hyperinflationary economy shall be translated into a different presentation currency using the following procedures:

(a) all amounts (i.e., assets, liabilities, equity items, income and expenses, including comparatives) shall be translated at the closing rate at the date of the most recent statement of financial position, except that

(b) when amounts are translated into the currency of a non-hyperinflationary economy, comparative amounts shall be those that were presented as current year amounts in the relevant prior year financial statements (i.e., not adjusted for subsequent changes in the price level or subsequent changes in exchange rates).

Exchange differences arising on the translation of results and financial position of each of the Group's consolidated entities are included in Exchange differences on translation of foreign operations in other comprehensive income and taken to a separate component of equity which is the Foreign currency translation reserve.

Fixed assets

Fixed assets are stated at historical cost, net of accumulated depreciation and any accumulated impairment in value. Such cost includes expenditures that are directly attributable to the acquisition of the asset. When parts of an item of fixed assets have different useful lives, they are accounted for as separate items of fixed assets.

Depreciation is charged so as to allocate the cost of assets using the straight-line method, using the useful lives of the respective assets

Land and assets under construction are not depreciated.

Assets under construction is carried at cost, less any accumulated impairment losses and is depreciated when the assets are ready for intended use using the same depreciation rate of the related category with fixed assets.

Fixed assets are derecognized when disposed of or when no future benefits are expected from their use or disposal.

The gain or loss arising on the disposal of an item (the difference between the net realizable value and the carrying amount of the asset) is recognized in the consolidated statement of income in the year that the assets were disposed.

Impairment of non-financial assets -

The Bank assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Bank makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used.

These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

Intangible Assets

Goodwill

Goodwill is recorded at cost, and represents the excess amount paid to acquire or purchase the investment in an associate or a subsidiary on the date of the transaction over the fair value of the net assets of the associate or subsidiary at the acquisition date. Goodwill resulting from the investment in a subsidiary is recorded as a separate item as part of intangible assets, while goodwill resulting from the investment in an associated company constitutes part of the investment in that company.

Goodwill is distributed over the cash generating units for the purpose of testing the impairment in its value.

The value of goodwill is tested for impairment on the date of the consolidated financial statements. Goodwill value is reduced when there is evidence that its value has declined or the recoverable value of the cash generating units is less than book value. The decline in the values is recoded in the consolidated statement of income as impairment loss.

Other Intangible Assets

Other intangible assets acquired through mergers are stated at fair value at the date of acquisition, while other intangible assets (not acquired through mergers) are recorded at cost.

Intangible assets are to be classified on the basis of either definite or indefinite useful life. Intangible assets with definite useful economic lives are amortized over their useful lives using the straight line method, and recorded as an expense in the consolidated statement of income. Intangible assets with indefinite lives are reviewed for impairment as of the consolidated financial statements date, and impairment loss is recorded in the consolidated statement of income.

Intangible assets resulting from the banks operations are not capitalized. They are rather recorded in the consolidated statement of income in the same period.

Any indications of impairment in the value of intangible assets as of the consolidated financial statements date are reviewed. Furthermore, the estimated useful lives of the impaired intangible assets are reassessed, and any adjustment is made in the subsequent period.

Repurchase and Resale Agreements

Assets sold with a simultaneous commitment to repurchase them at a future date continue to be recognized in the consolidated financial statements as a result of the bank's continuous control over these assets and as the related risk and benefits are transferred to the Bank upon occurrence. They also continue to be measured in accordance with the adopted accounting policies. Amounts received against these contracts are recorded within liabilities under borrowed funds. The difference between the sale price and the repurchase price is recognized as an interest expense amortized over the contract period using the effective interest rate method.

Purchased assets with corresponding commitment to sell at a specific future date are not recognized in the consolidated financial statements because the bank has no control over such assets and the related risks and benefits are not transferred to the Bank upon occurrence. Payments related to these contracts are recoded under deposits with banks and other financial institutions or loans and advances in accordance with the nature of each case. The difference between the purchase price and resale price is recoded as interest revenue amortized over the life of the contract using the effective interest rate method.

Capital

Cost of issuing or purchasing the Group's shares are recorded in retained earnings net of any tax effect related to these costs. If the issuing or purchase process has not been completed, these costs are recorded as expenses in the consolidated statement of income.

Perpetual bonds

Perpetual Tier 1 Capital Securities of the Group are recognized under equity and the corresponding distribution on those instruments are accounted as a debit to retained earnings. The Tier 1 securities constitute direct, unconditional, subordinated and unsecured obligations of the Bank and are classified as equity in accordance with IAS 32: Financial Instruments. The Tier 1 securities do not have a fixed redemption or final maturity date and is redeemable by the Bank at its sole discretion on the first call date or thereafter on any interest payment date.

Investments in Associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Group's investments in its associates are accounted for using the equity method.

Under the equity method, the investment in an associates initially recognised at cost, the carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associates since the acquisition date. Goodwill relating to the associates is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The consolidated income statement reflects the Group's share of the results of operations of the associates. Any change in other comprehensive income of those investees is presented as part of the Group's other comprehensive income (OCI). In addition, when there has been a change recognised directly in the equity of the associates, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associates are eliminated to the extent of the interest in the associates.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the consolidated income statement within operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate.

The financial statements of the associates are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

Income Taxes

Income tax expenses represent current and deferred taxes for the year.

Income tax expense is measured on the basis of taxable income. Taxable income differs from income reported in the consolidated financial statements, as the latter includes non-taxable revenue, tax expenses not deductible in the current year but deductible in subsequent years, accumulated losses approved by tax authorities and items not accepted for tax purposes or subject to tax.

Taxes are calculated on the basis of the enacted tax rates according to the prevailing laws, regulations and instructions of countries where the Group operates.

Taxes expected to be incurred or recovered as a result of temporary timing differences between the value of the assets and liabilities in the consolidated financial statements and their respective tax bases. Deferred taxes are calculated on the basis of the liability method, and according to the rates expected to be enacted when it is anticipated that the liability will be settled or when tax assets are recognized.

Deferred tax assets are reviewed on the date of the consolidated financial statements, and reduced if it is expected that no benefit will arise from the deferred tax, partially or totally.

Fair value

The Bank measures financial instruments at fair value at each financial statements date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either, in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Bank uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- 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.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Bank determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Bank has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Financial derivatives

Financial derivatives (e.g. currency forward contracts, forward rate agreements, swaps and option contracts) are recognized at fair value in the consolidated statement of financial position.

Financial derivatives held for hedge purposes

Fair value hedge: Represents hedging for changes in the fair value of the Group's assets and liabilities. When the conditions for an effective fair value hedge are met, gains or losses from changes in the fair value of financial derivatives are recognized in the consolidated statement of income. Changes in the fair value of the hedged assets or liabilities are also recognized in the consolidated statement of income.

Cash flow hedge: Represents hedging for changes in the current and expected cash flows of the Group's assets and liabilities that affects the consolidated statement of income. When the conditions for an effective cash flow hedge are met, gains or losses from changes in the fair value of financial derivatives are recognized in other comprehensive income and are reclassified to the statement of income in the period in which the hedge transaction has an impact on the consolidated statement of income.

When the conditions for an effective hedge are not met, gains or losses from changes in the fair value of financial derivatives are recognized in the consolidated statement of income.

The ineffective portion is recognized in the consolidated statement of income.

Hedge for net investment in foreign entities when the conditions of the hedge for net investment in foreign entities are met, fair value is measured for the hedging instrument of the hedged net assets. In case of an effective relationship, the effective portion of the loss or profit related to the hedging instrument is recognized in the consolidated statement of comprehensive income and recorded in the consolidated statement of income when the investment in foreign entities is sold. The ineffective portion is recognized in the consolidated statement of income.

When the conditions of the effective hedge do not apply, gain or loss resulting from the change in the fair value of the hedging instrument is recorded in the consolidated statement of income.

Financial derivatives for trading

Financial derivatives held for trading are recognized at fair value in the consolidated statement of financial position with changes in fair value recognized in the consolidated statement of income.

Foreclosed assets

Such assets are those that have been the subject of foreclosure by the Group, and are initially recognized among "other assets" at the foreclosure value or fair value whichever is least.

At the date of the consolidated financial statements, foreclosed assets are revalued individually (fair value less selling cost); any decline in fair value is recognized in the consolidated statement of income. Any subsequent increase in value is recognized only to the extent that it does not exceed the previously recognized impairment losses.

Provisions

Provisions are recognized when the Group has an obligation as of the date of the consolidated financial statements as a result of past events, the obligation is likely to be settled, and a reliable estimate can be made of the amount of the obligation.

Provision for employees' end-of-service indemnities is estimated in accordance with the prevailing rules and regulations in the countries in which the Group operates. The expense for the year is recognized in the consolidated statement of income. Indemnities paid to employees are reduced from the provision.

Segments Information

Segment business represents a group of assets and operations shared to produce products or risk attributable services different from which related to other segments.

Geographic sector linked to present the products or the services in a specific economic environment attributable for risk and other income different from which related to other sectors work in other economic environment.

Assets under Management

These represent the accounts managed by the Group on behalf of its customers, but do not represent part of the Group's assets. The fees and commissions on managing these accounts are taken to the consolidated statement of income. Moreover, a provision is taken for the decline in the value of capital-guaranteed portfolios managed on behalf of its customers.

Offsetting

Financial assets and financial liabilities are offset, and the net amount is presented in the consolidated statement of financial position only when there is a legal right to offset the recognized amounts, and the Group intends to either settle them on a net basis or to realize the assets and settle the liabilities simultaneously

Cash and cash equivalents

Cash and cash equivalents comprise cash and balances with central banks and balances with banks and financial institutions maturing within three months, less restricted funds and balances owing to banks and financial institutions maturing within three months.

5. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In the process of applying the Group's accounting policies, management has made various judgements. Those which management has assessed to have the most significant effect on the amounts recognized in the consolidated financial statements have been discussed in the individual notes of the related financial statement line items.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are also described in the individual notes of the related financial statement line items below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared.

Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Management believes that the assumptions adopted in the consolidated financial statements are reasonable. The details are as follows:

- Impairment loss for foreclosed assets is booked after a recent valuation of the acquired properties has been conducted by approved surveyors. The impairment loss is reviewed periodically.

- The fiscal year is charged with its portion of income tax expenditures in accordance with the regulations, laws, and accounting standards. Moreover, deferred tax assets and liabilities and the income tax provision are recorded.

- The Management periodically reassesses the economic useful life of tangible and Intangible assets for the purpose of calculating annual depreciation and amortization based on the general condition of these assets and assessing their expected useful life in the future. The impairment loss is recorded in the consolidated income statement.

- A provision is set for lawsuits raised against the Group. This provision is based on adequate legal study prepared by the Group's legal advisor. Moreover, the study highlights potential risks that the Group may encounter in the future. Such legal assessments are reviewed periodically.

Fair value hierarchy:

The level in the fair value hierarchy is determined and disclosed into which the fair value measurements are categorized in their entirety, segregating fair value measurements in accordance with the levels defined in IFRS. The difference between Level 2 and Level 3 fair value measurements represents whether inputs are observable and whether the unobservable inputs are significant, which may require judgment and a careful analysis of the inputs used to measure fair value, including consideration of factors specific to the asset or liability.

Basis of consolidating Group's entities:

According to the criteria established by the International Financial Reporting Standards, the Group assesses the requirements of the standards on an annual basis to ensure that the consolidation of its subsidiaries is still appropriate and inline with these requirements.

The consolidation of Arab Bank Switzerland (limited) which is an integral part of Arab Bank Group was assessed in accordance with the requirements of IFRS. Taking into consideration the de facto structure and the exposure to the variable returns that the Group has, which reflects the full ownership and benefits to the shareholders, Arab Bank Switzerland (Limited) financials statements were consolidated in the Group's consolidated financial statements.

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 – IFRS 9 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 bank 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 the customers' accounts/ facilities during the assessment period is considered as indicator for SICR.

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

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

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

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

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

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

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

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.

• 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 Bank 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 Bank 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.

Compliance of the IFRS9 implementation

To ensure proper compliance of the IFRS9 implementation, a steering committee was formed consisting of the Chief Risk Officer, Chief Financial Officer, Chief Credit Officer, Head of IT and Head of Project Management with the responsibilities to provide decisions/ feedback on the work plan regarding implementation and adoption of IFRS 9 to ensure all relevant policies and procedures are updated in line with the new requirements and systems are modified / updated for the new requirements, in addition to present the ECL results to the CEO and related Committees of the Board of Directors.

6. BUSINESS COMBINATIONS

Arab Bank Group owns 49% of OAB and the investment was accounted for as an associate in prior years. During 2021,and as a result of the amendments on OAB's Article of Association, Arab Bank has the ability to elect the majority of OAB Board of Directors. Accordingly, the Group has obtained control over OAB and it was classified as a subsidiary.

Accordingly, the bank performed a valuation of OAB assets and liabilities which resulted in the recognition of core deposits intangible with a total amount of USD 38.2 million.

Below are the fair values of the identifiable assets and liabilities of OAB as of the date of acquisition:

ASSETS	USD '000
Cash and deposits with banks	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	211 815
Deferred tax assets	6 387
Intangible assets *	38 228
Total assets	**8 609 768**

LIABILITIES	
Banks and financial institutions deposits	37 457
Customers' deposits	7 156 649
Provision for income tax	11 706
Other liabilities	192 801
Subordinated debt	51 948
Perpetual bonds	188 449
Total liabilities	**7 639 011**
Total identifiable net assets at fair value	970 757
Non - controlling interests	(520 205)
Goodwill arising on acquisition *	49 253
Purchase Consideration **	499 805

* This amount represents the total Goodwill arising on acquisition. The Group's share is amounted to USD 24.1 million and the Group's share of the intangible assets amounted to USD 18.7 million.

** This amount represents the value of the associate prior to the transaction.

Analysis of cash flows resulted from the control:

	USD '000
Net cash acquired from Oman Arab Bank excluding balances mature after 3 months (included in cash flows from investing activities)	689 119
Cash paid	-
Net cash flows on acquisition	**689 119**

7 - PROVISION FOR IMPAIRMENT - ECL

The below table shows the ECL charges on financial instruments for the year recorded in the consolidated statement of income:

	2022				
	Notes	Stage 1	Stage 2	Stage 3	**Total**
		USD '000	USD '000	USD '000	**USD '000**
Balances with central banks	8	(49)	31 047	-	**30 998**
Balances with banks and financial institutions	9	(81)	-	-	**(81)**
Deposits with banks and financial institutions	10	404	-	-	**404**
Direct credit facilities at amortized cost	13	28 810	199 792	190 438	**419 040**
Debt instruments at FVTOCI	12	64	-	-	**64**
Debt instruments included in financial assets at amortized cost	14	11 361	(431)	-	**10 930**
Indirect facilities	25	4 026	(876)	8 501	**11 651**
Total		**44 535**	**229 532**	**198 939**	**473 006**

	2021				
	Notes	Stage 1	Stage 2	Stage 3	**Total**
		USD '000	USD '000	USD '000	**USD '000**
Balances with central banks	8	(249)	60 449	-	**60 200**
Balances with banks and financial institutions	9	(151)	-	-	**(151)**
Deposits with banks and financial institutions	10	(1 810)	-	-	**(1 810)**
Direct credit facilities at amortized cost	13	(36 080)	185 065	307 208	**456 193**
Debt instruments at FVTOCI	12	446	-	(1 039)	**(593)**
Debt instruments included in financial assets at amortized cost	14	(5 649)	(680)	-	**(6 329)**
Indirect facilities	25	(7 728)	(3 743)	64 054	52 583
Total		**(51 221)**	**241 091**	**370 223**	**560 093**

8. Cash and Balances with Central Banks

The details of this item are as follows:

	31 December	
	2022	**2021**
	USD '000	USD '000
Cash in vaults	915 691	774 302
Balances with central banks:		
- Current accounts	3 772 897	4 868 254
- Time and notice	5 677 583	5 082 189
- Mandatory cash reserve	1 430 592	1 484 161
- Certificates of deposit	131 412	-
Less: Net ECL Charges	(232 784)	(201 912)
Total	**11 695 391**	**12 006 994**

- Except for the mandatory cash reserve, there are no restricted balances at Central Banks.
- There were no balances and certificates of deposit maturing after three months as of 31 December 2022 (USD 25 million as of 31 December 2021).

The Classification of gross balances with Central Banks according to the Group's internal credit rating is as follows:

	31 December 2022				31 December 2021
	Stage 1	Stage 2	Stage 3	**Total**	**Total**
	USD '000	USD '000	USD '000	USD '000	USD '000
Low risk / performing (1-2)	10 243 421	-	-	10 243 421	10 715 769
Acceptable risk / performing (3-7)	-	769 063	-	769 063	718 835
Total	**10 243 421**	**769 063**	**-**	**11 012 484**	**11 434 604**

-Probability of default at low risk 0.0% - 0.22%
-Probability of default at acceptable risk 0.22% - 30%

The movement on total balances with central banks is as follows:

	31 December 2022				31 December 2021
	Stage 1	Stage 2	Stage 3	Total	**Total**
	USD '000	USD '000	USD '000	**USD '000**	**USD '000**
Balance at the beginning of the year	**10 715 769**	**718 835**	**-**	**11 434 604**	**10 276 525**
Acquisition of Oman Arab Bank (Note 6)	-	-	-	-	470 346
Amended balance at the beginning of the year	**10 715 769**	**718 835**	**-**	**11 434 604**	**10 746 871**
New balances (Additions)	990 400	50 229	-	1 040 629	1 807 086
Repaid balances (excluding write offs)	(1 190 313)	-	-	(1 190 313)	(917 455)
Translation Adjustments	(272 435)	(1)	-	(272 436)	(201 898)
Balance at the end of the year	**10 243 421**	**769 063**	**-**	**11 012 484**	**11 434 604**

The movement of ECL charges on balances with central banks is as follows:

	31 December 2022				31 December 2021
	Stage 1	Stage 2	Stage 3	**Total**	**Total**
	USD '000	USD '000	USD '000	**USD '000**	**USD '000**
Balance at the beginning of the year	**1 909**	**200 003**	**-**	**201 912**	**142 351**
New ECL charges during the year	553	31 050	-	**31 603**	**60 788**
Recoveries (excluding write offs)	(602)	(3)	-	**(605)**	**(588)**
Translation Adjustments	(126)	-	-	**(126)**	**(639)**
Balance at the end of the year	**1 734**	**231 050**	**-**	**232 784**	**201 912**

9. Balances with Banks and Financial Institutions

The details of this item are as follows:

Local banks and financial institutions

	31 December	
	2022	**2021**
	USD '000	USD '000
Current accounts	4 181	3 561
Time deposits maturing within 3 months	194 821	163 197
Total	**199 002**	**166 758**

Abroad Banks and financial institutions

	31 December	
	2022	**2021**
	USD '000	USD '000
Current accounts	1 196 198	1 281 946
Time deposits maturing within 3 months	2 615 574	2 310 345
Total	**3 811 772**	**3 592 291**
Less: Net ECL Charges	(2 630)	(2 765)
Total balances with Banks and Financial Institutions Local and Abroad	**4 008 144**	**3 756 284**

There are no non interest bearing balances as of 31 December 2022 and 2021

There are no restricted balances as of 31 December 2022 and 2021

The table below shows the credit quality and the maximum exposure to credit risk based on the bank's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances.

	31 December 2022				31 December 2021
	Stage 1	Stage 2	Stage 3	**Total**	**Total**
	USD '000	USD '000	USD '000	**USD '000**	**USD '000**
Low risk / performing (1-2)	3 165 461	-	-	**3 165 461**	2 841 637
Acceptable risk / performing (3-7)	845 313	-	-	**845 313**	917 412
Total	**4 010 774**	**-**	**-**	**4 010 774**	**3 759 049**

-Probability of default at low risk 0.0% - 0.22%

-Probability of default at acceptable risk 0.22% - 7.86%

An Analysis of change in the gross carrying amount and the corresponding ECL allowance is as follows:

	31 December 2022				31 December 2021
	Stage 1	Stage 2	Stage 3	**Total**	**Total**
	USD '000	USD '000	USD '000	**USD '000**	**USD '000**
Balance at the beginning of the year	**3 759 049**	**-**	**-**	**3 759 049**	**4 604 058**
Acquisition of Oman Arab Bank (Note 6)	-	-	-	-	181 127
Amended balance at the beginning of the year	**3 759 049**	**-**	**-**	**3 759 049**	**4 785 185**
New balances (Additions)	411 660	-	-	411 660	724 798
Repaid balances (excluding write offs)	(94 995)	-	-	(94 995)	(1 685 881)
Translation Adjustments	(64 940)	-	-	(64 940)	(65 053)
Balance at the end of the year	**4 010 774**	**-**	**-**	**4 010 774**	**3 759 049**

The movement of ECL charges on balances with banks and financial institutions is as follows:

	31 December 2022				31 December 2021
	Stage 1	Stage 2	Stage 3	Total	Total
	USD '000	USD '000	USD '000	USD '000	USD '000
Balance at the beginning of the year	**2 765**	**-**	**-**	**2 765**	**2 893**
Acquisition of Oman Arab Bank (Note 6)	-	-	-	-	106
Amended balance at the beginning of the year	**2 765**	**-**	**-**	**2 765**	**2 999**
New ECL charges during the year	807	-	-	807	529
Recoveries (excluding write offs)	(888)	-	-	(888)	(680)
Adjustments during the year	-	-	-	-	1
Translation Adjustments	(54)	-	-	(54)	(84)
Balance at the end of the year	**2 630**	**-**	**-**	**2 630**	**2 765**

10 - DEPOSITS WITH BANKS AND FINANCIAL INSTITUTIONS

The details of this item are as follows:

	31 December	
Local banks and financial institutions	**2022**	**2021**
	USD '000	USD '000
Time deposits maturing after 6 months and before 9 months	-	21 150
Time deposits maturing after 9 months and before one year	-	6 161
Time deposits maturing after one year	47 610	47 610
Total	**47 610**	**74 921**

	31 December	
Abroad banks and financial institutions	**2022**	**2021**
	USD '000	USD '000
Time deposits maturing after 3 months and before 6 months	412 164	148 112
Time deposits maturing after 6 months and before 9 months	131 816	53 307
Time deposits maturing after 9 months and before one year	19 958	-
Total	**563 938**	**201 419**
Less: Net ECL Charges	(1 242)	(846)
Total Deposits with banks and financial institutions Local and Abroad	**610 306**	**275 494**

There are no restricted deposits as of 31 December 2022 and 2021

The table below shows the credit quality and the maximum exposure to credit risk based on the bank's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances.

	31 December 2022				31 December 2021
	Stage 1	Stage 2	Stage 3	**Total**	**Total**
	USD '000	USD '000	USD '000	**USD '000**	**USD '000**
Low risk / performing (1-2)	427 195	-	-	427 195	182 268
Acceptable risk / performing (3-7)	184 353	-	-	184 353	94 072
Total	**611 548**	**-**	**-**	**611 548**	**276 340**

-Probability of default at low risk 0.0% - 0.22%
-Probability of default at acceptable risk 0.22% - 7.86%

An Analysis of change in the gross carrying amount and the corresponding ECL allowance is as follows:

	31 December 2022				31 December 2021
	Stage 1	Stage 2	Stage 3	**Total**	**Total**
	USD '000	USD '000	USD '000	**USD '000**	**USD '000**
Balance at the beginning of the year	**276 340**	**-**	**-**	**276 340**	**290 908**
New balances (Additions)	376 437	-	-	376 437	27 413
Repaid balances (excluding write offs)	(39 354)	-	-	(39 354)	(32 282)
Translation Adjustments	(1 875)	-	-	(1 875)	(9 699)
Balance at the end of the year	**611 548**	**-**	**-**	**611 548**	**276 340**

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

	31 December 2022				31 December 2021
	Stage 1	Stage 2	Stage 3	**Total**	**Total**
	USD '000	USD '000	USD '000	**USD '000**	**USD '000**
Balance at the beginning of the year	**846**	**-**	**-**	**846**	**2 743**
New ECL charges during the year	614	-	-	614	90
Recoveries (excluding write offs)	(210)	-	-	(210)	(1 900)
Adjustments during the year	-	-	-	-	(1)
Translation Adjustments	(8)	-	-	(8)	(86)
Balance at the end of the year	**1 242**	**-**	**-**	**1 242**	**846**

11. Financial Assets at Fair Value through Profit or Loss

The details of this item are as follows:

	31 December	
	2022	**2021**
	USD '000	USD '000
Treasury bills and Government bonds	35 315	4 727
Corporate bonds	13 347	35 390
Corporate shares	1 981	12 091
Mutual funds	21 610	20 135
Total	**72 253**	**72 343**

	31 December 2022		
	Designated as FV	Carried Mandatorily at FV	**Total**
	USD '000	USD '000	USD '000
Treasury bills and Government bonds	35 315	-	**35 315**
Corporate bonds	13 347	-	**13 347**
Corporate shares	-	1 981	**1 981**
Mutual funds	-	21 610	**21 610**
Total	**48 662**	**23 591**	**72 253**

	31 December 2021		
	Designated as FV	Carried Mandatorily at FV	**Total**
	USD '000	USD '000	**USD '000**
Treasury bills and Government bonds	4 727	-	**4 727**
Corporate bonds	35 390	-	**35 390**
Corporate shares	-	12 091	**12 091**
Mutual funds	-	20 135	**20 135**
Total	**40 117**	**32 226**	**72 343**

12. Financial Assets at Fair Value through Other Comprehensive Income

The details of this item are as follows:

	31 December	
	2022	**2021**
	USD '000	USD '000
Quoted shares	152 699	163 766
Un-quoted shares	197 111	211 587
Governmental bonds and bonds guaranteed by the government	292 294	219 330
Corporate bonds	109 004	93 643
Less: Net ECL Charges	(536)	(472)
Total	**750 572**	**687 854**

* Cash dividends from investments above amounted to USD 8.3 million for the year ended 31 December 2022 (USD 6.1 million as of 31 December 2021).

- The net ECL charge amounted to USD 64 thousand does not change the carrying amount of these investments which are measured at fair value but gives rise to an equal and opposite gain in OCI.

	31 December 2022				
	USD '000	USD '000	USD '000	USD '000	USD '000
	Stage 1	Stage 2	Stage 3	**Total**	**Total**
Balance at the beginning of the year	**472**	**-**	**-**	**472**	**-**
Acquisition of Oman Arab Bank (Note 6)	-	-	-	**-**	**1 065**
Amended balance at the beginning of the year	**472**	**-**	**-**	**472**	**1 065**
New ECL charges during the year	112	-	-	**112**	446
Recoveries (excluding write offs)	(48)	-	-	**(48)**	(1 039)
Balance at the end of the year	**536**	**-**	**-**	**536**	**472**

	31 December 2022		
	Designated as FV	Carried Mandatorily at FV	**Total**
	USD '000	USD '000	**USD '000**
Quoted shares	-	152 699	**152 699**
Un-quoted shares	-	197 111	**197 111**
Governmental bonds and bonds guaranteed by the government	292 294	-	**292 294**
Corporate bonds through OCI	109 004	-	**109 004**
Less: Net ECL Charges	(536)	-	**(536)**
Total	**400 762**	**349 810**	**750 572**

	31 December 2021		
	Designated as FV	Carried Mandatorily at FV	**Total**
	USD '000	USD '000	**USD '000**
Quoted shares	-	163 766	**163 766**
Un-quoted shares	-	211 587	**211 587**
Governmental bonds and bonds guaranteed by the government	219 330	-	219 330
Corporate bonds through OCI	93 643	-	93 643
Less: Net ECL Charges	(472)	-	(472)
Total	**312 501**	**375 353**	**687 854**

13. Direct Credit Facilities at Amortized Cost

The details of this item are as follows:	31 December 2022					
	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**
Total	**10 019 607**	**4 111 197**	**17 924 459**	**353 788**	**3 031 226**	**35 440 277**
Less: Interest and commission in suspense	112 987	141 609	646 506	49	-	**901 151**
Provision for impairment - ECL	292 007	421 493	2 078 270	4 751	16 007	**2 812 528**
Total	**404 994**	**563 102**	**2 724 776**	**4 800**	**16 007**	**3 713 679**
Net Direct Credit Facilities at Amortized Cost	**9 614 613**	**3 548 095**	**15 199 683**	**348 988**	**3 015 219**	**31 726 598**

* 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 as of 31 December 2022 amounted to USD 139.5 million, or 0.4% of total direct credit facilities.
- Non-performing direct credit facilities as of 31 December 2022 amounted to USD 2930 million, or 8.3% of total direct credit facilities.
- Non-performing direct credit facilities net of interest and commission in suspense as of 31 December 2022 amounted to USD 2028.8 million or 5.9% of direct credit facilities, after deducting interest and commission in suspense.

	31 December 2021					
		Corporates				
	Consumer Banking	Small and Medium	Large	Banks and Financial Institu-tions	Govern-ment and Public Sec-tor	**Total**
	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
Discounted bills *	50 829	103 133	645 780	336 437	22 442	1 158 621
Overdrafts *	93 379	1 486 085	3 480 308	4 274	408 225	5 472 271
Loans and advances *	4 943 584	2 286 684	13 357 152	37 537	2 068 640	22 693 597
Real-estate loans	4 022 728	479 256	492 740	-	-	4 994 724
Credit cards	231 250	-	-	-	-	231 250
Total	**9 341 770**	**4 355 158**	**17 975 980**	**378 248**	**2 499 307**	**34 550 463**
Less: Interest and commission in suspense	106 284	143 654	528 556	49	-	778 543
Provision for impairment - ECL	312 222	397 379	1 856 016	5 511	12 006	2 583 134
Total	**418 506**	**541 033**	**2 384 572**	**5 560**	**12 006**	**3 361 677**
Net Direct Credit Facilities at Amortized Cost	**8 923 264**	**3 814 125**	**15 591 408**	**372 688**	**2 487 301**	**31 188 786**

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

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

The details of movement on the provision for impairment - ECL as of 31 December 2022 are as follows:

	31 December 2022					
	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**
Balance at the beginning of the year	**312 222**	**397 379**	**1 856 016**	**5 511**	**12 006**	**2 583 134**
ECL charges during the year	38 421	56 655	464 617	2 111	6 779	**568 583**
Recoveries	(34 087)	(14 624)	(113 221)	(2 983)	(2 264)	(167 179)
Transferred to Stage 1	928	(1 200)	6 282	790	464	**7 264**
Transferred to Stage 2	(2 990)	(7 006)	(58 056)	(790)	(464)	**(69 306)**
Transferred to Stage 3	2 062	8 206	51 774	-	-	**62 042**
Impact on year end ECL caused by transfers between stages during the year	3 728	6 201	7 707	-	-	**17 636**
Used from provision (written off or transferred to off statement of financial position)	(18 591)	(19 969)	(75 682)	-	-	**(114 242)**
Adjsutments during the year	1 596	12 909	2 378	-	-	**16 883**
Translation Adjustments	(11 282)	(17 058)	(63 545)	112	(514)	**(92 287)**
Balance at the End of the Year	**292 007**	**421 493**	**2 078 270**	**4 751**	**16 007**	**2 812 528**

The details of the movement of the provision for impairment - ECL for direct credit facilities at amortized cost as of 31 December 2021 was as follows:

	31 December 2021					
	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**
Balance at the beginning of the year	**260 547**	**300 441**	**1 390 880**	**5 230**	**7 643**	**1 964 741**
Acquisition of Oman Arab Bank (Note 6)	36 973	48 852	148 319	-	4 626	**238 770**
Amended balance at the beginning of the year	**297 520**	**349 293**	**1 539 199**	**5 230**	**12 269**	**2 203 511**
ECL charges during the year	52 993	75 124	410 690	1 868	(26)	**540 649**
Recoveries	(25 380)	(22 821)	(99 685)	(1 398)	(380)	**(149 664)**
Transferred to Stage 1	922	(504)	(6 563)	-	(443)	**(6 588)**
Transferred to Stage 2	288	(29 481)	(11 793)	-	443	**(40 543)**
Transferred to Stage 3	(1 210)	29 985	18 356	-	-	**47 131**
Impact on year end ECL caused by transfers between stages during the year	3 671	18 646	42 782	-	109	**65 208**
Used from provision (written off or transferred to off statement of financial position)	(13 255)	(5 105)	(25 763)	-	-	**(44 123)**
Adjsutments during the year	655	(10 622)	(1 326)	2	350	**(10 941)**
Translation Adjustments	(3 982)	(7 136)	(9 881)	(191)	(316)	**(21 506)**
Balance at the End of the Year	**312 222**	**397 379**	**1 856 016**	**5 511**	**12 006**	**2 583 134**

- There are no provisions no longer required as a result of settlement or repayment, transferred to non-performing direct credit facilities as of 31 December 2022 and 2021.
- Impairment is assessed based on individual customer accounts.
- Non-performing direct credit facilities transferred to off consolidated statement of financial position amounted to USD 96.2 million as of 31 December 2022. (USD 33.5 million as of 31 December 2021) noting that these non-performing direct credit facilities are fully covered by set provisions and suspended interest.

The following tables outline the impact of multiple scenarios on the ECL (Without Consumer banking):

	31 December 2022							
			Corporates					
	Due from Banks	Financial Assets Bonds	Large Corporates	Small and Medium	Banks and Financial Institutions	Government and Public Sector	Items off State-ment of Financial Position	**Total**
	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
Upside (20%)	213 300	35 530	2 046 610	416 508	3 959	12 514	173 299	**2 901 720**
Base case (45%)	224 177	39 283	2 060 075	418 615	4 322	14 109	174 713	**2 935 294**
Downside (35%)	266 046	56 567	2 119 755	428 042	5 755	20 443	180 295	**3 076 903**

	31 December 2021							
			Corporates					
	Due from Banks	Financial Assets Bonds	Large Corporates	Small and Medium	Banks and Financial Institutions	Government and Public Sector	Items off State-ment of Financial Position	**Total**
	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
Upside (20%)	185 239	24 986	1 738 685	383 960	5 248	9 536	130 970	**2 478 624**
Base case (45%)	194 686	26 928	1 787 751	390 006	5 369	10 664	136 397	**2 551 801**
Downside (35%)	231 047	50 635	2 010 831	414 526	5 844	15 143	165 538	**2 893 564**

The following tables outline the impact of multiple scenarios on the ECL (Consumer banking):

	31 December	
	2022	**2021**
Upside (30%)	280 582	301 478
Base case (40%)	286 071	307 079
Downside (30%)	311 348	329 823

The above table shows both the contribution to the total ECL for each probability-weighted scenario, in addition to the total additional impact on the ECL for applying multiple economic scenarios compared to the ECL that would have resulted from applying a 100% weighting to the base case scenario.

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

	31 December 2022						
		Corporates					
	Consumer Banking	Small and Medium	Large	Banks and Financial Institutions	Govern-ment and Public Sector	**Total**	The total includes interest and commission in suspense movement on real - estates loans as fol-lows:
	USD '000	USD '000	USD '000	USD '000	USD '000	**USD '000**	USD '000
Balance at the beginning of the year	**106 284**	**143 654**	**528 556**	**49**	**-**	**778 543**	**25 727**
Interest and commission suspended during the year	22 982	25 025	172 697	-	-	220 704	6 753
Interest and commission in suspense settled (written off or transferred to off consoli-dated statement of financial position)	(7 542)	(21 085)	(33 653)	-	-	**(62 280)**	(188)
Recoveries	(6 906)	(2 328)	(6 990)	-	-	(16 224)	(5 029)
Adjustments during the year	-	(1 925)	1 925	-	-	-	-
Translation adjustments	(1 831)	(1 732)	(16 029)	-	-	(19 592)	(2)
Balance at the End of the Year	**112 987**	**141 609**	**646 506**	**49**	**-**	**901 151**	**27 261**

	31 December 2022						
		Corporates					
	Consumer Banking	Small and Medium	Large	Banks and Financial Institutions	Govern-ment and Public Sector	**Total**	The total includes interest and commission in suspense movement on real - estates loans as fol-lows:
	USD '000	USD '000	USD '000	USD '000	USD '000	**USD '000**	USD '000
Balance at the beginning of the year	**92 524**	**115 426**	**411 265**	**53**	**-**	**619 268**	**17 415**
Acquisition of Oman Arab Bank (Note 6)	5 499	9 795	15 774	-	-	31 068	3 894
Amended balance at the beginning of the year	98 023	125 221	427 039	53	-	650 336	21 309
Interest and commission suspended during the year	23 826	26 865	136 612	-	-	187 303	8 333
Interest and commission in suspense settled (written off or transferred to off consoli-dated statement of financial position)	(8 680)	(3 885)	(19 311)	-	-	(31 876)	(227)
Recoveries	(5 541)	(2 803)	(5 122)	-	-	(13 466)	(3 690)
Adjustments during the year	274	(920)	647	(2)	-	(1)	2
Translation adjustments	(1 618)	(824)	(11 309)	(2)	-	(13 753)	-
Balance at the End of the Year	**106 284**	**143 654**	**528 556**	**49**	**-**	**778 543**	**25 727**

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

	Inside Jordan	Outside Jordan	31 December 2022	31 December 2021	ECL 31 December 2022
Economic Sector	USD '000	USD '000	USD '000	USD '000	USD '000
Consumer Banking	3 686 250	5 928 363	9 614 613	8 923 264	292 007
Industry and mining	1 467 092	3 535 367	5 002 459	5 121 574	606 657
Constructions	462 597	1 626 814	2 089 411	2 244 391	564 011
Real Estates	299 074	1 156 535	1 455 609	1 579 809	75 002
Trade	1 398 202	2 907 831	4 306 033	4 359 082	449 998
Agriculture	203 771	193 221	396 992	391 717	31 190
Tourism and Hotels	252 086	453 348	705 434	750 761	49 587
Transportations	51 527	221 657	273 184	386 706	60 238
Shares	-	39 484	39 484	7 491	2 655
General Services	689 531	3 789 641	4 479 172	4 564 002	660 425
Banks and Financial Institutions	69 408	279 580	348 988	372 688	4 751
Government and Public Sector	238 667	2 776 552	3 015 219	2 487 301	16 007
Net Direct Credit Facilities at amortized Cost	**8 818 205**	**22 908 393**	**31 726 598**	**31 188 786**	**2 812 528**

Direct Credit Facilities at Amortized Cost

The table below shows the credit quality and the maximum exposure to credit risk based on the bank's internal credit rating system. .

	31 December 2022				31 December 2021
	Stage 1	Stage 2	Stage 3	**Total**	Total
	USD '000	USD '000	USD '000	**USD '000**	USD '000
Low risk / performing (1-2)	5 911 517	-	-	**5 911 517**	6 817 272
Acceptable risk / performing (3-7)	21 845 490	4 753 314	-	**26 598 804**	24 877 880
Non-performing (8-10):					
- Substandard	-	-	123 575	**123 575**	148 380
- Doubtful	-	-	344 816	**344 816**	297 949
- Problematic	-	-	2 461 565	**2 461 565**	2 408 982
Total	**27 757 007**	**4 753 314**	**2 929 956**	**35 440 277**	**34 550 463**

The movement on total direct credit facilities at amortized cost - Total:

	31 December 2022				31 December 2021
	Stage 1	Stage 2	Stage 3	**Total**	**Total**
	USD '000	USD '000	USD '000	**USD '000**	**USD '000**
Balance at the beginning of the year	**26 546 823**	**5 148 329**	**2 855 311**	**34 550 463**	**26 491 867**
Acquisition of Oman Arab Bank (Note 6)	-	-	-	-	**7 111 704**
Amended balance at the beginning of the year	**26 546 823**	**5 148 329**	**2 855 311**	**34 550 463**	**33 603 571**
New balances (Additions)	8 004 063	1 234 097	313 694	**9 551 854**	**8 722 974**
Repaid balances (excluding write offs)	(6 307 792)	(1 226 073)	(167 678)	**(7 701 543)**	**(7 336 111)**
Transfers to stage 1	629 925	(622 017)	(7 908)	-	-
Transfers to stage 2	(520 348)	548 359	(28 011)	-	-
Transfers to stage 3	(26 654)	(176 181)	202 835	-	-
Written off balances or transferred to off statement of financial position	-	-	(166 778)	**(166 778)**	**(74 819)**
Adjustments during the year	-	-	-	-	-
Translation adjustments	(569 010)	(153 200)	(71 509)	**(793 719)**	**(365 152)**
Total	**27 757 007**	**4 753 314**	**2 929 956**	**35 440 277**	**34 550 463**

The movement of ECL charges on direct credit facilities at amortized cost by stage is as follows:

	31 December 2022				31 December 2021
	Stage 1	Stage 2	Stage 3	**Total**	**Total**
	USD '000	USD '000	USD '000	**USD '000**	**USD '000**
Balance at the beginning of the year	**101 833**	**655 000**	**1 826 301**	**2 583 134**	**1 964 741**
Acquisition of Oman Arab Bank (Note 6)	-	-	-	-	**238 770**
Amended balance at the beginning of the year	**101 833**	**655 000**	**1 826 301**	**2 583 134**	**2 203 511**
ECL charges during the year	59 912	266 775	241 896	**568 583**	**540 649**
Recoveries (excluding write offs)	(31 102)	(68 615)	(67 462)	**(167 179)**	**(149 664)**
Transfers to stage 1	13 297	(13 212)	(85)	-	-
Transfers to stage 2	(4 752)	5 900	(1 148)	-	-
Transfers to stage 3	(1 281)	(61 994)	63 275	-	-
Impact on year end ECL caused by transfers between stages during the year	-	1 632	16 004	**17 636**	**65 208**
Written off balances or transferred to off statement of financial position	-	-	(114 242)	**(114 242)**	**(44 123)**
Adjustments during the year	3 633	36 730	(23 480)	**16 883**	**(10 941)**
Translation adjustments	(10 762)	(29 734)	(51 791)	**(92 287)**	**(21 506)**
Total	**130 778**	**792 482**	**1 889 268**	**2 812 528**	**2 583 134**

Direct Credit Facilities at Amortized Cost - Consumer Banking

The table below shows the credit quality and the maximum exposure to credit risk based on the bank's internal credit rating system.

	31 December 2022				31 December 2021
	Stage 1	Stage 2	Stage 3	**Total**	**Total**
	USD '000	USD '000	USD '000	**USD '000**	**USD '000**
Low risk / performing (1-2)	1 128 782	-	-	**1 128 782**	**1 540 463**
Acceptable risk / performing (3-7)	8 294 770	200 991	-	**8 495 761**	**7 388 315**
Non-performing (8-10):					
- Substandard	-	-	30 838	**30 838**	**39 845**
- Doubtful	-	-	37 973	**37 973**	**41 286**
- Problematic	-	-	326 253	**326 253**	**331 861**
Total	**9 423 552**	**200 991**	**395 064**	**10 019 607**	**9 341 770**

-Probability of default at low risk 2% -3.5%
-Probability of default at acceptable risk 3.5% - 57%
-Probability of default at High risk 100%

The movement on total direct credit facilities at amortized cost - consumer banking is as follows:

	31 December 2022				31 December 2021
	Stage 1	Stage 2	Stage 3	**Total**	**Total**
	USD '000	USD '000	USD '000	**USD '000**	**USD '000**
Balance at the beginning of the year	**8 760 693**	**168 085**	**412 992**	**9 341 770**	**6 215 840**
Acquisition of Oman Arab Bank (Note 6)	-	-	-	-	**2 739 048**
Amended balance at the beginning of the year	**8 760 693**	**168 085**	**412 992**	**9 341 770**	**8 954 888**
New balances (Additions)	2 095 705	90 565	62 350	**2 248 620**	**1 877 916**
Repaid balances (excluding write offs)	(1 263 316)	(77 594)	(41 265)	**(1 382 175)**	**(1 394 947)**
Transfers to stage 1	35 337	(28 057)	(7 280)	-	-
Transfers to stage 2	(39 290)	61 133	(21 843)	-	-
Transfers to stage 3	(16 185)	(9 914)	26 099	-	-
Written off balances or transferred to off statement of financial position	-	-	(25 169)	**(25 169)**	**(21 971)**
Translation Adjustments	(149 392)	(3 227)	(10 820)	**(163 439)**	**(74 116)**
Total	**9 423 552**	**200 991**	**395 064**	**10 019 607**	**9 341 770**

The movement of ECL charges on direct credit facilities at amortized cost - consumer banking is as follows:

	31 December 2022				31 December 2021
	Stage 1	Stage 2	Stage 3	**Total**	**Total**
	USD '000	USD '000	USD '000	**USD '000**	**USD '000**
Balance at the beginning of the year	**39 559**	**28 185**	**244 478**	**312 222**	**260 547**
Acquisition of Oman Arab Bank (Note 6)	-	-	-	-	**36 973**
Amended balance at the beginning of the year	**39 559**	**28 185**	**244 478**	**312 222**	**297 520**
ECL charges during the year	5 855	5 004	27 562	**38 421**	**52 993**
Recoveries (excluding write offs)	(11 739)	(1 517)	(20 831)	**(34 087)**	**(25 380)**
Transfers to stage 1	1 699	(1 614)	(85)	-	-
Transfers to stage 2	(260)	933	(673)	-	-
Transfers to stage 3	(511)	(2 309)	2 820	-	-
Impact on year end ECL caused by transfers between stages during the year	-	139	3 589	**3 728**	**3 671**
Written off balances or transferred to off statement of financial position	-	-	(18 591)	**(18 591)**	**(13 255)**
Adjustments during the year	225	647	724	**1 596**	**655**
Translation Adjustments	(1 165)	(413)	(9 704)	**(11 282)**	**(3 982)**
Total	**33 663**	**29 055**	**229 289**	**292 007**	**312 222**

Direct Credit Facilities at Amortized Cost - Small & Medium Enterprises

The table below shows the credit quality and the maximum exposure to credit risk based on the bank's internal credit rating system.

	31 December 2022				31 December 2021
	Stage 1	Stage 2	Stage 3	**Total**	**Total**
	USD '000	USD '000	USD '000	**USD '000**	**USD '000**
Low risk / performing (1-2)	1 397 535	-	-	**1 397 535**	**1 645 083**
Acceptable risk / performing (3-7)	1 344 597	795 002	-	**2 139 599**	**2 137 825**
Non-performing (8-10):					
- Substandard	-	-	4 368	**4 368**	**28 279**
- Doubtful	-	-	68 289	**68 289**	**55 071**
- Problematic	-	-	501 406	**501 406**	**488 900**
Total	**2 742 132**	**795 002**	**574 063**	**4 111 197**	**4 355 158**

-Probability of default at low risk 0.0% -0.12%
-Probability of default at acceptable risk 0.12% - 24%
-Probability of default at High risk 100%

The movement on total direct credit facilities at amortized cost - Small & Medium Enterprises is as follows:

	31 December 2022				31 December 2021
	Stage 1	Stage 2	Stage 3	**Total**	**Total**
	USD '000	USD '000	USD '000	**USD '000**	**USD '000**
Balance at the beginning of the year	**2 980 842**	**802 066**	**572 250**	**4 355 158**	**3 341 842**
Acquisition of Oman Arab Bank (Note 6)	-	-	-	-	**514 673**
Amended balance at the beginning of the year	**2 980 842**	**802 066**	**572 250**	**4 355 158**	**3 856 515**
New balances (Additions)	535 914	128 464	62 748	**727 126**	**1 242 339**
Repaid balances (excluding write offs)	(621 228)	(153 426)	(37 813)	**(812 467)**	**(665 398)**
Transfers to stage 1	46 199	(45 571)	(628)	-	-
Transfers to stage 2	(119 953)	123 581	(3 628)	-	-
Transfers to stage 3	(4 598)	(33 704)	38 302	-	-
Written off balances or transferred to off statement of financial position	-	-	(39 152)	**(39 152)**	**(8 765)**
Translation Adjustments	(75 044)	(26 408)	(18 016)	**(119 468)**	**(69 533)**
Total	**2 742 132**	**795 002**	**574 063**	**4 111 197**	**4 355 158**

The movement of ECL charges on direct credit facilities at amortized cost - Small & Medium Enterprises is as follows:

	31 December 2022				31 December 2021
	Stage 1	Stage 2	Stage 3	**Total**	**Total**
	USD '000	USD '000	USD '000	**USD '000**	**USD '000**
Balance at the beginning of the year	**9 450**	**63 585**	**324 344**	**397 379**	**300 441**
Acquisition of Oman Arab Bank (Note 6)	-	-	-	-	**48 852**
Amended balance at the beginning of the year	**9 450**	**63 585**	**324 344**	**397 379**	**349 293**
ECL charges during the year	8 805	10 178	37 672	**56 655**	**75 124**
Recoveries (excluding write offs)	(1 005)	(4 552)	(9 067)	**(14 624)**	**(22 821)**
Transfers to stage 1	454	(454)	-	-	-
Transfers to stage 2	(950)	1 106	(156)	-	-
Transfers to stage 3	(704)	(7 658)	8 362	-	-
Impact on year end ECL caused by transfers between stages during the year	-	(1 263)	7 464	**6 201**	**18 646**
Written off balances or transferred to off statement of financial position	-	-	(19 969)	**(19 969)**	**(5 105)**
Adjustments during the year	237	16 074	(3 402)	**12 909**	**(10 622)**
Translation Adjustments	(783)	(5 188)	(11 087)	**(17 058)**	**(7 136)**
Total	**15 504**	**71 828**	**334 161**	**421 493**	**397 379**

Direct Credit Facilities at Amortized Cost - Large Corporates
The table below shows the credit quality and the maximum exposure to credit risk based on the bank's internal credit rating system.

	31 December 2022				31 December 2021
	Stage 1	Stage 2	Stage 3	**Total**	**Total**
	USD '000	USD '000	USD '000	**USD '000**	**USD '000**
Low risk / performing (1-2)	1 854 112	-	-	**1 854 112**	**2 381 758**
Acceptable risk / performing (3-7)	10 405 185	3 708 484	-	**14 113 669**	**13 728 880**
Non-performing (8-10):					
- Substandard	-	-	88 369	**88 369**	**80 009**
- Doubtful	-	-	238 554	**238 554**	**201 592**
- Problematic	-	-	1 629 755	**1 629 755**	**1 583 741**
Total	**12 259 297**	**3 708 484**	**1 956 678**	**17 924 459**	**17 975 980**

-Probability of default at low risk 0.0% -0.12%
-Probability of default at acceptable risk 0.12% - 24%
-Probability of default at High risk 100%

The movement on total direct credit facilities at amortized cost - Large Corporates is as follows:

	31 December 2022				31 December 2021
	Stage 1	Stage 2	Stage 3	**Total**	**Total**
	USD '000	USD '000	USD '000	**USD '000**	**USD '000**
Balance at the beginning of the year	**12 072 061**	**4 038 577**	**1 865 342**	**17 975 980**	**15 374 441**
Acquisition of Oman Arab Bank (Note 6)	-	-	-	-	**2 977 715**
Amended balance at the beginning of the year	**12 072 061**	**4 038 577**	**1 865 342**	**17 975 980**	**18 352 156**
New balances (Additions)	3 641 156	1 012 043	189 012	**4 842 211**	**4 350 291**
Repaid balances (excluding write offs)	(3 274 641)	(982 872)	(88 462)	**(4 345 975)**	**(4 481 931)**
Transfers to stage 1	462 848	(462 848)	-	-	-
Transfers to stage 2	(350 188)	352 728	(2 540)	-	-
Transfers to stage 3	(5 871)	(132 563)	138 434	-	-
Written off balances or transferred to off statement of financial position	-	-	(102 457)	**(102 457)**	**(44 083)**
Translation Adjustments	(286 068)	(116 581)	(42 651)	**(445 300)**	**(200 453)**
Total	**12 259 297**	**3 708 484**	**1 956 678**	**17 924 459**	**17 975 980**

The movement of ECL charges on direct credit facilities at amortized cost - Large Corporates is as follows:

	31 December 2022				31 December 2021
	Stage 1	Stage 2	Stage 3	**Total**	**Total**
	USD '000	USD '000	USD '000	**USD '000**	**USD '000**
Balance at the beginning of the year	**43 541**	**559 618**	**1 252 857**	**1 856 016**	**1 390 880**
Acquisition of Oman Arab Bank (Note 6)	-	-	-	-	**148 319**
Amended balance at the beginning of the year	**43 541**	**559 618**	**1 252 857**	**1 856 016**	**1 539 199**
ECL charges during the year	37 478	250 829	176 310	**464 617**	**410 690**
Recoveries (excluding write offs)	(14 907)	(61 259)	(37 055)	**(113 221)**	**(99 685)**
Transfers to stage 1	9 883	(9 883)	-	-	-
Transfers to stage 2	(3 535)	3 854	(319)	-	-
Transfers to stage 3	(66)	(52 027)	52 093	-	-
Impact on year end ECL caused by transfers between stages during the year	-	2 756	4 951	**7 707**	**42 782**
Written off balances or transferred to off statement of financial position	-	-	(75 682)	**(75 682)**	**(25 763)**
Adjustments during the year	3 171	20 009	(20 802)	**2 378**	**(1 326)**
Translation Adjustments	(8 565)	(23 911)	(31 069)	**(63 545)**	**(9 881)**
Total	**67 000**	**689 986**	**1 321 284**	**2 078 270**	**1 856 016**

Direct Credit Facilities at Amortized Cost - Banks & Financial Institutions

The table below shows the credit quality and the maximum exposure to credit risk based on the bank's internal credit rating system.

	31 December 2022				31 December 021
	Stage 1	Stage 2	Stage 3	**Total**	**Total**
	USD '000	USD '000	USD '000	**USD '000**	**USD '000**
Low risk / performing (1-2)	95 856	-	-	**95 856**	**137 290**
Acceptable risk / performing (3-7)	254 423	-	-	**254 423**	**236 972**
Non-performing (8-10):					
- Substandard	-	-	-	**-**	**-**
- Doubtful	-	-	-	**-**	**-**
- Problematic	-	-	3 509	**3 509**	**3 986**
Total	**350 279**	**-**	**3 509**	**353 788**	**378 248**

-Probability of default at low risk 0.0% -0.12%
-Probability of default at acceptable risk 0.12% - 24%
-Probability of default at High risk 100%

The movement on total direct credit facilities at amortized cost - Banks & Financial Institutions is as follows:

	31 December 2022				31 December 2021
	Stage 1	Stage 2	Stage 3	**Total**	**Total**
	USD '000	USD '000	USD '000	**USD '000**	**USD '000**
Balance at the beginning of the year	**346 632**	**27 630**	**3 986**	**378 248**	**196 058**
Acquisition of Oman Arab Bank (Note 6)	-	-	-	**-**	**-**
Amended balance at the beginning of the year	**346 632**	**27 630**	**3 986**	**378 248**	**196 058**
New balances (Additions)	496 370	2 568	(509)	**498 429**	**422 906**
Repaid balances (excluding write offs)	(508 715)	-	-	**(508 715)**	**(238 099)**
Transfers to stage 1	30 198	(30 198)	-	**-**	**-**
Transfers to stage 2	-	-	-	**-**	**-**
Transfers to stage 3	-	-	-	**-**	**-**
Translation Adjustments	(14 206)	-	32	**(14 174)**	**(2 617)**
Total	**350 279**	**-**	**3 509**	**353 788**	**378 248**

The movement of ECL charges on direct credit facilities at amortized cost - Banks & Financial Institutions is as follows:

	31 December 2022				31 December 2021
	Stage 1	Stage 2	Stage 3	**Total**	**Total**
	USD '000	USD '000	USD '000	**USD '000**	**USD '000**
Balance at the beginning of the year	**707**	**867**	**3 937**	**5 511**	**5 230**
ECL charges during the year	2 012	99	-	**2 111**	**1 868**
Recoveries (excluding write offs)	(2 302)	(172)	(509)	(2 983)	**(1 398)**
Transfers to stage 1	790	(790)	-	**-**	**-**
Transfers to stage 2	-	-	-	**-**	**-**
Transfers to stage 3	-	-	-	**-**	**-**
Adjustments during the year	-	-	-	**-**	**2**
Translation Adjustments	84	(4)	32	**112**	**(191)**
Total	**1 291**	**-**	**3 460**	**4 751**	**5 511**

Direct Credit Facilities at Amortized Cost - Government & Public Sector

The table below shows the credit quality and the maximum exposure to credit risk based on the bank's internal credit rating system.

	31 December 2022				31 December 2021
	Stage 1	Stage 2	Stage 3	**Total**	**Total**
	USD '000	USD '000	USD '000	**USD '000**	**USD '000**
Low risk / performing (1-2)	1 435 232	-	-	**1 435 232**	**1 112 678**
Acceptable risk / performing (3-7)	1 546 515	48 837	-	**1 595 352**	**1 385 888**
Non-performing (8-10):					
- Substandard	-	-	-	**-**	**247**
- Doubtful	-	-	-	**-**	**-**
- Problematic	-	-	642	**642**	**494**
Total	**2 981 747**	**48 837**	**642**	**3 031 226**	**2 499 307**

-Probability of default at low risk 0.0% -0.12%
-Probability of default at acceptable risk 0.12% - 24%
-Probability of default at High risk 100%

The movement on total direct credit facilities at amortized cost - Government & Public Sector is as follows:

	31 December 2022				31 December 2021
	Stage 1	Stage 2	Stage 3	**Total**	**Total**
	USD '000	USD '000	USD '000	**USD '000**	**USD '000**
Balance at the beginning of the year	**2 386 595**	**111 971**	**741**	**2 499 307**	**1 363 686**
Acquisition of Oman Arab Bank (Note 6)	-	-	-	**-**	**880 268**
Amended balance at the beginning of the year	**2 386 595**	**111 971**	**741**	**2 499 307**	**2 243 954**
New balances (Additions)	1 234 918	457	93	**1 235 468**	**829 522**
Repaid balances (excluding write offs)	(639 892)	(12 181)	(138)	**(652 211)**	**(555 736)**
Transfers to stage 1	55 343	(55 343)	-	**-**	**-**
Transfers to stage 2	(10 917)	10 917	-	**-**	**-**
Transfers to stage 3	-	-	-	**-**	**-**
Translation Adjustments	(44 300)	(6 984)	(54)	**(51 338)**	**(18 433)**
Total	**2 981 747**	**48 837**	**642**	**3 031 226**	**2 499 307**

The movement of ECL charges on direct credit facilities at amortized cost - Government & Public Sector is as follows:

	31 December 2022				31 December 2021
	Stage 1	Stage 2	Stage 3	**Total**	**Total**
	USD '000	USD '000	USD '000	**USD '000**	**USD '000**
Balance at the beginning of the year	**8 576**	**2 745**	**685**	**12 006**	**7 643**
Acquisition of Oman Arab Bank (Note 6)	-	-	-	**-**	**4 626**
Amended balance at the beginning of the year	**8 576**	**2 745**	**685**	**12 006**	**12 269**
ECL charges during the year	5 762	665	352	**6 779**	**(26)**
Recoveries (excluding write offs)	(1 149)	(1 115)	-	**(2 264)**	**(380)**
Transfers to stage 1	471	(471)	-	**-**	**-**
Transfers to stage 2	(7)	7	-	**-**	**-**
Transfers to stage 3	-	-	-	**-**	**-**
Impact on year end ECL caused by transfers between stages during the year	-	-	-	-	109
Adjustments during the year	-	-	-	-	350
Translation Adjustments	(333)	(218)	37	(514)	(316)
Total	**13 320**	**1 613**	**1 074**	**16 007**	**12 006**

Direct Credit Facilities at Amortized Cost - Real Estate

The table below shows the credit quality and the maximum exposure to credit risk based on the bank's internal credit rating system.

	31 December 2022				31 December 2021
	Stage 1	Stage 2	Stage 3	**Total**	**Total**
	USD '000	USD '000	USD '000	**USD '000**	**USD '000**
Low risk / performing (1-2)	352 986	-	-	**352 986**	**353 540**
Acceptable risk / performing (3-7)	4 373 945	192 533	-	**4 566 478**	**4 534 797**
Non-performing (8-10):					
- Substandard	-	-	14 436	**14 436**	**15 301**
- Doubtful	-	-	17 017	**17 017**	**16 507**
- Problematic	-	-	82 720	**82 720**	**74 579**
Total	**4 726 931**	**192 533**	**114 173**	**5 033 637**	**4 994 724**

-Probability of default at low risk 0.0% -1.25%
-Probability of default at acceptable risk 1.3% - 42%
-Probability of default at High risk 100%

The movement on total direct credit facilities at amortized cost - Real Estate is as follows:

	31 December 2022				31 December 2021
	Stage 1	Stage 2	Stage 3	**Total**	**Total**
	USD '000	USD '000	USD '000	**USD '000**	**USD '000**
Balance at the beginning of the year	**4 653 399**	**234 938**	**106 387**	**4 994 724**	**2 692 231**
Acquisition of Oman Arab Bank (Note 6)	-	-	-	-	**2 125 174**
Amended balance at the beginning of the year	**4 653 399**	**234 938**	**106 387**	**4 994 724**	**4 817 405**
New balances (Additions)	618 263	32 008	32 829	**683 100**	**722 217**
Repaid balances (excluding write offs)	(481 744)	(86 524)	(16 054)	**(584 322)**	**(492 585)**
Transfers to stage 1	18 521	(17 216)	(1 305)	-	-
Transfers to stage 2	(16 906)	33 099	(16 193)	-	-
Transfers to stage 3	(6 659)	(3 076)	9 735	-	-
Written off balances or transferred to off statement of financial position	-	-	(187)	**(187)**	**(1 746)**
Adjustments during the year	-	-	-	-	-
Translation Adjustments	(57 943)	(696)	(1 039)	**(59 678)**	**(50 567)**
Total	**4 726 931**	**192 533**	**114 173**	**5 033 637**	**4 994 724**

The movement of ECL charges on direct credit facilities at amortized cost - Real Estate is as follows:

	31 December 2022				31 December 2021
	Stage 1	Stage 2	Stage 3	**Total**	**Total**
	USD '000	USD '000	USD '000	**USD '000**	**USD '000**
Balance at the beginning of the year	**14 939**	**22 429**	**50 203**	**87 571**	**36 921**
Acquisition of Oman Arab Bank (Note 6)	-	-	-	-	**42 044**
Amended balance at the beginning of the year	**14 939**	**22 429**	**50 203**	**87 571**	**78 965**
ECL charges during the year	2 017	813	3 912	6 742	**15 380**
Recoveries (excluding write offs)	(3 628)	(10 517)	(12 927)	(27 072)	**(5 523)**
Transfers to stage 1	742	(739)	(3)	-	-
Transfers to stage 2	(1 039)	1 400	(361)	-	-
Transfers to stage 3	(14)	(620)	634	-	-
Impact on year end ECL caused by transfers between stages during the year	-	482	59	541	**(4)**
Written off balances or transferred to off statement of financial position	-	-	-	-	**(1 520)**
Adjustments during the year	(466)	3 610	(308)	2 836	**331**
Translation Adjustments	(46)	(29)	(29)	(104)	**(58)**
Total	**12 505**	**16 829**	**41 180**	**70 514**	**87 571**

14. Other financial assets at amortized cost

The details of this item are as follows:

	31 December	
	2022	2021
	USD '000	USD '000
Treasury bills	2 583 487	2 229 828
Government bonds and bonds guaranteed by the government	6 075 044	6 954 163
Corporate bonds	1 387 990	1 411 547
Less: Net ECL Charges	(44 046)	(34 365)
Total	**10 002 475**	**10 561 173**

Analysis of bonds based on interest nature:

	31 December	
	2022	2021
	USD '000	USD '000
Floating interest rate	374 082	742 911
Fixed interest rate	9 672 439	9 852 627
Less: Net ECL Charges	(44 046)	(34 365)
Total	**10 002 475**	**10 561 173**

Analysis of financial assets based on market quotation:

	31 December	
Financial assets quoted in the market:	2022	2021
	USD '000	USD '000
Treasury bills	1 219 414	1 099 121
Government bonds and bonds guaranteed by the government	1 559 113	2 298 270
Corporate bonds	1 276 778	1 286 285
Total	**4 055 305**	**4 683 676**

	31 December	
Financial assets unquoted in the market:	2022	2021
	USD '000	USD '000
Treasury bills	1 364 073	1 130 707
Government bonds and bonds guaranteed by the government	4 515 931	4 655 893
Corporate bonds	111 212	125 262
Total	**5 991 216**	**5 911 862**
Less: Net ECL Charges	(44 046)	(34 365)
Grand Total	**10 002 475**	**10 561 173**

Other Financial Assets at Amortized Cost

The table below shows the credit quality and the maximum exposure to credit risk based on the bank's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances.

	31 December 2022				31 December 2021
	Stage 1	Stage 2	Stage 3	**Total**	**Total**
	USD '000	USD '000	USD '000	**USD '000**	**USD '000**
Low risk / performing (1-2)	9 868 706	-	-	**9 868 706**	**10 500 203**
Acceptable risk / performing (3-7)	144 785	33 030	-	**177 815**	**95 335**
Total	**10 013 491**	**33 030**	**-**	**10 046 521**	**10 595 538**

-Probability of default at low risk 0.0% -0.9%

-Probability of default at acceptable risk 0.9% - 40.2%

-Probability of default at High risk 100%

An analysis of change in the gross carrying amount and the corresponding ECL allowance is as follows:

	31 December 2022				31 December 2021
	Stage 1	Stage 2	Stage 3	**Total**	**Total**
	USD '000	USD '000	USD '000	**USD '000**	**USD '000**
Balance at the beginning of the year	**10 510 576**	**84 962**	**-**	**10 595 538**	**8 802 822**
Acquisition of Oman Arab Bank (Note 6)	-	-	-	**-**	**493 672**
Amended balance at the beginning of the year	**10 510 576**	**84 962**	**-**	**10 595 538**	**9 296 494**
New investments (Additions)	6 538 594	-	-	**6 538 594**	**8 797 578**
Matured investments	(6 661 207)	(142)	-	**(6 661 349)**	**(6 792 827)**
Transfers to stage 1	56 659	(56 659)	-	**-**	**-**
Transfers to stage 2	(5 297)	5 297	-	**-**	**-**
Adjustments during the year	-	-	-	**-**	**(2)**
Translation Adjustments	(425 834)	(428)	-	**(426 262)**	**(705 705)**
Total	**10 013 491**	**33 030**	**-**	**10 046 521**	**10 595 538**

The movement of ECL charges on other financial assets at amortized cost is as follows:

	31 December 2022				31 December 2021
	Stage 1	Stage 2	Stage 3	**Total**	**Total**
	USD '000	USD '000	USD '000	**USD '000**	**USD '000**
Balance at the beginning of the year	**14 388**	**19 977**	**-**	**34 365**	**40 033**
Acquisition of Oman Arab Bank (Note 6)	-	-	-	**-**	**174**
Amended balance at the beginning of the year	**14 388**	**19 977**	**-**	**34 365**	**40 207**
ECL charges during the year	13 219	44	-	**13 263**	**772**
Recoveries from matured investments	(1 858)	(475)	-	**(2 333)**	**(7 101)**
Transfers to stage 2	(3)	3	-	**-**	**-**
Adjustments during the year	(483)	(398)	-	**(881)**	**937**
Translation Adjustments	(337)	(31)	-	**(368)**	**(450)**
Total	**24 926**	**19 120**	**-**	**44 046**	**34 365**

During the year ended 31 December 2022 certain financial assets at amortized cost amounted to USD 52.9 million were sold (USD 62 million during the year ended 31 December 2021).

15 - INVESTMENT IN ASSOCIATES

The details of this item are as follows:

	31 December 2022						
	Ownership and Voting Rights	Investment Carrying Value	Place of Incorporation	Market Value	Published Financial Statements Date	Principal Activity	Date of Acquisition
	%	USD '000					
Arab National Bank	40.00	3 482 325	Saudi Arabia	5 128 000	2022	Banking	1979
Arabia Insurance Company	42.51	44 263	Lebanon	Unquoted	2021	Insurance	1972
Commercial buildings	35.39	10 422	Lebanon	Unquoted	2021	Real Estate Operating Lease	1966
Ubhar Capital SAOC (An Associate Company of Arab Bank Switzerland)	34.00	9 883	Oman	Unquoted	2022	Investment and Financial Services	2016
Other Associates (Mostly owned by Arab Tunisian Bank)*	Various	11 971	Various			Various	
Total		**3 558 864**					

	31 December 2021						
	Ownership and Voting Rights	Investment Carrying Value	Place of Incorporation	Market Value	Published Financial Statements Date	Principal Activity	Date of Acquisition
	%	USD '000					
Arab National Bank	40.00	3 340 467	Saudi Arabia	3 657 600	2021	Banking	1979
Arabia Insurance Company	42.51	38 281	Lebanon	Unquoted	2020	Insurance	1972
Commercial buildings	35.39	10 371	Lebanon	Unquoted	2020	Real Estate Operating Lease	1966
Ubhar Capital SAOC (An Associate Company of Arab Bank Switzerland)	34.00	9 559	Oman	Unquoted	2021	Investment and Financial Services	2016
Other Associates (Mostly owned by Arab Tunisian Bank)*	Various	14 221	Various			Various	
Total		**3 412 899**					

The details of movement on investments in associates are as follows:

	2022	2021
	USD '000	USD '000
Balance at the beginning of the year	**3 412 899**	**3 804 212**
Purchase of investments in associates	(611)	96
Reclassification of Oman Arab Bank (Note 6)	-	(499 805)
Group's share of profits for the year	384 494	276 818
Dividends received	(196 345)	(194 106)
Translation Adjustment	(4 177)	3 614
Group's share of other changes in equity	(37 396)	22 070
Balance at the end of the year	**3 558 864**	**3 412 899**
Group's share of taxes	**86 299**	**70 356**

* This account represents mostly the investments in Arab Tunisian Lease Company, Arabia Sicaf and Arab Tunisian Invest Company.

The Group's share from the profit and loss of the associates are as follows:

	31 December	
	2022	**2021**
	USD '000	USD '000
Arab National Bank	387 860	280 186
Arabia Insurance Company	(3 304)	(4 605)
Other	(62)	1 237
Total	**384 494**	**276 818**

The Group's share of associates are as follows:

	31 December					
	2022			2021		
	Arab National Bank	Others	**Total**	Arab National Bank	Others	**Total**
	USD '000	USD '000	**USD '000**	USD '000	USD '000	**USD '000**
Total Assets	22 691 616	323 271	23 014 887	20 553 685	294 855	**20 848 540**
Total Liabilities	19 209 291	246 732	19 456 023	17 434 986	221 768	**17 656 754**
Total Revenue	743 864	16 504	760 368	625 348	16 428	**641 776**
Total Expenses	356 004	19 870	375 874	345 162	19 796	**364 958**
Net Profit	**387 860**	**(3 366)**	**384 494**	**280 186**	**(3 368)**	**276 818**

16 - FIXED ASSETS

The details of this item are as follows:

	Land	Buildings	Furniture, Fixtures and Equip-ment	Computers and Com-munication Equipment	Motor Vehicles	Other	**Total**
Historical Cost:	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	**USD '000**
Balance as of 1 January 2021	**96 371**	**390 588**	**251 267**	**199 148**	**15 695**	**95 575**	**1 048 644**
Acquistion of Oman Arab Bank (Note 6)	17 722	49 348	35 423	54 661	829	39 396	**197 379**
Additions	964	6 260	10 197	29 023	1 922	29 480	**77 846**
Disposals	(328)	(37 820)	(2 880)	(2 328)	(272)	(12 708)	**(56 336)**
Adjustments during the year	4 555	(4 760)	3 937	42 897	-	(36 209)	**10 420**
Translation Adjustments	(1 017)	(9 421)	(3 400)	(6 051)	(583)	(2 605)	(23 077)
Balance as of 31 December 2021	**118 267**	**394 195**	**294 544**	**317 350**	**17 591**	**112 929**	**1 254 876**
Additions	-	10 050	13 865	42 917	307	7 742	**74 881**
Disposals	(935)	(169)	(3 445)	(5 915)	(1 002)	(3 102)	**(14 568)**
Adjustments during the year	-	-	(18)	(3 629)	-	160	**(3 487)**
Translation Adjustments	(181)	(2 297)	(1 437)	(5 142)	(691)	(2 306)	**(12 054)**
Balance at 31 December 2022	**117 151**	**401 779**	**303 509**	**345 581**	**16 205**	**115 423**	**1 299 648**
Accumulated Depreciation :							
Balance as of 1 January 2021	**-**	**167 343**	**186 712**	**155 003**	**11 797**	**69 271**	**590 126**
Acquistion of Oman Arab Bank (Note 6)	-	11 987	28 164	41 958	743	15 992	**98 844**
Depreciation charge for the year	-	11 879	17 294	30 720	1 472	7 786	**69 151**
Disposals	-	(6 705)	(2 392)	(2 176)	(272)	(10 368)	**(21 913)**
Adjustments during the year	-	(214)	141	1	(6)	52	**(26)**
Translation adjustments	-	(3 226)	(2 681)	(4 979)	(414)	(1 961)	(13 261)
Balance as of 31 December 2021	**-**	**181 064**	**227 238**	**220 527**	**13 320**	**80 772**	**722 921**
Depreciation charge for the year	-	10 581	16 001	33 268	1 357	6 941	**68 148**
Disposals	-	(54)	(3 345)	(5 841)	(978)	(1 653)	**(11 871)**
Adjustments during the year	-	-	-	(3 265)	(2)	-	**(3 267)**
Translation adjustments	-	(1 472)	(858)	(2 737)	(235)	(1 374)	**(6 676)**
Balance at 31 December 2022	**-**	**190 119**	**239 036**	**241 952**	**13 462**	**84 686**	**769 255**
Net Book Value as of 31 December 2022	**117 151**	**211 660**	**64 473**	**103 629**	**2 743**	**30 737**	**530 393**
Net Book Value as of 31 December 2021	**118 267**	**213 131**	**67 306**	**96 823**	**4 271**	**32 157**	**531 955**

* The cost of fully depreciated fixed assets amounted to USD 519 million as of 31 December 2022 (USD 428.8 million as of 31 December 2021).

17. Other Assets

The details of this item are as follows:

	31 December 2022	31 December 2021
	USD '000	USD '000
Accrued interest receivable	392 661	351 575
Prepaid expenses	49 457	56 352
Foreclosed assets *	177 325	163 793
Intangible assets **	31 404	35 106
Right of use assets ***	87 697	96 752
Other miscellaneous assets	290 106	272 691
Total	**1 028 650**	**976 269**

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

* The details of movement on foreclosed assets are as follows:

	31 December 2022			
	Land	Buildings	Other	**Total**
	USD '000	USD '000	USD '000	**USD '000**
Balance at the beginning of the year	**72 405**	**91 117**	**271**	**163 793**
Additions	15 403	13 681	-	29 084
Disposals	(1 427)	(9 906)	-	**(11 333)**
Provision for impairment and impariment losses	172	(2 998)	-	**(2 826)**
Translation adjustments	(1 282)	(111)	-	**(1 393)**
Balance at the end of the year	**85 271**	**91 783**	**271**	**177 325**

	31 December 2021			
	Land	Buildings	Other	**Total**
	USD '000	USD '000	USD '000	**USD '000**
Balance at the beginning of the year	**69 596**	**82 534**	**271**	**152 401**
Additions	6 206	23 775	-	**29 981**
Disposals	(1 345)	(13 980)	-	**(15 325)**
Provision for impairment and impariment losses	(1 759)	(583)	-	**(2 342)**
Translation adjustments	(293)	(629)	-	**(922)**
Balance at the End of the Year	**72 405**	**91 117**	**271**	**163 793**

** The details of movement on intangible assets are as follows:

	31 December 2022	31 December 2021
	USD '000	USD '000
Balance at the beginning of the year	**35 106**	**34 272**
Additions	14 154	26 867
Disposals	-	-
Amortization charge for the year	(16 603)	(14 484)
Adjustment during the year and translation adjustments	(1 253)	(11 549)
Balance at the End of the Year	**31 404**	**35 106**

*** The dateails of movement of right of use assets are as follows :

	31 December 2022	31 December 2021
	USD '000	USD '000
Balance at the beginning of the year	**96 752**	**86 315**
Additions	14 678	34 186
Depreciation	(23 733)	(23 749)
Balance at the End of the Year	**87 697**	**96 752**

18. Deferred Tax Assets

The details of this item are as follows :

	31 December 2022					
	Balance at the Beginning of the Year	Amounts Added	Amounts Released	Adjustments During the Year and Translation Adjustments	Balance at the End of the Year	Deferred Tax
	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
Expected Credit Losses	673 770	294 993	(234 611)	(328)	733 824	188 094
End-of-Service indemnity	61 683	8 731	(8 305)	-	62 109	33 008
Interest in suspense	101 441	74 574	(49 632)	-	126 383	18 550
Other	167 681	36 551	(37 701)	5 462	171 993	40 293
Total	**1 004 575**	**414 849**	**(330 249)**	**5 134**	**1 094 309**	**279 945**

	31 December 2021							
	Balance at the Beginning of the Year	Acquistion of Oman Arab Bank (Note 6)	Amended Balance at the Beginning of the Year	Amounts Added	Amounts Released	Adjustments During the Year and Translation Adjustments	Balance at the End of the Year	Deferred Tax
	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
Expected Credit Losses	593 680	-	593 680	299 332	(205 487)	(13 755)	673 770	166 268
End-of-Service indemnity	76 783	-	76 783	4 498	(10 741)	(8 857)	61 683	18 406
Interest in suspense	79 906	-	79 906	64 021	(42 486)	-	101 441	26 300
Other	80 427	42 589	123 016	50 448	(25 731)	19 948	167 681	37 524
Total	**830 796**	**42 589**	**873 385**	**418 299**	**(284 445)**	**(2 664)**	**1 004 575**	**248 498**

Deferred tax results from temporary timing differences of the provisions not deducted for tax purposes in the current year or previous years. This is calculated according to the regulations of the countries where the Group operates.

The details of movements on deferred tax assets are as follows:

	31 December	
	2022	**2021**
	USD '000	USD '000
Balance at the beginning of the year	**248 498**	**214 933**
Acquisition of Oman Arab Bank (Note 6)	-	6 387
Amended balance at the beginning of the year	**248 498**	**221 320**
Additions during the year	129 350	114 579
Amortized during the year	(98 745)	(86 985)
Adjustments during the year and translation adjustments	842	(416)
Balance at the end of the year	**279 945**	**248 498**

19. Banks and Financial Institutions Deposits

The details of this item are as follows:

	31 December 2022			31 December 2021		
	Inside Jordan	Outside Jordan	Total	Inside Jordan	Outside Jordan	Total
	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
Current and demand	-	448 142	448 142	-	641 238	641 238
Time deposits	50 680	3 018 818	3 069 498	80 181	3 271 280	3 351 461
Total	**50 680**	**3 466 960**	**3 517 640**	**80 181**	**3 912 518**	**3 992 699**

20. Customers' Deposits

The details of this item are as follows:

	31 December 2022				
	Consumer Banking	Corporates		Government and Public Sector	Total
		Small and 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
Total	**26 200 134**	**4 385 751**	**9 502 498**	**5 198 988**	**45 287 371**

	31 December 2021				
	Consumer Banking	Corporates		Government and Public Sector	Total
		Small and Medium	Large		
	USD '000	USD '000	USD '000	USD '000	USD '000
Current and demand	10 978 690	2 979 364	3 819 526	1 309 225	19 086 805
Savings	5 372 418	134 073	18 919	51 751	5 577 161
Time and notice	9 732 761	1 340 172	3 983 992	4 017 431	19 074 356
Certificates of deposit	613 070	17 510	114 008	2 601	747 189
Total	**26 696 939**	**4 471 119**	**7 936 445**	**5 381 008**	**44 485 511**

- Government of Jordan and Jordanian public sector deposits amounted to USD 1305.1 million, or 2.9 % of total customer deposits as of 31 December 2022 (USD 1197.7 million , or 2.7% of total customer deposits as of 31 December 2021).
- Non-interest bearing deposits amounted to USD 15437.1 million, or 34.1 % of total customer deposits as of 31 December 2022 (USD 16012.4 million or 36% of total customer deposits as of 31 December 2021).
- Blocked deposits amounted to USD 177.6 million, or 0.4% of total customer deposits as of 31 December 2022 (USD 131.5 million or 0.3% of total customer deposit as of 31 December 2021).
- Dormant deposits amounted to USD 389.3 million, or 0.9% of total customer deposits as of 31 December 2022 (USD 418 million , or 0.9% of total customer deposits as of 31 December 2021).

21. Cash Margin

The details of this item are as follows:

	31 December	
	2022	**2021**
	USD '000	USD '000
Against direct credit facilities at amortized cost	1 715 569	1 773 098
Against indirect credit facilities	737 701	824 147
Against margin trading	2 434	3 049
Other cash margins	5 796	6 837
Total	**2 461 500**	**2 607 131**

22. Borrowed Funds

The details of this item are as follows:

	31 December	
	2022	**2021**
	USD '000	USD '000
From Central Banks *	162 385	159 466
From banks and financial institutions **	359 983	462 994
Total	**522 368**	**622 460**

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

	31 December	
	2022	**2021**
	USD '000	USD '000
Floating interest rate	351 604	351 975
Fixed interest rate	170 764	270 485
Total	**522 368**	**622 460**

* During 2013, Arab Bank (Jordan branches) signed a loan agreement with the Central Bank of Jordan amounting to USD 5.6 million, for the duration of 15 years of which 5 years are grace period with an interest rate of (2.5%) for the year 2013 and a floating interest rate of (1.8%+LIBOR 6 months) for the years after 2013. The agreement aims to support SMEs and Extra Small Companies. The loan is repaid semi-annually, with installments in March and September of each year. The Balance of the loan as of 31 December 2022 amounted to USD 2.8 million (USD 3.4 million as of 31 December 2021).

* During 2014, Arab Bank (Jordan branches) signed a loan agreement with the Central Bank of Jordan amounting to USD 3.9 million, for the duration of 10 years of which 3 years are grace period and with a fixed interest rate of 2.5%. The agreement aims to support SMEs and Extra Small Companies. The loan is repaid semi-annually, with installments in March and September of each year, the first installement was in 15/9/2017 and the last one will be due on 15/9/2024. The Balance of the loan as of 31 December 2022 amounted to USD 900 thousand (USD 1.4 Million as of 31 December 2021).

* Untill 31 December 2022, Arab Bank (Jordan branches) granted loans against medium term advances from the Central Bank of Jordan with fixed interest rate equal to the discount rate disclosed on the grant day after deducting 0.5% for advances outside Amman and 1% for advances inside Amman , The advances are repaid in accordance with customers monthly installments, these advances amounted USD 119.8 million as of 31 December 2022 (USD 102.3 million as of 31 December 2021).

* During 2016, Arab Bank (Jordan branches) signed a loan agreement with the Central Bank of Jordan amounting to USD 5.1 million, for the duration of 15 years of which 5 years are grace period with a floating interest rate of (1.85%+LIBOR 6 months). The agreement aims to support SMEs and Extra Small Companies. The loan is repaid semi-annually, with installments in March and September of each year. The Balance of the loan as of 31 December 2022 amounted to USD 3.8 million (USD 4.3 million as of 31 December 2021).

* During 2017, Arab Bank (Jordan branches) signed a loan agreement with the Central Bank of Jordan amounting to USD 10.9 million, for the duration of 22 years of which 5 years are grace period with an interest rate of 3% (CBJ has the right to amend the interest rate every two years up to 3.5%). The agreement aims to support SMEs and Extra Small Companies. The loan is repaid semi-annually, with installments in May and November of each year. The Balance of the loan as of 31 December 2022 amounted to USD 8 million (USD 6.6 million as of 31 December 2021).

During 2021, Arab Bank (Jordan branches) granted loans against diminishing advances in response to the Central Bank of Jordan programe to support SMEs to face COVID-19 with 0% fixed interest rate, These loans are repaid on long term extended to 42 months, with a grace period up to 12 months. The amount of the granted loans as of 31 December 2022 amounted to USD 26.7 million (USD 41.4 million as of 31 December 2021).

"** During 2018, Arab Bank (Jordan branches) signed loans agreements with European Investment Bank amounting to USD 331.3 million, for the duration of 7 years, in the same year Arab Bank withdrew the first installment in the amount of USD 100 million for the duration of 7 years with a floating interest rate of (1.392%+LIBOR 6 months) the interest is repaid in 2 installments during the year, the loan is repaid semi-annually in March and September of each year, the first installment started on 15 September 2020 and the last one will be on 15 September 2025. The Balance of the loan as of 31 December 2022 amounted to USD 54.4 million (USD 72.7 million as of 31 December 2021).

** During 2019, Arab Bank (Jordan branches) withdrew the second installment in the amount of USD 69.8 million for the duration of 7 years with a floating interest rate of (1.503%+LIBOR 6 months) the interest is repaid in 2 installments during the year, the loan is repaid semi-annually in March and September of each year, the first installment will be on 15 September 2021 and the last one will be on 16 March 2026. the Balance of the loan as of 31 December 2022 amounted to USD 48.9 million (USD 62.8 million as of 31 December 2021).

** During 2020, Arab Bank (Jordan branches) withdrew the third installment in the amount of USD 161.8 million for the duration of 7 years with a floating interest rate of (1.704%+LIBOR 6 months) the interest is repaid in 2 installments during the year, the loan is repaid semi-annually in March and September of each year, the first installment will fall due on 15 September 2022 and the last one will be on 15 March 2027. the Balance of the loan as of 31 December 2022 amounted to USD 145.6 million (USD 161.8 million as of 31 December 2021) .

** During 2021 Arab National Leasing Co. signed loan agreement with Jordanian Mortgage Refinance Company for a duration of three years with a fixed interest rate of 4.5% , the balance of the loan as of 31 December 2022 amounted to USD 7.1 million (USD 7.1 million as of 31 December 2021).

"** Arab Tunisian Bank borrowed amounts from banks and financial institutions, as well issued syndicated term loans, the balance amounted to USD 103.9 million as of 31 December 2022 (USD 158.6 million as of 31 December 2021) whereas the lowest interest rate is (0.7%) and the highest is (9.3%) and the last maturity date is on 19 May 2032, as per the following details:

	31 December	
	2022	**2021**
	USD '000	USD '000
Loans maturing within one year	37 308	75 226
Loans maturing after 1 year and less than 3 years	48 791	22 691
Loans maturing after 3 years	17 795	60 666
Total	**103 894**	**158 583**

23. Provision for Income Tax

The details of this item are as follows:

	31 December	
	2022	**2021**
	USD '000	USD '000
Balance at the beginning of the year	**202 477**	**275 406**
Acquistion of Oman Arab Bank (Note 6)	-	11 706
Amended balance at the beginning of the year	**202 477**	**287 112**
Income tax charge	331 988	199 725
Income tax paid	(241 436)	(284 360)
Balance at the end of the year	**293 029**	**202 477**

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

	31 December	
	2022	**2021**
	USD '000	USD '000
Income tax charge for the year	331 988	199 725
Deferred tax assets for the year	(125 397)	(114 083)
Amortization of deferred tax assets	98 745	86 270
Deferred tax liabilities for the year	1 717	1 710
Amortization of deferred tax liabilities	(7)	(44)
Total	**307 046**	**173 578**

- 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 investments and branches ranges from zero to 38% as of 31 December 2022 and 2021. Arab Bank Group effective tax rate was 36.1% as of 31 December 2022 and 35.6% as of 31 December 2021.
- The subsidiaries and branches of Arab Bank Group have reached recent tax settlements ranging between 2021 such as Arab Bank United Arab Emirates and 2020 such as Islamic Internatioanl Arab Bank.

24. Other Provisions

The details of this item are as follows:

	31 December 2022					
	Balance at the Beginning of the Year	Additions during the Year	Utilized or transferred during the Year	Released to Income	Adjustments during the Year and Translation Adjustments	Balance at the End of the Year
	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
End-of-service indemnity	114 815	14 249	(3 801)	(71)	(1 533)	123 659
Legal cases	8 683	2 782	(34)	(3 186)	(262)	7 983
Other	94 131	2 662	(371)	(4 011)	8 370	100 781
Total	**217 629**	**19 693**	**(4 206)**	**(7 268)**	**6 575**	**232 423**

	31 December 2021					
	Balance at the Beginning of the Year	Addition during the Year	Utilized or transferred during the Year	Released to Income	Adjustments during the Year and Translation Adjustments	Balance at the End of the Year
	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
End-of-service indemnity	126 580	8 795	(13 563)	(48)	(6 949)	114 815
Legal cases	8 783	3 096	(290)	(2 763)	(143)	8 683
Other	94 706	9 321	(776)	(6 424)	(2 696)	94 131
Total	230 069	**21 212**	**(14 629)**	**(9 235)**	**(9 788)**	**217 629**

25. Other Liabilities

The details of this item are as follows:

	31 December	
	2022	**2021**
	USD '000	USD '000
Accrued interest payable	299 772	189 031
Notes payable	150 927	189 180
Interest and commission received in advance	80 463	90 755
Accrued expenses	148 965	131 428
Dividends payable to shareholders	17 455	17 138
Provision for impairment - ECL of the indirect credit facilities*	176 384	145 511
Lease liabilities	86 056	98 361
Other miscellaneous liabilities	610 150	391 367
Total	**1 570 172**	**1 252 771**

Indirect Credit Facilities

The table below shows the credit quality and the maximum exposure to credit risk based on the bank's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances.

	31 December 2022				31 December 2021
	Stage 1	Stage 2	Stage 3	Total	Total
	USD '000	USD '000	USD '000	USD '000	USD '000
Low risk / performing (1-2)	1 079 693	-	-	1 079 693	818 875
Acceptable risk / performing (3-7)	15 431 657	855 636	-	16 287 293	17 035 825
Non-performing (8-10):	-	-	132 038	132 038	162 820
Total	**16 511 350**	**855 636**	**132 038**	**17 499 024**	**18 017 520**

-Probability of default at low risk 0.0% -0.12%

-Probability of default at acceptable risk 0.12% - 24%

-Probability of default at High risk 100%

The movement on total indirect credit facilities is as follows::

	31 December 2022				31 December 2021
	Stage 1	Stage 2	Stage 3	Total	Total
	USD '000	USD '000	USD '000	USD '000	USD '000
Balance at beginning of the year	**16 880 115**	**974 585**	**162 820**	**18 017 520**	**15 636 121**
Acquisition of Oman Arab Bank (Note 6)	-	-	-	-	2 367 836
Amended balance at the beginning of the year	**16 880 115**	**974 585**	**162 820**	**18 017 520**	**18 003 957**
New balances (Additions)	5 520 908	169 453	5 278	5 695 639	4 886 944
Matured balances	(5 451 465)	(273 588)	(32 984)	(5 758 037)	(4 682 267)
Transfers to stage 1	82 355	(82 140)	(215)	-	-
Transfers to stage 2	(93 393)	98 694	(5 301)	-	-
Transfers to stage 3	(936)	(2 097)	3 033	-	-
Translation Adjustments	(426 234)	(29 271)	(593)	(456 098)	(191 114)
Total	**16 511 350**	**855 636**	**132 038**	**17 499 024**	**18 017 520**

The movement of ECL charges on indirect credit facilitiess is as follows:

	31 December 2022				31 December 2021
	Stage 1	Stage 2	Stage 3	Total	Total
	USD '000	USD '000	USD '000	USD '000	USD '000
Balance at beginning of the year	**29 517**	**23 549**	**92 445**	**145 511**	**91 950**
Acquisition of Oman Arab Bank (Note 6)	-	-	-	-	1 569
Amended balance at the beginning of the year	**29 517**	**23 549**	**92 445**	**145 511**	**93 519**
ECL charges during the year	12 415	7 521	9 956	29 892	79 532
Recoveries (excluding write offs)	(8 389)	(9 330)	(1 455)	(19 174)	(26 949)
Transfers to stage 1	2 144	(2 144)	-	-	-
Transfers to stage 2	(142)	142	-	-	-
Transfers to stage 3	(1)	(7)	8	-	-
Impact on year end ECL caused by transfers between stages during the year	-	933	-	933	-
Adjustments during the year	646	247	18 784	19 677	157
Translation Adjustments	(3 317)	1 662	1 200	(455)	(748)
Total	**32 873**	**22 573**	**120 938**	**176 384**	**145 511**

26. Deferred Tax Liabilities

Items attributable to deferred tax liabilities are as follows:

	31 December 2022					
	Balance at the Beginning of the Year	Amounts Added	Amounts Released	Adjustments during the Year and Translation Adjustments	Balance at the End of the Year	Deferred Tax
	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
Other	31 200	13 370	(611)	(4 097)	39 862	9 253
Total	**31 200**	**13 370**	**(611)**	**(4 097)**	**39 862**	**9 253**

	31 December 2021					
	Balance at the Beginning of the Year	Amounts Added	Amounts Released	Adjustments during the Year and Translation Adjustments	Balance at the End of the Year	Deferred Tax
	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
Other	23 318	8 491	(236)	(373)	31 200	7 295
Total	**23 318**	**8 491**	**(236)**	**(373)**	**31 200**	**7 295**

:The details of movements on deferred tax liabilities are as follows

	31 December	
	2022	**2021**
	USD '000	USD '000
Balance at the beginning of the year	7 295	5 672
Additions during the year	2 167	1 717
Amortized during the year	(101)	(44)
Adjustments during the year and translation adjustments	(108)	(50)
Balance at the end of the year	**9 253**	**7 295**

27. Share Capital & Premium

a .Share Capital amounted to USD 926.6 million distributed to 640.8 million shares as of 31 December 2022 and 2021 with an authorized capital of 640.8 million shares (at a par value of USD1.41 per share).

b. Share premium amounted to USD 1225.7 million as of 31 December 2022 and 2021.

28. Statutory Reserve

Statutory reserve amounted to USD 926.6 million as of 31 December 2022 and 2021, according to the regulations of the Central Bank of Jordan and Companies Law it can not be distributed to the shareholders of the banks.

29. Voluntary Reserve

The voluntary reserve amounted to USD 977.3 million as of 31 December 2022 and 2021. This reserve is used for purposes determined by the Board of Directors, and the General Assembly has the right to distribute it in whole or part thereof to shareholders as dividends.

30. General Reserve

The general reserve amounted to USD 1211.9 million as of 31 December 2022 and 2021. This reserve is used for purposes determined by the Board of Directors, and the General Assembly has the right to distribute it in whole or part thereof to shareholders as dividends.

31. General Banking Risks Reserve

The general banking risk reserve amounted to USD 153 million as of 31 December 2022 (USD 154.2 million as of 31 December 2021).

32. Foreign Currency Translation Reserve

The details of this item are as follows:

	31 December	
	2022	**2021**
	USD '000	USD '000
Balance at the beginning of the year	(291 987)	(160 209)
Changes during the year	(108 999)	(131 778)
Balance at the end of the year	**(400 986)**	**(291 987)**

33. Investment Revaluation Reserve

The details of this item are as follows:

	31 December	
	2022	**2021**
	USD '000	USD '000
Balance at the beginning of the year	(312 553)	(295 797)
Change in fair value during the year	(52 208)	(18 967)
Net realized losses transferred to retained earnings	2 171	2 211
Balance at the End of the Year	**(362 590)**	**(312 553)**

34. Perpetual Tier 1 Capital Bonds

A. On 29 December 2016, Oman Arab Bank issued unsecured perpetual Tier 1 bonds of USD 77.9 million. The bonds are listed on the Muscat Securities Market and are transferable through trading. The bonds carry a fixed coupon rate of 7.75% per annum payable semi-annually and treated as deduction from equity. Interest is non-cumulative and payable at Bank's discretion. The bonds form part of Tier 1 Capital of the Bank and comply with Basel-III and Central Bank of Oman regulation.

B. Additionally, on 17 October 2018, the Bank issued another series of unsecured perpetual Tier 1 bonds of USD 110.5 million. The bonds carry a fixed coupon rate of 7.5% per annum payable semi-annually and treated as deduction from equity. Interest is non-cumulative and payable at Bank's discretion. The bonds are in pari-passu with earlier issue.

C. Additionally, on 4 June 2021, the Bank issued another series of unsecured perpetual Tier 1 bonds of USD 250 million. The bonds carry a fixed coupon rate of 7.625% per annum payable semi-annually and treated as deduction from equity. Interest is non-cumulative and payable at Bank's discretion. The bonds are in pari-passu with earlier issue.

D. The Tier 1 bonds constitute direct, unconditional, subordinated and unsecured obligations of the Bank and are classified as equity in accordance with IAS 32: Financial Instruments – Classification. The Tier 1 bonds do not have a fixed or final maturity date and are redeemable by the Bank at its sole discretion. The bank has recalled these bonds under note (a) on 25 January 2022, bond under note (b) has First Call date on 17 October 2023 bond under note (c) has First Call date on 4 January 2026. These bonds may be recalled on any interest payment date thereafter subject to the prior consent of the regulatory authority.

35. Retained Earnings and Non-controlling interests

The movement of retained earnings are as follows:

	31 December	
	2022	**2021**
	USD '000	USD '000
Balance at the beginning of the year	**2 967 984**	**2 775 635**
Profit for the year Attributable to Shareholders of the Bank	520 276	306 721
Investments revaluation reserve transferred to retained earnings	(2 171)	(2 211)
Dividends paid *	(186 532)	(111 944)
Transferred from general banking risk reserve	1 141	-
Adjustments during the year	(11 405)	(217)
Balance at the end of the year	**3 289 293**	**2 967 984**

*Arab Bank plc Board of Directors recommended a 25% of par value as cash dividend, equivalent to USD 225.9 million, for the year 2022. This proposal is subject to the approval of the General Assembly of shareholders.. (The General Assembly of Arab Bank plc in its meeting held on 31 March 2022 approved the recommendation of the Bank's Board of Directors to distribute a 20% of par value as cash dividend, equivalent to USD 180.7 million for the year 2021).

The details of non-controlling interests are as follows:

	31 December 2022			31 December 2021		
	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
	Non-controlling interests %	Share of non-controlling interests of net assets	Share of non-controlling interests of net profits (loss)	Non-controlling interests %	Share of non-controlling interests of net assets	Share of non-controlling interests of net profits (loss)
Arab Tunisian Bank	35.76	51 644	849	35.76	57 098	(2 572)
Arab Bank Syria	48.71	23 762	(4)	48.71	23 192	(1 188)
Al Nisr Al Arabi Insurance Company plc	50.00	14 086	1 745	50.00	15 626	2 175
Oman Arab Bank	51.00	464 575	21 436	51.00	460 257	9 381
Total		**554 067**	**24 026**		**556 173**	**7 796**

The following are some basic financial data related to basic subsidiaries that contains non controlling interests:

	31 December 2022				31 December 2021			
	Arab Tunisian Bank	Arab Bank Syria	Oman Arab Bank	Al Nisr Al Arabi Insurance Company plc	Arab Tunisian Bank	Arab Bank Syria	Oman Arab Bank	Al Nisr Al Arabi Insurance Company plc
	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
Total Assets	2 452 569	122 091	9 509 685	180 440	2 651 149	116 137	8 878 484	176 515
Total Liabilities	2 286 004	73 165	8 598 754	152 267	2 467 207	68 388	7 976 019	145 259
Net Assets	**166 565**	**48 926**	**910 931**	**28 173**	**183 942**	**47 749**	**902 465**	**31 256**
Total Income	96 830	3 910	318 728	12 273	93 567	2 337	297 800	13 524
Total Expenses	94 455	3 919	276 697	8 783	100 760	4 775	279 405	9 174
Net Profit (Loss)	**2 375**	**(9)**	**42 031**	**3 490**	**(7 193)**	**(2 438)**	**18 395**	**4 350**

36 - INTEREST INCOME

The details of this item are as follows:	2022	2021
	USD '000	USD '000
Direct credit facilities at amortized cost *	1 904 445	1 695 777
Central banks	167 305	60 136
Banks and financial institutions	69 142	16 118
Financial assets at fair value through profit or loss	7 006	13 483
Financial assets at fair value through other comprehensive income	13 158	7 971
Other financial assets at amortized cost	422 428	415 496
Total	**2 583 484**	**2 208 981**

* The details of interest income earned on direct credit facilities at amortized cost are as follows:

	2022					
	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	2 163	9 478	35 886	4 254	2 829	**54 610**
Overdrafts	8 013	77 592	210 867	83	21 325	**317 880**
Loans and advances	345 228	122 437	681 430	2 700	86 692	**1 238 487**
Real estate loans	215 490	30 926	24 750	-	-	**271 166**
Credit cards	22 302	-	-	-	-	**22 302**
Total	**593 196**	**240 433**	**952 933**	**7 037**	**110 846**	**1 904 445**

	2021					
	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	2 903	10 203	31 118	2 238	2 990	**49 452**
Overdrafts	7 880	56 647	204 963	235	20 230	**289 955**
Loans and advances	308 072	106 918	616 041	2 405	49 680	**1 083 116**
Real estate loans	200 111	28 447	23 482	-	-	**252 040**
Credit cards	21 214	-	-	-	-	**21 214**
Total	**540 180**	**202 215**	**875 604**	**4 878**	**72 900**	**1 695 777**

37. Interest Expense

The details of this item are as follows::

	2022	**2021**
	USD '000	USD '000
Customers' deposits *	832 404	747 636
Banks' and financial institutions' deposits	72 873	38 982
Cash margins	38 623	25 212
Borrowed funds	24 206	20 942
Deposit insurance fees	30 574	25 782
Total	**998 680**	**858 554**

* The details of interest expense paid on customer deposits are as follows:

	2022				
	Consumer Banking	Corporates		Government and Public Sector	**Total**
		Small and Medium	Large		
	USD '000	USD '000	USD '000	USD '000	**USD '000**
Current and demand	30 291	3 969	28 356	18 939	**81 555**
Savings	52 861	1 042	75	296	**54 274**
Time and notice	279 948	31 704	156 031	163 147	**630 830**
Certificates of deposit	55 849	1 185	4 944	3 767	**65 745**
Total	**418 949**	**37 900**	**189 406**	**186 149**	**832 404**

	2021				
	Consumer Banking	Corporates		Government and Public Sector	**Total**
		Small and Medium	Large		
	USD '000	USD '000	USD '000	USD '000	**USD '000**
Current and demand	26 348	4 068	22 994	17 772	**71 182**
Savings	51 477	988	91	163	**52 719**
Time and notice	230 944	25 059	133 347	162 854	**552 204**
Certificates of deposit	60 460	2 329	8 087	655	**71 531**
Total	**369 229**	**32 444**	**164 519**	**181 444**	**747 636**

38. Net Commission Income

The details of this item are as follows:

	2022	**2021**
	USD '000	USD '000
Commission income:		
- Direct credit facilities at amortized cost	109 071	95 893
- Indirect credit facilities	127 395	122 296
- Assets under management	28 090	31 005
- Other	194 984	162 413
Less: commission expense	(85 171)	(63 651)
Net Commission Income	**374 369**	**347 956**

39. Gains from Financial Assets at Fair Value Through Profit or Loss

The details of this item are as follows:

	2022			
	Realized Gains	Unrealized Gains (Losses)	Dividends	**Total**
	USD '000	USD '000	USD '000	**USD '000**
Treasury bills and bonds	1 860	832	-	**2 692**
Companies shares	-	-	64	**64**
Mutual funds	-	(1 574)	-	**(1 574)**
Total	**1 860**	**(742)**	**64**	**1 182**

	2021			
	Realized Gains	Unrealized Gains (Losses)	Dividends	**Total**
Treasury bills and bonds	1 226	1 011	-	**2 237**
Companies shares	-	-	-	**-**
Mutual funds	-	1 960	-	**1 960**
Total	**1 226**	**2 971**	**-**	**4 197**

40. Other Revenue

The details of this item are as follows:

	2022	2021
	USD '000	USD '000
Revenue from customer services	13 477	14 239
Safe box rent	2 764	3 438
(Losses) gain from derivatives	(2)	964
Miscellaneous revenue	50 426	54 605
Total	**66 665**	**73 246**

41 - EMPLOYEES' EXPENSES

The details of this item are as follows:

	2022	2021
	USD '000	USD '000
Salaries and other benefits	476 042	435 557
Social security	43 958	44 160
Savings fund	7 123	6 177
Indemnity compensation	3 701	3 270
Medical	18 121	19 521
Training	5 500	3 220
Allowances	93 559	67 996
Other	15 565	17 460
Total	**663 569**	**597 361**

42 - OTHER EXPENSES

The details of this item are as follows:

	2022	2021
	USD '000	USD '000
Utilities and rent	97 307	99 089
Office	95 113	77 662
Services	64 771	53 535
Fees	20 091	21 019
Information technology	77 453	67 966
Other administrative expenses	60 575	59 233
Total	**415 310**	**378 504**

43. Financial Derivatives

The details of this item is as follows:

	31 December 2022						
				Notional amounts by maturity			
	Positive Fair Value	Negative Fair Value	Total Notional Amount	Within 3 Months	From 3 months to 1 Years	From 1 Year to 3 Years	More than 3 Years
	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
Forward contracts	7 910	7 875	432 872	183 727	205 815	2 500	40 830
Interest rate swaps	39 730	29 683	3 097 775	19 965	491 401	595 807	1 990 602
Foreign currency forward contracts	54 794	65 543	13 803 164	10 963 712	2 491 837	347 615	-
Derivatives held for trading	**102 434**	**103 101**	**17 333 811**	**11 167 404**	**3 189 053**	**945 922**	**2 031 432**
Interest rate swaps	93 322	59 590	1 795 580	112 101	402 497	357 658	923 324
Foreign currency forward contracts	-	-	13 969	9 191	4 778	-	-
Derivatives held for fair value hedge	**93 322**	**59 590**	**1 809 549**	**121 292**	**407 275**	**357 658**	**923 324**
Interest rate swaps	-	163	6 311	6 311	-	-	-
Foreign currency forward contracts	476	757	9 359	5 985	-	3 374	-
Derivatives held for cash flow hedge	**476**	**920**	**15 670**	**12 296**	**-**	**3 374**	**-**
Total	**196 232**	**163 611**	**19 159 030**	**11 300 992**	**3 596 328**	**1 306 954**	**2 954 756**

	31 December 2021						
				Notional amounts by maturity			
	Positive Fair Value	Negative Fair Value	Total Notional Amount	Within 3 Months	From 3 months to 1 Years	From 1 Year to 3 Years	More than 3 Years
	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
Forward contracts	5 068	4 005	654 891	162 424	281 835	15 987	194 645
Interest rate swaps	20 338	17 657	3 598 043	606 096	681 226	775 838	1 534 883
Foreign currency forward contracts	30 728	39 544	13 151 511	10 965 794	2 105 240	80 477	-
Derivatives held for trading	**56 134**	**61 206**	**17 404 445**	**11 734 314**	**3 068 301**	**872 302**	**1 729 528**
Interest rate swaps	30 444	34 477	1 987 734	406 757	419 478	479 181	682 318
Foreign currency forward contracts	-	-	10 325	8 155	2 170	-	-
Derivatives held for fair value hedge	**30 444**	**34 477**	**1 998 059**	**414 912**	**421 648**	**479 181**	**682 318**
Foreign currency forward contracts	7	126	43 173	10 805	32 368	-	-
Derivatives held for cash flow hedge	**7**	**126**	**43 173**	**10 805**	**32 368**	**-**	**-**
Total	**86 585**	**95 809**	**19 445 677**	**12 160 031**	**3 522 317**	**1 351 483**	**2 411 846**

The notional amount represents the value of the transactions at year-end and does not refer to market or credit risks.

44. Concentration of Assets, Revenues and Capital Expenditures According to the Geographical Distribution

The Group undertakes its banking activities through its branches in Jordan and abroad. The following are the details of the distribution of assets, revenues and capital expenditures inside and outside Jordan:

	Inside Jordan		Outside Jordan		Total	
	2022	2021	2022	2021	2022	2021
	USD'000	USD'000	USD'000	USD'000	**USD'000**	**USD'000**
Revenues	689 866	607 738	1 836 244	1 561 927	**2 526 110**	**2 169 665**
Assets	19 222 048	18 830 934	45 237 775	44 974 200	**64 459 823**	**63 805 134**
Capital Expenditures	33 329	32 439	55 706	72 274	**89 035**	**104 713**

45. BUSINESS SEGMENTS

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

The Banks management monitors the operating results of the business segments separately for making decisions about performance assessment; segmented performance is calculated based on operating profit or loss.

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

1. Corporate and Institutional Banking

Arab Bank's Corporate and Institutional Banking (CIB) division manages the Group's corporate and institutional client base. It provides access to a full range of lending and financial solutions through an extensive branch network and electronic channels. CIB also offers a comprehensive range of advanced corporate digital banking solutions in line with the latest developments in the banking industry. The broad range and efficient delivery of its solutions enable Arab Bank to remain the bank of choice for local, regional, and international companies and institutions. CIB is uniquely positioned to provide high quality products and services to meet clients' business requirements. The banking solutions offered are enriched by Arab Bank's global network, understanding of local markets, and in depth expertise. Through its client-focused approach, CIB strengthens its franchise in key markets by building on and solidifying existing client relationships and adding new clients through targeted acquisition efforts. The CIB division caters to clients' needs over the different stages of their business cycle and across different markets, providing consistent service levels at all levels of the network. CIB's objective is to provide its clients with an exceptional banking experience and a well-rounded range of tailored financial solutions, including products and services from across the bank's different business lines. The quality of its staff underpins CIB's success. The division closely monitors the changing dynamics of the business environment and constantly invests in strengthening and expanding the capabilities and capacities of its teams and specialists to meet clients' needs and banking requirements.

2. Treasury Group

Arab Bank's Treasury manages the bank's liquidity and market risks, and provides expert advice and dealing services to Arab Bank's customers around the globe. Through its state-of-the art systems, Arab Bank's Treasury remains fully up to date with the latest market developments and regulatory standards and is well positioned to meet a wide range of both bank and customer needs.

Arab Bank's Treasury has a broad mandate, including the following responsibilities:

- To manage and optimize the liquidity of the bank within approved limits so that the business is always adequately funded
- To manage the market risk of the bank within approved limits
- To earn revenues from the effective management of liquidity and market risk
- To execute bond, foreign exchange, and money market transactions with market professionals
- To support the distribution of foreign exchange, derivatives, and other treasury products to customers
- To advise internal stakeholders on the consumption and management of liquidity and market risk
- It is important for Treasury to balance the need to maintain high liquidity with low credit and low market risk. This approach is consistent with the bank's objective of being fully liquid at all times and under all circumstances, wherever the bank operates. Treasury's role in managing the bank's liquidity and market risk is to ensure that the bank generates surplus liquidity, but also to invest this liquidity prudently using the following instruments:
- Short-term placements with central banks
- Short-term deposits with high quality banks
- A multi-currency portfolio of highly liquid bonds, treasury bills, and certificates of deposit

Finally, Arab Bank believes in the importance of protecting not only its own income, but also the income and interests of its clients, from market volatility. Therefore the Treasury department offers a full range of treasury products and services to clients throughout the bank's network, whether they are exporters, importers, or savers. These risk management and hedging tools include a broad range of products and derivatives for clients who require protection from interest rate and foreign exchange risks.

3. Consumer Banking

Consumer Banking offers customers an extensive range of features and benefits through its vast branch network and integrated direct banking channels, both locally and regionally.

Advanced digital solutions are important to our ability to serve customers efficiently and to streamline our internal operations. New solutions are constantly under review and are introduced regularly to ensure that customers benefit from the latest and most effective direct banking services and channels. We also focus on providing our business partners with latest digital solutions that will enable them to expand their capabilities and enrich their offering.

Our family-focused model caters for the individual and family banking and non-banking needs of our customers, starting with our Arabi junior program, which is designed for children under the age of 18, through to our exclusive Elite program, which is offered to our high-net-worth customers.

A key element of the bank's long-term strategy is to offer banking solutions and services at a regional level. We do this by providing cross-border solutions and services to our Elite and Arabi Premium clients through the bank's branch network and online banking services.

We closely monitor and measure the level of service we offer our customers. Providing a high level of service is important to us to maintain our leading position, strengthen our competitive edge, and improve our customers' satisfaction.

Information about the Group's Business Segments

	31 December 2022					
	Corpo-rate and Institutional Banking	Treasury	Consumer Banking		Other	Total
			Elite	Retail Bank-ing		
	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
Total income	1 122 006	655 939	(76 939)	431 060	394 044	2 526 110
Net inter-segment interest income	(156 080)	(253 028)	323 594	85 514	-	-
Less :ECL expense on financial assets	429 096	35 211	(451)	9 150	-	473 006
Other provisions	5 322	1 151	851	5 101	-	12 425
Direct administrative expenses	153 561	26 186	49 436	230 144	27 001	486 328
Result of operations of segments	**377 947**	**340 363**	**196 819**	**272 179**	**367 043**	**1 554 351**
Indirect expenses on segments	292 072	91 938	67 763	248 145	3 085	703 003
Profit for the year before income tax	**85 875**	**248 425**	**129 056**	**24 034**	**363 958**	**851 348**
Income tax expense	30 971	89 597	46 545	8 668	131 265	307 046
Profit for the Year	**54 904**	**158 828**	**82 511**	**15 366**	**232 693**	**544 302**
Depreciation and amortization	26 916	9 683	4 189	43 963	-	84 751
Other information						
Segment assets	22 458 553	22 633 617	4 029 442	8 755 263	3 024 084	60 900 959
Inter-segment assets	-	-	11 980 252	2 475 496	6 000 672	-
Investment in associates	-	-	-	-	3 558 864	3 558 864
TOTAL ASSETS	**22 458 553**	**22 633 617**	**16 009 694**	**11 230 759**	**12 583 620**	**64 459 823**
Segment liabilities	20 255 860	4 379 890	16 009 694	11 230 759	2 181 164	54 057 367
Shareholdres' equity	-	-	-	-	10 402 456	10 402 456
Inter-segment liabilities	2 202 693	18 253 727	-	-	-	-
TOTAL LIABILITIES AND SHARE-HOLDERS' EQUITY	**22 458 553**	**22 633 617**	**16 009 694**	**11 230 759**	**12 583 620**	**64 459 823**

Information about the Group's Business Segments

	31 December 2021					
	Corporate and Institutional Banking	Treasury	Consumer Banking		Other	Total
			Elite	Retail Banking		
	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
Total income	990 155	536 165	(67 623)	394 539	316 429	2 169 665
Net inter-segment interest income	(76 670)	(290 241)	245 101	121 810	-	-
ECL expense on financial assets	477 735	50 729	960	30 669	-	560 093
Other provisions	3 276	1 151	1 449	6 101	-	11 977
Direct administrative expenses	149 735	22 527	39 747	225 523	60 464	497 996
Result of operations of segments	**282 739**	**171 517**	**135 322**	**254 056**	**255 965**	**1 099 599**
Indirect expenses on segments	256 970	67 942	52 789	230 690	3 113	611 504
Profit for the year before income tax	**25 769**	**103 575**	**82 533**	**23 366**	**252 852**	**488 095**
Income tax expense	9 164	36 834	29 351	8 309	89 920	173 578
Profit for the Year	**16 605**	**66 741**	**53 182**	**15 057**	**162 932**	**314 517**
Depreciation and amortization	27 641	6 608	7 130	42 256	-	83 635
Other information						
Segment assets	22 661 176	22 491 435	4 276 336	8 103 417	2 859 871	60 392 235
Inter-segment assets	-	-	13 031 702	3 388 759	6 141 152	-
Investment in associates	-	-	-	-	3 412 899	3 412 899
TOTAL ASSETS	**22 661 176**	**22 491 435**	**17 308 038**	**11 492 176**	**12 413 922**	**63 805 134**
Segment liabilities	19 346 873	3 244 125	17 308 038	11 492 176	2 092 570	53 483 782
Shareholders' equity	-	-	-	-	10 321 352	10 321 352
Inter-segment liabilities	3 314 303	19 247 310	-	-	-	-
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**22 661 176**	**22 491 435**	**17 308 038**	**11 492 176**	**12 413 922**	**63 805 134**

46. BANKING RISK MANAGEMENT

Arab Bank Group addresses the challenges of banking risks comprehensively through an Enterprise-Wide Risk Management Framework. This framework is built in line with leading practices, and is supported by a risk governance structure consisting of risk-related Board Committees, Executive Management Committees, and three independent levels of control.

As part of the risk governance structure of the Bank, and as the second level of control, Group Risk Management is responsible for ensuring that the Bank has a robust system for the identification and management of risk. Its mandate is to:

- Establish risk management frameworks, policies and procedures for all types of risks and monitor their implementation
- Develop appropriate risk measurement tools and models
- Assess risk positions against established limits
- Monitor and report to Senior Management and the Board on a timely basis
- Advise and promote risk awareness based on leading practices

a. Credit Risk Management

Arab Bank maintains a low risk strategy towards the activities it takes on. This combined with its dynamic and proactive approach in managing credit risk are key elements in achieving its strategic objective of maintaining and further enhancing its asset quality and credit portfolio risk profile. The conservative, prudent and well-established credit standards, policies and procedures, risk methodologies and frameworks, solid structure and infrastructure, risk monitoring and control enable the Bank to deal with the emerging risks and challenges with a high level of confidence and determination. Portfolio management decisions are based on the Bank's business strategy and risk appetite as reflected in the tolerance limits. Diversification is the cornerstone for mitigating portfolio risks which is achieved through industry, geographical and customer tolerance limits.

b. Geographic Concentration Risk

The Bank reduces the geographic concentration risk through distributing its operations over various sectors and various geographic locations inside and outside the Kingdom.

Note (47- E) shows the details of the geographical distribution of assets.

c. Liquidity Risk

Liquidity is defined by the Bank for International Settlements as the ability of a bank to fund increases in assets and meet obligations as they come due, without incurring unacceptable losses. Arab Bank has built a robust infrastructure of policies, processes and people, in order to ensure that all obligations are met in a timely manner, under all circumstances and without undue cost. The Bank uses a variety of tools to measure liquidity risk in the balance sheet. These metrics help the Bank to plan and manage its funding and help to identify any mismatches in assets and liabilities which may expose the Bank to roll risk.

Note (53) shows the maturities of the assets and liabilities of the Bank and note (50) shows the maturity of the liabilities (undiscounted).

d. Market Risk

Market risk is defined as the potential for loss from changes in the value of the Group's portfolios due to movements in interest rates, foreign exchange rates, and equity or commodity prices. The three main activities that expose the Group to market risk are: Money Markets, Foreign Exchange and Capital Markets, across the Trading and Banking books.

Note (48) shows the details of market risk sensitivity analysis.

1. Interest Rate Risk

Interest rate risk in the Group is limited, well managed, and continuously supervised. A large proportion of the interest rate exposure is concentrated in the short end of the yield curve, with durations of up to one year. Exposures of more than one year are particularly limited. Interest rate risk is managed in accordance with the policies and limits established by the ALCO.

Derivatives held for risk management purposes and hedge accounting:

The Group holds derivatives for risk management purposes, some of which are designated as hedging relationships and management is in the process of assessing the impact.

Note (49) shows the details of the interest rate risk sensitivity of the Group.

2. Capital Market Exposures

Investments in capital markets instruments are subject to market risk stemming from changes in their prices. Arab Bank Group's exposure to this kind of risk is limited due to its strong control over credit and interest rate risk. The equities investment portfolio represents a very small percent of the Bank's overall investments.

3. Foreign Exchange Risk

Foreign exchange activity arises principally from customers' transactions. Strict foreign exchange risk limits are set to define exposure and sensitivity tolerance for trading in foreign exchange. The Bank hedges itself appropriately against potential currency fluctuations in order to minimize foreign exchange exposure.

Note (51) shows the net positions of foreign currencies.

e. Operational Risk

Operational risk is defined as the loss incurred by the Bank due to disorder in work policies or procedures, personnel, automated systems, technological infrastructure, in addition to external accidents. Such risk is managed through a comprehensive framework, as part of the overall strengthening and continuous improvement of the controls within the Group.

47 - CREDIT RISK

A. Gross exposure to credit risk (net of ECL provisions and interest in suspense and prior to collaterals and other risk mitigations)

	31 December	
	2022	**2021**
	USD '000	USD '000
Credit risk exposures relating to items on the consolidated statement of financial position:		
Balances with central banks	10 779 700	11 232 692
Balances with banks and financial institutions	4 008 144	3 756 284
Deposits with banks and financial institutions	610 306	275 494
Financial assets at fair value through profit or loss	48 662	40 117
Financial assets at fair value through other comprehansive income	400 762	312 501
Direct credit facilities at amortized cost	**31 726 598**	**31 188 786**
Consumer Banking	9 614 613	8 923 264
Small and Medium Corporate	3 548 095	3 814 125
Large Corporate	15 199 683	15 591 408
Banks and financial institutions	348 988	372 688
Government and public sector	3 015 219	2 487 301
Other financial assets at amortized cost	10 002 475	10 561 173
financial derivatives - positive fair value	196 232	86 585
Other assets	442 118	407 927
Total Credit Exposure related to items on the consolidated statement of financial position:	**58 214 997**	**57 861 559**
Credit risk exposures relating to items off the consolidated statement of financial position:		
Total of indirect facilities.	**17 322 640**	**17 872 009**
Grand Total for Credit Exposure	**75 537 637**	**75 733 568**

The table above shows the maximum limit of the bank credit risk as of 31 December 2022 and 2021 excluding collaterals and risks mitigations.

B. Fair value of collaterals obtained against total credit exposures :

	Total Credit Risk Exposure	Cash	Banks accepted letters of guarantees
	USD '000	USD '000	USD '000
Credit exposures relating to items on statement of financial position:			
Balances with central banks	11 012 484	-	-
Balances with banks and financial institutions	4 010 774	-	-
Deposits with banks and financial institutions	611 548	-	-
Financial assets at fair value through profit or loss	48 662	-	-
Financial assets at fair value through other comprehensive income	401 298	-	-
Direct credit facilities at amortized cost	**35 440 277**	**1 610 530**	**335 106**
Consumer Banking	10 019 607	416 042	5 620
Small and Medium Corporates	4 111 197	298 968	83 542
Large Corporates	17 924 459	695 403	224 502
Banks and Financial Institutions	353 788	-	172
Government and Public Sector	3 031 226	200 117	21 270
Other financial assets at amortized cost	10 046 521	-	-
Financial derivatives - positive fair value	196 232	-	-
Other assets	442 118	-	-
Total	**62 209 914**	**1 610 530**	**335 106**
Credit exposures relating to items off statement of financial position:			
Total	**17 499 024**	**1 081 578**	**94 071**
Grand Total	**79 708 938**	**2 692 108**	**429 177**
Grand Total as of 31 December 2021	**79 481 116**	**2 348 292**	**408 951**

							31 December 2022
	Fair Value of Collaterals						
	Real estate properties	Listed securities	Vehicles and equipment	Other	**Total**	Net Exposure	Expected Credit Loss
	USD '000	USD '000	USD '000	USD '000	**USD '000**	USD '000	USD '000
	-	-	-	-	**-**	11 012 484	232 784
	-	-	-	-	**-**	4 010 774	2 630
	-	-	-	-	**-**	611 548	1 242
	-	-	-	-	**-**	48 662	-
	-	-	-	-	**-**	401 298	536
	6 751 720	**972 135**	**497 555**	**8 690 315**	**18 857 361**	**16 582 916**	**2 812 528**
	2 727 405	78 233	155 787	1 106 744	**4 489 831**	5 529 776	292 007
	1 086 033	233 681	28 757	952 599	**2 683 580**	1 427 617	421 493
	2 925 441	660 084	313 011	5 571 749	**10 390 190**	7 534 269	2 078 270
	-	137	-	2 514	**2 823**	350 965	4 751
	12 841	-	-	1 056 709	**1 290 937**	1 740 289	16 007
	-	-	-	-	**-**	10 046 521	44 046
	-	-	-	-	**-**	196 232	-
	-	-	-	-	**-**	442 118	-
	6 751 720	**972 135**	**497 555**	**8 690 315**	**18 857 361**	**43 352 553**	**3 093 766**
	176 875	**41 653**	**18 659**	**2 091 805**	**3 504 641**	**13 994 383**	**176 384**
	6 928 595	**1 013 788**	**516 214**	**10 782 120**	**22 362 002**	**57 346 936**	**3 270 150**
	6 950 201	**1 189 610**	**575 699**	**9 647 365**	**21 120 118**	**58 360 998**	**2 969 005**

C. Fair value of collaterals obtained against Stage 3 Credit Exposures :

	Total Credit Risk Exposure	Cash	Banks accepted letters of guarantees
	USD '000	USD '000	USD '000
Credit exposures relating to items on statement of financial position:			
Cash and balances with central banks	-	-	-
Balances with banks and financial institutions	-	-	-
Deposits with banks and financial institutions	-	-	-
Financial assets at fair value through profit or loss	-	-	-
Financial assets at fair value through other comprehensive income	-	-	-
Direct credit facilities at amortized cost	**2 929 956**	**20 410**	**28 767**
Consumer Banking	395 064	5 925	385
Small and Medium Corporates	574 063	993	24 975
Large Corporates	1 956 678	13 492	3 407
Banks and Financial Institutions	3 509	-	-
Government and Public Sector	642	-	-
Other financial assets at amortized cost	-	-	-
Financial derivatives - positive fair value	-	-	-
Other assets	-	-	-
Total	**2 929 956**	**20 410**	**28 767**
Credit exposures relating to items off statement of financial position:			
Total	**132 038**	**1 885**	**3 633**
Grand Total	**3 061 994**	**22 295**	**32 400**
Grand Total as of 31 Decmeber 2021	**3 018 131**	**133 337**	**9 655**

						31 December 2021
Fair Value of Collaterals						
Real estate properties	Listed securi-ties	Vehicles and equipment	Other	**Total**	Net Exposure	Expected Credit Loss
USD '000	USD '000	USD '000	USD '000	**USD '000**	USD '000	USD '000
-	-	-	-	**-**	-	-
-	-	-	-	**-**	-	-
-	-	-	-	**-**	-	-
-	-	-	-	**-**	-	-
-	-	-	-	**-**	-	-
274 422	**2 618**	**7 654**	**238 902**	**572 773**	**2 357 183**	**1 889 268**
38 556	1	32	20 875	**65 774**	329 290	229 289
86 560	-	1 092	25 483	**139 103**	434 960	334 161
149 306	2 617	6 530	192 420	**367 772**	1 588 906	1 321 284
-	-	-	84	**84**	3 425	3 460
-	-	-	40	**40**	602	1 074
-	-	-	-	**-**	-	-
-	-	-	-	**-**	-	-
-	-	-	-	**-**	-	-
274 422	**2 618**	**7 654**	**238 902**	**572 773**	**2 357 183**	**1 889 268**
7 906	**-**	**-**	**70 726**	**84 150**	**47 888**	**120 938**
282 328	**2 618**	**7 654**	**309 628**	**656 923**	**2 405 071**	**2 010 206**
212 332	**17 508**	**16 834**	**170 931**	**560 597**	**2 457 534**	**1 918 746**

The disclosures below were prepared on two stages: the first for the total exposures of credit facilities and the second for the size of the expected credit loss:

	31 December 2022					
	Stage 2		Stage 3		**Total Reclassified Credit Risk Exposure**	Percentage of Reclassified Credit Risk Exposure (%)
	Total Credit Risk Exposure	Reclassified Credit Risk Exposure	Total Credit Risk Exposure	Reclassified Credit Risk Exposure		
	USD '000	USD '000	USD '000	USD '000	**USD '000**	USD '000
Credit exposures relating to items on statement of financial position:						
Balances with central banks	769 063	-	-	-	**-**	-
Balances with banks and financial institutions	-	-	-	-	**-**	-
Deposits with banks and financial institutions	-	-	-	-	**-**	-
Direct credit facilities at amortized cost	4 753 314	(249 839)	2 929 956	166 916	**(82 923)**	-1.1%
Other financial assets at amortized cost	33 030	(51 362)	-	-	**(51 362)**	-155.5%
Total	**5 555 407**	**(301 201)**	**2 929 956**	**166 916**	**(134 285)**	**-1.6%**
Credit exposures relating to items off statement of financial position:						
Total	**855 636**	**14 457**	**132 038**	**(2 483)**	**11 974**	**1.2%**
Grand Total	**6 411 043**	**(286 744)**	**3 061 994**	**164 433**	**(122 311)**	**-1.3%**
Grand Total as of 31 December 2021	**6 927 711**	**622 416**	**3 018 131**	**166 322**	**788 738**	**7.9%**

	31 December 2022					
	Stage 2		Stage 3		**Total Reclassified Expected Credit Loss**	Percentage of Reclassified Expected Credit Loss (%)
	Total Expected Credit Loss	Reclassified Expected Credit Loss	Total Expected Credit Loss	Reclassified Expected Credit Loss		
	USD '000	USD '000	USD '000	USD '000	**USD '000**	USD '000
Credit exposures relating to items on statement of financial position:						
Balances with central banks	231 050	-	-	-	**-**	-
Balances with banks and financial institutions	-	-	-	-	**-**	-
Deposits with banks and financial institutions	-	-	-	-	**-**	-
Direct credit facilities at amortized cost	792 482	(69 306)	1 889 268	62 042	**(7 264)**	-0.3%
Other financial assets at amortized cost	19 120	3	-	-	**3**	0.0%
Total	**1 042 652**	**(69 303)**	**1 889 268**	**62 042**	**(7 261)**	**-0.2%**
Credit exposures relating to items off statement of financial position:						
Total	**22 573**	**(2 009)**	**120 938**	**8**	**(2 001)**	**-1%**
Grand Total	**1 065 225**	**(71 312)**	**2 010 206**	**62 050**	**(9 262)**	**-0.3%**
Grand Total as of 31 December 2021	**898 529**	**(39 953)**	**1 918 746**	**47 035**	**7 082**	**0.3%**

- Expected Credit Losses for Reclassified Credit Exposures:

	31 December 2022						
	Reclassified Credit Exposures			Expected Credit Losses for Reclassified Credit Exposures:			
	Reclassified Credit Exposures from Stage 2	Reclassified Credit Exposures from Stage 3	**Total Reclassified Credit Exposures**	Stage 2 (Individual)	Stage 2 (Collective)	Stage 3	**Total**
	USD '000	USD '000	**USD '000**	USD '000	USD '000	USD '000	**USD '000**
Credit exposures relating to items on statement of financial position:							
Balances with central banks	-	-	**-**	-	-	-	**-**
Balances with banks and financial institutions	-	-	**-**	-	-	-	**-**
Deposits with banks and financial institutions	-	-	**-**	-	-	-	**-**
Direct credit facilities at amortized cost	(249 839)	166 916	**(82 923)**	(64 823)	(2 851)	78 046	**10 372**
Other financial assets at amortized cost	(51 362)	-	**(51 362)**	3	-	-	**3**
Total	**(301 201)**	**166 916**	**(134 285)**	**(64 820)**	**(2 851)**	**78 046**	**10 375**
Credit exposures relating to items off statement of financial position:							
Total	**14 457**	**(2 483)**	**11 974**	**(1 076)**	**-**	**8**	**(1 068)**
Grand Total	**(286 744)**	**164 433**	**(122 311)**	**(65 896)**	**(2 851)**	**78 054**	**9 307**
Grand Total as of 31 December 2021	**622 416**	**166 322**	**788 738**	**(288)**	**775**	**71 803**	**72 290**

D. Classification of debt securities facilities based on risk degree:

The table below analyzes the credit exposure of the debt securities using the credit rating as per the global credit rating agencies:

	31 December 2022			
	Financial Assets at Fair Value Through Profit or Loss	Financial Assets at Fair Value Through OCI	Other Financial Assets at Amortized Cost	**Total**
Credit rating	USD '000	USD '000	USD '000	**USD '000**
Private sector:				
AAA to A-	-	43 701	881 974	**925 675**
BBB+ to B-	5 206	40 717	368 255	**414 178**
Below B-	8 141	-	-	**8 141**
Unrated	-	24 129	127 812	**151 941**
Governments and public sector	35 315	292 215	8 624 434	**8 951 964**
Total	**48 662**	**400 762**	**10 002 475**	**10 451 899**

	31 December 2021			
	Financial Assets at Fair Value through P&L	Financial assets at fair value through other comprehensive income	Other Financial Assets at Amortized Cost	**Total**
Credit rating	USD '000	USD '000	USD '000	**USD '000**
Private sector:				
AAA to A-	19 894	-	972 796	**992 690**
BBB+ to B-	5 721	93 171	302 924	**401 816**
Below B-	9 384	-	-	**9 384**
Unrated	391	-	132 091	**132 482**
Governments and public sector	4 727	219 330	9 153 362	**9 377 419**
Total	**40 117**	**312 501**	**10 561 173**	**10 913 791**

E. Credit exposure categorized by geographical distribution:

	31 December 2022						
	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	4 813 742	4 644 293	882	1 311 916	-	8 867	**10 779 700**
Balances and deposits with banks and financial institutions	246 597	977 057	569 777	2 178 118	585 717	61 184	**4 618 450**
Financial assets at fair value through profit or loss	-	35 315	-	8 141	-	5 206	**48 662**
Financial assets at fair value through other comprehensive income	-	295 546	8 096	97 120	-	-	**400 762**
Direct credit facilities at amortized cost	**8 818 205**	**20 285 869**	**333 610**	**1 411 477**	**27 659**	**849 778**	**31 726 598**
Consumer Banking	3 686 250	5 400 655	92	149 249	17 825	360 542	**9 614 613**
Small and Medium Corporates	858 749	1 825 625	24 566	583 121	9 834	246 200	**3 548 095**
Large Corporates	3 965 131	10 073 886	274 047	643 583	-	243 036	**15 199 683**
Banks and Financial Institutions	69 408	276 404	-	3 176	-	-	**348 988**
Government and public Sector	238 667	2 709 299	34 905	32 348	-	-	**3 015 219**
Other financial assets at amortized cost	4 369 567	4 752 840	94 593	416 349	147 940	221 186	**10 002 475**
financial derivatives - positive fair value	7 610	87 858	939	99 100	667	58	**196 232**
Other assets	81 766	307 843	3 159	45 278	201	3 871	**442 118**
Total	**18 337 487**	**31 386 621**	**1 011 056**	**5 567 499**	**762 184**	**1 150 150**	**58 214 997**
Total - as of 31 December 2021	**17 900 675**	**31 321 263**	**766 947**	**5 882 506**	**736 768**	**1 253 400**	**57 861 559**

* Excluding Other Arab Countries

E. Credit exposure categorized by geographical distribution and stagings according to IFRS 9:

	31 December 2022					
	Stage 1		Stage 2		Stage 3	**Total**
	(Individual)	(Collective)	(Individual)	(Collective)		
	USD '000	USD '000	USD '000	USD '000	USD '000	**USD '000**
Jordan	13 466 556	3 623 269	1 193 911	52 993	758	**18 337 487**
Other Arab Countries	22 757 573	5 251 145	3 080 625	104 647	192 631	**31 386 621**
Asia*	1 002 008	91	8 957	-	-	**1 011 056**
Europe	5 417 099	145 030	2 073	2 385	912	**5 567 499**
America	744 359	17 825	-	-	-	**762 184**
Rest of the World	783 092	351 907	6 226	8 015	910	**1 150 150**
Total	**44 170 687**	**9 389 267**	**4 291 792**	**168 040**	**195 211**	**58 214 997**
Total as of 31 December 2021	**43 811 581**	**8 720 693**	**4 904 223**	**136 165**	**288 897**	**57 861 559**

* Excluding Arab Countries.

F. Credit exposure categorized by economic sector

	Consumer Banking	Industry and Mining	Constructions	Real Estate	Trade
	USD '000	USD '000	USD '000	USD '000	USD '000
Balances with Central Banks	-	-	-	-	-
Balances and deposits with banks and financial institutions	-	-	-	-	-
Financial assets at fair value through profit or loss	-	13 347	-	-	-
Financial assets at fair value through other comprehensive income	-	-	-	1 691	-
Direct credit facilities at amortized cost	9 614 613	5 002 459	2 089 411	1 455 609	4 306 033
Other financial assets at amortized cost	-	109 556	-	6 857	-
Financial derivatives - positive fair value	-	214	-	-	555
Other assets	31 953	46 777	34 089	9 458	40 922
Total	**9 646 566**	**5 172 353**	**2 123 500**	**1 473 615**	**4 347 510**
Total as of 31 December 2021	**8 955 660**	**5 264 978**	**2 267 828**	**1 600 829**	**4 395 002**

								31 December 2022
	Corporates					Banks and Financial Institutions	Government and Public Sector	Total
	Agriculture	Tourism and Hotels	Transportation	Shares	General Services			
	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
	-	-	-	-	-	-	10 779 700	10 779 700
	-	-	-	-	-	4 618 450	-	4 618 450
	-	-	-	-	-	-	35 315	48 662
	-	-	-	-	59 985	46 877	292 209	400 762
	396 992	705 434	273 184	39 484	4 479 172	348 988	3 015 219	31 726 598
	-	-	-	-	260 822	1 000 806	8 624 434	10 002 475
	-	-	-	-	5 407	187 827	2 229	196 232
	4 515	15 641	5 361	-	87 715	81 487	84 200	442 118
	401 507	**721 075**	**278 545**	**39 484**	**4 893 101**	**6 284 435**	**22 833 306**	**58 214 997**
	394 365	**758 666**	**394 101**	**7 491**	**5 048 922**	**5 590 540**	**23 183 177**	**57 861 559**

F. Credit exposure categorized by economic sector and stagings according to IFRS 9:

	31 December 2022					
	Stage 1		Stage 2		Stage 3	**Total**
	(Individual)	(Collective)	(Individual)	(Collective)		
	USD '000	USD '000	USD '000	USD '000	USD '000	**USD '000**
Consumer Banking	31 953	9 389 267	-	168 040	57 306	**9 646 566**
Industry and Mining	4 313 160	-	851 691	-	7 502	**5 172 353**
Constructions	1 614 204	-	459 486	-	49 810	**2 123 500**
Real Estate	1 255 271	-	210 800	-	7 544	**1 473 615**
Trade	3 613 170	-	704 444	-	29 896	**4 347 510**
Agriculture	265 159	-	131 462	-	4 886	**401 507**
Tourism and Hotels	442 044	-	264 413	-	14 618	**721 075**
Transportation	176 518	-	96 458	-	5 569	**278 545**
Shares	39 484	-	-	-	-	**39 484**
General Service	3 900 698	-	973 891	-	18 512	**4 893 101**
Banks and Financial Institutions	6 284 435	-	-	-	-	**6 284 435**
Government and Public Sector	22 234 591	-	599 147	-	(432)	**22 833 306**
Total	**44 170 687**	**9 389 267**	**4 291 792**	**168 040**	**195 211**	**58 214 997**
Total as of 31 December 2021	**43 811 581**	**8 720 693**	**4 904 223**	**136 165**	**288 897**	**57 861 559**

48 - MARKET RISK

Market Risk Sensitivity

Assuming market prices as at December 31, 2022 and 2021 change by 5%, the impact on statement of income and shareholders equity will be as follows:

	31 December 2022			31 December 2021		
	Statement of Income	Shareholders' Equity	**Total**	Statement of Income	Shareholders' Equity	**Total**
	USD '000	USD '000	**USD '000**	USD '000	USD '000	**USD '000**
Interest rate sensitivity	51 097	-	**51 097**	44 340	-	**44 340**
Foreign exchange rate sensitivity	5 934	5 919	**11 853**	1 461	6 189	**7 650**
Equity instruments price sensitivity	1 180	17 491	**18 671**	1 611	18 768	**20 379**
Total	**58 211**	**23 410**	**81 621**	**47 412**	**24 957**	**72 369**

49. Interest Rate Risk

Below is the Group Exposure to interest rate volatility as of 31 December 2022 (classification is based on interest rate repricing or maturity date, whichever is closer).

	Up to 1 month	More than 1 month and till 3 months	More than 3 months and till 6 months	More than 6 months and till 1 year	More than 1 year and till 3 years	More than 3 years	Not tied to interest rate risk	**Total**
ASSETS	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	**USD '000**
Cash at vaults	-	-	-	-	-	-	915 691	**915 691**
Mandatory cash reserve	-	-	-	-	-	-	1 430 592	**1 430 592**
Balances with central banks	5 064 199	1 276 951	-	-	-	-	3 007 958	**9 349 108**
Balances and deposits with banks and financial institutions	3 000 389	1 007 761	410 945	151 745	47 610	-	-	**4 618 450**
Financial assets at fair value through profit or loss	4 416	14 837	11 251	4 013	797	13 348	23 591	**72 253**
Direct credit facilities at amortized cost	7 677 357	7 384 551	4 669 802	3 142 243	4 064 392	4 788 253	-	**31 726 598**
Financial assets at fair value through other comprehensive income	-	490	-	62 698	91 858	245 716	349 810	**750 572**
Other financial assets at amortized cost	671 649	1 323 569	1 666 936	1 799 840	2 425 509	2 114 972	-	**10 002 475**
Investments in associates	-	-	-	-	-	-	3 558 864	**3 558 864**
Fixed assets	-	-	-	-	-	-	530 393	**530 393**
Other assets and financial derivatives - positive fair value	213 247	140 642	58 121	17 709	33 450	91 830	669 883	**1 224 882**
Deferred tax assets	-	-	-	-	-	-	279 945	**279 945**
TOTAL ASSETS	**16 631 257**	**11 148 801**	**6 817 055**	**5 178 248**	**6 663 616**	**7 254 119**	**10 766 727**	**64 459 823**
LIABILITIES								
Banks and financial institutions' deposits	1 922 924	1 108 844	27 250	10 213	66	201	448 142	**3 517 640**
Customer deposits	13 216 647	5 632 261	2 547 053	6 445 691	1 575 338	433 321	15 437 060	**45 287 371**
Cash margin	529 563	1 019 512	184 707	284 746	138 191	50 910	253 871	**2 461 500**
Borrowed funds	162 258	269 798	18 373	13 218	42 446	16 275	-	**522 368**
Provision for income tax	-	-	-	-	-	-	293 029	**293 029**
Other provisions	-	-	-	-	-	-	232 423	**232 423**
Other liabilities and financial derivatives - negative fair value	311 323	127 802	68 094	20 732	3 262	81 203	1 121 367	**1 733 783**
Deferred tax liabilities	-	-	-	-	-	-	9 253	9 253
Total liabilities	**16 142 715**	**8 158 217**	**2 845 477**	**6 774 600**	**1 759 303**	**581 910**	**17 795 145**	**54 057 367**
Gap	**488 542**	**2 990 584**	**3 971 578**	**(1 596 352)**	**4 904 313**	**6 672 209**	**(7 028 418)**	**10 402 456**

Below is the Group Exposure to interest rate volatility as of 31 December 2021 (classification is based on interest rate repricing or maturity date, whichever is closer).

	Up to 1 month	More than 1 month and till 3 months	More than 3 months and till 6 months	More than 6 months and till 1 year	More than 1 year and till 3 years	More than 3 years	Not tied to interest rate risk	**Total**
ASSETS	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	**USD '000**
Cash at vaults	-	-	-	-	-	-	774 302	**774 302**
Mandatory cash reserve	-	-	-	-	-	-	1 484 161	**1 484 161**
Balances with central banks	5 600 336	235 040	-	25 000	-	-	3 888 155	**9 748 531**
Balances and deposits with banks and financial institutions	2 838 226	918 059	134 456	67 453	73 584	-	-	**4 031 778**
Financial assets at fair value through profit or loss	5 722	21 705	11 799	95	792	4	32 226	**72 343**
Direct credit facilities at amortized cost	8 869 139	6 742 139	2 942 495	1 982 435	3 326 468	7 326 110	-	**31 188 786**
Financial assets at fair value through OCI	-	-	-	49 180	10 139	253 182	375 353	**687 854**
Other financial assets at amortized cost	700 212	1 741 066	801 096	1 484 244	3 778 977	2 055 578	-	**10 561 173**
Investments in associates	-	-	-	-	-	-	3 412 899	**3 412 899**
Fixed assets	-	-	-	-	-	-	531 955	**531 955**
Other assets and financial derivatives - positive fair value	139 822	61 999	42 871	85 019	74 271	33 188	625 684	**1 062 854**
Deferred tax assets	-	-	-	-	-	-	248 498	**248 498**
TOTAL ASSETS	**18 153 457**	**9 720 008**	**3 932 717**	**3 693 426**	**7 264 231**	**9 668 062**	**11 373 233**	**63 805 134**
LIABILITIES								
Banks and financial institutions' deposits	1 804 910	1 202 788	255 016	87 849	338	560	641 238	**3 992 699**
Customer deposits	13 021 308	5 204 191	2 859 604	5 210 471	1 860 925	316 562	16 012 450	**44 485 511**
Cash margin	564 068	939 456	323 286	312 698	120 278	21 764	325 581	**2 607 131**
Borrowed funds	150 413	354 733	15 713	20 373	26 200	55 028	-	**622 460**
Provision for income tax	-	-	-	-	-	-	202 477	**202 477**
Other provisions	-	-	-	-	-	-	217 629	**217 629**
Other liabilities and financial derivatives - negative fair value	116 912	92 108	51 977	20 328	77 737	15 982	973 536	**1 348 580**
Deferred tax liabilities	-	-	-	-	-	-	7 295	**7 295**
Total liabilities	**15 657 611**	**7 793 276**	**3 505 596**	**5 651 719**	**2 085 478**	**409 896**	**18 380 206**	**53 483 782**
Gap	**2 495 846**	**1 926 732**	**427 121**	**(1 958 293)**	**5 178 753**	**9 258 166**	**(7 006 973)**	**10 321 352**

50 - LIQUIDITY RISK

The below is the distribution of the liabilities (undiscounted) according to the residual maturity as of 31 December 2022:

	Within 1 month	After 1 months and till 3 months	After 3 months and till 6 months	After 6 months and till one year	After one year and till 3 years	After 3 years	Not tied to a specific maturity	**Total**
Liabilities	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	**USD '000**
Banks and financial institutions' deposits	1 893 192	1 056 954	118 336	10 213	66	200	439 430	**3 518 391**
Customer deposits	11 562 535	3 720 196	2 337 639	5 907 437	2 428 656	1 077 758	18 586 945	**45 621 166**
Cash margin	529 018	874 995	196 254	270 080	194 244	151 370	253 871	**2 469 832**
Borrowed funds	12 358	22 198	12 207	29 862	157 111	291 767	-	**525 503**
Provision for income tax	-	-	-	-	-	-	293 029	**293 029**
Other Provisions	-	-	-	-	-	-	232 423	**232 423**
Financial derivatives - negative fair value	27 210	25 496	16 194	12 133	11 146	71 432	-	**163 611**
Other liabilities	278 062	34 344	214 174	33 433	83 106	42 218	884 835	**1 570 172**
Deferred tax liabilities	-	-	-	-	-	-	9 253	**9 253**
Total Liabilities	**14 302 375**	**5 734 183**	**2 894 804**	**6 263 158**	**2 874 329**	**1 634 745**	**20 699 786**	**54 403 380**
Total Assets according to expected maturities	**13 587 204**	**6 037 516**	**4 824 235**	**5 042 428**	**8 360 841**	**14 765 108**	**11 842 491**	**64 459 823**

The below is the distribution of the liabilities (undiscounted) according to the residual maturity as of 31 December 2021.

	Within 1 month	After 1 months and till 3 months	After 3 months and till 6 months	After 6 months and till one year	After one year and till 3 years	After 3 years	Not tied to a specific maturity	**Total**
Liabilities	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	**USD '000**
Banks and financial institutions' deposits	1 987 422	1 118 122	255 016	54 333	338	560	577 461	**3 993 252**
Customer deposits	9 622 679	4 534 567	3 118 374	5 217 805	2 598 708	462 807	19 086 805	**44 641 745**
Cash margin	576 007	825 745	333 518	262 172	170 199	118 974	325 687	**2 612 302**
Borrowed funds	12 436	54 142	15 093	37 796	92 537	412 623	-	**624 627**
Provision for income tax	-	-	-	-	-	-	202 477	**202 477**
Other Provisions	-	-	-	-	-	-	217 629	**217 629**
Financial derivatives - negative fair value	44 832	15 684	4 599	4 230	13 912	12 552	-	**95 809**
Other liabilities	109 273	76 306	45 988	19 602	76 979	8 029	916 594	**1 252 771**
Deferred tax liabilities	-	-	-	-	-	-	7 295	**7 295**
Total Liabilities	**12 352 649**	**6 624 566**	**3 772 588**	**5 595 938**	**2 952 673**	**1 015 545**	**21 333 948**	**53 647 907**
Total Assets according to expected maturities	**14 126 366**	**5 162 770**	**3 981 148**	**4 046 312**	**9 131 403**	**14 359 694**	**12 997 441**	**63 805 134**

51. Net Foreign Currency Positions

The details of this item are as follows:

	31 December 2022		31 December 2021	
	Base currency in thousands	Equivalent in USD '000	Base currency in thousands	Equivalent in USD '000
USD	(52 976)	(52 976)	96 908	96 908
GBP	8 597	10 349	(32 706)	(44 079)
EUR	9 622	10 220	6 794	7 692
JPY	4 609 361	34 475	23 737	3 854
CHF	(21 224)	(22 887)	(1 767)	(1 928)
Other currencies *	-	(97 859)		(33 210)
		(118 678)		**29 237**

* Various foreign currencies translated to US Dollars.

52. Fair Value Hierarchy

Financial instruments include financial assets and financial liabilities.
The Bank 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 financial assets and financial liabilities measured at fair value on recurring basis.

Some of the financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair value of these financial assets and financial liabilities are determined (valuation techniques and key inputs).

Financial assets / Financial liabilities	Fair Value as at 31 December		Fair Value Hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
Financial assets at fair value	**2022**	2021				
Financial assets at fair value through profit or loss	**USD '000**	**USD '000**				
Government Bonds and bills	35 315	4 727	Level 1	Quoted	Not Applicable	Not Applicable
Corporate bonds	13 347	35 390	Level 1	Quoted	Not Applicable	Not Applicable
Shares and mutual funds	23 591	32 226	Level 1 & 2	Quoted	Not Applicable	Not Applicable
Total Financial Assets at fair value through Profit or Loss	**72 253**	**72 343**				
Financial derivatives - positive fair value	196 232	86 585	Level 2	Through Comparison of similar financial instruments	Not Applicable	Not Applicable
Financial assets at fair value through						
other comprehensive income:						
Quoted shares	152 699	163 766	Level 1	Quoted Shares	Not Applicable	Not Applicable
Unquoted shares	197 111	211 587	Level 2 & 3	Through using the index sector in the market	Not Applicable	Not Applicable
Governmental bonds and corporate bonds through OCI	400 762	312 501	Level 1 & 2	Quoted	Not Applicable	Not Applicable
Total Financial Assets at fair value through other comprehensive income	**750 572**	**687 854**				
Total Financial Assets at Fair Value	**1 019 057**	**846 782**				
Financial Liabilities at Fair Value						
Financial derivatives - negative fair value	163 611	95 809	Level 2	Through Comparison of similar financial instruments	Not Applicable	Not Applicable
Total Financial Liabilities at Fair Value	**163 611**	**95 809**				

There were no transfers between Level 1 and 2 during 2022 & 2021.

B. Fair value of financial assets and financial liabilities that are not measured at fair value on recurring basis.
Except as detailed in the following table, we believe that the carrying amounts of financial assets and financial liabilities recognized in the Group consolidated financial statements approximate their fair values:

	31 December 2022		31 December 2021		Fair value Hierarchy
	Book value	Fair value	Book value	Fair value	
	USD '000	USD '000	USD '000	USD '000	
Financial assets not calculated at fair value					
Mandatory reserve , time and notice and certificates of deposits at Central Banks	7 006 803	7 013 280	6 364 438	6 366 814	Level 2 & 3
Balances and Deposits with banks and Financial institutions	4 618 450	4 630 626	4 031 778	4 035 980	Level 2 & 3
Direct credit facilities at amortized cost	31 726 598	31 970 615	31 188 786	31 405 827	Level 2 & 3
Other Financial assets at amortized cost	10 002 475	10 097 692	10 561 173	10 675 565	Level 1 & 2
Total financial assets not calculated at fair value	**53 354 326**	**53 712 213**	**52 146 175**	**52 484 186**	
Financial liabilities not calculated at fair value					
Banks' and financial institutions' deposits	3 517 640	3 530 783	3 992 699	3 995 172	Level 2 & 3
Customer deposits	45 287 371	45 518 129	44 485 511	44 639 198	Level 2 & 3
Cash margin	2 461 500	2 472 581	2 607 131	2 613 711	Level 2 & 3
Borrowed funds	522 368	530 109	622 460	628 132	Level 2 & 3
Total financial liabilities not calculated at fair value	**51 788 879**	**52 051 602**	**51 707 801**	**51 876 213**	

The fair values of the financial assets and financial liabilities included in level 2 and 3 categories above have been determined in accordance with the generally accepted pricing models

53. Analysis of Assets and Liabilities Maturities

The below is an analysis for assets and liabilities maturities according to the expected period to be recovered or settled as at 31 December 2022:

	Up to one year	More than one year	**Total**
	USD '000	USD '000	**USD '000**
Assets			
Cash at vaults	915 691	-	**915 691**
Mandatory cash reserve	1 430 592	-	**1 430 592**
Balances with central banks	9 349 108	-	**9 349 108**
Balances and deposits with banks and financial institutions	4 570 840	47 610	**4 618 450**
Financial assets at fair value through profit or loss	58 110	14 143	**72 253**
Direct credit facilities at amortized cost	14 208 871	17 517 727	**31 726 598**
Financial assets at fair value through other comprehensive income	412 998	337 574	**750 572**
Other financial assets at amortized cost	4 943 986	5 058 489	**10 002 475**
Investment in subsidiaries and associates	-	3 558 864	**3 558 864**
Fixed assets	68 148	462 245	**530 393**
Other assets and financial derivatives - positive fair value	1 074 475	150 407	**1 224 882**
Deferred tax assets	279 945	-	**279 945**
Total assets	**37 312 764**	**27 147 059**	**64 459 823**
Liabilities			
Banks' and financial institutions' deposits	3 517 374	266	**3 517 640**
Customer deposits	41 936 834	3 350 537	**45 287 371**
Cash margin	2 117 487	344 013	**2 461 500**
Borrowed funds	73 529	448 839	**522 368**
Provision for income tax	293 029	-	**293 029**
Other Provisions	232 423	-	**232 423**
Other liabilities and financial derivatives - negative fair value	1 529 884	203 899	**1 733 783**
Deferred tax liabilities	9 253	-	**9 253**
Total liabilities	**49 709 813**	**4 347 554**	**54 057 367**
Net	**(12 397 049)**	**22 799 505**	**10 402 456**

The below is an analysis for assets and liabilities maturities according to the expected period to be recovered or settled as at 31 December 2021:

	UP to one year	More than one year	**Total**
	USD '000	USD '000	**USD '000**
Assets			
Cash at vaults	774 302	-	**774 302**
Mandatory cash reserve	1 484 161	-	**1 484 161**
Balances with central banks	9 748 531	-	**9 748 531**
Balances and deposits with banks and financial institutions	3 984 168	47 610	**4 031 778**
Financial assets at fair value through profit or loss	56 384	15 959	**72 343**
Direct credit facilities at amortized cost	14 156 360	17 032 426	**31 188 786**
Financial assets at fair value through other comprehensive income	49 180	638 674	**687 854**
Other financial assets at amortized cost	4 546 391	6 014 782	**10 561 173**
Investment in subsidiaries and associates	-	3 412 899	**3 412 899**
Fixed assets	69 151	462 804	**531 955**
Other assets and financial derivatives - positive fair value	945 856	116 998	**1 062 854**
Deferred tax assets	248 498	-	**248 498**
Total assets	**36 062 982**	**27 742 152**	**63 805 134**
Liabilities			
Banks' and financial institutions' deposits	3 991 801	898	**3 992 699**
Customer deposits	41 536 018	2 949 493	**44 485 511**
Cash margin	2 318 636	288 495	**2 607 131**
Borrowed funds	131 428	491 032	**622 460**
Other Provisions	202 477	-	**202 477**
Provision for Income Tax	217 629	-	**217 629**
Other liabilities and financial derivatives - negative fair value	1 230 046	118 534	**1 348 580**
Deferred tax liabilities	7 295	-	**7 295**
Total liabilities	**49 635 330**	**3 848 452**	**53 483 782**
Net	**(13 572 348)**	**23 893 700**	**10 321 352**

54. Contractual Maturity of the Contingent Accounts

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

	31 December 2022			
	Within 1 year	More than 1 year and up to 5 years	More than 5 years	**Total**
	USD '000	USD '000	USD '000	**USD '000**
Letters of credit	2 711 022	163 284	-	**2 874 306**
Acceptances	747 489	14 031	-	**761 520**
Letters of guarantee:				
- Payment guarantees	1 093 722	188 515	129 364	**1 411 601**
- Performance guarantees	3 198 828	1 034 938	163 681	**4 397 447**
- Other guarantees	2 148 029	127 659	85 854	**2 361 542**
Unutilized credit facilities	5 398 449	264 603	29 556	**5 692 608**
Total	**15 297 539**	**1 793 030**	**408 455**	**17 499 024**
Constructions projects contracts	2 892	-	-	**2 892**
Procurement contracts	18 141	1 455	400	**19 996**
Total	**21 033**	**1 455**	**400**	**22 888**

	31 December 2021			
	Within 1 year	More than 1 year and up to 5 years	More than 5 years	Total
	USD '000	USD '000	USD '000	USD '000
Letters of credit	2 663 930	131 063	-	2 794 993
Acceptances	900 903	21 616	-	922 519
Letters of guarantee:				
- Payment guarantees	1 014 941	90 828	170 167	1 275 936
- Performance guarantees	3 352 075	1 293 348	151 150	4 796 573
- Other guarantees	2 334 414	352 522	35 372	2 722 308
Unutilized credit facilities	5 363 722	110 777	30 692	5 505 191
Total	**15 629 985**	**2 000 154**	**387 381**	**18 017 520**
Constructions projects contracts	3 385	-	-	3 385
Procurement contracts	16 336	1 673	2 262	20 271
Total	**19 721**	**1 673**	**2 262**	**23 656**

55. 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:

	31 December	
	2022	**2021**
	USD '000	USD '000
Common Equity Tier 1	9 486 770	9 376 735
Regulatory Adjustments (Deductions from Common Equity Tier 1)	(3 034 121)	(2 894 909)
Additional Tier 1	236 262	273 411
Regulatory Adjustments (Deductions from Additional Tier 1)	(6 234)	(12 987)
Supplementary Capital	423 755	388 384
Regulatory Capital	**7 106 432**	**7 130 634**
Risk-weighted assets (RWA)	**42 717 383**	**43 132 067**
Common Equity Tier 1 Ratio	**%15.11**	**%15.03**
Tier 1 Capital Ratio	**%15.64**	**%15.63**
Capital Adequacy Ratio	**%16.64**	**%16.53**

- The Board of Directors performs an overall review of the capital structure of the Group on a quarterly basis. As part of this review, the Board takes into consideration matters such as cost and risks of capital as integral factors in managing capital through setting dividend policies and capitalization of reserves.
- The liquidity coverage ratio is 217% as of 31 December 2022 and 222% as of 31 December 2021 (According to Central Bank of Jordan instructions no. 5/2020 the minimum liquidity coverage ratio is 100%)

56. Transactions with Related Parties

The details of this item are as follows:

	31 December 2022			
	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	78 087	-	58 084	26 393
Major Shareholders and Members of the Board of Directors	-	306 763	783 128	50 831
Total	**78 087**	**306 763**	**841 212**	**77 224**

	31 December 2021			
	Deposits owed from related parties	Direct credit facilities at amortized cost	Deposits owed to related parties	LCs, LGs, Unutilized credit facilities and acceptances
	USD '000	USD '000	USD '000	USD '000
Associated companies	154 301	-	8 851	25 861
Major Shareholders and Member of the Board of Directors	-	291 628	975 382	43 875
Total	**154 301**	**291 628**	**984 233**	**69 736**

- All facilities granted to related parties are performing loans in accordance with the credit rating of the Group. No provisions for the year have been recorded in relation to impairment in value.

The details of transactions with related parties are as follows:

	31 December 2022	
	Interest Income	Interest Expense
	USD '000	USD '000
Associated companies	2 508	739

	31 December 2021	
	Interest Income	Interest Expense
	USD '000	USD '000
Associated companies	469	48

- Direct credit facilitates granted to key management personnel amounted to USD 1.6 million and indirect credit facilities amounted to USD 5.6 thousand as of 31 December 2022 (USD 1.4 million direct credit facilities and USD 14.1 thousand indirect credit facilities as of 31 December 2021).
- Deposits of key management personnel amounted to USD 4.8 million as of 31 December 2022 (USD 4.2 million as of 31 December 2021)
- Interest on credit facilities granted to major shareholders and members of the Board of Directors is recorded at arm's length.
- The salaries and other fringe benefits of the Group's key management personnel, inside and outside Jordan, amounted to USD 66.2 million for the year ended on 31 December 2022 (USD 65.6 million for the year ended on 31 December 2021).

57. Earnings Per Share

The details of this item are as follows:

	31 December	
	2022	**2021**
	USD '000	USD '000
Profit for the year attributable to Shareholders of the Bank	520 276	306 721
Less: Groups' share of interest on perpetual bonds	(13 798)	(14 397)
Net profit for the period attributable to the Bank's shareholders	506 478	292 324
	Thousand Shares	
Average number of shares	640 800	640 800
	USD / Share	
Earnings Per Share (Basic and diluted)	0.79	0.46

There are no instruments that could potentially dilute basic earnings per share in the future.

58. Assets under management

Assets under management as of 31 December 2022 amounted to USD 6 238 million (USD 5 971 million as of 31 December 2021). These assets are not included in the Group's consolidated financial statements.

59. Cash and Cash Equivalent

The details of this item are as follows:

	31 December	
	2022	2021
	USD '000	USD '000
Cash and balances with central banks maturing within 3 months	11 928 175	12 183 906
Add: balances with banks and financial institutions maturing within 3 months	4 010 774	3 759 049
Less: banks and financial institutions deposits maturing within 3 months	3 504 275	3 682 903
Total	**12 434 674**	**12 260 052**

60. LEGAL CASES

There are lawsuits filed against the Group totaling USD 290.4 million as of 31 December 2022, (USD 334.3 million as of 31 December 2021). In the opinion of the management and the lawyers representing the Group in the litigation at issue, the provisions taken in connection with the lawsuits are adequate.

61. STANDARDS ISSUED BUT NOT YET EFFECTIVE

The standards and interpretations that are issued but not yet effective, up to the date of issuance of the Group's consolidated financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) which was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach),
- A simplified approach (the premium allocation approach) mainly for short-duration contracts.

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. The Group does not expect a major impact on the consolidation financial statements from the application of the standard.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement,
- That a right to defer must exist at the end of the reporting period,
- That classification is unaffected by the likelihood that an entity will exercise its deferral right,
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

The amendments are not expected to have a material impact on the Group.

Definition of Accounting Estimates - Amendments to IAS 8

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

The amendments are not expected to have a material impact on the Group.

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

The Group is currently assessing the impact of the amendments to determine the impact they will have on the Group's accounting policy disclosures.

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

In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments should be applied 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 presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability should also be recognized for all deductible and taxable temporary differences associated with leases and decommissioning obligations.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023. Early adoption is permitted.

It is not expected that these amendments will have a material impact on the consolidated financial statements for the Group.

62. COMPARATIVE FIGURES

Some of the comparative figures in the consolidated financial statements for the year 2021 have been reclassified to be consistent with the year 2022 presentation, with no effect on profit and equity for the year 2021.

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INDEPENDENT AUDITOR'S REPORT
To the Shareholders of Arab Bank Group
Amman - Jordan

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Arab Bank Group and its subsidiaries (the "Group") which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as of 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards, are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants* (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in Jordan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended 31 December 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

<table>
<tr><th colspan="2">1. Inadequate allowances (ECL) for credit facilities
Refer to notes (13) & (25) to the consolidated financial statements</th></tr>
<tr><td>Key audit matter</td><td>How the key audit matter was addressed in the audit:</td></tr>
<tr><td>This is considered as a key audit matter as the Group exercises significant judgement to determine when and how much to record as impairment.

The provision for credit facilities at amortized cost are determined in accordance with the Bank's impairment and provisioning policy, which is aligned to the requirements of IFRS 9.

Credit facilities at amortized cost form a major portion of the Group's assets. There is a risk that inappropriate impairment provisions are booked, whether from the use of inaccurate underlying data, or the use of unreasonable assumptions. Due to the significance of the judgments used in classifying credit facilities into various stages stipulated in IFRS 9 and determining related provision requirements, this audit area is considered a key audit risk.

As of 31 December 2022, the Group's gross direct credit facilities amounted to USD 35.4 billion, and the related impairment provision amounted to USD 2.8 billion. The impairment provision policy is presented in the accounting policies in note (4) to the consolidated financial statements.</td><td>Our audit procedures included the following:

• We gained an understanding of the Group's key credit processes comprising granting and booking and tested the operating effectiveness of key controls over these processes.

• We read the Group's impairment provisioning policy and compared it with the requirements of IFRS 9 as well as relevant regulatory guidelines and pronouncements.

• We assessed the Group's expected credit loss model, in particular focusing on its alignment of the expected credit loss model and its underlying methodology with the requirements of IFRS 9.

• We examined a sample of exposures, assessed on an individual basis and performed procedures to evaluate the following:
o Appropriateness of the Group's staging.
o Appropriateness of determining Exposure at Default, including the consideration of repayments in the cash flows and the resultant arithmetical calculations
o Appropriateness of the PD, EAD and LGD used for different exposures at different stages.
o Appropriateness of the internal rating and the objectivity, competency and independence of the experts involved in this exercise.</td></tr>
</table>

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	○ Soundness and mathematical integrity of the ECL Model. ○ For exposures moved between stages we have checked the appropriateness of the Group's determination of significant increase in credit risk and the resultant basis for classification of exposures into various stages. We also checked the timely identification of exposures with a significant deterioration in credit quality. ○ For exposures determined to be individually impaired, we re-preformed the ECL calculation. We also obtained an understanding of the latest developments in the counterparty's situation of the latest developments in estimate of future cash flows, current financial position any rescheduling or restructuring agreements. • For forward looking assumptions used by the Group in its Expected Credit Losses ("ECL") calculations, we held discussions with management and corroborated the assumptions using publicly available information. • We assessed the financial statements disclosures to ensure compliance with IFRS 9. Refer to the accounting policies, critical accounting estimates and judgments, disclosures of credit facilities and on ECL in notes (4), (5), (7), (13) and (25) to the consolidated financial statements.
2. Valuation of Unquoted Investments and Derivatives **Refer to notes (12) and (43) to the consolidated financial statements**	
Key audit matter The valuation of unquoted investment and derivatives are complex areas that require the use of models and forecasting of future cash flows including other factors to determine the fair value of investments and derivatives. As of 31 December 2022, the unquoted equities, positive and negative fair value of derivatives amounted to USD 197 million, USD 196 million and USD 164 million, respectively.	**How the key audit matter was addressed in the audit:** Our audit procedures included, amongst others, an assessment of the methodology and the appropriateness of the valuation models and inputs used to value the unquoted equities and derivatives. As part of these audit procedures, we assessed the reasonableness of key inputs used in the valuation such as the expected cash flows, discount rate by benchmarking them with external data. Disclosures of unquoted investments and derivatives are detailed in notes (12) and (43) to the consolidated financial statements.

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Other information included in the Group's 2022 annual report.

Other information consists of the information included in the Bank's 2022 Annual Report other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information. The Bank's 2022 Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exist, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period, and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonable be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

The Group maintains proper books of accounts, which are in agreement from all material aspects with the consolidated financial statements.

The partner in charge of the audit resulting in this auditor's report was Bishr Ibrahim Baker; license number 592.

Amman – Jordan
12 February 2023

ERNST & YOUNG
Amman - Jordan

STATEMENT OF FINANCIAL POSITION

JD '000

ARAB BANK Plc

	Notes	31 December 2022	31 December 2021	
Cash and balances with central banks	7	6 326 476	5 685 990	ASSETS
Balances with banks and financial institutions	8	2 584 482	2 641 667	
Deposits with banks and financial institutions	9	41 920	63 964	
Financial assets at fair value through profit or loss	10	25 046	3 353	
Financial derivatives - positive fair value	42	62 185	32 335	
Direct credit facilities at amortized cost - net	12	11 416 222	11 445 175	
Financial assets at fair value through other comprehensive income	11	127 659	133 601	
Other financial assets at amortized cost	13	5 431 817	5 822 079	
Investments in subsidiaries and associates	14	1 016 673	1 048 722	
Fixed assets	15	214 546	215 995	
Other assets	16	384 740	363 586	
Deferred tax assets	17	182 140	159 012	
TOTAL ASSETS		**27 813 906**	**27 615 479**	
Banks' and financial institutions' deposits	18	1 908 266	2 205 560	LIABILITIES AND SHAREHOLDERS' EQUITY
Customer deposits	19	19 313 064	18 981 110	
Cash margin	20	1 419 666	1 535 811	
Financial derivatives - negative fair value	42	56 254	22 504	
Borrowed funds	21	291 790	323 991	
Provision for income tax	22	117 037	85 130	
Other provisions	23	144 448	138 578	
Other liabilities	24	630 250	503 881	
Deferred tax liabilities	25	3 356	2 894	
Total Liabilities		**23 884 131**	**23 799 459**	
Share capital	26	640 800	640 800	
Share premium	26	859 626	859 626	
Statutory reserve	27	640 800	640 800	
Voluntary reserve	28	614 920	614 920	
General reserve	29	583 695	583 695	
General banking risks reserve	30	108 494	108 494	
Foreign currency translation reserve	31	(338 077)	(260 168)	
Investment revaluation reserve	32	(246 204)	(238 493)	
Retained earnings	33	1 065 721	866 346	
Total Shareholders' Equity		**3 929 775**	**3 816 020**	
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**27 813 906**	**27 615 479**	

The accompanying notes from (1) to (60) are an integral part of these financial statements and should be read with them.

STATEMENT OF INCOME

JD '000

ARAB BANK Plc		Notes	2022	2021
REVENUE	Interest income	34	1 155 638	967 477
	Less: Interest expense	35	418 394	343 843
	Net Interest Income		**737 244**	**623 634**
	Net commission income	36	151 249	141 531
	Net Interest and Commission Income		**888 493**	**765 165**
	Foreign exchange differences		39 751	47 816
	Gain from financial assets at fair value through profit or loss	37	839	867
	Dividends from financial assets at fair value through other comprehensive income	11	3 741	2 989
	Dividends from subsidiaries and associates	38	139 972	88 440
	Other revenue	39	23 708	26 396
	TOTAL INCOME		**1 096 504**	**931 673**
EXPENSES	Employees expenses	40	242 750	219 214
	Other expenses	41	194 640	170 119
	Depreciation and amortization	15&16	34 145	33 507
	Provision for impairment - ECL	6	156 451	255 471
	Impairment of investments held for sale		18 228	35 461
	Other provisions	23	7 431	7 359
	TOTAL EXPENSES		**653 645**	**721 131**
	PROFIT FOR THE YEAR BEFORE INCOME TAX		**442 859**	**210 542**
	Less: Income tax expense	22	115 324	54 441
	PROFIT FOR THE YEAR		**327 535**	**156 101**

The accompanying notes from (1) to (60) are an integral part of these financial statements and should be read with them.

STATEMENT OF COMPREHENSIVE INCOME

JD '000

ARAB BANK Plc

	Notes	2022	2021
Profit for the year		**327 535**	**156 101**
Add: Other comprehensive income items - after tax			
Items that will be subsequently transferred to the statement of income			
Exchange differences arising on the translation of foreign operations	31	(77 909)	(100 202)
Items that will not be subsequently transferred to the statement of income			
Change in fair value of financial assets at fair value through other comprehansice income	**32**	**(7 711)**	**(22 375)**
Revaluation loss on equity instruments at fair value through other comprehensive income		(7 711)	(22 525)
Gain from sale of finacial assets at fair value through the statement of comprehansive income	32	-	150
Total Other Comprehensive Income Items - After Tax		**(85 620)**	**(122 577)**
TOAL COMPREHENSIVE INCOME FOR THE YEAR		**241 915**	**33 524**

The accompanying notes from (1) to (60) are an integral part of these financial statements and should be read with them.

ARAB BANK Plc

Year		Notes	Share Capital	Share Premium	Statutory Reserve
2022	**Balance at the beginning of the year**		**640 800**	**859 626**	**640 800**
	Profit for the year		-	-	-
	Other comprehensive income for the year		-	-	-
	Total Comprehensive Income for the Year		**-**	**-**	**-**
	Investment revaluation reserve transferred to retained earnings		-	-	-
	Dividends Paid	33	-	-	-
	Balance at the end of the year		**640 800**	**859 626**	**640 800**
2021	**Balance at the beginning of the year**		**640 800**	**859 626**	**640 800**
	Profit for the year		-	-	-
	Other comprehensive income for the year		-	-	-
	Total comprehensive income for the year		**-**	**-**	**-**
	Investment revaluation reserve transferred to retained earnings		-	-	-
	Dividends paid	33	-	-	-
	Adjustment during the year		-	-	-
	Balance at the end of the year		**640 800**	**859 626**	**640 800**

* Retained earnings include restricted deferred tax assets in the amount of JD 182.1 million. Restricted retained earnings that cannot be distributed or otherwise utilized except under certain circumstances as a result of adopting certain International Accounting Standards amounted to JD 2 million as of 31 December 2022.

* The Central Bank of Jordan issued a new regulations No. 13/2018 dated 6 June 2018, in which it requested 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 (JD 26.7 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 negative balance of the investments revaluation reserve in the amount of JD 246.2 million as of 31 December 2022 is restricted according to the Jordan Securities Commission instructions and Central Bank of Jordan.

The accompanying notes from (1) to (60) are an integral part of these financial statements and should be read with them.

JD '000

Voluntary Reserve	General Reserve	General Banking Risk Reserve	Foreign Currency Translation Reserve	Investment Revaluation Reserve	Retained Earnings	Total Shareholders Equity
614 920	**583 695**	**108 494**	**(260 168)**	**(238 493)**	**866 346**	**3 816 020**
-	-	-	-	-	327 535	327 535
-	-	-	(77 909)	(7 711)	-	(85 620)
-	**-**	**-**	**(77 909)**	**(7 711)**	**327 535**	**241 915**
-	-	-	-	-	-	-
-	-	-	-	-	(128 160)	(128 160)
614 920	**583 695**	**108 494**	**(338 077)**	**(246 204)**	**1 065 721**	**3 929 775**
614 920	**583 695**	**108 494**	**(159 966)**	**(215 968)**	**780 168**	**3 852 569**
-	-	-	-	-	156 101	156 101
-	-	-	(100 202)	(22 375)	-	(122 577)
-	**-**	**-**	**(100 202)**	**(22 375)**	**156 101**	**33 524**
-	-	-	-	(150)	150	-
-	-	-	-	-	(76 897)	(76 897)
-	-	-	-	-	6 824	6 824
614 920	**583 695**	**108 494**	**(260 168)**	**(238 493)**	**866 346**	**3 816 020**

JD '000

ARAB BANK Plc

	Notes	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year before tax		**442 859**	**210 542**
Adjustments for:			
Depreciation	15	25 420	25 872
Amortization of intangible assets	16	8 725	7 635
Depreciation right of use assets	16	10 178	10 232
Provision for impairment - ECL	6	156 451	255 471
Net accrued Interest		3 062	(31 580)
(Gain) from sale of fixed assets		(289)	(541)
(Gain) Loss from revaluation of financial assets at fair value through profit or loss	37	478	(2)
Dividends from financial assets at fair value through other comprehensive income	11	(3 741)	(2 989)
Dividends from subsidiaries and associates	38	(139 972)	(88 440)
Impairment of investment held for sale		18 228	35 461
Other provisions	23	7 431	7 359
Total		**528 830**	**429 020**
(Increase) Decrease in Assets			
Balances with central banks (maturing after 3 months)		17 730	-
Deposits with banks and financial institutions (maturing after 3 months)		22 170	(166)
Direct credit facilities at amortized cost		(115 312)	(13 592)
Financial assets at fair value through profit or loss		(22 171)	45 306
Other assets and financial derivatives		(51 959)	(23 994)
(Decrease) Increase in Liabilities:			
Banks and financial institutions deposits (maturing after 3 months)		(210 956)	(388 409)
Customer deposits		331 954	497 374
Cash margin		(116 145)	(137 183)
Other liabilities and financial derivatives		83 543	(16 800)
Net Cash Flows From Operating Activities before Income Tax		**467 684**	**391 556**
Income tax paid	22	(103 389)	(96 934)
Net Cash Flows From Operating Activities		**364 295**	**294 622**
CASH FLOWS FROM INVESTING ACTIVITIES			
(Purchase) of financial assets at fair value through other comprehensive income		(1 769)	(1 412)
Maturity (Purchase) of other financial assets at amortized cost		386 665	(740 309)
(Paid for) investments in subsidiaries and associates - net		(5 672)	(17 524)
Dividends from subsidiaries and associates - net	38	139 972	88 440
Dividends from financial assets at fair value through other comprehensive income	11	3 741	2 989
(Purchase) of fixed assets - net	15	(26 825)	(24 291)
Proceeds from sale of fixed assets		1 613	5 812
(Purchase) of intangible assets - net		(8 213)	(10 412)
Net Cash flows (Used in) Investing Activities		**489 512**	**(696 707)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in borrowed funds		(32 201)	(28 212)
Dividends paid to shareholders		(128 666)	(77 818)
Net Cash flows (Used in) Financing Activities		**(160 867)**	**(106 030)**
Net increase (decrease) in Cash and Cash Equivalent		692 940	(508 115)
Exchange differences - change in foreign exchange rates		(4 738)	(56 157)
Cash and cash equivalent at the beginning of the year		6 406 234	6 970 506
Cash and Cash Equivalent at the End of the Year	**57**	**7 094 436**	**6 406 234**
Operational cash flows from interest			
Interest Received		1 126 050	947 096
Interest Paid		385 744	355 042

The accompanying notes from (1) to (60) are an integral part of these financial statements and should be read with them.

(1) General

Arab Bank was established in 1930 and is registered as a Jordanian public shareholding limited company. The Head Office of the Bank is domiciled in Amman - Hashemite Kingdom of Jordan and the Bank operates worldwide through its 73 branches in Jordan and 129 branches abroad. Also, the bank operates through its subsidiaries and Arab Bank (Switzerland).

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 financial statements was approved by the Board of Directors in its meeting Number (1) on 26 January 2023 and are subject to the approval of the General Assembly.

(2) Basis of Preparation of the Financial Statements

The accompanying financial statements are prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.

Arab Bank PLC adheres to the local regulations and instructions of the Central Bank of Jordan, as well as to the prevailing regulations in the countries where the Bank operates.

The financial statements of Arab Bank PLC are presented in conjunction with the consolidated financial statements of Arab Bank Group and which form integral part of the Bank's financial statements.

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

The financial statements have been presented in Jordanian Dinars, which is the functional currency of the Bank.

Basis of presentation of the financial statements

The accompanying financial statement of Arab Bank PLC comprise the financial statements of Arab Bank branches within the Hashemite Kingdom of Jordan and its foreign branches after excluding balances and transactions between the branches. Transactions on the way at the end of the year are shown under other assets or other liabilities as the case may be. The financial statements of the Bank's branches operating outside the Hashemite Kingdom of Jordan are translated into Jordanian Dinars at the prevailing rates as of the balance sheet date.

The Bank prepares consolidated financial statements for the Bank, its subsidiaries and Arab Bank (Switzerland) Limited.

(3) Changes of Accounting Policies

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

Reference to the Conceptual Framework – Amendments to IFRS 3

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

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

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

These amendments had no impact on the financial statements of the Bank.

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

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

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

These amendments had no impact on the financial statements of the Bank.

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

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

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

These amendments had no impact on the financial statements of the Bank.

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

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

These amendments had no impact on the financial statements of the Bank

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

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

These amendments had no impact on the financial statements of the Bank.

(4) SIGNIFICANT ACCOUNTING POLICIES

Hedges directly affected by Interest Rate Benchmark Reform

Accounting relief relating to hedge accounting provided by International Accounting Standard Board during the phase 1 and phase 2 are being considered.

At the time of the transition to risk free rates, hedge documentation, which currently refers to Libor, will be updated to reflect the transition to the new reference rate for the hedging item and the hedging instrument in every case. Economic equivalency will be maintained and therefore no material P&L impact is anticipated.

For this purpose, the hedge designation is amended only to make one or more of the following changes:

- Designating an alternative benchmark rate as the hedged risk.
- Updating the description of the hedged item, including the description of the designated portion of the cash flows or fair value being hedged; or
- Updating the description of the hedging instrument.

Recognition of Interest Income

The effective interest rate method

In accordance with IFRS 9, interest income is recognized using the effective interest rate method for all financial instruments at amortized cost and financial instruments at fair value through the income statement or through other comprehensive income. The effective interest rate is the rate that discounts estimated future cash receipts over the expected life of the financial instrument, or, shorter period, to the net carrying amount of the financial asset.

The EIR (and therefore, the amortized cost of the asset) is calculated by taking into account any discount or premium on acquisition, fees and costs that are an integral part of the EIR. The Bank recognizes interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the loan. Hence, it recognizes the effect of potentially different interest rates charged at various stages, and other characteristics of the product life cycle (including prepayments, penalty interest and charges).

If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk. The adjustment is booked as a positive or negative adjustment to the carrying amount of the asset in the statement of financial position with an increase or reduction in interest income. The adjustment is subsequently amortized through interest and similar income in the statement of income.

Interest and similar income and expense

For all financial instruments measured at amortized cost, financial instruments designated at FVOCI and FVTPL, interest income or expense is recorded using the EIR. The calculation takes into account all of the contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the EIR, but not future credit losses.

When the recorded value of a financial asset or a group of similar financial assets has been reduced by an impairment loss, interest income continues to be recognized using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

The Bank also holds investments in assets of countries with negative interest rates. The Bank discloses interest paid on these assets as interest expense.

Fee and commission income

Fee income can be divided into the following two categories:

A. Fee income earned from services that are provided over a certain period of time

Fees earned for the provision of services over a period of time are accrued over that period. These fees include commission income and private wealth and asset management fees, custody and other management fees.

B. Fee income forming an integral part of the corresponding financial instrument

Fees that the Bank considers to be an integral part of the corresponding financial instruments include: loan origination fees, loan commitment fees for loans that are likely to be drawn down and other credit related fees.

Financial Instruments – Initial Recognition

Date of recognition

Financial assets and liabilities, with the exception of loans and advances to customers and balances due to customers, are initially recognized on the trade date, i.e., the date that the Bank becomes a party to the contractual provisions of the instrument. This includes regular way trades: purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place. Loans and advances to customers are recognized when funds are transferred to the customers' accounts. The Bank recognizes balances due to customers when funds are transferred to the Bank.

Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at their fair value, except in the case of financial assets and financial liabilities recorded at FVTPL, transaction costs are added to, or subtracted from, this amount. Trade receivables are measured at the transaction price. When the fair value of financial instruments at initial recognition differs from the transaction price, the Bank accounts for the Day 1 profit or loss, as described below.

Day 1 profit or loss

When the transaction price of the instrument differs from the fair value at origination and the fair value is based on a valuation technique using only inputs observable in market transactions, the Bank recognizes the difference between the transaction price and fair value in net trading income. In those cases where fair value is based on models for which some of the inputs are not observable, the difference between the transaction price and the fair value is deferred and is only recognized in profit or loss when the inputs become observable, or when the instrument is derecognized.

Measurement categories of financial assets and liabilities

The Bank classifies its financial assets (Debt Instruments) based on the business model for managing the assets and the asset's contractual terms, measured at either:

- Amortized cost
- FVOCI
- FVTPL

The Bank classifies and measures its derivative and trading portfolio at FVTPL. The Bank may designate financial instruments at FVTPL, if so doing eliminates or significantly reduces measurement or recognition inconsistencies.

Financial liabilities, other than loan commitments and financial guarantees, are measured at amortized cost or at FVTPL when they are held for trading and derivative instruments or the fair value designation is applied.

Financial Assets and Liabilities

Due from banks, loans and advances to customers and financial investments at amortized cost

The Bank only measures due from banks, loans and advances to customers and other financial investments at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

The details of these conditions are outlined below.

Business model assessment

The Bank determines its business model at the level that best reflects how it manages it's financial assets to achieve its business objective.

The Bank's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected)
- The expected frequency, value and timing of sales are also important aspects of the Bank's assessment

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realized in a way that is different from the Bank's original expectations, the Bank does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

The SPPI test

As a second step of its classification process the Bank assesses the contractual terms of financial to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortization of the premium/discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Bank applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

Derivatives recorded at fair value through profit or loss

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided that, in the case of a non-financial variable, it is not specific to a party to the contract (i.e., the 'underlying').
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts expected to have a similar response to changes in market factors.
- It is settled at a future date.

The Bank enters into derivative transactions with various counterparties. These include interest rate swaps, futures and cross-currency swaps. Derivatives are recorded at fair value and carried as assets when their fair value is positive and as liabilities when their fair value is negative. Changes in the fair value of derivatives are included in net trading income unless hedge accounting is applied.

Debt instruments at FVOCI

The Bank measures its debt instruments at FVOCI when both of the following conditions are met:

- The instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets
- The contractual terms of the financial asset meet the SPPI test

FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognized in OCI. Interest income and foreign exchange gains and losses are recognized in profit or loss in the same manner as for financial assets measured at amortized cost. Where the Bank holds more than one investment in the same security, they are deemed to be on a first–in first–out basis. On derecognition, cumulative gains or losses previously recognized in OCI are reclassified from OCI to profit or loss.

Equity instruments at FVOCI

Upon initial recognition, the Bank occasionally elects to classify irrevocably some of its equity investments as equity instruments at FVOCI when they meet the definition of Equity under IAS 32 Financial Instruments: Presentation and are not held for trading. Such classification is determined on an instrument-by-instrument basis.

Gains and losses on these equity instruments are never recycled to profit. Dividends are recognized in profit or loss as other operating income when the right of the payment has been established, except when the Bank benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. Equity instruments at FVOCI are not subject to an impairment assessment.

Financial assets and financial liabilities at fair value through profit or loss

Financial assets and financial liabilities at FVTPL are recorded in the statement of financial position at fair value. Changes in fair value are recorded in profit and loss with the exception of movements in fair value of liabilities designated at FVTPL due to changes in the Bank's own credit risk. Such changes in fair value are recorded in the Own credit reserve through OCI and do not get recycled to the profit or loss. Interest earned or incurred on instruments designated at FVTPL is accrued in interest income or interest expense, respectively, using the EIR, taking into account any discount/ premium and qualifying transaction costs being an integral part of instrument. Interest earnt on assets mandatorily required to be measured at FVTPL is recorded using contractual interest rate. Dividend income from equity instruments measured at FVTPL is recorded in profit or loss as other operating income when the right to the payment has been established.

Financial guarantees, letters of credit and undrawn loan commitments

The Bank issues financial guarantees, letters of credit and loan commitments.

Financial guarantees are initially recognized in the financial statements (within other liabilities) at fair value, being the premium received. Subsequent to initial recognition, the Bank's liability under each guarantee is measured at the higher of the amount initially recognized less cumulative amortization recognized in the statement of income and ECL provision.

The premium received is recognized in the statement of income net of fees and commission income on a straight line basis over the life of the guarantee.

Undrawn loan commitments and letters of credits are commitments under which, over the duration of the commitment, the Bank is required to provide a loan with pre-specified terms to the customer. Similar to financial guarantee contracts, these contracts are in the scope of the ECL requirements.

The nominal contractual value of financial guarantees, letters of credit and undrawn loan commitments, where the loan agreed to be provided is on market terms, are not recorded in the statement of financial position.

The Bank occasionally issues loan commitments at below market interest rates drawdown. Such commitments are subsequently measured at the higher of the amount of the ECL and the amount initially recognized less, when appropriate, the cumulative amount of income recognized.

Derecognition of financial assets and liabilities

Derecognition due to substantial modification of terms and conditions

The Bank derecognizes a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognized as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognized loans are classified as Stage 1 for ECL measurement purposes.

If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Bank records a modification gain or loss, to the extent that an impairment loss has not already been recorded.

Derecognition other than for substantial modification

A. Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a Bank of similar financial assets) is derecognized when the rights to receive cash flows from the financial asset have expired. The Bank also derecognizes the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

The Bank has transferred the financial asset if, and only if, either:

- The Bank has transferred its contractual rights to receive cash flows from the financial asset

Or

- It retains the rights to the cash flows, but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass–through' arrangement

Pass-through arrangements are transactions whereby the Bank retains the contractual rights to receive the cash flows of a financial asset (the 'original asset'), but assumes a contractual obligation to pay those cash flows to one or more entities (the 'eventual recipients'), when all of the following three conditions are met:

- The Bank has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset, excluding short-term advances with the right to full recovery of the amount lent plus accrued interest at market rates
- The Bank cannot sell or pledge the original asset other than as security to the eventual recipients
- The Bank has to remit any cash flows it collects on behalf of the eventual recipients without material delay. In addition, the Bank is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents including interest earned, during the period between the collection date and the date of required remittance to the eventual recipients.

A transfer only qualifies for derecognition if either:

- The Bank has transferred substantially all the risks and rewards of the asset

Or

- The Bank has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

The Bank considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

When the Bank has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognized only to the extent of the Bank's continuing involvement, in which case, the Bank also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Bank has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration the Bank could be required to pay.

If continuing involvement takes the form of a written or purchased option (or both) on the transferred asset, the continuing involvement is measured at the value the Bank would be required to pay upon repurchase. In the case of a written put option on an asset that is measured at fair value, the extent of the entity's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

B. Financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognized in profit or loss.

Impairment of financial assets

Overview of the ECL principles

The Bank records the allowance for expected credit loss for all loans and other debt financial assets not held at FVTPL, together with loan commitments and financial guarantee contracts, in this section all referred to as 'financial instruments'. Equity instruments are not subject to impairment under IFRS 9.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss.

The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both LTECLs and 12mECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

The Bank has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Based on the above process, the Bank classifies its financial assets into Stage 1, Stage 2 and Stage 3, as described below:

Stage 1: When financial assets are first recognized, the Bank recognizes an allowance based on 12mECLs. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.

Stage 2: When a financial asset has shown a significant increase in credit risk since origination, the Bank records an allowance for the LTECLs. Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3.

Stage 3: Financial assets considered credit-impaired. The Bank records an allowance for the LTECLs.

For financial assets for which the Bank has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered a (partial) derecognition of the financial asset.

The Bank's internal credit rating system:

The main measure of Credit Risk is at the counterparty level where the exposure is measured in line with the bank's credit standards applicable by the bank and detailed in the policies and procedures. Therefore, Arab Bank implemented an Internal Rating methodology to assess the customers financially and non-financially. In parallel, Arab Bank is using Moody's Risk Analyst (MRA), it is a financial analysis and ratings platform that aggregates quantitative and qualitative information on individual obligors to obtain an assessment that can be used to determine a credit rating for each obligor and the related probability of default (PD). The MRA model went through validation, optimization and calibration phases which lead to the development of a new model.

It worthwhile to mention that MRA is complementing AB Internal Rating to better comply with regulatory requirements i.e. BASEL.

The MRA Rating System is centrally managed by Risk Management Department at Head Office noting that the Corporate and Investment Banking and the Credit Department are the main users. The Customers' Ratings are being reviewed on annual basis using the two rating methodology (AB Internal Rating and MRA) during the annual review of the customers' facilities.

The calculation of ECLs

The Bank calculates ECLs based on a three probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive. During 2020 and due to the recent developments and the abnormal situation resulted from COVID-19 pandemic, an additional downside scenario was used by the management for calculating the ECL for the year ended 31 December 2020 and until 30 June 2021.

During the third quarter of the year 2021, management resolved to use three scenarios using probability weight for each scenario based on the management best estimate for their likelihood. Below are the weights for each scenario for the years 2022 and 2021:

Scenario	Assigned weighted average 31 December 2022	Assigned weighted average 31 December 2021	Assigned weighted average 30 June 2021
Baseline	45%	45%	35%
Upside	20%	20%	15%
Downside 1	35%	35%	20%
Downside 2	-	-	30%

The machinery 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.

When estimating the ECLs, the Bank considers three scenarios. Each of these is associated with different PDs, EADs and LGDs. When relevant, the assessment of multiple scenarios also incorporates how defaulted loans are expected to be recovered, including the probability that the loans will cure and the value of collateral or the amount that might be received for selling the asset.

With the exception of credit cards and other revolving facilities, the maximum period for which the credit losses are determined is the contractual life of a financial instrument unless the Bank has the legal right to call it earlier.

Impairment losses and releases are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset's gross carrying value.

The mechanism of the ECL method are summarized below:

Stage 1: The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Bank calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR. This calculation is made for each of the three scenarios, as explained above.

Stage 2: When a financial asset has shown a significant increase in credit risk since origination, the Bank records an allowance for the LTECLs. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.

Stage 3: For financial assets which are considered credit-impaired, the Bank recognizes the lifetime expected credit losses for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100% and with higher LGD than the first two stages.

Loan commitments and letter of credit

When estimating LTECLs for undrawn loan commitments, the Bank estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down, based on a probability-weighting of the three scenarios. The expected cash shortfalls are discounted at an approximation to the expected EIR on the loan.

Financial guarantee contracts

The Bank's liability under each guarantee is measured at the higher of the amount initially recognized less cumulative amortization recognized in the statement of income, and the ECL provision. For this purpose, the Bank estimates ECLs based on the present value of the expected payments to reimburse the holder for a credit loss that it incurs. The shortfalls are discounted by the risk-adjusted interest rate relevant to the exposure. The calculation is made using a probability-weighting of the three scenarios. The ECLs related to financial guarantee contracts are recognized within other liabilities.

Debt instruments measured at fair value through OCI

The ECLs for debt instruments measured at FVOCI do not reduce the carrying amount of these financial assets in the statement of financial position, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortized cost is recognized in OCI as an accumulated impairment amount, with a corresponding charge to profit or loss. The accumulated loss recognized in OCI is recycled to the profit and loss upon derecognition of the assets.

Credit cards and other revolving facilities

The Bank's product offering includes a variety of corporate and retail overdraft and credit cards facilities, in which the Bank has the right to cancel and/or reduce the facilities with one day's notice. The Bank does not limit its exposure to credit losses to the contractual notice period, but, instead calculates ECL over a period that reflects the Bank's expectations of the customer behavior, its likelihood of default and the Bank's future risk mitigation procedures, which could include reducing or cancelling the facilities.

The ongoing assessment of whether a significant increase in credit risk has occurred for revolving facilities is similar to other lending products. This is based on shifts in the customer's internal credit grade.

The interest rate used to discount the ECLs for credit cards is based on the effective interest rate.

The calculation of ECLs, including the estimation of the expected period of exposure and discount rate is made, on an individual basis for corporate and on a collective basis for retail products. The collective assessments are made separately for portfolios of facilities with similar credit risk characteristics.

Forward looking information

In its ECL models, the Bank relies on a broad range of forward looking information as economic inputs, such as:

- GDP growth
- Unemployment rates
- Central Bank base rates

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

Collateral valuation

To mitigate its credit risks on financial assets, the Bank seeks to use collateral, where possible. The collateral comes in various forms, such as cash, securities, letters of credit/guarantees, real estate, receivables, inventories, other non-financial assets and credit enhancements such as netting agreements. Collateral, unless repossessed, is not recorded on the Bank's statement of financial position. However, the fair value of collateral affects the calculation of ECLs. It is generally assessed, at a minimum, at inception and re-assessed periodically. However, some collateral, for example, cash or securities relating to margining requirements, is valued daily.

To the extent possible, the Bank uses active market data for valuing financial assets held as collateral. Other financial assets which do not have readily determinable market values are valued using models. Non-financial collateral, such as real estate, is valued based on data provided by third parties such as mortgage brokers, or based on housing price indices.

Collateral repossessed

The Bank's policy is to determine whether a repossessed asset can be best used for its internal operations or should be sold. Assets determined to be useful for the internal operations are transferred to their relevant asset category at the lower of their repossessed value or the carrying value of the original secured asset. Assets for which selling is determined to be a better option are transferred to assets held for sale at their fair value (if financial assets) and fair value less cost to sell for non-financial assets at the repossession date in line with the Bank's policy.

In its normal course of business, the Bank does not physically repossess properties or other assets in its retail portfolio, but engages external agents to recover funds, generally at auction, to settle outstanding debt. Any surplus funds are returned to the customers/obligors. As a result of this practice, the residential properties under legal repossession processes are not recorded on the balance sheet.

Write-offs

Financial assets are written off either partially or in their entirety only when the Bank has stopped pursuing the recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to credit loss expense.

Modified loans

The Bank sometimes makes concessions or modifications to the original terms of loans as a response to the borrower's financial difficulties, (rather than taking possession or to otherwise enforce collection of collateral.) The Bank considers a loan forborne when such concessions or modifications are provided as a result of the borrower's present or expected financial difficulties and the Bank would not have agreed to them if the borrower had been financially healthy. (Indicators of financial difficulties include defaults on covenants, or significant concerns raised by the Credit Risk Department). Forbearance may involve extending the payment arrangements and the agreement of new loan conditions. (Once the terms have been renegotiated, any impairment is measured using the original EIR as calculated before the modification of terms). It is the Bank's policy to monitor forborne loans to help ensure that future payments continue to be likely to occur. Derecognition decisions and classification between Stage 2 and Stage 3 are determined on a case-by-case basis. If these procedures identify a loss in relation to a loan, it is disclosed and managed as an impaired Stage 3 forborne asset until it is collected or written off.

Leases

The Bank assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Bank applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Bank recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Bank recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use assets includes the amount of lease obligations recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Bank is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life or the lease term. Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Bank recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Bank and payments of penalties for terminating a lease, if the lease term reflects the Bank exercising the option to terminate.

The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

Short term and low value assets lease

The Bank defines short-term leases that have a term of less than 12 months or that all lease payments have low value.

For these contracts the bank recognizes the lease payments as an operating expense on a straight line basis over the period of the lease, unless another regular basis is more representative of the time pattern in which the economic benefits from the leased assets are utilized.

Foreign currency translation

Transactions and balances

Transactions in foreign currencies are initially recorded in the functional currency at the spot rate of exchange ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated into the functional currency at the spot rate of exchange at the reporting date. All foreign exchange differences arising on non–trading activities are taken to other operating income/expense in the income statement.

Non–monetary items that are measured at historical cost in a foreign currency are translated using the spot exchange rates as at the date of recognition.

Translation of financial statements of foreign entities operating under hyperinflationary economy

The results and financial position of an entity whose functional currency is the currency of a hyperinflationary economy shall be the translated into a different presentation currency using the following procedures:

(a) all amounts (i.e., assets, liabilities, equity items, income and expenses, including comparatives) shall be translated at the closing rate at the date of the most recent statement of financial position, except that

(b) when amounts are translated into the currency of a non-hyperinflationary economy, comparative amounts shall be those that were presented as current year amounts in the relevant prior year financial statements (i.e., not adjusted for subsequent changes in the price level or subsequent changes in exchange rates).

Exchange differences arising on the translation of results and financial position of each of the Group's consolidated entities are included in Exchange differences on translation of foreign operations in other comprehensive income and taken to a separate component of equity which is the foreign currency translation reserve.

Fixed assets

Fixed assets are stated at historical cost, net of accumulated depreciation and any accumulated impairment in value. Such cost includes expenditures that are directly attributable to the acquisition of the asset. When parts of an item of fixed assets have different useful lives, they are accounted for as separate items of fixed assets.

Depreciation is charged so as to allocate the cost of assets using the straight-line method, using the useful lives of the respective assets

Land and assets under construction are not depreciated.

Assets under construction is carried at cost, less any accumulated impairment losses and is depreciated when the assets are ready for intended use using the same depreciation rate of the related category with fixed assets.

Fixed assets are derecognized when disposed of or when no future benefits are expected from their use or disposal.

The gain or loss arising on the disposal of an item (the difference between the net realizable value and the carrying amount of the asset) is recognized in the statement of income in the year that the assets were disposed.

Impairment of non-financial assets

The Bank assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Bank makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used.

These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

Intangible Assets

Goodwill

Goodwill is recorded at cost, and represents the excess amount paid to acquire or purchase the investment in an associate or a subsidiary on the date of the transaction over the fair value of the net assets of the associate or subsidiary at the acquisition date. Goodwill resulting from the investment in a subsidiary is recorded as a separate item as part of intangible assets, while goodwill resulting from the investment in an associated company constitutes part of the investment in that company.

Goodwill is distributed over the cash generating units for the purpose of testing the impairment in its value.

The value of goodwill is tested for impairment on the date of the financial statements. Good will value is reduced when there is evidence that its value has declined or the recoverable value of the cash generating units is less than book value. The decline in the values is recoded in the statement of income as impairment loss.

Other Intangible Assets

Other intangible assets acquired through mergers are stated at fair value at the date of acquisition, while other intangible assets (not acquired through mergers) are recorded at cost.

Intangible assets are to be classified on the basis of either definite or indefinite useful life. Intangible assets with definite useful economic lives are amortized over their useful lives using the straight line method, and recorded as an expense in the statement of income. Intangible assets with indefinite lives are reviewed in statement income for impairment as of the financial statements date, and impairment loss is recorded in the statement of income.

Intangible assets resulting from the banks operations are not capitalized. They are rather recorded in the statement of income in the same period.

Any indications of impairment in the value of intangible assets as of the financial statements date are reviewed. Furthermore, the estimated useful lives of the impaired intangible assets are reassessed, and any adjustment is made in the subsequent period.

Repurchase and Resale Agreements

Assets sold with a simultaneous commitment to repurchase them at a future date continue to be recognized in the financial statements as a result of the bank's continuous control over these assets and as the related risk and benefits are transferred to the Bank upon occurrence. They also continue to be measured in accordance with the adopted accounting policies. Amounts received against these contracts are recorded within liabilities under borrowed funds. The difference between the sale price and the repurchase price is recognized as an interest expense amortized over the contract period using the effective interest rate method.

Purchased assets with corresponding commitment to sell at a specific future date are not recognized in the financial statements because the bank has no control over such assets and the related risks and benefits are not transferred to the Bank upon occurrence. Payments related to these contracts are recoded under deposits with banks and other financial institutions or loans and advances in accordance with the nature of each case. The difference between the purchase price and resale price is recoded as interest revenue amortized over the life of the contract using the effective interest rate method.

Capital

Cost of issuing or purchasing the Bank's shares are recorded in retained earnings net of any tax effect related to these costs. If the issuing or purchase process has not been completed, these costs are recorded as expenses in the statement of income.

Investments in Associates

An associate is an entity over which the Bank has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Bank's investments in its associates are accounted at cost.

Investments in Subsidiaries

A subsidiary is an entity that is under the control of the Bank. Control is achieved when the Bank has the power to govern the financial and operating policies of the subsidiary in order to obtain benefits from its activities.

The Bank's investments in its subsidiaries are accounted at cost when preparing the financial statements of the Bank.

Dividends are recognized after being approved by the general assembly.

Income Taxes

Income tax expenses represent current and deferred taxes for the year.

Income tax expense is measured on the basis of taxable income. Taxable income differs from income reported in the financial statements, as the latter includes non-taxable revenue, tax expenses not deductible in the current year but deductible in subsequent years, accumulated losses approved by tax authorities and items not accepted for tax purposes or subject to tax.

Taxes are calculated on the basis of the enacted tax rates according to the prevailing laws, regulations and instructions of countries where the Bank operates.

Taxes expected to be incurred or recovered as a result of temporary timing differences between the value of the assets and liabilities in the financial statements and their respective tax bases. Deferred taxes are calculated on the basis of the liability method, and according to the rates expected to be enacted when it is anticipated that the liability will be settled or when tax assets are recognized.

Deferred tax assets are reviewed on the date of the financial statements, and reduced if it is expected that no benefit will arise from the deferred tax, partially or totally.

Fair value

The Bank measures financial instruments is at fair value at each financial statements date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either, in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Bank uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- 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.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Bank determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Bank has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Financial derivatives

Financial derivatives (e.g. currency forward contracts, forward rate agreements, swaps and option contracts) are recognized at fair value in the statement of financial position.

Financial derivatives held for hedge purposes

Fair value hedge: Represents hedging for changes in the fair value of the Bank's assets and liabilities. When the conditions for an effective fair value hedge are met, gains or losses from changes in the fair value of financial derivatives are recognized in the statement of income. Changes in the fair value of the hedged assets or liabilities are also recognized in the statement of income.

Cash flow hedge: Represents hedging for changes in the current and expected cash flows of the Bank's assets and liabilities that affects the statement of income. When the conditions for an effective cash flow hedge are met, gains or losses from changes in the fair value of financial derivatives are recognized in other comprehensive income and are reclassified to the statement of income in the period in which the hedge transaction has an impact on the statement of income.

When the conditions for an effective hedge are not met, gains or losses from changes in the fair value of financial derivatives are recognized in the statement of income.

The ineffective portion is recognized in the statement of income.

Hedge for net investment in foreign entities: when the conditions of the hedge for net investment in foreign entities are met, fair value is measured for the hedging instrument of the hedged net assets. In case of an effective relationship, the effective portion of the loss or profit related to the hedging instrument is recognized in the statement of comprehensive income and recorded in the statement of income when the investment in foreign entities is sold. The ineffective portion is recognized in the statement of income.

When the conditions of the effective hedge do not apply, gain or loss resulting from the change in the fair value of the hedging instrument is recorded in the statement of income.

Financial derivatives for trading

Financial derivatives held for trading are recognized at fair value in the statement of financial position with changes in fair value recognized in the statement of income.

Foreclosed assets

Such assets are those that have been the subject of foreclosure by the Bank, and are initially recognized among "other assets" at the foreclosure value or fair value whichever is least.

At the date of the financial statements, foreclosed assets are revalued individually (fair value less selling cost); any decline in fair value is recognized in the statement of income. Any subsequent increase in value is recognized only to the extent that it does not exceed the previously recognized impairment losses.

Provisions

Provisions are recognized when the Bank has an obligation as of the date of the financial statements as a result of past events, the obligation is likely to be settled, and a reliable estimate can be made of the amount of the obligation.

Provision for employees' end-of-service indemnities is estimated in accordance with the prevailing rules and regulations in the countries in which the Bank operates. The expense for the year is recognized in the statement of income. Indemnities paid to employees are reduced from the provision.

Segments Information

Segment business represents a Bank of assets and operations shared to produce products or risk attributable services different from which related to other segments.

Geographic sector linked to present the products or the services in a specific economic environment attributable for risk and other income different from which related to other sectors work in other economic environment.

Assets under Management

These represent the accounts managed by the Bank on behalf of its customers, but do not represent part of the Bank's assets. The fees and commissions on managing these accounts are taken to the statement of income. Moreover, a provision is taken for the decline in the value of capital-guaranteed portfolios managed on behalf of its customers.

Offsetting

Financial assets and financial liabilities are offset, and the net amount is presented in the statement of financial position only when there is a legal right to offset the recognized amounts, and the Bank intends to either settle them on a net basis or to realize the assets and settle the liabilities simultaneously

Cash and cash equivalents

Cash and cash equivalents comprise cash and balances with central banks and balances with banks and financial institutions maturing within three months, less restricted funds and balances owing to banks and financial institutions maturing within three months.

5. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Bank's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In the process of applying the Bank's accounting policies, management has made various judgements. Those which management has assessed to have the most significant effect on the amounts recognised in the financial statements have been discussed in the individual notes of the related financial statement line items.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are also described in the individual notes of the related financial statement line items below. The Bank based its assumptions and estimates on parameters available when the financial statements were prepared.

Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Bank. Such changes are reflected in the assumptions when they occur.

Management believes that the assumptions adopted in the financial statements are reasonable. The details are as follows:

- Impairment loss for foreclosed assets is booked after a recent valuation of the acquired properties has been conducted by approved surveyors. The impairment loss is reviewed periodically.

- The fiscal year is charged with its portion of income tax expenditures in accordance with the regulations, laws, and accounting standards. Moreover, deferred tax assets and liabilities and the income tax provision are recorded.

- The Management periodically reassesses the economic useful life of tangible and Intangible assets for the purpose of calculating annual depreciation and amortization based on the general condition of these assets and assessing their expected useful life in the future. The impairment loss is recorded in the statement of income.

- A provision is set for lawsuits raised against the Bank. This provision is based to an adequate legal study prepared by the Bank's legal advisor. Moreover, the study highlights potential risks that the Bank may encounter in the future. Such legal assessments are reviewed periodically.

- Management frequently reviews financial assets stated at amortized cost and compares to fair value to estimate any impairment in their value. The impairment amount is taken to the statement of income for the year.

- Fair value hierarchy:

  The level in the fair value hierarchy is determined and disclosed into which the fair value measurements are categorized in their entirety, segregating fair value measurements in accordance with the levels defined in IFRS. The difference between Level 2 and Level 3 fair value measurements represents whether inputs are observable and whether the unobservable inputs are significant, which may require judgment and a careful analysis of the inputs used to measure fair value, including consideration of factors specific to the asset or liability.

- 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 – IFRS 9 Methodology

Key concepts in IFRS 9 that have the most significant impact and require a high level of judgment, as considered by the Bank 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 bank 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 Bank 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 Bank'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.

The base case scenario will be based on macroeconomic forecasts (e.g.: GDP, inflation, interest rate). Upside, downside 1 and downside 2 scenarios will be set relative to our base case scenario based on reasonably possible alternative macroeconomic conditions.

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.

• 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 Bank has to adopt the same by law.

The Bank 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 Bank must consider the maximum contractual period over which the Bank 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 Bank is exposed to credit risk and where the credit losses would not be mitigated by management actions.

Compliance of the IFRS 9 implementation

To ensure proper compliance of the IFRS9 implementation, a steering committee was formed consisting of the Chief Risk Officer, Chief Financial Officer, Chief Credit Officer, Head of IT and Head of Project Management with the responsibilities to provide decisions/ feedback on the work plan regarding implementation and adoption of IFRS 9 to ensure all relevant policies and procedures are updated in line with the new requirements and systems are modified / updated for the new requirements, in addition to present the ECL results to the CEO and related Committees of the Board of Directors.

6-Provision for impairment - ECL:

The below table shows the expected credit losses on financial assets during the year:

	31 December 2022				
	Notes	Stage 1	Stage 2	Stage 3	**Total**
		JD '000	JD '000	JD '000	JD '000
Balances with central banks	7	7	745	-	**752**
Balances with banks and financial institutions	8	80	-	-	**80**
Deposits with banks and financial institutions	9	(126)	-	-	**(126)**
Direct credit facilities at amortized cost	12	8 795	112 937	22 533	**144 265**
Debt instruments included in financial assets at amortized cost	13	3 902	(305)	-	**3 597**
Indirect facilities	24	3 114	(23)	4 792	**7 883**
Total		**15 772**	**113 354**	**27 325**	**156 451**

	31 December 2021				
	Notes	Stage 1	Stage 2	Stage 3	**Total**
		JD '000	JD '000	JD '000	JD '000
Balances with central banks	7	(336)	3 486	-	**3 150**
Balances with banks and financial institutions	8	(148)	-	-	**(148)**
Deposits with banks and financial institutions	9	(347)	-	-	**(347)**
Direct credit facilities at amortized cost	12	(22 438)	113 190	127 127	**217 879**
Debt instruments included in financial assets at amortized cost	13	(2 588)	(481)	-	**(3 069)**
Indirect facilities	24	(5 008)	(2 529)	45 543	**38 006**
Total		**(30 865)**	**113 666**	**172 670**	**255 471**

7 - CASH AND BALANCES WITH CENTRAL BANKS

The details of this item are as follows:

	31 December	
	2022	**2021**
	JD '000	JD '000
Cash in vaults	534 041	429 853
Balances with central banks:		
- Current accounts	1 216 846	1 211 484
- Time and notice	3 666 633	3 193 278
- Mandatory cash reserve	901 857	936 723
- Certificates of deposit	93 200	-
Less: Net ECL Charges	(86 101)	(85 348)
Total	**6 326 476**	**5 685 990**

- Except for the mandatory cash reserve, there are no restricted balances at Central Banks.
- There are no balances and certificates of deposit maturing after three months as of 31 December 2022 (JD 17.7 million as of 31 December 2021).

The table below shows the credit quality and the maximum exposure to credit risk based on the bank's internal credit rating system.

	31 December 2022				**31 December 2021**
	Stage 1	Stage 2	Stage 3	**Total**	**Total**
	JD '000	JD '000	JD '000	**JD '000**	**JD '000**
Low risk / performing (1-2)	5 333 164	-	-	**5 333 164**	**4 831 736**
Acceptable risk / performing (3-7)	-	545 372	-	**545 372**	**509 749**
Total	**5 333 164**	**545 372**	**-**	**5 878 536**	**5 341 485**

-Probability of default at low risk 0.0% - 0.22%

-Probability of default at acceptable risk 0.22% - 30%

The movement on total balances with central banks is as follows:

	31 December 2022				**31 December 2021**
	Stage 1	Stage 2	Stage 3	**Total**	**Total**
	JD '000	JD '000	JD '000	**JD '000**	**JD '000**
Balance at the beginning of the year	**4 831 736**	**509 749**	**-**	**5 341 485**	**4 493 126**
New balances (Additions)	735 246	35 623	-	**770 869**	**1 149 388**
Repaid balances (excluding write offs)	(116 248)	-	-	**(116 248)**	**(261 183)**
Translation Adjustments	(117 570)	-	-	**(117 570)**	**(39 846)**
Total	**5 333 164**	**545 372**	**-**	**5 878 536**	**5 341 485**

The movement of ECL charges on balances with central banks is as follows:

	31 December 2022				31 December 2021
	Stage 1	Stage 2	Stage 3	**Total**	**Total**
	JD '000	JD '000	JD '000	**JD '000**	**JD '000**
Balance at the beginning of the year	**618**	**84 730**	**-**	**85 348**	**82 261**
ECL charges during the year	381	745	-	**1 126**	**3 567**
Recoveries (excluding write offs)	(374)	-	-	**(374)**	**(417)**
Translation Adjustments	1	-	-	**1**	**(63)**
Total	**626**	**85 475**	**-**	**86 101**	**85 348**

8 - BALANCES WITH BANKS AND FINANCIAL INSTITUTIONS

	31 December	
	2022	**2021**
	JD '000	JD '000
Current accounts	2 435	1 552
Time deposits maturing within 3 months	115 793	101 783
Total	**118 228**	**103 335**

Abroad Banks and financial institutions

	31 December	
	2022	**2021**
	JD '000	JD '000
Current accounts	545 527	658 795
Time deposits maturing within 3 months	1 921 139	1 879 869
Total	**2 466 666**	**2 538 664**
Less: Net ECL Charges	(412)	(332)
Total balances with Banks and Financial Institutions Local and Abroad	**2 584 482**	**2 641 667**

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

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

The table below shows the credit quality and the maximum exposure to credit risk based on the bank's internal credit rating system.

	31 December 2022				31 December 2021
	Stage 1	Stage 2	Stage 3	**Total**	**Total**
	JD '000	JD '000	JD '000	**JD '000**	**JD '000**
Low risk / performing (1-2)	2 509 047	-	-	**2 509 047**	**2 515 345**
Acceptable risk / performing (3-7)	75 847	-	-	**75 847**	**126 654**
Total	**2 584 894**	**-**	**-**	**2 584 894**	**2 641 999**

-Probability of default at low risk 0.0% - 0.22%
-Probability of default at acceptable risk 0.22% - 7.86%

The movement on total balances with banks and financial institutions is as follows:

	31 December 2022				31 December 2021
	Stage 1	Stage 2	Stage 3	**Total**	**Total**
	JD '000	JD '000	JD '000	**JD '000**	**JD '000**
Balance at the beginning of the year	**2 641 999**	**-**	**-**	**2 641 999**	**3 499 187**
New balances (Additions)	384 395	-	-	**384 395**	**202 714**
Repaid balances (excluding write offs)	(419 110)	-	-	**(419 110)**	**(1 055 149)**
Translation adjustments	(22 390)	-	-	**(22 390)**	**(4 753)**
Total	**2 584 894**	**-**	**-**	**2 584 894**	**2 641 999**

The movement of ECL charges on balances with banks and financial institutions is as follows:

	31 December 2022				31 December 2021
	Stage 1	Stage 2	Stage 3	**Total**	**Total**
	JD '000	JD '000	JD '000	**JD '000**	**JD '000**
Balance at the beginning of the year	**332**	**-**	**-**	**332**	**485**
ECL charges during the year	425	-	-	**425**	**269**
Recoveries (excluding write offs)	(345)	-	-	**(345)**	**(417)**
Translation adjustments	-	-	-	**-**	**(5)**
Total	**412**	**-**	**-**	**412**	**332**

9. Deposits with Banks and Financial Institutions

The details of this item are as follows:

	31 December	
Deposits with local banks and financial institutions	**2022**	**2021**
	JD '000	JD '000
Time deposits maturing after 6 months and before 9 months	-	15 000
Time deposits maturing after one year	33 766	33 766
Total	**33 766**	**48 766**

Deposits with abroad banks and financial institutions	31 December 2022	31 December 2021
	JD '000	JD '000
Time deposits maturing after 3 months and before 6 months	8 154	15 324
Total	**8 154**	**15 324**
Less: Net ECL Charges	-	(126)
Total Deposits with banks and financial institutions Local and Abroad	**41 920**	**63 964**

There are no restricted deposits as of 31 December 2022 and 2021.

The table below shows the credit quality and the maximum exposure to credit risk based on the bank's internal credit rating system.

	31 December 2022				31 December 2021
	Stage 1	Stage 2	Stage 3	Total	**Total**
	JD '000	JD '000	JD '000	JD '000	**JD '000**
Low risk / performing (1-2)	41 920	-	-	41 920	**64 090**
Acceptable risk / performing (3-7)	-	-	-	-	-
Total	**41 920**	**-**	**-**	**41 920**	**64 090**

-Probability of default at low risk 0.0% - 0.22%

-Probability of default at acceptable risk 0.22% - 7.86%

The movement on total deposits with banks and financial institutions is as follows:

	31 December 2022				31 December 2021
	Stage 1	Stage 2	Stage 3	**Total**	**Total**
	JD '000	JD '000	JD '000	**JD '000**	**JD '000**
Balance at the beginning of the year	**64 090**	**-**	**-**	**64 090**	**63 924**
New balances (Additions)	709	-	-	**709**	**355**
Repaid balances (excluding write offs)	(22 879)	-	-	**(22 879)**	**(189)**
Total	**41 920**	**-**	**-**	**41 920**	**64 090**

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

	31 December 2022				31 December 2021
	Stage 1	Stage 2	Stage 3	**Total**	**Total**
	JD '000	JD '000	JD '000	**JD '000**	**JD '000**
Balance at the beginning of the year	**126**	**-**	**-**	**126**	**473**
ECL charges during the year	-	-	-	**-**	**21**
Recoveries (excluding write offs)	(126)	-	-	**(126)**	**(368)**
Total	**-**	**-**	**-**	**-**	**126**

10. Financial Assets at Fair Value through Profit or Loss

The details of this item are as follows:

	31 December 2022	31 December 2021
	JD '000	JD '000
Treasury bills and Government bonds	25 046	3 353
Total	**25 046**	**3 353**

	31 December 2022		
	Designated as FV	Carried Mandatorily at FV	**Total**
	JD '000	JD '000	**JD '000**
Treasury bills and Government bonds	25 046	-	**25 046**
Total	**25 046**	**-**	**25 046**

	31 December 2021		
	Designated as FV	Carried Mandatorily at FV	**Total**
	JD '000	JD '000	**JD '000**
Treasury bills and Government bonds	3 353	-	**3 353**
Total	**3 353**	**-**	**3 353**

11. Financial Assets at Fair Value through Other Comprehensive Income

The details of this item are as follows:

	31 December 2022	31 December 2021
	JD '000	JD '000
Quoted shares	75 166	77 960
Unquoted shares	52 493	55 641
Total	**127 659**	**133 601**

	31 December 2022		
	Designated as FV	Carried Mandatorily at FV	**Total**
	JD '000	JD '000	**JD '000**
Quoted shares	-	75 166	**75 166**
Unquoted shares	-	52 493	**52 493**
Total	**-**	**127 659**	**127 659**

	31 December 2021		
	Designated as FV	Carried Mandatorily at FV	**Total**
	JD '000	JD '000	**JD '000**
Quoted shares	-	77 960	**77 960**
Unquoted shares	-	55 641	**55 641**
Total	**-**	**133 601**	**133 601**

* Cash dividends on the investments above amounted to JD 3.7 million for the year ended 31 December 2022 (JD 3 million for the year ended 31 December 2021).

12 - DIRECT CREDIT FACILITIES AT AMORTIZED COST

The details of this item are as follows:

	31 December 2022					
	Consumer Banking	Corporates		Banks and Financial Institutions	Government and Public Sector	**Total**
		Small and Medium	Large			
	JD '000	JD '000	JD '000	JD '000	JD '000	**JD '000**
Discounted bills *	25 001	25 731	283 362	110 874	-	**444 968**
Overdrafts *	14 771	466 499	1 866 354	2 205	211 205	**2 561 034**
Loans and advances *	1 406 476	650 147	5 998 287	38 264	826 863	**8 920 037**
Real-estate loans	1 126 811	1 211	-	-	-	**1 128 022**
Credit cards	125 010	-	-	-	-	**125 010**
Total	**2 698 069**	**1 143 588**	**8 148 003**	**151 343**	**1 038 068**	**13 179 071**
Less: Interest and commission in suspense	60 141	72 416	312 186	35	-	**444 778**
Provision for impairment - ECL	135 326	173 083	1 001 255	2 575	5 832	**1 318 071**
Total	**195 467**	**245 499**	**1 313 441**	**2 610**	**5 832**	**1 762 849**
Net Direct Credit Facilities at Amortized Cost	**2 502 602**	**898 089**	**6 834 562**	**148 733**	**1 032 236**	**11 416 222**

* Net of interest and commission received in advance, which amounted to JD 20.3 million as at 31 December 2022.
- Rescheduled loans during the year ended 31 December 2022 amounted to JD 710.6 million.
- There are no retsructured loans (transferred from non performing to watch list loans) during the year ended 31 December 2022.
- Direct credit facilities granted to and guaranteed by the government of Jordan as of 31 December 2022 amounted to JD 99 million or 0.75% of total direct credit facilities.
- Non-performing direct credit facilities as of 31 December 2022 amounted to JD 1314 million or 9.97 % of total direct credit facilities.
- Non-performing direct credit facilities, net of interest and commission in suspense, as of 31 December 2022 amounted to JD 899.4 million or 7.1 % of direct credit facilities, after deducting interest and commission in suspense.

	31 December 2021					
	Consumer Banking	Corporates		Banks and Financial Institutions	Government and Public Sector	**Total**
		Small and Medium	Large			
	JD '000	JD '000	JD '000	JD '000	JD '000	**JD '000**
Discounted bills *	31 890	31 603	275 871	135 278	-	**474 642**
Overdrafts *	25 202	523 517	2 049 546	2 539	224 696	**2 825 500**
Loans and advances *	1 369 372	664 962	5 875 525	44 777	722 807	**8 677 443**
Real-estate loans	1 052 986	1 355	-	-	-	**1 054 341**
Credit cards	93 371	-	-	-	-	**93 371**
Total	**2 572 821**	**1 221 437**	**8 200 942**	**182 594**	**947 503**	**13 125 297**
Less: Interest and commission in suspense	54 631	77 664	264 162	35	-	**396 492**
Provision for impairment - ECL	141 243	162 975	973 773	3 295	2 344	**1 283 630**
Total	**195 874**	**240 639**	**1 237 935**	**3 330**	**2 344**	**1 680 122**
Net Direct Credit Facilities at Amortized Cost	**2 376 947**	**980 798**	**6 963 007**	**179 264**	**945 159**	**11 445 175**

* Net of interest and commission received in advance, which amounted to JD 18.3 million as at 31 December 2021.
- Rescheduled loans during the year ended 31 December 2021 amounted to JD 726 million.
- There were no retsructured loans (transferred from non performing to watch list loans) during the year ended 31 December 2021.
- Direct credit facilities granted to and guaranteed by the government of Jordan as of 31 December 2021 amounted to JD 71 million or 0.54% of total direct credit facilities.
- Non-performing direct credit facilities as of 31 December 2021 amounted to JD 1316.7 million or 10% of total direct credit facilities.
- Non-performing direct credit facilities, net of interest and commission in suspense, as of 31 December 2021 amounted to JD 946.6 million or 7.4 % of direct credit facilities, after deducting interest and commission in suspense.

- The details of movement on the provision for impairment of direct credit facilities at amortized cost are as follows:

	31 December 2022					
	Consumer Banking	Corporates		Banks and Financial Institutions	Government and Public Sector	**Total**
		Small and Medium	Large			
	JD '000	JD '000	JD '000	JD '000	JD '000	**JD '000**
Balance at the beginning of the year	**141 243**	**162 975**	**973 773**	**3 295**	**2 344**	**1 283 630**
ECL charges during the year	14 997	25 641	184 067	1 022	5 033	**230 760**
Recoveries	(14 217)	(8 840)	(72 680)	(1 765)	(1 429)	**(98 931)**
Transferred to Stage 1	(103)	(38)	5 481	560	-	**5 900**
Transferred to Stage 2	(453)	(4 494)	(38 854)	(560)	-	**(44 361)**
Transferred to Stage 3	556	4 532	33 373	-	-	**38 461**
Impact on year end ECL caused by transfers between stages during the year	2 652	4 318	5 466	-	-	**12 436**
Used from provision (written off or transferred to off statement of financial position)*	(5 266)	(10 632)	(49 617)	-	-	**(65 515)**
Adjsutments during the year	23	9 192	(1 068)	-	-	**8 147**
Translation Adjustments	(4 106)	(9 571)	(38 686)	23	(116)	**(52 456)**
Balance at the end of the year	**135 326**	**173 083**	**1 001 255**	**2 575**	**5 832**	**1 318 071**

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

	31 December 2021					
	Consumer Banking	Corporates		Banks and Financial Institutions	Government and Public Sector	**Total**
		Small and Medium	Large			
	JD '000	JD '000	JD '000	JD '000	JD '000	**JD '000**
Balance at the beginning of the year	**138 259**	**143 937**	**808 368**	**2 849**	**1 858**	**1 095 271**
ECL charges during the year	20 355	27 878	216 364	1 004	590	**266 191**
Recoveries	(13 292)	(10 844)	(67 788)	(438)	(230)	**(92 592)**
Transferred to Stage 1	(64)	(342)	(4 504)	-	(164)	**(5 074)**
Transferred to Stage 2	1 104	(20 803)	(8 290)	-	164	**(27 825)**
Transferred to Stage 3	(1 040)	21 145	12 794	-	-	**32 899**
Impact on year end ECL caused by transfers between stages during the year	1 743	12 743	29 912	-	(118)	**44 280**
Used from provision (written off or transferred to off statement of financial position)*	(5 907)	(2 579)	(17 935)	-	-	**(26 421)**
Adjsutments during the year	(5)	(6 267)	5 932	4	246	**(90)**
Translation Adjustments	90	(1 893)	(1 080)	(124)	(2)	**(3 009)**
Balance at the end of the year	**141 243**	**162 975**	**973 773**	**3 295**	**2 344**	**1 283 630**

- There are no provisions no longer required as a result of settlement or repayment, transferred to non-performing direct credit facilities as of 31 December 2022 and 2021.
- Impairment is assessed based on individual customer accounts.

* Non-performing direct credit facilities transferred to off statement of financial position amounted to JD 42.2 million as of 31 December 2022 (JD 14.7 million as of 31 December 2021) noting that these non-performing direct credit facilities are fully covered by set provisions and suspended interest.

The following tables outline the impact of multiple scenarios on the ECL (without Consumer):

	31 December 2022							
			Direct Credit Facilities at Amortized Coat					
	Due from Banks	Other Financial Assets	Small and Medium Corporates	Large Corporates	Banks and Financial Institutions	Government and Public Sector	items off statement of financial position	**Total**
	JD '000	JD '000	JD '000	JD '000	JD '000	JD '000	JD '000	**JD '000**
Upside (20%)	72 854	8 334	171 126	985 920	2 537	3 517	87 015	**1 331 303**
Base case (45%)	78 276	9 306	171 953	992 442	2 549	4 124	87 725	**1 346 375**
Downside (35%)	103 712	18 839	175 654	1 021 349	2 630	9 352	90 528	**1 422 064**

	31 December 2021							
			Direct Credit Facilities at Amortized Coat					
	Due from Banks	Other Financial Assets	Small and Medium Corporates	Large Corporates	Banks and Financial Institutions	Government and Public Sector	items off statement of financial position	**Total**
	JD '000	JD '000	JD '000	JD '000	JD '000	JD '000	JD '000	**JD '000**
Upside (20%)	68 385	6 348	158 008	905 120	3 163	1 833	69 032	**1 211 889**
Base case (45%)	75 608	6 842	160 246	933 830	3 224	2 066	70 430	**1 252 246**
Downside (35%)	108 873	12 865	169 322	1 064 359	3 462	2 994	77 937	**1 439 812**

The following tables outline the impact of multiple scenarios on the ECL (Consumer):

	31 December 2021	
	JD '000	JD '000
Upside (30%)	129 544	135 208
Base case (40%)	132 934	137 927
Downside (30%)	142 715	148 955

The above table shows both the contribution to the total ECL for each probability-weighted scenario, in addition to the total additional impact on the ECL for applying multiple economic scenarios compared to the ECL that would have resulted from applying a 100% weighting to the base case scenario.

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

	31 December 2022						
		Corporates					
	Consumer Banking	Small and Medium	Large	Banks and Financial Institutions	Government and Public Sector	Total	**The total includes interest and commission in suspense movement on real-estate loans as follows**
	JD '000	JD '000	JD '000	JD '000	JD '000	JD '000	**JD '000**
Balance at the beginning of the year	**54 631**	**77 664**	**264 162**	**35**	**-**	**396 492**	**13 439**
Interest and commission suspended during the year	11 728	10 933	66 407	-	-	89 068	**2 920**
Interest and commission in suspense settled (written off or transferred to off statement of financial position)	(2 561)	(13 892)	(17 420)	-	-	(33 873)	**(133)**
Intrest and commission settled (transferd to revenues)	(3 673)	(703)	(414)	-	-	(4 790)	**(1 490)**
Adjustments during the year	-	(1 319)	1 319	-	-	-	**-**
Translation adjustments	16	(267)	(1 868)	-	-	(2 119)	**-**
Balance at the End of the Year	**60 141**	**72 416**	**312 186**	**35**	**-**	**444 778**	**14 736**

	31 December 2021						
		Corporates					
	Consumer Banking	Small and Medium	Large	Banks and Financial Institutions	Government and Public Sector	Total	**The total includes interest and commission in suspnese movement on real-estate loans as follows**
	JD '000	JD '000	JD '000	JD '000	JD '000	JD '000	**JD '000**
Balance at the beginning of the year	**49 572**	**70 062**	**218 650**	**34**	**-**	**338 318**	**11 800**
Interest and commission suspended during the year	12 715	13 053	58 036	-	-	83 804	**3 358**
Interest and commission in suspense settled (written off or transferred to off statement of financial position)	(4 432)	(2 753)	(10 143)	-	-	(17 328)	**(161)**
Intrest and commission settled (transferd to revenues)	(3 178)	(1 191)	(1 893)	-	-	(6 262)	**(1 557)**
Adjustments during the year	(1)	(686)	685	2	-	-	**-**
Translation adjustments	(45)	(821)	(1 173)	(1)	-	(2 040)	**(1)**
Balance at the End of the Year	**54 631**	**77 664**	**264 162**	**35**	**-**	**396 492**	**13 439**

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

	Inside Jordan	Outside Jordan	31 December 2022	31 December 2021	ECL 31 December 2022
Economic Sector	JD '000	JD '000	**JD '000**	JD '000	**JD '000**
Consumer Banking	1 220 307	1 282 295	**2 502 602**	2 376 947	**135 326**
Industry and Mining	822 200	1 563 025	**2 385 225**	2 334 090	**243 532**
Constructions	272 617	669 577	**942 194**	1 014 905	**313 033**
Real Estate	121 605	399 613	**521 218**	646 111	**15 194**
Trade	834 658	1 209 975	**2 044 633**	1 969 558	**177 365**
Agriculture	96 820	17 039	**113 859**	110 896	**12 993**
Tourism and Hotels	175 568	88 195	**263 763**	228 977	**18 517**
Transportation	29 541	47 889	**77 430**	117 198	**32 640**
Shares	-	28 003	**28 003**	5 313	**1 883**
General Service	425 502	930 824	**1 356 326**	1 516 757	**359 181**
Banks and Financial Institutions	23 005	125 728	**148 733**	179 264	**2 575**
Government and Public Sector	169 267	862 969	**1 032 236**	945 159	**5 832**
Net Direct Credit Direct Facilities at Amortized Cost	**4 191 090**	**7 225 132**	**11 416 222**	**11 445 175**	**1 318 071**

Direct Credit Facilities at Amortized Cost

The table below shows the credit quality and the maximum exposure to credit risk based on the bank's internal credit rating system.

	31 December 2022				31 December 2021
	Stage 1	Stage 2	Stage 3	**Total**	**Total**
	JD '000	JD '000	JD '000	**JD '000**	**JD '000**
Low risk / performing (1-2)	1 262 376	-	-	**1 262 376**	**1 464 059**
Acceptable risk / performing (3-7)	8 876 880	1 725 812	-	**10 602 692**	**10 344 548**
Non-performing (8-10):					
- Substandard	-	-	12 783	**12 783**	**25 932**
- Doubtful	-	-	86 227	**86 227**	**73 287**
- Problematic	-	-	1 214 993	**1 214 993**	**1 217 471**
Total	**10 139 256**	**1 725 812**	**1 314 003**	**13 179 071**	**13 125 297**

The movement on total balances of direct credit facilities at amortized cost is as follows:

	31 December 2022				31 December 2021
	Stage 1	Stage 2	Stage 3	**Total**	**Total**
	JD '000	JD '000	JD '000	**JD '000**	**JD '000**
Balance at the beginning of the year	**9 799 093**	**2 009 514**	**1 316 690**	**13 125 297**	**13 083 051**
New balances (additions)	2 781 611	224 856	127 602	**3 134 069**	**2 777 183**
Repaid balances (excluding write offs)	(2 268 407)	(223 636)	(89 437)	**(2 581 480)**	**(2 666 965)**
Transfers to stage 1	377 681	(373 262)	(4 419)	**-**	**-**
Transfers to stage 2	(240 918)	250 538	(9 620)	**-**	**-**
Transfers to stage 3	(7 538)	(93 046)	100 584	**-**	**-**
Written off balances or transferred to off statement of financial position	-	-	(95 125)	**(95 125)**	**(42 876)**
Adjustments during the year	-	-	-	**-**	**-**
Translation Adjustments	(302 266)	(69 152)	(32 272)	**(403 690)**	**(25 096)**
Total	**10 139 256**	**1 725 812**	**1 314 003**	**13 179 071**	**13 125 297**

The movement of ECL charges on direct credit facilities at amortized cost is as follows:

	31 December 2022				31 December 2021
	Stage 1	Stage 2	Stage 3	**Total**	**Total**
	JD '000	JD '000	JD '000	**JD '000**	**JD '000**
Balance at the beginning of the year	**38 443**	**377 497**	**867 690**	**1 283 630**	**1 095 271**
ECL charges during the year	26 173	158 699	45 888	**230 760**	**266 191**
Recoveries (excluding write offs)	(17 378)	(46 927)	(34 626)	**(98 931)**	**(92 592)**
Transfers to stage 1	7 447	(7 423)	(24)	**-**	**-**
Transfers to stage 2	(1 465)	1 934	(469)	**-**	**-**
Transfers to stage 3	(82)	(38 872)	38 954	**-**	**-**
Impact on year end ECL caused by transfers between stages during the year	-	1 165	11 271	**12 436**	**44 280**
Written off balances or transferred to off statement of financial position	-		(65 515)	**(65 515)**	**(26 421)**
Adjustments during the year		17 020	(8 873)	**8 147**	**(90)**
Translation Adjustments	(7 073)	(20 051)	(25 332)	**(52 456)**	**(3 009)**
Total	**46 065**	**443 042**	**828 964**	**1 318 071**	**1 283 630**

Direct Credit Facilities at Amortized Cost - Consumer Banking

The table below shows the credit quality and the maximum exposure to credit risk based on the bank's internal credit rating system.

	31 December 2022				31 December 2021
	Stage 1 Collective	Stage 2 Collective	Stage 3	**Total**	**Total**
	JD '000	JD '000	JD '000	**JD '000**	**JD '000**
Low risk / performing (1-2)	205 873	-	-	**205 873**	**223 000**
Acceptable risk / performing (3-7)	2 225 704	91 751	-	**2 317 455**	**2 175 188**
Non-performing (8-10):					
- Substandard	-	-	12 220	**12 220**	**13 225**
- Doubtful	-	-	16 651	**16 651**	**17 532**
- Problematic	-	-	145 870	**145 870**	**143 876**
Total	**2 431 577**	**91 751**	**174 741**	**2 698 069**	**2 572 821**

-Probability of default at low risk 2% -3.5%
-Probability of default at acceptable risk 3.5% - 57%
-Probability of default at high risk 100%

The movement on total balances of direct credit facilities at amortized cost - consumer banking is as follows:

	31 December 2022				31 December 2021
	Stage 1 Collective	Stage 2 Collective	Stage 3	**Total**	**Total**
	JD '000	JD '000	JD '000	**JD '000**	**JD '000**
Balance at the beginning of the year	**2 327 303**	**70 885**	**174 633**	**2 572 821**	**2 478 956**
New balances (additions)	522 709	52 647	30 870	**606 226**	**482 711**
Repaid balances (excluding write offs)	(357 068)	(37 602)	(19 683)	**(414 353)**	**(377 769)**
Transfers to stage 1	12 519	(8 100)	(4 419)	**-**	**-**
Transfers to stage 2	(10 420)	19 865	(9 445)	**-**	**-**
Transfers to stage 3	(6 954)	(5 033)	11 987	**-**	**-**
Written off balances or transferred to off statement of financial position	-	-	(7 816)	**(7 816)**	**(10 339)**
Adjustments during the year	-	-	-	**-**	**-**
Translation Adjustments	(56 512)	(911)	(1 386)	**(58 809)**	**(738)**
Total	**2 431 577**	**91 751**	**174 741**	**2 698 069**	**2 572 821**

The movement of ECL charges on direct credit facilities at amortized cost - consumer banking is as follows:

	31 December 2022				31 December 2021
	Stage 1 Collective	Stage 2 Collective	Stage 3	**Total**	**Total**
	JD '000	JD '000	JD '000	**JD '000**	**JD '000**
Balance at the beginning of the year	**16 770**	**16 079**	**108 394**	**141 243**	**138 259**
ECL charges during the year	1 799	2 350	10 848	**14 997**	**20 355**
Recoveries (excluding write offs)	(4 294)	(1 116)	(8 807)	**(14 217)**	**(13 292)**
Transfers to stage 1	58	(34)	(24)	**-**	**-**
Transfers to stage 2	(80)	544	(464)	**-**	**-**
Transfers to stage 3	(81)	(963)	1 044	**-**	**-**
Impact on year end ECL caused by transfers between stages during the year	-	99	2 553	**2 652**	**1 743**
Written off balances or transferred to off statement of financial position	-	-	(5 266)	**(5 266)**	**(5 907)**
Adjustments during the year			23	**23**	**(5)**
Translation Adjustments	(668)	(246)	(3 192)	**(4 106)**	**90**
Total	**13 504**	**16 713**	**105 109**	**135 326**	**141 243**

Direct Credit Facilities at Amortized Cost - Small & Meduim Enterprises

The table below shows the credit quality and the maximum exposure to credit risk based on the bank’s internal credit rating system

	31 December 2022				31 December 2021
	Stage 1	Stage 2	Stage 3	**Total**	**Total**
	JD '000	JD '000	JD '000	**JD '000**	**JD '000**
Low risk / performing (1-2)	115 127	-	-	**115 127**	**125 361**
Acceptable risk / performing (3-7)	557 782	255 395	-	**813 177**	**863 365**
Non-performing (8-10):					
- Substandard	-	-	269	**269**	**12 707**
- Doubtful	-	-	3 745	**3 745**	**1 025**
- Problematic	-	-	211 270	**211 270**	**218 979**
Total	**672 909**	**255 395**	**215 284**	**1 143 588**	**1 221 437**

-Probability of default at low risk 0.0% -0.12%
-Probability of default at acceptable risk 0.12% - 24%
-Probability of default at high risk 100%

The movement on total balances of direct credit facilities at amortized cost - Small & Medium Enterprises is as follows:

	31 December 2022				31 December 2021
	Stage 1	Stage 2	Stage 3	**Total**	**Total**
	JD '000	JD '000	JD '000	**JD '000**	**JD '000**
Balance at the beginning of the year	**744 666**	**244 060**	**232 711**	**1 221 437**	**1 277 468**
New balances (additions)	227 533	19 668	18 394	**265 595**	**223 835**
Repaid balances (excluding write offs)	(219 058)	(31 246)	(23 480)	**(273 784)**	**(270 109)**
Transfers to stage 1	22 110	(22 110)	-	**-**	**-**
Transfers to stage 2	(67 848)	67 887	(39)	**-**	**-**
Transfers to stage 3	(135)	(18 108)	18 243	**-**	**-**
Written off balances or transferred to off statement of financial position	-	-	(24 050)	**(24 050)**	**(5 121)**
Translation Adjustments	(34 359)	(4 756)	(6 495)	**(45 610)**	**(4 636)**
Total	**672 909**	**255 395**	**215 284**	**1 143 588**	**1 221 437**

The movement of ECL charges on direct credit facilities at amortized cost - Small & Medium Enterprises is as follows:

	31 December 2022				31 December 2021
	Stage 1	Stage 2	Stage 3	**Total**	**Total**
	JD '000	JD '000	JD '000	**JD '000**	**JD '000**
Balance at the beginning of the year	**2 021**	**25 012**	**135 942**	**162 975**	**143 937**
ECL charges during the year	1 903	10 242	13 496	**25 641**	**27 878**
Recoveries (excluding write offs)	(679)	(3 205)	(4 956)	**(8 840)**	**(10 844)**
Transfers to stage 1	148	(148)	-	**-**	**-**
Transfers to stage 2	(185)	186	(1)	**-**	**-**
Transfers to stage 3	(1)	(4 532)	4 533	**-**	**-**
Impact on year end ECL caused by transfers between stages during the year		(889)	5 207	**4 318**	**12 743**
Written off balances or transferred to off statement of financial position	-	-	(10 632)	**(10 632)**	**(2 579)**
Adjustments during the year	(179)	11 344	(1 973)	**9 192**	**(6 267)**
Translation Adjustments	(387)	(3 303)	(5 881)	**(9 571)**	**(1 893)**
Total	**2 641**	**34 707**	**135 735**	**173 083**	**162 975**

Direct Credit Facilities at Amortized Cost - Large Corporates

The table below shows the credit quality and the maximum exposure to credit risk based on the bank's internal credit rating system.

	31 December 2022				31 December 2021
	Stage 1	Stage 2	Stage 3	**Total**	**Total**
	JD '000	JD '000	JD '000	**JD '000**	**JD '000**
Low risk / performing (1-2)	344 997	-	-	**344 997**	**410 610**
Acceptable risk / performing (3-7)	5 507 745	1 373 488	-	**6 881 233**	**6 883 525**
Non-performing (8-10):					
- Substandard	-	-	294	**294**	**-**
- Doubtful	-	-	65 831	**65 831**	**54 730**
- Problematic	-	-	855 648	**855 648**	**852 077**
Total	**5 852 742**	**1 373 488**	**921 773**	**8 148 003**	**8 200 942**

-Probability of default at low risk 0.0% -0.12%
-Probability of default at acceptable risk 0.12% - 24%
-Probability of default at high risk 100%

The movement on total balances of direct credit facilities at amortized cost - Large Corporates is as follows:

	31 December 2022				31 December 2021
	Stage 1	Stage 2	Stage 3	Total	**Total**
	JD '000	JD '000	JD '000	JD '000	**JD '000**
Balance at the beginning of the year	**5 645 451**	**1 648 684**	**906 807**	**8 200 942**	**8 517 446**
New balances (additions)	1 540 142	150 720	78 338	1 769 200	**1 453 884**
Repaid balances (excluding write offs)	(1 308 109)	(149 268)	(45 914)	(1 503 291)	**(1 723 376)**
Transfers to stage 1	308 705	(308 705)	-	-	**-**
Transfers to stage 2	(162 650)	162 786	(136)	-	**-**
Transfers to stage 3	(449)	(69 905)	70 354	-	**-**
Written off balances or transferred to off statement of financial position	-		(63 259)	(63 259)	**(27 416)**
Adjustments during the year	-	-	-	-	**-**
Translation Adjustments	(170 348)	(60 824)	(24 417)	(255 589)	**(19 596)**
Total	**5 852 742**	**1 373 488**	**921 773**	**8 148 003**	**8 200 942**

The movement of ECL charges on direct credit facilities at amortized cost - Large Corporates is as follows:

	31 December 2022				31 December 2021
	Stage 1	Stage 2	Stage 3	Total	**Total**
	JD '000	JD '000	JD '000	JD '000	**JD '000**
Balance at the beginning of the year	**17 872**	**335 051**	**620 850**	**973 773**	**808 368**
ECL charges during the year	16 746	145 777	21 544	184 067	**216 364**
Recoveries (excluding write offs)	(10 484)	(41 693)	(20 503)	(72 680)	**(67 788)**
Transfers to stage 1	6 681	(6 681)	-	-	**-**
Transfers to stage 2	(1 200)	1 204	(4)	-	**-**
Transfers to stage 3	-	(33 377)	33 377	-	**-**
Impact on year end ECL caused by transfers between stages during the year	-	1 955	3 511	5 466	**29 912**
Written off balances or transferred to off statement of financial position	-	-	(49 617)	(49 617)	**(17 935)**
Adjustments during the year	179	5 676	(6 923)	(1 068)	**5 932**
Translation Adjustments	(5 980)	(16 421)	(16 285)	(38 686)	**(1 080)**
Total	**23 814**	**391 491**	**585 950**	**1 001 255**	**973 773**

Direct Credit Facilities at Amortized Cost - Banks & Financial Institutions

The table below shows the credit quality and the maximum exposure to credit risk based on the bank's internal credit rating system.

	31 December 2022				31 December 2021
	Stage 1	Stage 2	Stage 3	Total	**Total**
	JD '000	JD '000	JD '000	JD '000	**JD '000**
Low risk / performing (1-2)	67 768	-	-	67 768	**97 055**
Acceptable risk / performing (3-7)	81 370		-	81 370	**83 000**
Non-performing (8-10):					
- Substandard	-	-	-	-	-
- Doubtful	-	-	-	-	-
- Problematic	-	-	2 205	2 205	**2 539**
Total	**149 138**	-	**2 205**	**151 343**	**182 594**

-Probability of default at low risk 0.0% -0.12%
-Probability of default at acceptable risk 0.12% - 24%
-Probability of default at high risk 100%

The movement on total balances of direct credit facilities at amortized cost - Banks & Financial Institutions is as follows:

	31 December 2022				31 December 2021
	Stage 1	Stage 2	Stage 3	Total	**Total**
	JD '000	JD '000	JD '000	JD '000	**JD '000**
Balance at the beginning of the year	160 459	19 596	2 539	182 594	**77 038**
New balances (additions)	239 405	1 821	-	241 226	**195 100**
Repaid balances (excluding write offs)	(253 043)	-	(360)	(253 403)	**(89 419)**
Transfers to stage 1	21 417	(21 417)	-	-	**-**
Transfers to stage 2	-	-	-	-	**-**
Transfers to stage 3	-	-	-	-	
Written off balances or transferred to off statement of financial position	-	-	-	-	**-**
Adjustments during the year	-	-	-	-	**-**
Translation Adjustments	(19 100)	-	26	(19 074)	**(125)**
Total	**149 138**	**-**	**2 205**	**151 343**	**182 594**

The movement of ECL charges on direct credit facilities at amortized cost - Banks & Financial Institutions is as follows:

	31 December 2022				31 December 2021
	Stage 1	Stage 2	Stage 3	Total	**Total**
	JD '000	JD '000	JD '000	JD '000	**JD '000**
Balance at the beginning of the year	160 459	19 596	2 539	182 594	**77 038**
New balances (additions)	239 405	1 821	-	241 226	**195 100**
Repaid balances (excluding write offs)	(253 043)	-	(360)	(253 403)	**(89 419)**
Transfers to stage 1	21 417	(21 417)	-	-	**-**
Transfers to stage 2	-	-	-	-	**-**
Transfers to stage 3	-	-	-	-	
Written off balances or transferred to off statement of financial position	-	-	-	-	**-**
Adjustments during the year	-	-	-	-	**-**
Translation Adjustments	(19 100)	-	26	(19 074)	**(125)**
Total	**149 138**	**-**	**2 205**	**151 343**	**182 594**

The movement of ECL charges on direct credit facilities at amortized cost - Banks & Financial Institutions is as follows:

	31 December 2022				31 December 2021
	Stage 1	Stage 2	Stage 3	Total	**Total**
	JD '000	JD '000	JD '000	JD '000	**JD '000**
Balance at the beginning of the year	176	615	2 504	3 295	**2 849**
ECL charges during the year	952	70	-	1 022	**1 004**
Recoveries (excluding write offs)	(1 283)	(122)	(360)	(1 765)	**(438)**
Transfers to stage 1	560	(560)	-	-	**-**
Transfers to stage 2	-	-	-	-	**-**
Transfers to stage 3	-	-	-	-	**-**
Adjustments during the year	-	-	-	-	**4**
Translation Adjustments	-	(3)	26	23	**(124)**
Total	**405**	**-**	**2 170**	**2 575**	**3 295**

Direct Credit Facilities at Amortized Cost - Government & Public Sector

The table below shows the credit quality and the maximum exposure to credit risk based on the bank's internal credit rating system.

	31 December 2022				31 December 2021
	Stage 1	Stage 2	Stage 3	Total	**Total**
	JD '000	JD '000	JD '000	JD '000	**JD '000**
Low risk / performing (1-2)	528 611	-	-	528 611	**608 033**
Acceptable risk / performing (3-7)	504 279	5 178	-	509 457	**339 470**
Total	**1 032 890**	**5 178**	**-**	**1 038 068**	**947 503**

-Probability of default at low risk 0.0% -0.12%
-Probability of default at acceptable risk 0.12% - 24%
-Probability of default at High risk 100%

The movement on total balances of direct credit facilities at amortized cost - Government & Public Sector is as follows:

	31 December 2022				31 December 2021
	Stage 1	Stage 2	Stage 3	Total	**Total**
	JD '000	JD '000	JD '000	JD '000	**JD '000**
Balance at the beginning of the year	921 214	26 289	-	947 503	**732 143**
New balances (Additions)	251 822	-	-	251 822	**421 653**
Repaid balances (excluding write offs)	(131 129)	(5 520)	-	(136 649)	**(206 292)**
Transfers to stage 1	12 930	(12 930)	-	-	**-**
Transfers to stage 2			-	-	**-**
Transfers to stage 3	-	-	-	-	**-**
Written off balances or transferred to off statement of financial position	-	-	-	-	**-**
Adjustments during the year	-	-	-	-	**-**
Translation Adjustments	(21 947)	(2 661)	-	(24 608)	**(1)**
Total	**1 032 890**	**5 178**	**-**	**1 038 068**	**947 503**

The movement of ECL charges on direct credit facilities at amortized cost - Government & Public Sector is as follows:

	31 December 2022				31 December 2021
	Stage 1	Stage 2	Stage 3	Total	**Total**
	JD '000	JD '000	JD '000	JD '000	**JD '000**
Balance at the beginning of the year	1 604	740	-	2 344	**1 858**
ECL charges during the year	4 773	260	-	5 033	**590**
Recoveries (excluding write offs)	(638)	(791)	-	(1 429)	**(230)**
Transfers to stage 1	-	-	-	-	**-**
Transfers to stage 2	-	-	-	-	**-**
Transfers to stage 3	-	-	-	-	**-**
Impact on year end ECL caused by transfers between stages during the year	-	-	-	-	**(118)**
Written off balances or transferred to off statement of financial position	-	-	-	-	**-**
Adjustments during the year	-	-	-	-	**246**
Translation Adjustments	(38)	(78)	-	(116)	**(2)**
Total	**5 701**	**131**	**-**	**5 832**	**2 344**

Direct Credit Facilities at Amortized Cost - Real Estate

The table below shows the credit quality and the maximum exposure to credit risk based on the bank's internal credit rating system.

	31 December 2022				31 December 2021
	Stage 1	Stage 2	Stage 3	**Total**	**Total**
	JD '000	JD '000	JD '000	**JD '000**	**JD '000**
Low risk / performing (1-2)	-	-	-		-
Acceptable risk / performing (3-7)	1 033 669	49 061	-	**1 082 730**	**1 008 426**
Non-performing (8-10):					
- Substandard	-	-	6 302	**6 302**	7 495
- Doubtful	-	-	6 382	**6 382**	5 751
- Problematic	-	-	32 608	**32 608**	32 669
Total	**1 033 669**	**49 061**	**45 292**	**1 128 022**	**1 054 341**

-Probability of default at low risk 0.5% - 1.25%
-Probability of default at acceptable risk 1.3% - 42%
-Probability of default at High risk 100%

The movement on total balances of direct credit facilities at amortized cost - Government & Public Sector is as follows:

	31 December 2022				31 December 2021
	Stage 1	Stage 2	Stage 3	**Total**	**Total**
	JD '000	JD '000	JD '000	**JD '000**	**JD '000**
Balance at the beginning of the year	**982 633**	**25 793**	**45 915**	**1 054 341**	**1 046 396**
New balances (Additions)	151 593	20 920	10 891	**183 404**	**131 976**
Repaid balances (excluding write offs)	(99 313)	(4 405)	(5 579)	**(109 297)**	**(123 742)**
Transfers to stage 1	4 550	(3 804)	(746)	**-**	**-**
Transfers to stage 2	(4 216)	12 366	(8 150)	**-**	**-**
Transfers to stage 3	(1 285)	(1 809)	3 094	**-**	**-**
Written off balances or transferred to off statement of financial position	-	-	(133)	**(133)**	**(161)**
Adjustments during the year	-	-	-	-	-
Translation Adjustments	(293)	-	-	**(293)**	**(128)**
Total	**1 033 669**	**49 061**	**45 292**	**1 128 022**	**1 054 341**

The movement of ECL charges on direct credit facilities at amortized cost - Government & Public Sector is as follows:

	31 December 2022				31 December 2021
	Stage 1	Stage 2	Stage 3	**Total**	**Total**
	JD '000	JD '000	JD '000	**JD '000**	**JD '000**
Balance at the beginning of the year	**2 895**	**4 037**	**19 986**	**26 918**	**20 858**
ECL charges during the year	311	291	2 216	**2 818**	**9 025**
Recoveries (excluding write offs)	(820)	(848)	(2 350)	**(4 018)**	**(2 726)**
Transfers to stage 1	12	(10)	(2)	**-**	**-**
Transfers to stage 2	(18)	262	(244)	**-**	**-**
Transfers to stage 3	(5)	(140)	145	**-**	**-**
Impact on year end ECL caused by transfers between stages during the year	-	341	20	**361**	**(247)**
Written off balances or transferred to off statement of financial position	-	-	-	-	-
Adjustments during the year	(482)	2 570	-	**2 088**	**17**
Translation Adjustments	-	-	(23)	**(23)**	**(9)**
Total	**1 893**	**6 503**	**19 748**	**28 144**	**26 918**

13. Other Financial Assets at Amortized Cost

The details of this item are as follows:

	31 December	
	2022	2021
	JD '000	JD '000
Treasury bills	1 762 747	1 514 183
Government bonds and bonds guaranteed by the government	3 373 328	4 006 035
Corporate bonds	308 190	310 712
Less: Net ECL Charges	(12 448)	(8 851)
Total	**5 431 817**	**5 822 079**

Analysis of bonds based on interest nature:

	31 December	
	2022	2021
	JD '000	JD '000
Floating interest rate	120 542	87 889
Fixed interest rate	5 323 723	5 743 041
Total	**5 444 265**	**5 830 930**
Less: Net ECL Charges	(12 448)	(8 851)
Grand Total	**5 431 817**	**5 822 079**

	31 December	
Financial assets quoted in the market:	2022	2021
	JD '000	JD '000
Treasury bills	864 832	779 518
Government bonds and bonds guaranteed by the government	522 632	944 202
Corporate bonds	234 754	237 223
Total	**1 622 218**	**1 960 943**

	31 December	
Financial assets unquoted in the market:	2022	2021
	JD '000	JD '000
Treasury bills	897 915	734 665
Government bonds and bonds guaranteed by the government	2 850 696	3 061 833
Corporate bonds	73 436	73 489
Total	**3 822 047**	**3 869 987**
Less: Net ECL Charges	(12 448)	(8 851)
Grand Total	**5 431 817**	**5 822 079**

Other Financial Assets at Amortized Cost

The table below shows the credit quality and the maximum exposure to credit risk based on the bank's internal credit rating system.

	31 December 2022				31 December 2021
	Stage 1	Stage 2	Stage 3	**Total**	**Total**
	JD '000	JD '000	JD '000	**JD '000**	**JD '000**
Low risk / performing (1-2)	5 412 100	-	-	**5 412 100**	**5 724 112**
Acceptable risk / performing (3-7)	21 315	10 850	-	**32 165**	**106 818**
Total	**5 433 415**	**10 850**	-	**5 444 265**	**5 830 930**

-Probability of default at low risk 0.0% -0.9%
-Probability of default at acceptable risk 0.9% - 40.2%
-Probability of default at High risk 100%

The movement on total balances of other financial assets at amortized cost is as follows:

	31 December 2022				31 December 2021
	Stage 1	Stage 2	Stage 3	**Total**	**Total**
	JD '000	JD '000	JD '000	**JD '000**	**JD '000**
Balance at the beginning of the year	**5 783 653**	**47 277**	-	**5 830 930**	**5 090 621**
New investments (Additions)	4 288 423	-	-	**4 288 423**	**5 902 499**
Matured investments	(4 416 357)	-	-	**(4 416 357)**	(4 704 115)
Transfers to stage 1	40 184	(40 184)	-	-	-
Transfers to stage 2	(3 757)	3 757	-	-	-
Written off investments	-	-	-	-	(1)
Translation Adjustments	(258 731)	-	-	**(258 731)**	(458 074)
Total	**5 433 415**	**10 850**	-	**5 444 265**	**5 830 930**

The movement of ECL charges on other financial assets at amortized cost is as follows:

	31 December 2022				31 December 2021
	Stage 1	Stage 2	Stage 3	**Total**	**Total**
	JD '000	JD '000	JD '000	**JD '000**	**JD '000**
Balance at the beginning of the year	**5 246**	**3 605**	-	**8 851**	**11 920**
ECL charges during the year	5 181	32	-	**5 213**	**190**
Recoveries from matured investments	(1 279)	(337)	-	**(1 616)**	(3 259)
Transfers to stage 2	(2)	2	-	-	-
Total	**9 146**	**3 302**	-	**12 448**	**8 851**

There were no other financial assets at amortized cost sold during the two years ended 31 December 2022 and 2021)

14. Investment in Subsidiaries and Associates

The details of this item are as follows:

The Bank's investments in subsidiaries and associates:	31 December 2022		31 December 2021		Place of Incorporation	Principal activity	Date of Ownership
	Ownership and Voting Right	Cost	Ownership and Voting Right	Cost			
	%	JD '000	%	JD '000			
Europe Arab Bank plc	100	429 390	100	457 719	U.K.	Banking	2006
Arab Bank Australia Limited	100	57 109	100	61 326	Australia	Banking	1994
Islamic International Arab Bank	100	73 500	100	73 500	Jordan	Banking	1997
Arab National Leasing Company Ltd	100	15 000	100	15 000	Jordan	Finance leasing	1996
Al-Arabi Investment Group Ltd	100	8 900	100	8 900	Jordan	Financial services	1996
Arab Sudanese Bank Limited	100	1 386	100	1 820	Sudan	Banking	2008
Al Arabi Investment Group Limited - Palestine	100	1 600	100	1 600	Palestine	Financial services	2009
Arab Tunisian Bank	64.24	48 119	64.24	52 737	Tunisia	Banking	1982
Arab Bank Syria	51.29	611	51.29	733	Syria	Banking	2005
Al-Nisr Al Arabi plc	50.00	11 250	50.00	11 250	Jordan	Insurance	2006
Oman Arab Bank	49.00	174 802	49.00	174 802	Oman	Banking	1984
Arab National Bank	40.00	161 534	40.00	161 534	Saudi Arabia	Banking	1979
Arabia Insurance Company S.A.L	42.51	5 324	42.51	5 324	Lebanon	Insurance	1972
Commercial Building Company S.A.L	35.24	380	35.24	380	Lebanon	Real estate operating leasing	1966
Other		27 768		22 097			
Total		**1 016 673**		**1 048 722**			

The details of movement on investments in associates and subsidiares are as follows:

	31 December	
	2022	**2021**
	JD '000	JD '000
Balance at the beginning of the year	**1 048 722**	**1 074 381**
Purchase of additional investments	5 672	17 524
Translation adjustment	(37 721)	(43 183)
Balance at the end of the year	**1 016 673**	**1 048 722**

15. Fixed Assets

The details of this item are as follows:

	Land	Buildings	Furniture, Fixtures and Equipment	Computers and Communication Equipment	Motor Vehicles	Others	Total
	JD '000	JD '000	JD '000	JD '000	JD '000	JD '000	JD '000
Historical Cost :							
Balance as of 1 January 2021	**58 918**	**184 399**	**157 592**	**91 506**	**7 177**	**28 149**	**527 741**
Additions	-	2 792	5 763	12 616	214	2 906	24 291
Disposals	-	(4 159)	(861)	(1 163)	(19)	(4 193)	(10 395)
Adjustments during the year	3 233	(3 956)	678	41	-	-	(4)
Translation adjustments	(193)	(2 791)	(1 447)	(1 844)	(93)	(19)	(6 387)
Balance as of 31 December 2021	**61 958**	**176 285**	**161 725**	**101 156**	**7 279**	**26 843**	**535 246**
Additions	-	5 090	7 528	13 062	148	997	26 825
Disposals	(319)	(35)	(1 516)	(3 223)	(268)	(1 949)	(7 310)
Adjustments during the year	-	-	-	(2 587)	-	-	(2 587)
Translation adjustments	39	(763)	(410)	(860)	(149)	4	(2 139)
Balance as of 31 December 2022	**61 678**	**180 577**	**167 327**	**107 548**	**7 010**	**25 895**	**550 035**
Accumulated Depreciation :							
Balance as of 1 January 2021	**-**	**89 876**	**117 142**	**69 773**	**5 742**	**20 186**	**302 719**
Depreciation charge for the year	-	4 870	8 264	9 648	531	2 559	25 872
Disposals	-	(242)	(749)	(1 079)	(19)	(3 035)	(5 124)
Adjustments during the year	-	(152)	97	4	32	-	(19)
Translation adjustments	-	(1 235)	(1 245)	(1 620)	(91)	(6)	(4 197)
Balance as of 31 December 2021	**-**	**93 117**	**123 509**	**76 726**	**6 195**	**19 704**	**319 251**
Depreciation charge for the year	-	4 433	8 035	10 352	420	2 180	25 420
Disposals	-	(35)	(1 470)	(3 180)	(265)	(1 036)	(5 986)
Adjustments during the year	-	-	-	(2 312)	-	-	(2 312)
Translation adjustments	-	(646)	(187)	(225)	22	152	(884)
Balance as of 31 December 2022	**-**	**96 869**	**129 887**	**81 361**	**6 372**	**21 000**	**335 489**
Net Book Value as of 31 December 2022	**61 678**	**83 708**	**37 440**	**26 187**	**638**	**4 895**	**214 546**
Net Book Value as of 31 December 2021	**61 958**	**83 168**	**38 216**	**24 430**	**1 084**	**7 139**	**215 995**

The cost of the fully depreciated fixed assets amounted to JD 208.3 million as of 31 December 2022 (JD 188.7 million as of 31 December 2021).

16. Other Assets

The details of this item are as follows:

	31 December 2022	31 December 2021
	JD '000	JD '000
Accrued interest receivable	151 863	122 275
Prepaid expenses	11 118	21 970
Foreclosed assets *	101 006	95 859
Intangible assets **	14 472	14 878
Right of Use Assets ***	37 280	42 595
Other miscellaneous assets	69 001	66 009
Total	**384 740**	**363 586**

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

The details of movement on foreclosed assets are as follows:

	31 December 2022			
	Land	Buildings	Others	Total
	JD '000	JD '000	JD '000	JD '000
Balance at the beginning of the year	**39 651**	**56 208**	**-**	**95 859**
Additions	6 478	4 219	-	10 697
Disposals	(636)	(4 087)	-	(4 723)
Provision for impairment and impairment loss	475	(449)	-	26
Translation Adjustment	(908)	55		(853)
Balance at the End of the Year	**45 060**	**55 946**	**-**	**101 006**

	31 December 2021			
	Land	Buildings	Others	Total
	JD '000	JD '000	JD '000	JD '000
Balance at the beginning of the year	**37 216**	**51 906**	**-**	**89 122**
Additions	3 787	13 574	-	17 361
Disposals	(284)	(8 645)	-	(8 929)
Provision for impairment and impairment loss	(1 038)	(237)	-	(1 275)
Translation Adjustment	(30)	(390)	-	(420)
Balance at the End of the Year	**39 651**	**56 208**	**-**	**95 859**

**** The movement on intangible assets was as follows:**

	31 December 2022	31 December 2021
	JD '000	JD '000
Balance at the beginning of the year	**14 878**	**12 101**
Additions	8 213	10 375
Adjustments during the year and translation adjustments	106	37
Amortization during the year	(8 725)	(7 635)
Balance at the End of the Year	**14 472**	**14 878**

***** The details of movement of right of use assets are as follows :**

	2022	2021
	JD '000	JD '000
Balance at the beginning of the year	**42 595**	**47 007**
Additions	4 863	5 820
Depreciation	(10 178)	(10 232)
Balance at the end of the year	**37 280**	**42 595**

17. Deferred Tax Assets

The details of this item are as follows:

Items attributable to deferred tax assets are as follows

	31 December 2022					
	Balance at the Beginning of the Year	Amounts Added	Amounts Released	Adjustments During the Year and Translation Adjustments	Balance at the End of the Year	Deferred Tax
	JD '000	JD '000	JD '000	JD '000	JD '000	JD '000
Expected credit losses	468 907	200 101	(164 654)	(66)	504 288	130 525
End-of-Service indemnity	40 107	6 056	(5 478)	-	40 685	11 876
Interest in suspense	70 733	51 406	(34 316)	-	87 823	22 903
Others	38 414	13 970	(14 171)	13	38 226	16 836
Total	**618 161**	**271 533**	**(218 619)**	**(53)**	**671 022**	**182 140**

	31 December 2021					
	Balance at the Beginning of the Year	Amounts Added	Amounts Released	Adjustments During the Year and Translation Adjustments	Balance at the End of the Year	Deferred Tax
	JD '000	JD '000	JD '000	JD '000	JD '000	JD '000
Expected credit losses	400 724	210 958	(142 676)	(99)	468 907	115 283
End-of-Service indemnity	44 713	2 767	(7 373)	-	40 107	11 670
Interest in suspense	56 181	43 644	(29 092)	-	70 733	18 313
Others	22 931	19 662	(4 152)	(27)	38 414	13 746
Total	**524 549**	**277 031**	**(183 293)**	**(126)**	**618 161**	**159 012**

The details of movement on deferred tax assets are as follows:

	2022	2021
	JD '000	JD '000
Balance at the beginning of the year	**159 012**	**138 612**
Additions during the year	90 074	78 584
Amortized during the year	(66 962)	(58 165)
Adjustments during the year and translation adjustments	16	(19)
Balance at the End of the Year	**182 140**	**159 012**

18. Banks and Financial Institutions Deposits

The details of this item are as follows:

	31 December 2022			31 December 2021		
	Inside Jordan	Outside Jordan	Total	Inside Jordan	Outside Jordan	Total
	JD '000	JD '000	JD '000	JD '000	JD '000	JD '000
Current and demand	2 484	85 207	87 691	18 432	82 553	100 985
Time deposits	35 943	1 784 632	1 820 575	56 866	2 047 709	2 104 575
Total	**38 427**	**1 869 839**	**1 908 266**	**75 298**	**2 130 262**	**2 205 560**

19. Customer Deposits

The details of this item are as follows:

	31 December 2022				
	Consumer Banking	Corporates		Government and public sector	Total
		Small and medium	Large		
	JD '000	JD '000	JD '000	JD '000	JD '000
Current and demand	4 978 827	1 124 040	1 607 801	178 840	7 889 508
Savings	2 147 973	6 659	4 875	24	2 159 531
Time and notice	4 918 153	729 555	2 255 381	1 096 122	8 999 211
Certificates of deposit	262 366	-	2 448	-	264 814
Total	**12 307 319**	**1 860 254**	**3 870 505**	**1 274 986**	**19 313 064**

	31 December 2021				
	Consumer Banking	Corporates		Government and public sector	Total
		Small and medium	Large		
	JD '000	JD '000	JD '000	JD '000	JD '000
Current and demand	5 061 121	1 213 713	1 674 987	185 154	8 134 975
Savings	2 089 440	5 532	5 565	28	2 100 565
Time and notice	4 591 633	605 246	1 755 030	1 359 400	8 311 309
Certificates of deposit	430 498	-	3 763	-	434 261
Total	**12 172 692**	**1 824 491**	**3 439 345**	**1 544 582**	**18 981 110**

- Government of Jordan and Jordanian Public Sector deposits amounted to JD 547.6 million, or 2.8% of total customer deposits as of 31 December 2022 (JD 496.5 million, or 2.6% of total customer deposits as of 31 December 2021).
- Non-interest bearing deposits amounted to JD 6706.9 million, or 34.7% of total customer deposits as of 31 December 2022 (JD 6909.3 million, or 36.4% of total customer deposits as of 31 December 2021).
- Blocked deposits amounted to JD 39.8 million, or 0.21% of total customer deposits as of 31 December 2022 (JD 33.3 million, or 0.18% of total customer deposits as of 31 December 2021).
- Dormant deposits amounted to JD 208.7 million, or 1.1% of total customer deposits as of 31 December 2022 (JD 211.7 million, or 1.1% of total customer deposits as of 31 December 2021).

20. Cash Margin

The details of this item are as follows:

	31 December	
	2022	**2021**
	JD '000	JD '000
Against direct credit facilities at amortized cost	720 308	925 976
Against indirect credit facilities	696 566	606 622
Against margin trading	1 727	2 162
Other cash margins	1 065	1 051
Total	**1 419 666**	**1 535 811**

21. Borrowed Funds

The details of this item are as follows:

	31 December	
	2022	**2021**
	JD '000	JD '000
From central banks	115 167	113 096
From banks and financial institutions	176 623	210 895
Total	**291 790**	**323 991**

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

	31 December	
	2022	**2021**
	JD '000	JD '000
Floating interest rate	187 021	221 024
Fixed interest rate	104 769	102 967
Total	**291 790**	**323 991**

* During 2013, Arab Bank (Jordan branches) signed a loan agreement with the Central Bank of Jordan amounting to JD 4 million, for the duration of 15 years of which 5 years are grace period with an interest rate of (2.5%) for the year 2013 and a floating interest rate of (1.8%+LIBOR 6 months) for the years after 2013. The agreement aims to support SMEs and Extra Small Companies. The loan is repaid semi-annually, with installments in March and September of each year. The Balance of the loan as of 31 December 2022 amounted to JD 2 million (JD 2.4 million as of 31 December 2021).

* During 2014, Arab Bank (Jordan branches) signed a loan agreement with the Central Bank of Jordan amounting to JD 2.8 million, for the duration of 10 years of which 3 years are grace period and with a fixed interest rate of 2.5%. The agreement aims to support SMEs and Extra Small Companies. The loan is repaid semi-annually, with installments in March and September of each year, the first installement was in 15/9/2017 and the last one will be due on 15/9/2024. The Balance of the loan as of 31 December 2022 amounted to JD 644 thousand (JD 1 Million as of 31 December 2021).

* Untill December 31, 2022, Arab Bank (Jordan branches) granted loans against medium term advances from the Central Bank of Jordan with fixed interest rate equal to the discount rate disclosed on the grant day after deducting 0.5% for advances outside Amman and 1% for advances inside Amman , The advances are repaid in accordance with customers monthly installments, these advances amounted amounted JD 85.2 million as of 31 December 2022 (JD 72.6 million as of 31 December 2021).

* During 2016, Arab Bank (Jordan branches) signed a loan agreement with the Central Bank of Jordan amounting to JD 3.6 million, for the duration of 15 years of which 5 years are grace period with a floating interest rate of (1.85%+LIBOR 6 months). The agreement aims to support SMEs and Extra Small Companies. The loan is repaid semi-annually, with installments in March and September of each year. The Balance of the loan as of 31 December 2022 amounted to JD 2.7 million (JD 3 million as of 31 December 2021).

* During 2017, Arab Bank (Jordan branches) signed a loan agreement with the Central Bank of Jordan amounting to JD 7.7 million, for the duration of 22 years of which 5 years are grace period with an interest rate of 3% (CBJ has the right to amend the interest rate every two years up to 3.5%). The agreement aims to support SMEs and Extra Small Companies. The loan is repaid semi-annually, with installments in May and November of each year. The Balance of the loan as of 31 December 2022 amounted to JD 5.7 million (JD 4.7 million as of 31 December 2021).

During 2021, Arab Bank (Jordan branches) granted loans against diminishing advances in response to the Central Bank of Jordan programe to support SMEs to face COVID-19 with 0% fixed interest rate, These loans are repaid on long term extended to 42 months, with a grace period up to 12 months. The amount of the granted loans as of 31 December 2022 amounted to JD 18.9 million (JD 29.4 million as of 31 December 2021).

* During 2018, Arab Bank (Jordan branches) signed loans agreements with European investment Bank amounting to JD 235 million, for the duration of 7 years, in the same year Arab Bank withdrew the first installment in the amount of JD 70.9 million for the duration of 7 years with a floating interest rate of (1.392%+LIBOR 6 months) the interest is repaid in 2 installments during the year, the loan is repaid semi-annually in March and September of each year, the first installment started on 15 September 2020 and the last one will be on 15 September 2025. the Balance of the loan as of 31 December 2022 amounted to JD 38.7 million (JD 51.6 million as of 31 December 2021)

** During 2019, Arab Bank (Jordan branches) withdrew the second installment in the amount of JD 49.521 million for the duration of 7 years with a floating interest rate of (1.503%+LIBOR 6 months) the interest is repaid in 2 installments during the year, the loan is repaid semi-annually in March and September of each year, the first installment will be on 15 September 2021 and the last one will be on 16 March 2026. the Balance of the loan as of 31 December 2022 amounted to JD 34.7 million (JD 44.6 million as of 31 December 2021).

** During 2020, Arab Bank (Jordan branches) withdrew the third installment in the amount of JD 114.762 million for the duration of 7 years with a floating interest rate of (1.704%+LIBOR 6 months) the interest is repaid in 2 installments during the year, the loan is repaid semi-annually in March and September of each year, the first installment will fall due on 15 September 2022 and the last one will be on 15 March 2027. the Balance of the loan as of 31 December 2022 amounted to JD 103.3 million (JD 114.8 million as of 31 December 2021).

22. Provision for Income Tax

The details of this item are as follows:

	31 December	
	2022	**2021**
	JD '000	JD '000
Balance at the beginning of the year	**85 130**	**108 031**
Income tax charge	135 296	74 033
Income tax paid	(103 389)	(96 934)
Balance at the End of the Year	**117 037**	**85 130**

- Income tax expense charged to the statement of income consists of the following:

	31 December	
	2022	**2021**
	JD '000	JD '000
Income tax charge for the year	135 296	74 033
Deferred tax assets for the year	(87 414)	(78 528)
Amortization of deferred tax assets	66 962	58 165
Deferred tax liabilities for the year	480	801
Amortization of deferred tax liabilities	-	(30)
Total	**115 324**	**54 441**

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 Bank has investments and branches ranges from zero to 38% as of 31 December 2022 and 2021.

Arab Bank PLC effective tax rate was 26% as of 31 December 2022 and 25.9% as of 31 December 2021.

The branches of Arab bank Plc have reached a recent tax settlements ranging between 2021 as for Arab Bank United Arab Emirates and 2020 as for Arab Bank Palestine as of 31 December 2022.

23. Other Provisions

The details of this item are as follows:

	31 December 2022					
	Balance at the Beginning of the Year	Additions during the Year	Utilized or transferred during the Year	Returned to Income	Adjustments During the Year and Translation Adjustments	**Balance at the End of the Year**
	JD '000	JD '000	JD '000	JD '000	JD '000	**JD '000**
End-of-service indemnity	74 762	9 343	(1 426)	(50)	(834)	**81 795**
Legal cases	3 997	889	(22)	(1 173)	(29)	**3 662**
Other	59 819	154	(263)	(1 732)	1 013	**58 991**
Total	**138 578**	**10 386**	**(1 711)**	**(2 955)**	**150**	**144 448**

	31 December 2021					
	Balance at the Beginning of the Year	Additions during the Year	Utilized or transferred during the Year	Returned to Income	Adjustments During the Year and Translation Adjustments	**Balance at the End of the Year**
	JD '000	JD '000	JD '000	JD '000	JD '000	**JD '000**
End-of-service indemnity	83 085	5 346	(8 937)	(34)	(4 698)	**74 762**
Legal cases	5 081	984	(81)	(1 940)	(47)	**3 997**
Other	57 337	3 019	(549)	(16)	28	**59 819**
Total	**145 503**	**9 349**	**(9 567)**	**(1 990)**	**(4 717)**	**138 578**

24. Other Liabilities

The details of this item are as follows:

	31 December	
	2022	**2021**
	JD '000	JD '000
Accrued interest payable	108 185	75 535
Notes payable	92 464	111 342
Interest and commission received in advance	48 621	44 549
Accrued expenses	34 940	30 546
Dividends payable to shareholders	12 335	12 841
Lease Contracts Liabilites	36 057	41 378
Provision for impairment - ECL of the indirect credit facilities*	88 564	72 778
Other miscellaneous liabilities	209 084	114 912
Total	**630 250**	**503 881**

Indirect Credit Facilities

The table below shows the credit quality and the maximum exposure to credit risk based on the bank's internal credit rating system.

	31 December 2022				31 December 2021
	Stage 1	Stage 2	Stage 3	**Total**	Total
	JD '000	JD '000	JD '000	**JD '000**	JD '000
Low risk / performing (1-2)	732 942	-	-	**732 942**	649 672
Acceptable risk / performing (3-7)	8 271 779	159 420	-	**8 431 199**	9 011 147
Non-performing (8-10)	-	-	75 176	**75 176**	104 316
Total	**9 004 721**	**159 420**	**75 176**	**9 239 317**	**9 765 135**

-Probability of default at low risk 0.0% -0.12%
-Probability of default at acceptable risk 0.12% - 24%
-Probability of default at high risk 100%

The movement on total balances of indirect credit facilities is as follows:

	31 December 2022				31 December 2021
	Stage 1	Stage 2	Stage 3	**Total**	**Total**
	JD '000	JD '000	JD '000	**JD '000**	**JD '000**
Balance at the beginning of the year	**9 458 835**	**201 984**	**104 316**	**9 765 135**	**9 672 805**
New balances (additions)	2 885 848	59 103	76	**2 945 027**	**2 344 595**
Matured balances	(3 156 077)	(79 013)	(29 802)	**(3 264 892)**	**(2 209 417)**
Transfers to stage 1	45 317	(45 191)	(126)	-	-
Transfers to stage 2	(34 887)	34 911	(24)	-	-
Transfers to stage 3	(299)	(527)	826	-	-
Written off balances	-	-	-	-	-
Adjustments during the year	-	-	-	-	-
Translation Adjustments	(194 016)	(11 847)	(90)	**(205 953)**	**(42 848)**
Total	**9 004 721**	**159 420**	**75 176**	**9 239 317**	**9 765 135**

The movement of ECL charges on indirect credit facilities is as follows:

	31 December 2022				31 December 2021
	Stage 1	Stage 2	Stage 3	**Total**	**Total**
	JD '000	JD '000	JD '000	**JD '000**	**JD '000**
Balance at the beginning of the year	**6 472**	**7 198**	**59 108**	**72 778**	**34 833**
ECL charges during the year	7 899	5 832	5 824	**19 555**	**54 559**
Recoveries (excluding write offs)	(4 785)	(6 517)	(1 032)	**(12 334)**	**(17 447)**
Transfers to stage 1	1 459	(1 459)	-	-	-
Transfers to stage 2	(66)	66	-	-	-
Transfers to stage 3	-	-	-	-	-
Impact on year end ECL caused by transfers between stages during the year	-	662	-	**662**	**894**
Written off balances	-	-	-	-	-
Adjustments during the year	-	-	8 872	**8 872**	**98**
Translation Adjustments	(2 262)	1 282	11	**(969)**	**(159)**
Total	**8 717**	**7 064**	**72 783**	**88 564**	**72 778**

25. Deferred Tax Liabilities

Items attributable to deferred tax liabilities are as follows:

	31 December 2022					
	Balance at the Beginning of the Year	Amounts Added	Amounts Released	Translation Adjustments	**Balance at the End of the Year**	Deferred Tax
	JD '000	JD '000	JD '000	JD '000	**JD '000**	JD '000
Other	12 916	2 140	(5)	(107)	**14 944**	3 356
Total	**12 916**	**2 140**	**(5)**	**(107)**	**14 944**	**3 356**

	31 December 2021					
	Balance at the Beginning of the Year	Amounts Added	Amounts Released	Translation Adjustments	**Balance at the End of the Year**	Deferred Tax
	JD '000	JD '000	JD '000	JD '000	**JD '000**	JD '000
Other	9 482	3 596	(162)	-	**12 916**	2 894
Total	**9 482**	**3 596**	**(162)**	-	**12 916**	**2 894**

- The details of movement on deferred tax liabilities are as follows:

	2022	2021
	JD '000	JD '000
Balance at the beginning of the year	**2 894**	**2 123**
Additions during the year	480	801
Amortized during the year	-	(30)
Adjustments during the year and Translation Adjustments	(18)	-
Balance at the End of the Year	**3 356**	**2 894**

26. Share Capital and Share Premium

A. Share capital amounted to JD 640.8 million distributed on 640.8 million shares as of 31 December 2022 and 2021 with a authorized capital of JD 640.8 million shares (at par value of JD 1 per share).

B. Share premium amounted to JD 859.6 million as at 31 December 2022 and 2021.

27. Statutory Reserve

The statutory reserve amounted to JD 640.8 million as at 31 December 2022 and 2021 according to the regulations of the central bank of Jordan and companies law and it can't be distributed to the shareholders of the bank.

28. Voluntary Reserve

The voluntary reserve amounted to JD 614.9 million as at 31 December 2022 and 2021. This reserve is used for the purposes determined by the Board of Directors, and the General Assembly has the right to distribute it in whole or part thereof to shareholders as dividends.

29. General Reserve

The general reserve amounted to JD 583.7 million as of 31 December 2022 and 2021. This reserve is used for purposes determined by the Board of Directors, and the General Assembly has the right to distribute it in whole or part thereof to shareholders as dividends.

30. General Banking Risk Reserve

The general banking risk reserve amounted to JD 108.5 million as at 31 December 2022 and 2021.

31. Foreign Currency Translation Reserve

The details of this item are as follows:

	31 December	
	2022	2021
	JD '000	JD '000
Balance at the beginning of the year	(260 168)	(159 966)
Additions (disposals) during the year transferred to other comprehensive income	(77 909)	(100 202)
Balance at the end of the year	**(338 077)**	**(260 168)**

32. Investment Revaluation Reserve

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

The details of this item are as follows:	31 December	
	2022	**2021**
	JD '000	JD '000
Balance at the beginning of the year	(238 493)	(215 968)
Change in fair value during the year	(7 711)	(22 375)
Net realized losses transferred to retained earnings	-	(150)
Balance at the end of the year	**(246 204)**	**(238 493)**

33. Retained Earnings

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

	31 December	
	2022	**2021**
	JD '000	JD '000
Balance at the beginning of the year	866 346	780 168
Profit for the year	327 535	156 101
Investments revaluation reserve transferred to retained earnings	-	150
Dividends paid *	(128 160)	(76 897)
Adjustment during the year	-	6 824
Balance at the end of the year	**1 065 721**	**866 346**

* Arab Bank plc Board of Directors recommended a 25% of par value as cash dividend, equivalent to JOD 160.2 million, for the year 2022. This proposal is subject to the approval of the General Assembly of shareholders. (The General Assembly of Arab Bank plc in its extraordinary 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 equivalent to JD 128.2 million for the year 2021).

34 - INTEREST INCOME

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

The details of this item are as follows:	31 December	
	2022	**2021**
	JD '000	JD '000
Direct credit facilities at amortized cost *	744 470	651 861
Central Banks	119 728	50 661
Banks and financial institutions deposits	41 534	8 369
Financial assets at fair value through profit or loss	2 006	7 791
Other financial assets at amortized cost	247 900	248 795
Total	**1 155 638**	**967 477**

* The details of interest income earned on direct credit facilities at amortized cost are as follows:

	2022					
	Consumer Banking	Corporates		Banks and Financial Institutions	Government and Public Sector	Total
		Small and Medium	Large			
	JD '000	JD '000	JD '000	JD '000	JD '000	JD '000
Discounted bills	436	4 085	11 787	2 882	-	19 190
Overdrafts	1 331	36 754	126 740	4	11 946	176 775
Loans and advances	109 727	43 265	291 561	1 915	30 921	477 389
Real estate loans	57 264	59	-	-	-	57 323
Credit cards	13 793	-	-	-	-	13 793
Total	**182 551**	**84 163**	**430 088**	**4 801**	**42 867**	**744 470**

	2021					
	Consumer Banking	Corporates		Banks and Financial Institutions	Government and Public Sector	Total
		Small and Medium	Large			
	JD '000	JD '000	JD '000	JD '000	JD '000	JD '000
Discounted bills	1 206	4 168	7 884	1 272	-	14 530
Overdrafts	1 516	27 803	122 730	1	12 401	164 451
Loans and advances	100 875	39 131	242 624	1 706	23 112	407 448
Real estate loans	52 454	24	-	-	-	52 478
Credit cards	12 954	-	-	-	-	12 954
Total	**169 005**	**71 126**	**373 238**	**2 979**	**35 513**	**651 861**

35 - INTEREST EXPENSE

The details of this item are as follows:

	31 December	
	2022	**2021**
	JD '000	JD '000
Customer deposits *	333 822	295 519
Banks' and financial institutions' deposits	35 212	13 632
Cash margins	26 188	17 456
Borrowed funds	7 352	4 852
Deposit insurance fees	15 820	12 384
Total	**418 394**	**343 843**

* The details of interest expense paid on customer deposits are as follows:

	2022				
	Consumer Banking	Corporates		Government and Public Sector	Total
		Small and Medium	Large		
	JD '000	JD '000	JD '000	JD '000	JD '000
Current and demand	20 161	1 608	11 207	861	33 837
Savings	5 637	81	4	-	5 722
Time and notice	121 524	16 025	55 568	64 105	257 222
Certificates of deposit	36 737	-	304	-	37 041
Total	**184 059**	**17 714**	**67 083**	**64 966**	**333 822**

	2021				
	Consumer Banking	Corporates		Government and Public Sector	Total
		Small and Medium	Large		
	JD '000	JD '000	JD '000	JD '000	JD '000
Current and demand	17 759	1 724	9 132	949	29 564
Savings	5 855	137	5	-	5 997
Time and notice	101 302	12 458	35 165	70 565	219 490
Certificates of deposit	40 197	4	267	-	40 468
Total	**165 113**	**14 323**	**44 569**	**71 514**	**295 519**

36. Net Commission Income

The details of this item are as follows:

	31 December	
	2022	**2021**
	JD '000	JD '000
Commission income:		
Direct credit facilities at amortized cost	55 753	48 470
Indirect credit facilities	56 763	57 188
Other	77 087	68 083
Less: Commission expense	(38 354)	(32 210)
Net Commission Income	**151 249**	**141 531**

37. Gains from Financial Assets at Fair Value Through Profit or Loss

The details of this item are as follows:

	2022			
	Realized Gains	Unrealized (Loss)	Dividends	Total
	JD '000	JD '000	JD '000	JD '000
Treasury bills and bonds	1 317	(478)	-	839
Total	**1 317**	**(478)**	**-**	**839**

	2021			
	Realized Gains	Unrealized Gains	Dividends	Total
	JD '000	JD '000	JD '000	JD '000
Treasury bills and bonds	865	2	-	867
Total	**865**	**2**	**-**	**867**

38. Dividends from Subsidiares and Associates

The details of this item are as follows:

	31 December	
	2022	**2021**
	JD '000	JD '000
Islamic International Arab Bank plc	40 000	12 000
Arab National Leasing Company L.L.C	3 000	3 000
Al-Nisr Al Arabi Insurance Company plc	1 500	1 500
Al-Arabi Investment Group Company L.L.C	3 690	400
Total Dividends from Subsidiaries	**48 190**	**16 900**
Arab National Bank	91 782	71 540
Total Dividends from Associates	**91 782**	**71 540**
Total Dividends from Subsidiaries and Associates	**139 972**	**88 440**

39. Other Revenue

The details of this item are as follows:

	2022	2021
	JD '000	JD '000
Revenue from customer services	6 848	7 566
Safe box rent	899	1 090
(losses) gains from derivatives	(15)	683
Miscellaneous revenue	15 976	17 057
Total	**23 708**	**26 396**

40. Employees' Expenses

The details of this item are as follows:

	2022	2021
	JD '000	JD '000
Salaries and benefits	170 981	160 593
Social security	12 454	12 830
Savings fund	1 514	1 548
Indemnity compensation	1 468	2 070
Medical	9 050	9 038
Training	2 616	1 388
Allowances	39 965	26 515
Other	4 702	5 232
Total	**242 750**	**219 214**

41 - OTHER EXPENSES

The details of this item are as follows:

	2022	2021
	JD '000	JD '000
Occupancy	40 491	40 452
Office	48 395	38 227
Services	28 854	29 096
Fees	8 482	8 944
Information technology	31 676	28 550
Other administrative expenses	36 742	24 850
Total	**194 640**	**170 119**

42. Financial Derivatives

- The details of movement on financial derivatives are as follows:

	31 December 2022						
				Notional amounts by maturity			
	Positive Fair Value	Negative Fair Value	Total Notional Amount	Within 3 Months	From 3 Months to 1 Years	From 1 Year to 3 Years	More than 3 Years
	JD '000	JD '000	JD '000	JD '000	JD '000	JD '000	JD '000
Interest rate swaps	15 713	13 408	1 946 769	95 403	302 731	360 369	1 188 266
Foreign currency forward contracts	5 481	2 917	6 156 983	5 039 424	884 898	232 661	-
Derivatives held for trading	**21 194**	**16 325**	**8 103 752**	**5 134 827**	**1 187 629**	**593 030**	**1 188 266**
Interest rate swaps	40 991	39 929	831 522	-	237 610	193 851	400 061
Foreign currency forward contracts	-	-	-	-	-	-	-
Derivatives held for fair value hedge	**40 991**	**39 929**	**831 522**	**-**	**237 610**	**193 851**	**400 061**
Interest rate swaps	-	-	-	-	-	-	-
Foreign currency forward contracts	-	-	-	-	-	-	-
Derivatives held for cash flow hedge	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total	**62 185**	**56 254**	**8 935 274**	**5 134 827**	**1 425 239**	**786 881**	**1 588 327**

	31 December 2021						
				Notional amounts by maturity			
	Positive Fair Value	Negative Fair Value	Total Notional Amount	Within 3 Months	From 3 Months to 1 Years	From 1 Year to 3 Years	More than 3 Years
	JD '000	JD '000	JD '000	JD '000	JD '000	JD '000	JD '000
Interest rate swaps	7 090	4 326	2 069 266	149 979	409 596	460 834	1 048 857
Foreign currency forward contracts	6 957	-	6 295 316	5 113 419	1 124 821	57 076	-
Derivatives held for trading	**14 047**	**4 326**	**8 364 582**	**5 263 398**	**1 534 417**	**517 910**	**1 048 857**
Interest rate swaps	18 288	18 178	773 673	-	238 924	238 873	295 876
Foreign currency forward contracts	-	-	-	-	-	-	-
Derivatives held for fair value hedge	**18 288**	**18 178**	**773 673**	**-**	**238 924**	**238 873**	**295 876**
Interest rate swaps	-	-	-	-	-	-	-
Foreign currency forward contracts	-	-	-	-	-	-	-
Derivatives held for cash flow hedge	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total	**32 335**	**22 504**	**9 138 255**	**5 263 398**	**1 773 341**	**756 783**	**1 344 733**

The notional amount represents the value of the transactions at year-end and does not refer to market risk or credit risk.

43 - CONCENTRATION OF ASSETS AND REVENUES AND CAPITAL EXPENDITURES ACCORDING TO THE GEOGRAPHICAL DISTRIBUTION

The Bank undertakes its banking activities through its branches in Jordan and abroad. The following are the details of the distribution of assets, revenues and capital expenses inside and outside Jordan:

	Inside Jordan		Outside Jordan		Total	
	2022	2021	2022	2021	2022	2021
	JD '000	JD '000	JD '000	JD '000	**JD '000**	**JD '000**
Revenue	424 142	339 450	672 362	592 223	**1 096 504**	**931 673**
Assets	10 555 081	10 349 331	17 258 825	17 266 148	**27 813 906**	**27 615 479**
Capital expenditures	20 201	17 111	14 837	17 555	**35 038**	**34 666**

44 BUSINESS SEGMENTS

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

The Banks management monitors the operating results of the business segments separately for making decisions about performance assessment; segmented performance is calculated based on operating profit or loss.

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

1. Corporate and Institutional Banking

Arab Bank's Corporate and Institutional Banking (CIB) division manages the group's corporate and institutional client base. It provides access to a full range of lending and financial solutions through an extensive branch network and electronic channels. CIB also offers a comprehensive range of advanced corporate digital banking solutions in line with the latest developments in the banking industry. The broad range and efficient delivery of its solutions enable Arab Bank to remain the bank of choice for local, regional, and international companies and institutions. CIB is uniquely positioned to provide high quality products and services to meet clients' business requirements. The banking solutions offered are enriched by Arab Bank's global network, understanding of local markets, and in depth expertise. Through its client-focused approach, CIB strengthens its franchise in key markets by building on and solidifying existing client relationships and adding new clients through targeted acquisition efforts. The CIB division caters to clients' needs over the different stages of their business cycle and across different markets, providing consistent service levels at all levels of the network. CIB's objective is to provide its clients with an exceptional banking experience and a well-rounded range of tailored financial solutions, including products and services from across the bank's different business lines. The quality of its staff underpins CIB's success. The division closely monitors the changing dynamics of the business environment and constantly invests in strengthening and expanding the capabilities and capacities of its teams and specialists to meet clients' needs and banking requirements.

2. Treasury Bank

Arab Bank's Treasury manages the bank's liquidity and market risks, and provides expert advice and dealing services to Arab Bank's customers around the globe. Through its state-of-the art systems, Arab Bank's Treasury remains fully up to date with the latest market developments and regulatory standards and is well positioned to meet a wide range of both bank and customer needs.

Arab Bank's Treasury has a broad mandate, including the following responsibilities:

- To manage and optimize the liquidity of the bank within approved limits so that the business is always adequately funded
- To manage the market risk of the bank within approved limits
- To earn revenues from the effective management of liquidity and market risk
- To execute bond, foreign exchange, and money market transactions with market professionals
- To support the distribution of foreign exchange, derivatives, and other treasury products to customers
- To advise internal stakeholders on the consumption and management of liquidity and market risk

- It is important for Treasury to balance the need to maintain high liquidity with low credit and low market risk. This approach is consistent with the bank's objective of being fully liquid at all times and under all circumstances, wherever the bank operates. Treasury's role in managing the bank's liquidity and market risk is to ensure that the bank generates surplus liquidity, but also to invest this liquidity prudently using the following instruments:
- Short-term placements with central banks
- Short-term deposits with high quality banks
- A multi-currency portfolio of highly liquid bonds, treasury bills, and certificates of deposit

Finally, Arab Bank believes in the importance of protecting not only its own income, but also the income and interests of its clients, from market volatility. Therefore the Treasury department offers a full range of treasury products and services to clients throughout the bank's network, whether they are exporters, importers, or savers. These risk management and hedging tools include a broad range of products and derivatives for clients who require protection from interest rate and foreign exchange risks.

3. Consumer Banking

Consumer Banking offers customers an extensive range of features and benefits through its vast branch network and integrated direct banking channels, both locally and regionally.

Advanced digital solutions are important to our ability to serve customers efficiently and to streamline our internal operations. New solutions are constantly under review and are introduced regularly to ensure that customers benefit from the latest and most effective direct banking services and channels. We also focus on providing our business partners with latest digital solutions that will enable them to expand their capabilities and enrich their offering.

Our family-focused model caters for the individual and family banking and non-banking needs of our customers, starting with our Arabi junior program, which is designed for children under the age of 18, through to our exclusive Elite program, which is offered to our high-net-worth customers.

A key element of the bank's long-term strategy is to offer banking solutions and services at a regional level. We do this by providing cross-border solutions and services to our Elite and Arabi Premium clients through the bank's branch network and online banking services.

We closely monitor and measure the level of service we offer our customers. Providing a high level of service is important to us to maintain our leading position, strengthen our competitive edge, and improve our customers' satisfaction.

Information about the Bank's Business Segments

	2022					
	Corporate and Institutional Banking	Treasury	Consumer Banking		Other	Total
			Elite	Retail Banking		
	JD '000	JD '000	JD '000	JD '000	JD '000	JD '000
Total income	537 414	382 160	(103 175)	150 683	129 422	1 096 504
Net inter-segment interest income	(70 893)	(198 044)	222 509	46 428	-	-
Less:						
Provision for impairment -ECL	150 177	3 626	9	2 639	-	156 451
Other provisions	3 274	625	451	3 081	-	7 431
Direct administrative expenses	73 079	9 024	14 046	105 499	-	201 648
Result of operations of segments	**239 991**	**170 841**	**104 828**	**85 892**	**129 422**	**730 974**
Indirect expenses on segments	118 345	39 779	24 176	85 970	19 845	288 115
Profit for the year before income tax	**121 646**	**131 062**	**80 652**	**(78)**	**109 577**	**442 859**
Income tax expense	31 678	34 130	21 003	(20)	28 533	115 324
Profit (loss) for the year	**89 968**	**96 932**	**59 649**	**(58)**	**81 044**	**327 535**
Depreciation and amortization	11 867	3 587	1 715	16 976	-	34 145
Other Information						
Segment assets	9 402 644	13 659 599	694 495	2 392 349	648 146	26 797 233
Inter-segment assets	-	-	8 815 216	750 250	3 198 071	-
Investments in associates and subsidiaries	-	-	-	-	1 016 673	1 016 673
Total Assets	**9 402 644**	**13 659 599**	**9 509 711**	**3 142 599**	**4 862 890**	**27 813 906**
Segment liabilities	8 678 604	1 620 102	9 509 711	3 142 599	933 115	23 884 131
Shareholders' equity	-	-	-	-	3 929 775	3 929 775
Inter-segment liabilities	724 040	12 039 497	-	-	-	-
Total Liabilities and Shareholders' Equity	**9 402 644**	**13 659 599**	**9 509 711**	**3 142 599**	**4 862 890**	**27 813 906**

Information about the Bank's Business Segments

	2021					
	Corporate and Institutional Banking	Treasury	Consumer Banking - Elite	Consumer Banking - Retail Banking	Other	Total
	JD '000	JD '000	JD '000	JD '000	JD '000	JD '000
Total income	466 475	320 262	(86 740)	134 332	97 344	931 673
Net inter-segment interest income	(26 171)	(191 551)	170 892	46 830	-	-
Less:						
Provision for impairment -ECL	245 888	596	(652)	9 639	-	255 471
Other provisions	2 370	910	589	3 490	-	7 359
Direct administrative expenses	69 670	8 414	13 969	97 317	42 284	231 654
Result of operations of segment	**122 376**	**118 791**	**70 246**	**70 716**	**55 060**	**437 189**
Less: Indirect expenses on segments	103 332	24 256	15 574	81 936	1 549	226 647
Profit for the year before income tax	**19 044**	**94 535**	**54 672**	**(11 220)**	**53 511**	**210 542**
Income tax expense	4 924	24 444	14 137	(2 901)	13 837	54 441
Profit (loss) for the year	**14 120**	**70 091**	**40 535**	**(8 319)**	**39 674**	**156 101**
Depreciation and amortization	11 756	2 593	1 555	17 603	-	33 507
Other Information						
Segment assets	9 981 743	13 083 657	642 381	2 225 261	633 715	26 566 757
Inter-segment assets	-	-	8 670 267	1 101 211	2 930 727	-
Investments in associates and subsidiaries	-	-	-	-	1 048 722	1 048 722
Total Assets	**9 981 743**	**13 083 657**	**9 312 648**	**3 326 472**	**4 613 164**	**27 615 479**
Segment liabilities	8 481 596	1 881 599	9 312 648	3 326 472	797 144	23 799 459
Shareholders' equity	-	-	-	-	3 816 020	3 816 020
Inter-segment liabilities	1 500 147	11 202 058	-	-	-	-
Total Liabilities and Shareholders' Equity	**9 981 743**	**13 083 657**	**9 312 648**	**3 326 472**	**4 613 164**	**27 615 479**

45. BANKING RISK MANAGEMENT

Arab Bank addresses the challenges of banking risks comprehensively through an Enterprise-Wide Risk Management Framework. This framework is built in line with leading practices, and is supported by a risk governance structure consisting of risk-related Board Committees, Executive Management Committees, and three independent levels of control.

As part of the risk governance structure of the Bank, and as the second level of control, Bank Risk Management is responsible for ensuring that the Bank has a robust system for the identification and management of risk. Its mandate is to:

- Establish risk management frameworks, policies and procedures for all types of risks and monitor their implementation
- Develop appropriate risk measurement tools and models
- Assess risk positions against established limits
- Monitor and report to Senior Management and the Board on a timely basis
- Advise and promote risk awareness based on leading practices

Credit Risk Management

Arab Bank maintains a low risk strategy towards the activities it takes on. This combined with its dynamic and proactive approach in managing credit risk are key elements in achieving its strategic objective of maintaining and further enhancing its asset quality and credit portfolio risk profile. The conservative, prudent and well-established credit standards, policies and procedures, risk methodologies and frameworks, solid structure and infrastructure, risk monitoring and control enable the Bank to deal with the emerging risks and challenges with a high level of confidence and determination. Portfolio management decisions are based on the Bank's business strategy and risk appetite as reflected in the tolerance limits. Diversification is the cornerstone for mitigating portfolio risks which is achieved through industry, geographical and customer tolerance limits.

Geographic Concentration Risk

The Bank reduces the geographic concentration risk through distributing its operations over various sectors and various geographic locations inside and outside the Kingdom.

Note (46 - E) shows the details of the geographical distribution of assets.

Liquidity Risk

Liquidity is defined by the Bank for International Settlements as the ability of a bank to fund increases in assets and meet obligations as they come due, without incurring unacceptable losses. Arab Bank has built a robust infrastructure of policies, processes and people, in order to ensure that all obligations are met in a timely manner, under all circumstances and without undue cost. The Bank uses a variety of tools to measure liquidity risk in the balance sheet. These metrics help the Bank to plan and manage its funding and help to identify any mismatches in assets and liabilities which may expose the Bank to roll risk.

Note (49) shows the maturities of the assets and liabilities of the Bank.

Market Risk

Market risk is defined as the potential for loss from changes in the value of the Bank's portfolios due to movements in interest rates, foreign exchange rates, and equity or commodity prices. The three main activities that expose the Bank to market risk are: Money Markets, Foreign Exchange and Capital Markets, across the Trading and Banking books.

Note (47) shows the details of market risk sensitivity analysis.

1. Interest Rate Risk

Interest rate risk in the Bank is limited, well managed, and continuously supervised. A large proportion of the interest rate exposure is concentrated in the short end of the yield curve, with durations of up to one year. Exposures of more than one year are particularly limited. Interest rate risk is managed in accordance with the policies and limits established by the ALCO.

Derivatives held for risk management purposes and hedge accounting:

The Bank holds derivatives for risk management purposes, some of which are designated as hedging relationships and management is in the process of assessing the impact.

Note (48) shows the details of the interest rate risk sensitivity of the Bank.

2. Capital Market Exposures

Investments in capital markets instruments are subject to market risk stemming from changes in their prices. Arab Bank's exposure to this kind of risk is limited due to its strong control over credit and interest rate risk. The equities investment portfolio represents a very small percent of the Bank's overall investments.

3. Foreign Exchange Risk

Foreign exchange activity arises principally from customers' transactions. Strict foreign exchange risk limits are set to define exposure and sensitivity tolerance for trading in foreign exchange. The Bank hedges itself appropriately against potential currency fluctuations in order to minimize foreign exchange exposure.

Note (50) shows the net positions of foreign currencies.

Operational Risk

Operational risk is defined as the loss incurred by the Bank due to disorder in work policies or procedures, personnel, automated systems, technological infrastructure, in addition to external accidents. Such risk is managed through a comprehensive framework, as part of the overall strengthening and continuous improvement of the controls within the Bank.

46 - CREDIT RISK

A. Gross exposure to credit risk (net of impairment provisions and interest in suspense and prior to collaterals and other risk mitigations):

	31 December	
	2022	**2021**
	JD '000	JD '000
Credit risk exposures relating to items on statement of financial position:		
Balances with central banks	5 792 435	5 256 137
Balances with banks and financial institutions	2 584 482	2 641 667
Deposits with banks and financial institutions	41 920	63 964
Financial assets at fair value through profit or loss	25 046	3 353
Direct credit facilities at amortized cost	**11 416 222**	**11 445 175**
Consumer banking	2 502 602	2 376 947
Small and medium corporate	898 089	980 798
Large corporate	6 834 562	6 963 007
Banks and financial institutions	148 733	179 264
Government and public sector	1 032 236	945 159
Other financial assets at amortized cost	5 431 817	5 822 079
Financial derivatives - positive fair value	62 185	32 335
Other assets	162 981	144 245
Total credit exposure related to items on statement of financial position	**25 517 088**	**25 408 955**
Credit risk exposures relating to items off the statement of financial position		
Total items off the statement of financial position	**9 150 753**	**9 692 357**
Grand total for credit exposure	**34 667 841**	**35 101 312**

The table above shows the maximum limit of the bank credit risk as of 31 December 2022 and 2021 excluding collaterals or risks mitigations.

B. Fair value of collaterals obtained against total credit exposures :

	Total Credit Risk Exposure	Fair Value of Collaterals		
		Cash	Banks accepted letters of guarantees	Real estate properties
	JD '000	JD '000	JD '000	JD '000
Credit exposures relating to items on statement of financial position:				
Balances with central banks	5 878 536	-	-	-
Balances with banks and financial institutions	2 584 894	-	-	-
Deposits with banks and financial institutions	41 920	-	-	-
Financial assets at fair value through profit or loss	25 046	-	-	-
Direct credit facilities at amortized cost	**13 179 071**	**687 114**	**100 715**	**2 718 617**
Consumer Banking	2 698 069	205 286	10	1 015 078
Small and Medium Corporates	1 143 588	93 075	26 431	321 847
Large Corporates	8 148 003	246 909	74 274	1 377 192
Banks and Financial Institutions	151 343	-	-	-
Government and Public Sector	1 038 068	141 844	-	4 500
Other financial assets at amortized cost	5 444 265	-	-	-
Financial derivatives - positive fair value	62 185	-	-	-
Other assets	162 981	-	-	-
Total	**27 378 898**	**687 114**	**100 715**	**2 718 617**
Credit exposures relating to items off statement of financial position:				
Total	**9 239 317**	**699 014**	**31 255**	**69 897**
Grand Total	**36 618 215**	**1 386 128**	**131 970**	**2 788 514**
Grand Total as of 31 December 2021	**36 948 869**	**1 264 344**	**150 015**	**2 657 177**

						31 December 2022
	Listed securities	Vehicles and equipment	Other	Total	Net Exposure	Expected Credit Loss
	JD '000	JD '000	JD '000	JD '000	JD '000	JD '000
	-	-	-	-	5 878 536	86 101
	-	-	-	-	2 584 894	412
	-	-	-	-	41 920	-
	-	-	-	-	25 046	-
	308 823	**273 438**	**4 769 515**	**8 858 222**	**4 320 849**	**1 318 071**
	3 765	40 390	424 362	1 688 891	1 009 178	135 326
	2 118	16 281	431 871	891 623	251 965	173 083
	302 940	216 767	3 513 489	5 731 571	2 416 432	1 001 255
	-	-	609	609	150 734	2 575
	-	-	399 184	545 528	492 540	5 832
	-	-	-	-	5 444 265	12 448
	-	-	-	-	62 185	-
	-	-	-	-	162 981	-
	308 823	**273 438**	**4 769 515**	**8 858 222**	**18 520 676**	**1 417 032**
	2 553	**13 233**	**1 449 915**	**2 265 867**	**6 973 450**	**88 564**
	311 376	**286 671**	**6 219 430**	**11 124 089**	**25 494 126**	**1 505 596**
	297 511	**340 617**	**6 023 055**	**10 732 719**	**26 216 150**	**1 451 065**

C. Fair value of collaterals obtained against Stage 3 Credit Exposures :

	Total Credit Risk Exposure	Cash	Banks accepted letters of guarantees
	JD '000	JD '000	JD '000
Credit exposures relating to items on statement of financial position:			
Balances with central banks	-	-	-
Balances with banks and financial institutions	-	-	-
Deposits with banks and financial institutions	-	-	-
Financial assets at fair value through profit or loss	-	-	-
Direct credit facilities at amortized cost	**1 314 003**	**9 915**	**204**
Consumer Banking	174 741	53	10
Small and Medium Corporates	215 284	508	194
Large Corporates	921 773	9 354	-
Banks and Financial Institutions	2 205	-	-
Government and Public Sector	-	-	-
Other financial assets at amortized cost	-	-	-
Financial derivatives - positive fair value	-	-	-
Other assets	-	-	-
Total	**1 314 003**	**9 915**	**204**
Credit exposures relating to items off statement of financial position:			
Total	**75 176**	**1 295**	**-**
Grand Total	**1 389 179**	**11 210**	**204**
Grand Total as of 31 December 2021	**1 421 006**	**10 100**	**-**

31 December 2022

Fair Value of Collaterals						
Real estate properties	Listed securities	Vehicles and equipment	Other	Total	Net Exposure	Expected Credit Loss
JD '000	JD '000	JD '000	JD '000	JD '000	JD '000	JD '000
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
112 192	**80**	**4 936**	**56 432**	**183 759**	**1 130 244**	**828 964**
18 000	-	9	8 204	26 276	148 465	105 109
18 357	-	296	13 365	32 720	182 564	135 735
75 835	80	4 631	34 863	124 763	797 010	585 950
-	-	-	-	-	2 205	2 170
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
112 192	**80**	**4 936**	**56 432**	**183 759**	**1 130 244**	**828 964**
-	**211**	**-**	**49 219**	**50 725**	**24 451**	**72 783**
112 192	**291**	**4 936**	**105 651**	**234 484**	**1 154 695**	**901 747**
103 208	**257**	**11 537**	**40 184**	**165 286**	**1 255 720**	**926 798**

- Reclassified Credit Exposures :

	31 December 2022					
	Stage 2		Stage 3		Total Reclassified Credit Risk Exposure	Percentage of Reclassified Credit Risk Exposure (%)
	Total Credit Risk Exposure	Reclassified Credit Risk Exposure	Total Credit Risk Exposure	Reclassified Credit Risk Exposure		
	JD '000	JD '000	JD '000	JD '000	JD '000	JD '000
Credit exposures relating to items on statement of financial position:						
Balances with central banks	545 372	-	-	-	-	0%
Balances with banks and financial institutions	-	-	-	-	-	-
Deposits with banks and financial institutions	-	-	-	-	-	-
Direct credit facilities at amortized cost	1 725 812	(215 770)	1 314 003	86 545	(129 225)	-4.3%
Other financial assets at amortized cost	10 850	(36 427)	-	-	(36 427)	-336%
Total	**2 282 034**	**(252 197)**	**1 314 003**	**86 545**	**(165 652)**	**-4.6%**
Credit exposures relating to items off statement of financial position:						
Total	**159 420**	**(10 807)**	**75 176**	**676**	**(10 131)**	**-4%**
Grand Total	**2 441 454**	**(263 004)**	**1 389 179**	**87 221**	**(175 783)**	**-4.6%**
Grand Total as of 31 December 2021	**2 768 524**	**334 300**	**1 421 006**	**79 400**	**413 700**	**9.9%**

- Reclassified Expected Credit Losses :

	31 December 2022					
	Stage 2		Stage 3		Total Reclassified Expected Credit Loss	Percentage of Reclassified Expected Credit Loss (%)
	Total Expected Credit Loss	Reclassified Expected Credit Loss	Total Expected Credit Loss	Reclassified Expected Credit Loss		
	JD '000	JD '000	JD '000	JD '000	JD '000	JD '000
Credit exposures relating to items on statement of financial position:						
Balances with central banks	85 475	-	-	-	-	0%
Balances with banks and financial institutions	-	-	-	-	-	-
Deposits with banks and financial institutions	-	-	-	-	-	-
Direct credit facilities at amortized cost	443 042	(44 361)	828 964	38 461	(5 900)	-0.5%
Other financial assets at amortized cost	3 302	2	-	-	2	0.1%
Total	**531 819**	**(44 359)**	**828 964**	**38 461**	**(5 898)**	**-0.4%**
Credit exposures relating to items off statement of financial position:						
Total	**7 064**	**(1 393)**	**72 783**	**-**	**(1 393)**	**-1.7%**
Grand Total	**538 883**	**(45 752)**	**901 747**	**38 461**	**(7 291)**	**-0.5%**
Grand Total as of 31 December 2021	**473 070**	**(27 444)**	**926 798**	**32 901**	**5 457**	**0.4%**

- Expected Credit Losses for Reclassified Credit Exposures:

	31 December 2022						
	Reclassified Credit Exposures			Expected Credit Losses for Reclassified Credit Exposures:			
	Reclassified Credit Exposures from Stage 2	Reclassified Credit Exposures from Stage 3	Total Reclassified Credit Exposures	Stage 2 (Individual)	Stage 2 (Collective)	Stage 3	Total
	JD '000	JD '000	JD '000	JD '000	JD '000	JD '000	JD '000
Credit exposures relating to items on statement of financial position:							
Balances with central banks							
Balances with banks and financial institutions	-	-	-	-	-	-	-
Deposits with banks and financial institutions	-	-	-	-	-	-	-
Financial assets at fair value through profit or loss	-	-	-	-	-	-	-
Direct credit facilities at amortized cost	(215 770)	86 545	(129 225)	(42 842)	(354)	49 732	6 536
Other financial assets at amortized cost	(36 427)	-	(36 427)	2	-	-	2
Total	**(252 197)**	**86 545**	**(165 652)**	**(42 840)**	**(354)**	**49 732**	**6 538**
Credit exposures relating to items off statement of financial position:							
Total	**(10 807)**	**676**	**(10 131)**	**(731)**	**-**	**-**	**(731)**
Grand Total	**(263 004)**	**87 221**	**(175 783)**	**(43 571)**	**(354)**	**49 732**	**5 807**
Grand Total as of 31 December 2021	**334 300**	**79 400**	**413 700**	**747**	**721**	**49 163**	**50 631**

D. Classification of debt securities based on risk degree:

The table below analyzes the credit exposure of the debt securities using the credit rating as per the global credit rating agencies.:

	31 December 2022		
	Financial Assets at Fair Value through Profit or Loss	Other Financial Assets at Amortized Cost	Total
Credit Rating	**JD '000**	**JD '000**	**JD '000**
Private sector:			
AAA to A-	-	227 414	227 414
BBB+ to B-	-	21 062	21 062
Below B-	-	-	-
Unrated	-	57 912	57 912
Government and public sector	25 046	5 125 429	5 150 475
Total	**25 046**	**5 431 817**	**5 456 863**

	31 December 2021		
	Financial Assets at Fair Value through Profit or Loss	Other Financial Assets at Amortized Cost	**Total**
Credit Rating	JD '000	JD '000	**JD '000**
Private sector:			
AAA to A-	-	216 994	**216 994**
BBB+ to B-	-	33 801	**33 801**
Below B-	-	-	**-**
Unrated	-	58 807	**58 807**
Government and public sector	3 353	5 512 477	**5 515 830**
Total	**3 353**	**5 822 079**	**5 825 432**

E. Credit exposure categorized by geographical distribution:

	31 December 2022						
	Jordan	Other Arab Countries	Asia *	Europe	America	Rest of the World	**Total**
	JD '000	JD '000	JD '000	JD '000	JD '000	JD '000	JD '000
Balances with central banks	2 755 536	3 036 274	625	-	-	-	**5 792 435**
Balances and deposits with banks and financial institutions	151 968	466 744	345 810	1 377 635	272 446	11 799	**2 626 402**
Financial assets at fair value through profit or loss	-	25 046	-	-	-	-	**25 046**
Direct credit facilities at amortized cost	**4 191 090**	**6 979 595**	**170 486**	**75 051**	**-**	**-**	**11 416 222**
Consumer banking	1 220 307	1 281 750	65	480	-	-	**2 502 602**
Small and medium corporates	455 456	442 507	-	126	-	-	**898 089**
Large corporates	2 323 055	4 293 480	145 665	72 362	-	-	**6 834 562**
Banks and financial institutions	23 005	123 645	-	2 083	-	-	**148 733**
Government and public sector	169 267	838 213	24 756	-	-	-	**1 032 236**
Other financial assets at amortized cost	2 846 367	2 532 823	30 168	-	22 459	-	**5 431 817**
Financial derivatives - positive fair value	5 308	56 577	-	300	-	-	**62 185**
Other assets	51 739	106 533	2 165	2 494	50	-	**162 981**
Total	**10 002 008**	**13 203 592**	**549 254**	**1 455 480**	**294 955**	**11 799**	**25 517 088**
Total - as of 31 December 2021	**9 827 499**	**13 454 727**	**275 964**	**1 531 139**	**286 058**	**33 568**	**25 408 955**

* Excluding Arab Countries

E. Credit exposure categorized by geographical distribution and stagings according to IFRS 9:

	31 December 2022					
	Stage 1		Stage 2		Stage 3	**Total**
	(Individual)	(Collective)	(Individual)	(Collective)		
	JD '000	JD '000	JD '000	JD '000	JD '000	**JD '000**
Jordan	7 964 777	1 197 587	798 114	16 713	24 817	**10 002 008**
Other Arab Countries	11 039 174	1 219 669	843 528	55 561	45 660	**13 203 592**
Asia*	542 836	64	6 354	-	-	**549 254**
Europe	1 454 999	481	-	-	-	**1 455 480**
America	294 955	-	-	-	-	**294 955**
Rest of the World	11 799	-	-	-	-	**11 799**
Total	**21 308 540**	**2 417 801**	**1 647 996**	**72 274**	**70 477**	**25 517 088**
Total as of 31 December 2021	**20 945 195**	**2 310 223**	**2 022 507**	**52 157**	**78 873**	**25 408 955**

* Excluding Arab Countries.

F. Credit exposure categorized by economic sector

	Consumer Banking	Industry and Mining	Constructions	Real estate	Trade
	JD '000	JD '000	JD '000	JD '000	JD '000
Balances with Central Banks	-	-	-	-	-
Balances and deposits with banks and financial institutions	-	-	-	-	-
Financial assets at fair value through profit or loss	-	-	-	-	-
Direct credit facilities at amortized cost	2 502 602	2 385 225	942 194	521 218	2 044 633
Other financial assets at amortized cost	-	77 695	-	4 863	-
Financial derivatives - positive fair value	-	152	-	-	393
Other assets	15 826	14 657	5 365	2 323	17 227
Total	**2 518 428**	**2 477 729**	**947 559**	**528 404**	**2 062 253**
Total as of 31 December 2021	**2 393 185**	**2 425 128**	**1 019 401**	**653 971**	**1 983 953**

								31 December 2022
Corporates						Banks and Financial Institutions	Government and Public Sector	Total
	Agriculture	Tourism and Hotels	Transportation	Shares	General Services			
	JD '000	JD '000	JD '000	JD '000	JD '000	JD '000	JD '000	JD '000
	-	-	-	-	-	-	5 792 435	5 792 435
	-	-	-	-	-	2 626 402	-	2 626 402
	-	-	-	-	-	-	25 046	25 046
	113 859	263 763	77 430	28 003	1 356 326	148 733	1 032 236	11 416 222
	-	-	-	-	21 066	202 764	5 125 429	5 431 817
	-	-	-	-	60 059	1 581	-	62 185
	595	1 130	351	-	15 652	50 572	39 283	162 981
	114 454	**264 893**	**77 781**	**28 003**	**1 453 103**	**3 030 052**	**12 014 429**	**25 517 088**
	111 254	**229 583**	**117 560**	**5 313**	**1 560 137**	**3 136 805**	**11 772 665**	**25 408 955**

F. Credit exposure categorized by economic sector and stagings according to IFRS 9:

	31 December 2022					
	Stage 1		Stage 2		Stage 3	**Total**
	(Individual)	(Collective)	(Individual)	(Collective)		
	JD '000	JD '000	JD '000	JD '000	JD '000	**JD '000**
Consumer banking	15 826	2 417 801	-	72 274	12 527	**2 518 428**
Industry and mining	2 127 366	-	322 727	-	27 636	**2 477 729**
Constructions	754 976	-	174 814	-	17 769	**947 559**
Real estate	442 259	-	85 611	-	534	**528 404**
Trade	1 715 124	-	340 373	-	6 756	**2 062 253**
Agriculture	52 284	-	60 949	-	1 221	**114 454**
Tourism and hotels	120 813	-	143 389	-	691	**264 893**
Transportation	54 327	-	21 521	-	1 933	**77 781**
Shares	28 003	-	-	-	-	**28 003**
General service	1 425 573	-	26 120	-	1 410	**1 453 103**
Banks and financial institutions	3 030 052	-	-	-	-	**3 030 052**
Government and public sector	11 541 937	-	472 492	-	-	**12 014 429**
Total	**21 308 540**	**2 417 801**	**1 647 996**	**72 274**	**70 477**	**25 517 088**
Total as of 31 December 2021	**20 945 195**	**2 310 223**	**2 022 507**	**52 157**	**78 873**	**25 408 955**

47. Market Risk

Assuming market prices as at December 31, 2022 and 2021 change by 5%, the impact on statement of income and shareholders equity will be as follows:

	31 December 2022			31 December 2021		
	Statement of Income	Shareholders' Equity	**Total**	Statement of Income	Shareholders' Equity	**Total**
	JD '000	JD '000	**JD '000**	JD '000	JD '000	**JD '000**
Interest rate sensitivity	27 738	-	**27 738**	23 578	-	**23 578**
Foreign exchange rate sensitivity	4 209	27 572	**31 781**	1 362	29 511	**30 873**
Equity instruments price sensitivity	-	6 383	**6 383**	-	6 680	**6 680**
Total	**31 947**	**33 955**	**65 902**	**24 940**	**36 191**	**61 131**

48 - INTEREST RATE RISK

Exposure to interest rate volatility as of 31 December 2022 (classification is based on interest rate repricing or maturity date, whichever is nearer).

	Up to 1 Month	More than 1 Month and till 3 Months	More than 3 Months and till 6 Months	More than 6 Months and till 1 Year	More than 1 Year and till 3 Years	More than 3 Years	Not Tied to Interest Rate Risk	Total
	JD '000	JD '000	JD '000	JD '000	JD '000	JD '000	JD '000	JD '000
Assets								
Cash at vaults	-	-	-	-	-	-	534 041	534 041
Mandatory cash reserve	-	-	-	-	-	-	901 857	901 857
Balances with central banks	3 135 077	905 639	-	-	-	-	849 862	4 890 578
Balances and deposits with banks and financial institutions	1 417 277	1 167 205	8 154	-	33 766	-	-	2 626 402
Financial assets at fair value through profit or loss	3 132	10 523	7 980	2 846	565	-	-	25 046
Direct credit facilities at amortized cost	3 222 431	2 368 335	1 864 566	1 214 537	1 102 186	1 644 167	-	11 416 222
Financial assets at fair value through other comprehensive income	-	-	-	-	-	-	127 659	127 659
Other financial assets at amortized cost	447 629	796 942	1 119 518	1 149 970	1 143 480	774 278	-	5 431 817
Investment in subsidiaries and associates	-	-	-	-	-	-	1 016 673	1 016 673
Fixed assets	-	-	-	-	-	-	214 546	214 546
Other assets and financial derivatives - positive fair value	71 867	23 205	28 180	3 938	93	46 409	273 233	446 925
Deferred tax assets	-	-	-	-	-	-	182 140	182 140
Total assets	**8 297 413**	**5 271 849**	**3 028 398**	**2 371 291**	**2 280 090**	**2 464 854**	**4 100 011**	**27 813 906**
Liabilities								
Banks' and financial institutions' deposits	1 099 019	716 324	4 983	60	47	142	87 691	1 908 266
Customer deposits	6 030 548	2 641 236	1 131 632	2 328 774	411 980	61 954	6 706 940	19 313 064
Cash margin	348 837	628 887	119 608	128 762	67 541	14 599	111 432	1 419 666
Borrowed funds	88 545	184 195	12 738	4 301	2 011	-	-	291 790
Provision for income tax	-	-	-	-	-	-	117 037	117 037
Other Provisions	-	-	-	-	-	-	144 448	144 448
Other liabilities and financial derivatives - negative fair value	124 717	16 733	25 321	7 178	675	44 646	467 234	686 504
Deferred tax liabilities	-	-	-	-	-	-	3 356	3 356
Total liabilities	**7 691 666**	**4 187 375**	**1 294 282**	**2 469 075**	**482 254**	**121 341**	**7 638 138**	**23 884 131**
Gap	**605 747**	**1 084 474**	**1 734 116**	**(97 784)**	**1 797 836**	**2 343 513**	**(3 538 127)**	**3 929 775**

Exposure to interest rate volatility as of 31 December 2021 (classification is based on interest rate repricing or maturity date, whichever is nearer).

	Up to 1 Month	More than 1 Month and till 3 Months	More than 3 Months and till 6 Months	More than 6 Months and till 1 Year	More than 1 Year and till 3 Years	More than 3 Years	Not Tied to Interest Rate Risk	Total
	JD '000	JD '000	JD '000	JD '000	JD '000	JD '000	JD '000	JD '000
Assets								
Cash at vaults	-	-	-	-	-	-	429 853	429 853
Mandatory cash reserve	-	-	-	-	-	-	936 723	936 723
Balances with central banks	3 436 958	5 189	-	17 730	-	-	859 537	4 319 414
Balances and deposits with banks and financial institutions	1 396 249	1 154 575	15 323	14 874	33 766	-	90 844	2 705 631
Financial assets at fair value through profit or loss	-	1 753	968	67	562	3	-	3 353
Direct credit facilities at amortized cost	3 860 137	1 774 728	1 158 638	723 844	1 030 818	2 897 010	-	11 445 175
Financial assets at fair value through other comprehensive income	-	-	-	-	-	-	133 601	133 601
Other financial assets at amortized cost	418 083	922 770	545 934	899 824	2 288 527	746 941	-	5 822 079
Investment in subsidiaries and associates	-	-	-	-	-	-	1 048 722	1 048 722
Fixed assets	-	-	-	-	-	-	215 995	215 995
Other assets and financial derivatives - positive fair value	21 077	17 899	27 528	1 412	29 132	10 388	288 485	395 921
Deferred tax assets	-	-	-	-	-	-	159 012	159 012
Total assets	**9 132 504**	**3 876 914**	**1 748 391**	**1 657 751**	**3 382 805**	**3 654 342**	**4 162 772**	**27 615 479**
Liabilities								
Banks' and financial institutions' deposits	1 272 118	616 270	177 336	38 214	240	397	100 985	2 205 560
Customer deposits	6 470 669	1 964 365	1 226 193	1 713 837	589 102	107 686	6 909 258	18 981 110
Cash margin	361 769	560 517	219 325	148 502	58 114	9 089	178 495	1 535 811
Borrowed funds	85 373	221 433	10 017	4 182	2 986	-	-	323 991
Provision for income tax	-	-	-	-	-	-	85 130	85 130
Other Provisions	-	-	-	-	-	-	138 578	138 578
Other liabilities and financial derivatives - negative fair value	36 102	12 192	19 774	3 233	9 388	8 280	437 416	526 385
Deferred tax liabilities	-	-	-	-	-	-	2 894	2 894
Total liabilities	**8 226 031**	**3 374 777**	**1 652 645**	**1 907 968**	**659 830**	**125 452**	**7 852 756**	**23 799 459**
Gap	**906 473**	**502 137**	**95 746**	**(250 217)**	**2 722 975**	**3 528 890**	**(3 689 984)**	**3 816 020**

49. Liquidity Risk

The below is the distribution of the liabilities (undiscounted) according to the residual maturity as of 31 December 2022 :

	Within 1 Months	After 1 Month and till 3 Months	After 3 Months and till 6 Months	After 6 Months and till One Year	After One Year and till 3 Years	After 3 Years	Not Tied to a Specific Maturity	Total
	JD '000	JD '000	JD '000	JD '000	JD '000	JD '000	JD '000	JD '000
Liabilities								
Banks' and financial institutions' deposits	1 099 097	716 369	5 073	60	47	142	87 691	1 908 479
Customer deposits	5 334 416	1 980 278	1 070 752	2 273 054	815 904	94 765	7 889 508	19 458 677
Cash margin	348 449	600 752	120 766	157 470	71 182	14 599	111 433	1 424 651
Borrowed funds	2 689	8 592	7 899	8 705	73 844	192 285	-	294 014
Provision for income tax	-	-	-	-	-	-	117 037	117 037
Other provisions	-	-	-	-	-	-	144 448	144 448
Financial derivatives - negative fair value	4 429	774	42	3 619	1 645	45 745	-	56 254
Other liabilities	118 170	15 996	122 353	3 559	-	-	370 172	630 250
Deferred tax liabilities	-	-	-	-	-	-	3 356	3 356
Total Liabilities	**6 907 250**	**3 322 761**	**1 326 885**	**2 446 467**	**962 622**	**347 536**	**8 723 645**	**24 037 166**
Total assets according to expected maturities	**6 972 400**	**3 748 738**	**2 310 796**	**2 391 992**	**2 825 860**	**4 977 671**	**4 586 449**	**27 813 906**

The below is the distribution of the liabilities (undiscounted) according to the residual maturity as of 31 December 2021:

	Within 1 Months	After 1 Month and till 3 Months	After 3 Months and till 6 Months	After 6 Months and till One Year	After One Year and till 3 Years	After 3 Years	Not Tied to a Specific Maturity	Total
	JD '000	JD '000	JD '000	JD '000	JD '000	JD '000	JD '000	JD '000
Liabilities								
Banks' and financial institutions' deposits	1 272 140	616 326	177 336	38 534	240	397	100 985	2 205 958
Customer deposits	5 349 365	1 945 355	1 243 112	1 736 975	671 385	822	8 134 973	19 081 987
Cash margin	363 074	559 625	219 710	150 029	59 159	9 310	178 568	1 539 475
Borrowed funds	484	8 248	9 065	14 100	44 290	249 340	-	325 527
Provision for income tax	-	-	-	-	-	-	85 130	85 130
Other provisions	-	-	-	-	-	-	138 578	138 578
Financial derivatives - negative fair value	1 973	94	1 645	1 102	9 388	8 280	22	22 504
Other liabilities	34 106	12 098	18 129	2 131	-	-	437 417	503 881
Deferred tax liabilities	-	-	-	-	-	-	2 894	2 894
Total Liabilities	**7 021 142**	**3 141 746**	**1 668 997**	**1 942 871**	**784 462**	**268 149**	**9 078 567**	**23 905 934**
Total assets according to expected maturities	**7 318 130**	**3 014 733**	**1 887 335**	**1 919 278**	**3 886 293**	**4 926 424**	**4 663 286**	**27 615 479**

50. Net Foreign Currency Positions

The details of this item are as follows:

	31 December 2022		31 December 2021	
	Base Currency in Thousand	Equivalent in JD '000	Base Currency in Thousand	Equivalent in JD '000
USD	1 788	1 268	86 915	61 642
GBP	(10 621)	(9 068)	1 040	994
EUR	(4 126)	(3 108)	(1 654)	(1 328)
JPY	42 794	227	80 856	498
Other currencies *	-	(73 495)	-	(34 560)
Total		**(84 176)**		**27 246**

* Various foreign currencies translated to Jordanian Dinars.

51 - FAIR VALUE HIERARCHY

Financial instruments include financial assets and financial liabilities.

The Bank 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 financial assets and financial liabilities that are measured at fair value on a recurring basis.

Some of the financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair value of these financial assets and financial liabilities are determined (valuation techniques and key inputs).

Financial assets / Financial liabilities	Fair Value as at 31 December		Fair Value Hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
	2022	**2021**				
Financial assets at fair value	**JD '000**	**JD '000**				
Financial assets at fair value through profit or loss:						
Treasuring bills and Bonds	25 046	3 353	Level 1	Quoted Shares	Not Applicable	Not Applicable
Total Financial Assets at Fair Value through Profit or Loss	**25 046**	**3 353**				
Financial derivatives - positive fair value	62 185	32 335	Level 2	Through Comparison of similar financial instruments	Not Applicable	Not Applicable
Financial assets at fair value through other comprehensive income:						
Quoted shares	75 166	77 960	Level 1	Quoted Shares	Not Applicable	Not Applicable
Unquoted shares	52 493	55 641	Level 2	Through using the index sector in the market	Not Applicable	Not Applicable
Total financial assets at fair value through other comprehensive income	**127 659**	**133 601**				
Total Financial Assets at Fair Value	**214 890**	**169 289**				
Financial Liabilities at Fair Value						
Financial derivatives - negative fair value	56 254	22 504	Level 2	Through Comparison of similar financial instruments	Not Applicable	Not Applicable
Total Financial Liabilities at Fair Value	**56 254**	**22 504**				

There were no transfers between Level 1 and 2, during 2022 &2021.

B. Fair value of 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:

	31 December 2022		31 December 2021		
	JD '000	JD '000	JD '000	JD '000	
Financial assets not calculated at fair value					
Mandatory reserve time and notice and certificates of deposits with central banks	4 575 589	4 580 133	4 044 653	4 046 322	Level 2
Balances and Deposits with banks and financial institutions	2 626 402	2 631 245	2 705 631	2 707 911	Level 2
Direct credit facilities at amortized cost	11 416 222	11 488 427	11 445 175	11 495 278	Level 2
Other Financial assets at amortized cost	5 431 817	5 477 688	5 822 079	5 880 996	Level 1 & 2
Total financial assets not calculated at fair value	**24 050 030**	**24 177 493**	**24 017 538**	**24 130 507**	
Financial liabilities not calculated at fair value					
Banks' and financial institutions' deposits	1 908 266	1 914 220	2 205 560	2 206 419	Level 2
Customer deposits	19 313 064	19 379 169	18 981 110	19 035 467	Level 2
Cash margin	1 419 666	1 426 601	1 535 811	1 540 475	Level 2
Borrowed funds	291 790	294 819	323 991	325 188	Level 2
Total financial liabilities not calculated at fair value	**22 932 786**	**23 014 809**	**23 046 472**	**23 107 549**	

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.

52. Analysis for Assets and Liabilities Maturities

The below is an analysis for assets and liabilities maturities according to the expected period to be recovered or settled as at 31 December 2022:

	UP to One Year	More than One Year	Total
	JD '000	JD '000	JD '000
Assets			
Cash at vaults	534 041	-	534 041
Mandatory cash reserve	901 857	-	901 857
Balances with central banks	4 890 578	-	4 890 578
Balances and deposits with banks and financial institutions	2 592 636	33 766	2 626 402
Financial assets at fair value through profit or loss	24 481	565	25 046
Direct credit facilities at amortized cost	5 888 190	5 528 032	11 416 222
Financial assets at fair value through other comprehensive income	-	127 659	127 659
Other financial assets at amortized cost	3 240 106	2 191 711	5 431 817
Investment in subsidiaries and associates	-	1 016 673	1 016 673
Fixed assets	25 420	189 126	214 546
Other assets and financial derivatives - positive fair value	397 468	49 457	446 925
Deferred tax assets	182 140	-	182 140
Total Assets	**18 676 917**	**9 136 989**	**27 813 906**
Liabilities			
Banks' and financial institutions' deposits	1 908 077	189	1 908 266
Customer deposits	18 501 547	811 517	19 313 064
Cash margin	1 334 626	85 040	1 419 666
Borrowed funds	25 690	266 100	291 790
Provision for income tax	117 037	-	117 037
Other provisions	144 448	-	144 448
Other liabilities and financial derivatives - negative fair value	639 116	47 388	686 504
Deferred tax liabilities	3 356	-	3 356
Total Liabilities	**22 673 897**	**1 210 234**	**23 884 131**
Net	**(3 996 980)**	**7 926 755**	**3 929 775**

The below is an analysis for assets and liabilities maturities according to the expected period to be recovered or settled as at 31 December 2021:

	UP to One Year	More than One Year	Total
	JD '000	JD '000	JD '000
Assets			
Cash at vaults	429 853	-	429 853
Mandatory cash reserve	936 723	-	936 723
Balances with central banks	4 319 414	-	4 319 414
Balances and deposits with banks and financial institutions	2 671 865	33 766	2 705 631
Financial assets at fair value through profit or loss	2 788	565	3 353
Direct credit facilities at amortized cost	5 785 759	5 659 416	11 445 175
Financial assets at fair value through other comprehensive income	-	133 601	133 601
Other financial assets at amortized cost	2 742 628	3 079 451	5 822 079
Investment in subsidiaries and associates	-	1 048 722	1 048 722
Fixed assets	25 872	190 123	215 995
Other assets and financial derivatives - positive fair value	356 401	39 520	395 921
Deferred tax assets	159 012	-	159 012
Total Assets	**17 430 315**	**10 185 164**	**27 615 479**
Liabilities			
Banks' and financial institutions' deposits	2 204 923	637	2 205 560
Customer deposits	18 388 323	592 787	18 981 110
Cash margin	1 467 823	67 988	1 535 811
Borrowed funds	30 364	293 627	323 991
Provision for income tax	85 130	-	85 130
Other provisions	138 578	-	138 578
Other liabilities and financial derivatives - negative fair value	508 717	17 668	526 385
Deferred tax liabilities	2 894	-	2 894
Total Liabilities	**22 826 752**	**972 707**	**23 799 459**
Net	**(5 396 437)**	**9 212 457**	**3 816 020**

53. Contractual Maturity of the Contingent Accounts

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

	31 December 2022			
	Within 1 year	After 1 year and before 5 years	After 5 years	Total
	JD '000	JD '000	JD '000	JD '000
Letters of credit	1 010 580	37 787	-	1 048 367
Acceptances	375 708	9 951	-	385 659
Letters of guarantee:				
- Payment guarantees	818 636	42 716	2 524	863 876
- Performance guarantees	2 011 039	643 658	24 503	2 679 200
- Other guarantees	1 409 759	54 797	4 044	1 468 600
Unutilized credit facilities	2 669 244	124 371	-	2 793 615
Total	**8 294 966**	**913 280**	**31 071**	**9 239 317**

	31 December 2022			
	JD '000	JD '000	JD '000	**JD '000**
Procurement contracts	12 866	1 032	284	**14 182**
Total	**12 866**	**1 032**	**284**	**14 182**

	31 December 2021			
	Within 1 year	After 1 year and before 5 years	After 5 years	**Total**
	JD '000	JD '000	JD '000	**JD '000**
Letters of credit	921 731	31 931	-	**953 662**
Acceptances	529 893	15 330	-	**545 223**
Letters of guarantee:				
- Payment guarantees	743 224	39 132	638	**782 994**
- Performance guarantees	2 090 755	833 914	8 882	**2 933 551**
- Other guarantees	1 519 748	206 714	3 792	**1 730 254**
Unutilized credit facilities	2 782 534	36 917	-	**2 819 451**
Total	**8 587 885**	**1 163 938**	**13 312**	**9 765 135**

	31 December 2021			
	JD '000	JD '000	JD '000	**JD '000**
Constructions projects contracts	477	-	-	**477**
Procurement contracts	11 586	1 187	1 604	**14 377**
Total	**12 063**	**1 187**	**1 604**	**14 854**

54. Capital Management

The Bank manages it's capital to safeguard it's ability to continue it's operating activities while maximizing the return to shareholders. The composition of the regulatory capital as defined by Basel III Committee is as follows:

	31 December	
	2022	**2021**
	JD '000	JD '000
Common Equity Tier 1	3 659 116	3 577 401
Regulatory Adjustments (Deductions from Common Equity Tier 1)	(1 057 266)	(1 067 669)
Additional Tier 1	-	-
Supplementary Capital	173 460	159 730
Regulatory Adjustments (Deductions from Supplementary Capital)	(5 609)	(6 148)
Regulatory Capital	**2 769 701**	**2 663 314**
Risk-weighted assets (RWA)	**17 825 302**	**18 600 995**
Common Equity Tier 1 Ratio	**%14.60**	**%13.49**
Tier 1 Capital Ratio	**%14.60**	**%13.49**
Capital Adequacy Ratio	**%15.54**	**%14.32**

- The Board of Directors performs an overall review of the capital structure of the Bank on 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 219% as of 31 December 2022 and 211% as of 31 December 2021 (According to Central Bank of Jordan instructions no. 5/2020 the minimum liquidity coverage ratio is 100%).

55. Transactions with Related Parties

The details of this item are as follows:

	31 December 2022			
	Deposits owed from Related Parties	Direct Credit Facilities at Amortized Cost	Deposits owed to Related Parties	LCs, LGs, Unutilized Credit Facilities and Acceptances
	JD '000	JD '000	JD '000	JD '000
Sister and subsidiary companies	1 292 306	19 065	120 133	345 732
Associates companies	54 575	-	40 764	18 719
Major shareholders and members of the Board of Directors	-	202 078	458 927	36 050
Total	**1 346 881**	**221 143**	**619 824**	**400 501**

	31 December 2021			
	Deposits owed from Related Parties	Direct Credit Facilities at Amortized Cost	Deposits owed to Related Parties	LCs, LGs, Unutilized Credit Facilities and Acceptances
	JD '000	JD '000	JD '000	JD '000
Sister and subsidiary companies	1 431 682	21 903	257 666	245 725
Associates companies	94 702	-	5 891	18 341
Major shareholders and members of the Board of Directors	-	196 489	500 750	31 117
Total	**1 526 384**	**218 392**	**764 307**	**295 183**

- Direct credit facilities granted to key management personnel amounted to JD 1.1 million and indirect credit facilities amounted to JD 4 thousands as of 31December 2022 (Direct credit facilities JD 1 million and indirect credit facilities JD 10 thousand as of 31 December 2021)

Top management deposits amounted to JD 3.4 million as of 31 December 2022 (JD 3 million as of 31 December 2021)
All facilities granted to related parties are performing loans in accordance with the credit rating of the Bank. No provisions for the year have been recorded in relation to impairment in value.

The details of transactions with related parties are as follows:

	2022	
	Interest Income	Interest Expense
	JD '000	JD '000
Subsidiaries and sister companies	22 213	1 417
Associated companies	1 772	562
Total	**23 985**	**1 979**

	2021	
	Interest Income	Interest Expense
	JD '000	JD '000
Subsidiaries and sister companies	3 447	684
Associated companies	331	34
Total	**3 778**	**718**

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

The salaries and other fringe benefits of the Bank's key management personnel, inside and outside Jordan, amounted to JD 32.7 million for the year ended on 31 December 2022 (JD 30.2 million for the year ended on 31 December 2021).

56 - ASSETS UNDER MANAGEMENT

There are no assets under management as of 31 December 2022 and 2021

57 - CASH AND CASH EQUIVALENT

The details of this item are as follows:

	31 December	
	2022	**2021**
	JD '000	JD '000
Cash and balances with central banks maturing within 3 months	6 412 577	5 753 608
Add: Balances with banks and financial institutions maturing within 3 months	2 584 894	2 641 999
Less: Banks and financial institutions deposits maturing within 3 months	1 903 035	1 989 373
Total	**7 094 436**	**6 406 234**

58. LEGAL CASES

There are lawsuits filed against the Bank totaling JD 161.3 million as of 31 December 2022 (JD 190.2 million as of 31 December 2021). 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.

59. STANDARDS ISSUED BUT NOT YET EFFECTIVE

The standards and interpretations that are issued but not yet effective, up to the date of issuance of the Bank's financial statements are disclosed below. The Bank intends to adopt these standards, if applicable, when they become effective.

IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) which was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach),
- A simplified approach (the premium allocation approach) mainly for short-duration contracts.

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. This standard is not applicable to the Bank.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement,
- That a right to defer must exist at the end of the reporting period,
- That classification is unaffected by the likelihood that an entity will exercise its deferral right,
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively. The Bank is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

The amendments are not expected to have a material impact on the Bank.

Definition of Accounting Estimates - Amendments to IAS 8

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

The amendments are not expected to have a material impact on the Bank.

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

The Bank is currently assessing the impact of the amendments to determine the impact they will have on the Bank's accounting policy disclosures.

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

In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments should be applied 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 presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability should also be recognised for all deductible and taxable temporary differences associated with leases and decommissioning obligations.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023. Early adoption is permitted.

The amendments are not expected to have a material impact on the Bank

60. COMPARATIVE FIGURES

Some of the comparative figures in the financial statements for the year 2021 have been reclassified to be consistent with the year 2022 presentation, with no effect on profit and equity for the year 2021.

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INDEPENDENT AUDITOR'S REPORT
To the Shareholders of Arab Bank PLC
Amman - Jordan

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Arab Bank PLC (a Public Shareholding Company) (the "Bank") which comprise the statement of financial position as of 31 December 2022, and the statement of income, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as of 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards, are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants* (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Jordan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended 31 December 2022. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter provided in that context .

We have fulfilled the responsibilities described in the Auditor’s responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

<table>
<tr><td colspan="2">1. Inadequate allowances (ECL) for credit facilities
Refer to notes (12) & (24) on the financial statements</td></tr>
<tr><td>Key audit matter</td><td>How the key audit matter was addressed in the audit:</td></tr>
<tr><td>This is considered as a key audit matter as the Bank exercises significant judgement to determine when and how much to record as impairment.

The provision for credit facilities at amortized cost are determined in accordance with the Bank’s impairment and provisioning policy, which is aligned to the requirements of IFRS 9.

Credit facilities at amortized cost form a major portion of the Bank's assets. There is a risk that inappropriate impairment provisions are booked, whether from the use of inaccurate underlying data, or the use of unreasonable assumptions.

Due to the significance of the judgments used in classifying credit facilities into various stages stipulated in IFRS 9 and determining related provision requirements, this audit area is considered a key audit risk.

As of 31 December 2022, the Bank's gross direct credit facilities amounted to JD 13.2 billion and the related impairment provisions amounted to JD 1.3 billion. The impairment provision policy is presented in the accounting policies in note (4) to the financial statements.</td><td>Our audit procedures included the following:
• We gained an understanding of the Bank's key credit processes comprising granting, booking and tested the operating effectiveness of key controls over these processes.
• We read the Bank’s impairment provisioning policy and compared it with the requirements of IFRS 9 as well as relevant regulatory guidelines and pronouncements.
• We assessed the Bank’s expected credit loss model, in particular focusing on its alignment of the expected credit loss model and its underlying methodology with the requirements of IFRS 9.
• We examined a sample of exposures, assessed on an individual basis and performed procedures to evaluate the following:
o Appropriateness of the bank’s staging.
o Appropriateness of determining Exposure at Default, including the consideration of repayments in the cash flows and the resultant arithmetical calculations
o Appropriateness of the PD, EAD, LGD and EIR used for different exposures at different stages.</td></tr>
</table>

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	- Appropriateness of the internal rating and the objectivity, competence and independence of the experts involved in this exercise. - Soundness and mathematical integrity of the ECL Model. - For exposures moved between stages we have checked the appropriateness of the Bank's determination of significant increase in credit risk and the resultant basis for classification of exposures into various stages. We also checked the timely identification of exposures with a significant deterioration in credit quality. - For exposures determined to be individually impaired we re-preformed the ECL calculation we also obtained an understanding of the latest developments in the counterparty's situation of the latest developments in estimate of future cash flows, current financial position any rescheduling or restructuring agreements. • For forward looking assumptions used by the Bank in its Expected Credit Loss ("ECL") calculations, we held discussions with management and corroborated the assumptions using publicly available information. • We assessed the financial statements, disclosures to ensure compliance with IFRS 9. Refer to the accounting policies, critical accounting estimates and judgments, disclosures of credit facilities and on ECL in notes (4), (5), (6), (12) and (24) respectively to the financial statements.

2. Valuation of Unquoted Investments and Derivatives
Refer to notes (11) and (42) on the financial statements

Key audit matter	How the key audit matter was addressed in the audit:
The valuation of unquoted investments and derivatives are complex areas that require the use of models and forecasting of future cash flows including other factors to determine the fair value of investments and derivatives. As of 31 December 2022, the unquoted investments, positive and negative fair value derivatives amounted to JD 52 million, JD 62 million and JD 56 million.	Our audit procedures included, amongst others, an assessment of the methodology and the appropriateness of the valuation models and inputs used to value the unquoted investments and derivatives. As part of these audit procedures, we assessed the reasonableness of key inputs used in the valuation such as the expected cash flows, discount rate by benchmarking them with external data. Disclosures of unquoted investments and derivatives are detailed in notes (11) and (42) to the financial statements.

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Other information included in the Bank's 2022 annual report

Other information consists of the information included in The Bank's 2022 Annual Report other than the financial statements and our auditor's report thereon. Management is responsible for the other information. The Bank's 2022 Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exist, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However future events or conditions may cause the Bank to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period, and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonable be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

The Bank maintains proper books of accounts, which are in agreement from all material aspects with the financial statements.

The partner in charge of the audit resulting in this auditor's report was Bishr Ibrahim Baker; license number 592.

Amman – Jordan
12 February 2023

ERNST & YOUNG
Amman - Jordan

ATTESTATION STATEMENT ON COMPANY'S CONTINUITY

The Board of Directors confirms that there are no significant issues that may affect the continued operations of the Bank during the financial year 2023.

Sabih Taher Darwish Masri
Chairman

Khaled Sabih Taher Masri
Deputy Chairman

Hisham Mohammed Mahmoud Attar
Representing
The Ministry of Finance
Saudi Arabia

Mohammad Adnan Hasan Almadi
Representing
The Social Security Corporation

Wahbe Abdallah Wahbe Tamari

Alaa Arif Saad Batayneh

Omar Muther Ibrahim Fahoum

Sharif Muhdi Husni Saifi

Shahm Munib Elias Al-Wir

Majed Qustandi Elias Sifri

Nabil Hani Jamil Alqaddumi

ATTESTATION ON THE FINANCIAL STATEMENTS

The Board of Directors confirms its responsibility for the preparation of the financial statements, and for implementing an effective internal control system in line with international standards.

Sabih Taher Darwish Masri
Chairman

Khaled Sabih Taher Masri
Deputy Chairman

Hisham Mohammed Mahmoud Attar
Representing
The Ministry of Finance
Saudi Arabia

Mohammad Adnan Hasan Almadi
Representing
The Social Security Corporation

Wahbe Abdallah Wahbe Tamari

Alaa Arif Saad Batayneh

Omar Muther Ibrahim Fahoum

Sharif Muhdi Husni Saifi

Shahm Munib Elias Al-Wir

Majed Qustandi Elias Sifri

Nabil Hani Jamil Alqaddumi

ATTESTATION STATEMENT ON COMPLETENESS OF FINANCIAL INFORMATION

The Chairman, the Chief Executive Officer and the Group Chief Financial Officer attest to the accuracy and completeness of the financial statements and the financial information of this report as at 31 December 2022.

Sabih Taher D. Masri
Chairman

Randa Mohammad Tawfiq El Sadek
Chief Executive Officer

Firas Jaser Jamil Zayyad
Chief Financial Officer

ATTESTATION STATEMENT CONFIRMING THAT NON OF THE BOARD OF DIRECTORS MEMEBERS OR THOSE RELATED TO THEM RECEIVED ANY BENEFITS, WHETHER MATERIAL OR IN-KIND

The Board of Directors confirms that none of its members or those related to them received any benefits, whether material or in-kind, for the fiscal year 2022.

Sabih Taher Darwish Masri
Chairman

Khaled Sabih Taher Masri
Deputy Chairman

Hisham Mohammed Mahmoud Attar
Representing
The Ministry of Finance
Saudi Arabia

Mohammad Adnan Hasan Almadi
Representing
The Social Security Corporation

Wahbe Abdallah Wahbe Tamari

Alaa Arif Saad Batayneh

Omar Muther Ibrahim Fahoum

Sharif Muhdi Husni Saifi

Shahm Munib Elias Al-Wir

Majed Qustandi Elias Sifri

Nabil Hani Jamil Alqaddumi

CORPORATE GOVERNANCE CODE

Introduction

Arab Bank attaches considerable importance to good corporate governance practices and the Board is committed to implementing the highest professional standards in all the Bank's activities. In this regard the Bank follows the instructions of the Central Bank of Jordan which adopted the Basel Committee's recommendations on Corporate Governance. The Bank also observes the requirements of the relevant regulatory / official entities in Jordan and in the other countries in which it operates.

A pioneer to commit to best practices of Corporate Governance in the Middle East, Arab Bank established the Audit Committee in early 1996 followed by the Corporate Governance Board Committee in 2002. The Nomination and Remuneration Committee was established in 2006, while the Risk Management Committee and the Strategy Committee were formed in 2007.

This Corporate Governance Code is based on the Code of Corporate Governance for Banks in Jordan and related instructions issued by the Central Bank of Jordan and after aligning it with the Jordanian Banking Law, the Companies Law in addition to the Memorandum and Articles of Association of the Bank.

This Code will continue to be reviewed and developed from time to time and whenever necessary to meet the Bank's changing needs and expectations and to keep up with the changes that may occur in the marketplace.

Article (1): Commitment to Corporate Governance

There is a consistent set of relationships between the Bank, its Board of Directors, Shareholders and other interest groups. The relationship structure deals with the general framework of the Bank's strategy and the necessary means to achieve its goals. The general framework of corporate governance ensures a fair treatment of all shareholders including minority and foreign shareholders. The Bank also recognizes the rights of all shareholders as stipulated by the law, and assures providing them with all necessary information on the Bank's activities and the commitment of its Board members and their accountability to the Bank and its Shareholders.

The Bank has amended this Code in compliance with the instructions of the Central Bank of Jordan issued in its circular No. 58/2014 "The Corporate Governance Regulations for Banks" and in alignment with its needs and policies. This Code has been approved by the Board of Directors in its meeting of 29/1/2015 and has been amended on 28/1/2016. On 27/10/2016 this Code was amended in compliance with the requirements of the Amended Corporate Governance Regulations for Banks issued by the Central Bank of Jordan No. 63/2016. An updated version has been posted on the Bank's website. It is also available to the public upon request. The Bank discloses its compliance with the Corporate Governance Code in its Annual Report.

Article (2): Definitions

In this Code (and unless the context requires otherwise) the following words and expressions shall have the meanings respectively assigned to them herein below:

a) Corporate Governance:

The system of rules by which the Bank is directed and controlled and which essentially involves identifying the Bank's corporate objectives and the framework for attaining them, the safe operation of the Bank's business, securing the interests of depositors, shareholders and other stakeholders, and compliance with the Bank's bylaws and internal policies.

b) Suitability: the fulfilment of certain requirements and criteria by the members of the Board and senior executives.

c) The Board: the Board of Directors of the Bank.

d) Stakeholders: any person/group/organization that has interest or concern in the Bank such as depositors, shareholders, employees, debtors, customers or competent regulatory authorities.

e) Major Shareholder: The person holding not less than (5%) of the Bank's share capital whether directly or indirectly.

f) An Executive Director: a member of the Board who is paid in consideration for his/her employment at the Bank.

g) An Independent Director: a member of the Board apart from major shareholders and who is not under control of any of them and who is not subject to any influences that may restrict his/her ability to make objective decisions for the benefit of the Bank and who satisfies the conditions set out in Article (3/c) of this Code.

h) Senior Executive Management: Include the Chief Executive Officer, Deputies to the Chief Executive Officer, Chief Financial Officer, Chief Operations Officer, Chief Risk Officer, Head of Group Internal Audit, Head of Treasury, Head of Regulatory Compliance in addition to any other Bank employee who has an executive authority that is equal to the authority of any of the aforementioned and reports directly to the Chief Executive Officer.

Article (3): Composition of the Board

a) The Board shall be comprised of eleven non-executive members who shall be elected by the General Assembly for a term of four years. The Chairman and Deputy Chairman shall be elected by the members of the Board.

b) The Board shall have one third of its members as independent with a minimum of four members.

c) The Nomination and Remuneration Committee shall specify the necessary conditions that ensure the independence of the Independent Director. The conditions shall include, at a minimum, that the Independent Director:

1. Has not been an Executive Director of the Board during the three years preceding the date of his/ her election.
2. Has not been employed by the Bank or any of its subsidiaries in the three years preceding the date of his/ her election.

3. Is not a relative (up to the second degree) of any of the other members of the Board or any Board member of the subsidiaries of the Bank or a relative of any of the Bank's Major Shareholders.
4. Is not a relative of any of the Senior Executive Management members of the Bank or any of the senior executive management members of the subsidiaries of the Bank up to the second degree.
5. Is not a partner or employee of the external auditor of the Bank, or has been such a partner or employee during the past three years preceding the date of his/ her election as member of the Board and is not a relative (up to the first degree) with the partner responsible for the audit.
6. Is not a Major Shareholder in the Bank or a representative or associate of a Major Shareholder in the Bank, nor should his shareholding constitute, along with his associate shareholder, a major shareholding, nor is a major shareholder of one of the Bank's subsidiaries.
7. Has not been a member of the Board of Directors of the Bank or any of its subsidiaries or its management committee for more than eight consecutive years.
8. Has not obtained, personally or through any other company in which he is a Board Member or owner or a major shareholder, credit facilities from the Bank in excess of 5% of the Bank's subscribed share capital, nor is a guarantor of a facility which amount is in excess of the said percentage.
9. Has adequate knowledge or experience in the financial and banking sectors.

Article (4): Board Meetings

a) The Board shall meet not less than 6 times per year.

b) Board members shall attend the meetings in person, if unable to attend, the member can give his/her views through video (video phone). The Chairman and the Board Secretary shall endorse the minutes of the meeting and the legal quorum.

c) The Senior Executive Management should, and the Chairman should ensure that, the Members of the Board are provided with the agenda of the meeting and all relevant documents prior to the meetings.

d) Deliberations and proceedings of the meetings of the Board and its Committees shall be fully and accurately noted down along with any reservation that may be voiced by any member. Such minutes shall be duly and properly kept.

Article (5): Responsibilities of the Board of Directors

(1) The Board of Directors should:

a) Oversee and monitor the executive management and its performance, ensure the financial soundness and solvency of the Bank, and approve appropriate policies and procedures to supervise and control the Bank's performance.

b) Specify the strategic objectives of the Bank, instruct the executive management to set a strategy for achieving those objectives and approve the strategy and such work plans that are compatible therewith.

c) Approve a policy for monitoring and supervising the performance of the executive management by setting key performance indicators to gauge and observe performance and progress towards the implementation of the strategic plan of the Bank.

d) Ensure the availability of policies, plans and procedures for all the Bank's activities and that such policies, plans and procedures are in compliance with the relevant applicable legislation, are being circulated to all levels of management and are being regularly reviewed.

e) Identify a corporate culture of high ethical standards and integrity alongside setting and enforcing clear lines of responsibility and accountability throughout the Bank.

f) Set Code of Conduct for the Board of Directors, the executive management and the employees and review them annually.

g) Bear the ultimate responsibility for the Bank's business including its financial status, and its compliance with the requirements of the Central Bank and such other regulatory authorities. The Board shall also be ultimately responsible for safeguarding the interests of the Stakeholders, ensuring that the Bank is being operated in accordance with its bylaws and internal policies and that effective supervision and control measures over the activities of the Bank, including those outsourced, are always available.

h) Appoint and accept the resignation or terminate the employment of any member of the Senior Executive Management based on the recommendation of the Nomination and Remuneration Committee. The Bank shall obtain a no–objection letter from the Central Bank of Jordan to the appointment, resignation or termination of employment of the Chief Executive Officer, and the audit, compliance and risk management directors.

i) Approve and annually review the internal control systems of the Bank and ensure that the internal and external auditors review the structure of these systems once a year at least.

j) Approve a succession plan and approve a policy for human resources and training.

k) Ensure the constant independence of the external auditor.

l) Approve and monitor the implementation of the risk management strategy including the Bank's risk tolerance/appetite and ensure that the Bank is not exposed to high risks, that the Board is cognizant of the operational environment and associated risks and that all needed risk management instruments and infrastructure are available and able to identify, measure, control and supervise all kinds of risks to which the Bank may be exposed.

m) Ensure an adequate and reliable information management system covering all the activities of the Bank.

n) Ensure that the Bank's credit policy includes a corporate governance evaluation system for its corporate customers, in particular the public shareholding companies whereby the risk is evaluated by points of weakness and strength according to their implementation of sound corporate governance practices.

o) Ensure that the Bank adopts social initiatives in the field of environment, health and education.

p) Set a policy for Corporate Social Responsibility and its programs to support the local community and environment.

q) Adopt sufficient procedures to ensure clear separation of powers between controlling shareholders on the one part and executive management of the Bank on the other in order to reinforce sound corporate governance. The Board shall also attain proper mechanisms to limit the influence of the controlling shareholders through, inter alia, the following:

1. Preclude the employment of a controlling shareholder in a senior executive position.
2. Ensure that the Senior Executive Management obtains its authority solely from the Board and that it functions within the framework of the authorizations granted to it thereby.

r) Approve the organizational structure of the Bank that shows the administrative hierarchy including Board Committees and executive management.

s) Approve the strategies and policies at the Group level and its subsidiaries, approve the administrative structures for the subsidiaries and establish a corporate governance code at the Group level taking into account the instructions issued in this regard by the central banks or regulatory authorities in the countries in which the subsidiaries operate.

t) Determine the banking operations which require the approval of the Board of Directors subject always to limiting the scope of operations requiring the Board's approval in order not to prejudice the supervisory role of the Board and subject also to not granting the Board any executive authorities including the granting of credit to a single Board Member including the Chairman.

u) Establish Board Committees and determine their responsibilities.

v) Appoint the Secretary of the Board and determine his/her responsibilities which shall include: -

1. Attending all meetings of the Board and recording all deliberations, suggestions, objections, reservations, and results of voting on Board resolutions.
2. Setting the dates for the Board meetings in coordination with the Chairman.
3. Ensuring that all Board members sign the minutes of the meetings and the Board resolutions.
4. Monitor the implementation of the Board resolutions, and following-up on topics postponed from previous meetings.
5. Keeping records and documents of board meetings.
6. Ensuring that the draft resolutions intended to be issued by the Board are consistent with the applicable rules and regulations.
7. Prepare for the General Assembly meetings and to coordinate with the Board's Committees.
8. Submit the suitability attestations signed by each of the Board members to the Central Bank of Jordan.

w) Allow direct communication between the members of the Board of Directors and its Committees with the executive management and the Secretary of the Board and facilitate the performance of their duties including seeking the assistance, at the expense of the Bank and upon the Board approval, of third parties provided always that the acts of the members of the Board do not influence the decisions of the executive management apart from through deliberations during the meetings of the Board or its Committees.

(2) Role of the chairman:

a) Encourage efficient relationship between the Board of Directors and the executive management.

b) Promote critical discussions of issues deliberated by the Board and ensure different views are expressed and discussed during the decision-making process.

c) Ensure that the Board Secretary provide the Board members with the minutes of previous meetings and get them signed, and ensure timely provision of board meetings' agendas and documents provided that the said agendas contain sufficient information about the items that will be discussed. The Secretary of the Board shall be responsible for providing the Board members with the documents.

d) Ensure that there exists a charter that sets out the Board of Directors' mandate and scope of work.

e) Encourage thorough discussions of strategic and critical issues by the Board.

f) Provide each Board Member, upon his/ her election, with the laws and regulations that govern the Bank's activities and the instructions of the Central Bank of Jordan including this Corporate Governance Code and a manual outlining the rights, responsibilities and duties of the Member and the responsibilities and duties of the Secretary of the Board.

g) Provide each member with comprehensive summary of the Bank's activities upon his/her election or request.

h) To accommodate the Board members' needs for continuous enhancement of their knowledge and expertise and to allow new Board members, taking into consideration his/her banking background, to join an orientation program that includes at the minimum:

1. The organizational structure of the Bank, corporate governance and the code of conduct.
2. Corporate objectives and the Bank's strategic plan and approved policies.
3. The financial position of the Bank.
4. The Bank's risk structure and the risk management framework.

i) Discussing with each new Member and in cooperation with the Bank's Legal Counsel, the duties and responsibilities of the Board, in particular; issues pertaining to the legal and regulatory requirements, the term of the Board membership, dates of the meetings, responsibilities and duties of the Board Committees, the amount of remuneration and the ability to seek and obtain an independent specialized opinion if the need arises.

(3) Members of the Board of Directors shall:

a) Have adequate knowledge of applicable legislation and principles pertaining to the banking industry and the operational environment of the Bank and keep up with major changes in these fields including the requirements of employment in Senior Executive Management positions.

b) Attend Board meetings, Board Committees and the General Assembly meetings.

c) Not disclose any Bank confidential information or use the same for his/ her or another's benefit.

d) Prioritize the Bank's interest in all transactions with any other company in which he/she has a personal interest, not allow competition over business opportunities between the Bank and such other company, avert conflict of interests and disclose to the Board of Directors the details of any conflict of interest situation and abstain from attending or voting in the meeting in which such matter is to be discussed. Such disclosure should be recorded in the minutes of meeting.

e) Dedicate enough time to fulfill his/her duties as a member of the Board of Directors.

(4) The responsibility of the Board of Directors and its accountability:

a) Set and enforce clear guidelines for responsibility and accountability at all levels at the Bank and comply and ensure compliance therewith.

b) Ensure that the organizational chart clearly reflects the lines of responsibility and authority, which chart shall include at least the following supervisory levels:

1. Board of Directors and its Committees.
2. Separate departments for risk, compliance and internal audit that do not carry out daily executive tasks.
3. Units/employees not involved in the daily operations of the Bank's activities.

c) Ensure that the Senior Executive Management carries out its duties relating to the oversight of the day-to-day management of the Bank, contributes to the implementation of sound corporate governance, delegates duties to employees, establishes an effective management structure that promotes accountability, and ensures that the Bank's activities are consistent with the policies and procedures approved by the Board.

d) Approve appropriate controls systems that enables it to hold the Senior Executive Management accountable.

e) Ensure that there is no Chairman /Chief Executive Officer duality and that neither the Chairman nor any of the Board members is related to the Chief Executive Officer up to the third degree.

Article (6): Chief Executive Officer

In addition to what is stipulated in the legislation, the Chief Executive Officer shall have the following responsibilities:

a) Develop the strategic objectives of the Bank.

b) Implement the Bank's strategies policies.

c) Implement the Board's decisions.

d) Provide guidance for the implementation of short and long-term action plans.

e) Communicate the Bank's vision, mission and strategy to the Bank's employees.

f) Inform the Board of all significant aspects of the Bank's operations.

g) Manage day-to-day operations of the Bank.

Article (7): Board Committees

Board Committees shall be formed by the Board from among its members. The Board shall define the Committees' objectives and delegate its authorities thereto according to the Charter of each Committee. These committees shall periodically submit their reports to the Board of Directors. The formation of these Committees shall not exonerate the Board from its responsibilities.

A member of the Board of Directors cannot be Chairman of more than one of these Committees (Corporate Governance, Audit, Nomination and Remuneration and Risk Management Committees). Moreover, a member of the Board of Directors cannot be chairman of more than two of the Board Committees.

The Board Committees are:

a. The Corporate Governance Committee:

1. The Committee shall comprise of, at least, three Board members provided that the majority of the members are Independent Directors and should include the Chairman of the Board. The Committee shall direct and examine the preparation and review of the corporate governance code and monitor its implementation.
2. The committee shall meet at least twice during the year.
3. Quorum of the meeting shall be deemed legal if attended by two thirds of the committee members.
4. The committee shall take its decisions by a majority of the votes of the attendees, votes by phone or video are allowed when the personal presence of the member is not possible, provided that the number of members present in person is not less than two thirds of the members of the committee, and that the percentage of personal attendance of the member is not less than 50% of the committee's meetings during the year.
5. The Corporate Governance Committee shall undertake the following:

a. Establish written work procedures to implement the regulations for Corporate Governance, review them and evaluate their implementation annually.

b. Ensure that the Bank complies with the corporate governance regulations issued by the regulatory authorities.

c. Review the regulators' observations regarding the implementation of corporate governance in the Bank and follow up on what has been done in this regard.

d. Prepare the corporate governance report and submit it to the Board.

b. The Audit Committee:

1. The Audit Committee shall be comprised of a chairman and two members at least, provided that the chairman and at least another member are Independent Directors and also provided that the chairman of the Committee shall neither be the Chairman of the Board nor the chairman of any other Board Committee.
2. The Audit Committee members should have professional financial or accounting qualifications and practical experience in the fields of accountancy, finance or any other specializations or similar areas that are relevant to the Bank's business.
3. The Audit Committee shall meet periodically every three months as a minimum and shall submit its reports to the Board of Directors, provided that the number of its meetings is not less than four times per year, and that the minutes of these meetings are duly recorded.
4. The meeting shall be considered legal if attended by two thirds of the committee members.
5. The committee shall take its decisions by a majority of the votes of the attendees, in case the votes are equal, the chairman shall have the casting vote. Votes by phone or video are allowed when the personal presence of the member is not possible, provided that the number of members present in person is not less than two thirds of the members of the committee, and that the percentage of personal attendance of the member is not less than 50% of the committee's meetings during the year.
6. The Audit Committee shall review the following:

a) The scope, results and adequacy of the Bank's internal and external audits.

b) Accountancy issues that will have a significant impact on the Bank's financial statements.

c) The Bank's internal controls.

7. The Audit Committee shall submit its recommendations to the Board regarding the external auditor's appointment / termination of appointment, remuneration, and other terms of engagement taking into account any non-audit services that they have performed, in addition to assessing the independence of the external auditor.
8. The Committee has the authority to obtain any information from executive management, and summon any executive or Board member to attend its meetings, the committee has at its disposal all the necessary capabilities including obtaining assistance from experts whenever necessary.
9. The Audit Committee shall meet, at least once a year, with each of the Bank's external auditor, the internal auditor, without the presence of the Senior Executive Management.
10. The Audit Committee shall review and monitor the procedures that enable employees to confidentially communicate any error in the financial reports or any other observation. The Committee shall ensure proper arrangements to ascertain an independent investigation and follow up.
11. The duties of any other Committee may not be merged with the duties of this Committee.

c. The Nomination & Remuneration Committee:

1. The Nomination and Remuneration Committee shall be comprised of at least three Board members the majority of whom including its Chairman shall be Independent Directors.
2. The Committee shall meet at least twice during the year.
3. The meeting shall be considered legal if attended by two thirds of the committee members.
4. The committee shall take its decisions by a majority of the votes of the attendees, in case the votes are equal, the chairman shall have the casting vote. Votes by phone or video are allowed

when the personal presence of the member is not possible, provided that the number of members present in person is not less than two thirds of the members of the committee, and that the percentage of personal attendance of the member is not less than 50% of the committee's meetings during the year.

5. Duties and responsibilities of the Nomination and Remuneration Committee shall be as follows:

a) Recommending qualified candidates for the membership of the Board of Directors taking into consideration the candidates' qualifications and skills. In case of re-nomination, the regular attendance of such candidate of Board meetings and active participation in the meetings shall be taken into consideration.

b) Identify competency requirements at the Senior Executive Management level and the basis for their selection and recommend to the Board the qualified candidates for appointment in Senior Executive Management jobs.

c) Ensuring that Board members attend workshops or seminars related to Banking topics with particular emphasis on risk management, Corporate Governance and other latest updates in the banking industry.

d) Defining and annually reviewing the fulfilment of criteria that designates a member as independent.

e) Setting specific standards to evaluate the performance of the Board, its committees and the Chief Executive Officer objectively, and duly inform the relevant regulators of the outcome of this evaluation.

f) Review the succession plan policy and the policy for human resources and training and monitor their implementation annually.

g) Providing, upon request, background information and summaries to the members of the Board regarding certain significant matters about the Bank and ensure keeping the members up with material updates in the Banking industry.

h) Ensuring that there exists a Performance Incentives Policy and that such policy is being implemented and periodically reviewed. The Committee shall also recommend the compensation and benefit plan for the Chief Executive Officer and other senior executive managers.

i) Creating a clear methodology to ascertain that a member of the Board dedicates adequate time to carry out their duties as a Board member.

d. The Risk Management Committee:

1. The Risk Management Committee shall be comprised of three Board members (one of whom shall be an Independent Directors and will be the Chairman of the Committee) in addition to the Chief Executive Officer and Head of Risk Management.

2. The Committee shall meet four times a year and whenever necessary.

3. The meeting shall be considered legal if attended by two thirds of the committee members.

4. The committee shall take its decisions by the majority of the votes of the attendees, in case the votes are equal, the chairman shall have the casting vote. Votes by phone or video are allowed when the personal presence of the member is not possible, provided that the number of members present in person is not less than two thirds of the members of the committee, and that the percentage of personal attendance of the member is not less than 50% of the committee's meetings during the year.

5. Duties and responsibilities of the Risk Management committee shall include:

a) Annual review of the Bank's risk management strategy and framework, approve high level policies related to risk management operations and obtain the Board's approval.

b) Ensure that policies and frameworks for risk management are in place, ensure availability of the necessary tools and programs and review them annually.

c) Review the risk management structure.

d) Annual review and approval of credit risk appetite limits for Arab Bank and lending limits authority for the subsidiaries.

e) Annual review and approval of risk appetite for operational, market and liquidity risks.

f) Ongoing monitoring of risk factors that might affect the risk profile of the Bank and submitting regular reports to the Board.

g) Identify any variance between the actual risk taken by the Bank and risk appetite, report them to the Board and continue to address them.

h) Create proper conditions that would ensure that all significant risks and any activities performed by the Bank that may expose it to higher than the acceptable risks are well identified, and to submit reports of the same to the Board of Directors and to follow up on them and find solutions thereof.

i) Ensure that there is a business continuity plan and review it periodically.

j) Review the results of the Internal Capital Adequacy Assessment Process (ICAAP).

k) Review the Recovery Plan according to the requirements of the Central Bank of Jordan.

l) Oversee/review the performance of credit portfolios.

m) Review the results of stress testing.

n) Oversee the development of the database necessary for risk management.

o) Discuss risk management reports.

e. The Corporate Strategy Committee:

1. The Corporate Strategy Committee shall be comprised of three Board members at least in addition to the Deputy Chairman of the Board, and the Chief Executive Officer.
2. The Committee shall meet whenever necessary.
3. The meeting is considered legal if attended by two thirds of the committee members.
4. The committee shall take its decisions by the majority of the votes of the attendees, in case the votes are equal, the chairman shall have the casting vote. Votes by phone or video are allowed when the personal presence of the member is not possible, provided that the number of members present in person is not less than two thirds of the members of the committee, and that the percentage of personal attendance of the member is not less than 50% of the committee's meetings during the year.
5. Duties of the Corporate Strategy Committee shall include:

a) Supervising all elements pertaining to the Bank's strategy and ensuring that there is in place general policies for the implementation of the Bank's strategy.

b) Approving all strategic decisions and providing direction to the executive management including strategies, action plans and following up on the implementation of strategies.

c) Reviewing and approving any new investments such as mergers, acquisitions, penetration of new markets, and disposing of any of the Bank's assets or of its subsidiaries or affiliates.

f. The Credit Committee:

1. The Credit Committee shall be comprised of the Chairman of the Board and four Board members, one of them may be Independent and provided that none of them shall be a member of the Audit Committee. Members of the senior management may participate in the Committee's meetings.
2. The Committee shall meet whenever necessary.
3. The meeting shall be considered legal if attended by at least four members of the Board.
4. The committee takes its decisions by the majority votes of its members. Voting on its decisions is in person, and in the event that personal attendance is not possible, the member can express his/her point of view through the video or phone, and he/ she has the right to vote and sign the minutes of the meeting, provided that this is duly documented, and that the member's personal attendance is not less than 50% of Committee meetings during the year.
5. The Board Credit Committee shall approve granting loans and credit which amounts exceed those within the authority of the credit committees headed by the CEO upon the recommendation of the credit committees in the Bank and in accordance with the credit policy and credit limitations approved by the Board of Directors.
6. The Credit Committee shall regularly submit to the Board details of the credit facilities approved thereby.

g. The IT Governance Committee:

1. The Information Technology Governance Committee shall be comprised of at least three members of the Board, it is preferable to include in its membership individuals with experience or knowledge in information technology.
2. The IT Governance Committee can invite any of the Bank's executives to attend its meetings to seek their opinion, including those involved in internal audit, members of Senior Executive Management or those involved in external audit.
3. The Committee shall meet at least quarterly.
4. The meeting shall be considered legal if attended by two thirds of the committee members.
5. The committee shall take its decisions by the majority of the votes of the attendees, in case the votes are equal, the chairman shall have the casting vote. Votes by phone or video are allowed when the personal presence of the member is not possible, provided that the number of members present in person is not less than two thirds of the members of the committee, and that the percentage of personal attendance of the member is not less than 50% of the committee's meetings during the year.
6. The IT Governance Committee shall regularly submit reports to the Board of Directors.
7. The IT Governance Committee shall carry out its duties according to the IT Governance & Management Manual approved by the Board of Directors.

h. The Compliance Committee:

1. The Compliance Committee shall be comprised of at least three Board Members provided that the majority of the members are Independent Directors.
2. The Committee shall meet at least (4) times per year.
3. The meeting shall be considered legal if attended by two thirds of the committee members.
4. The committee shall take its decisions by the majority of the votes of the attendees, in case the votes are equal, the chairman shall have the casting vote. Votes by phone or video are allowed when the personal presence of the member is not possible, provided that the number of members present in person is not less than two thirds of the members of the committee, and that the percentage of personal attendance of the member is not less than 50% of the committee's meetings during the year.

5. The Committee shall submit its reports to the Board of Directors.
6. The Committee shall exercise its duties and responsibilities as specified in the relevant laws and legislations, ensuring that necessary measures are taken to implement the values of integrity and professionalism within the Bank, thus ensuring that complying with the applicable laws, regulations and instructions, orders and applied standards is an essential objective that has to be applied.
7. The Committee shall supervise and monitor the operations of the Compliance Department and ensure that the Bank is in full compliance with the applicable legislations and regulatory requirements.

Article (8): Suitability of Board members:

a) The Board of Directors shall approve an effective policy to ensure suitability of its members provided that the said policy include the minimum standards, requirements and conditions that a nominated or elected member should fulfil and that such policy be reviewed whenever necessary. Sufficient procedures and controls should also be identified to ensure that all members fulfil and remain fulfilling those requirements.

b) The Chairman and Board members should meet the following criteria:

1. Not to be less than twenty-five years of age.
2. Not to be a member of the Board of any other bank in Jordan or its general manager or employee unless the other bank is a subsidiary of Arab Bank.
3. Not to be the Bank's lawyer, legal advisor or auditor.
4. Have a bachelor degree at a minimum specializing either in economics, finance, accounting or business administration or any other related field.
5. Not to be a government employee or employee of an official public institution unless he/she is a representative of that entity.
6. Not to be a member of the board of directors of more than five public shareholding companies in the Kingdom whether in a personal capacity or as representative of a legal entity.
7. Possess expertise of not less than 5 years in banking, finance or similar specializations.

c) The Chairman and members of the Board should each sign a Suitability Attestation in the approved form. The signed form shall be kept at the Bank and a copy thereof shall be sent to the Central Bank of Jordan along with the Member's Curriculum Vitae.

d) The Chairman shall ensure that any critical information that may adversely affect the suitability of any Member is disclosed to the Central Bank of Jordan.

Article (9): Suitability of Senior Executives:

a) The Board of Directors shall:

1. Approve a policy that would ensure the suitability of the members of the Senior Executive Management provided that such policy include the minimum criteria, procedures and controls that ought to be met by the members. The policy is to be reviewed by the Board of Directors from time to time and the Board should set out procedures, and adequate controls to ascertain that the criteria is being met by all members of the Senior Executive Management and they continue to be met.
2. Appoints a Chief Executive Officer of integrity, technical competence and banking experience after obtaining the no-objection from the Central Bank of Jordan.
3. Approve the appointment of any of the Senior Executive Management members after obtaining a no-objection statement from the Central Bank of Jordan.
4. Approve a succession plan for the Senior Executive Management and review the plan once a year at a minimum.
5. Timely disclose to the Central Bank of Jordan any material information that may adversely affect the suitability of any member of the Senior Executive Management.

b) The Following conditions should be fulfilled by an appointed senior executive:

The appointed member:

1. Should not be a member of the Board of Directors of any other bank in Jordan unless the other bank is a subsidiary of Arab Bank.
2. Should be dedicated full time to the management of the Bank's business.
3. Should have, at a minimum, a bachelor degree in economics, finance, accounting or business administration or any other related field.
4. Should have a minimum of five year experience in banking or a related field, except for the position of Chief Executive Officer which occupant should have a minimum of ten years experience in banking.

c) A "no-objection" letter should be obtained from the Central Bank of Jordan prior to the appointment of any Board Member to a Senior Executive Management office, accordingly the Bank, prior to such appointment, ought to obtain from the candidate his/her Curriculum Vitae along with any academic certificates, certificates of expertise, certificate of good conduct and such other necessary documentation. The Member will also be asked to sign the approved Suitability Attestation form and the Bank will provide the Central Bank of Jordan with a copy thereof along with the Curriculum Vitae.

Article (10): Evaluating the performance of the Board and Senior Executives

a) The Board of Directors shall develop a mechanism to evaluate its performance and that of its members provided that such mechanism shall at least include the following:

1. Set specific goals and define the role of the Board to achieve these goals in a measurable manner.
2. Identify key performance indicators based on the plans and strategic goals and use them to measure the performance of the Board.
3. Communication between the Board and the shareholders and the regularity of such communication.
4. Regularity of the meetings of the Board of Directors with the Senior Executive Management.
5. The member's participation in the Board meetings, comparing his/her performance with that of other Board members and getting the members feedback in order to improve the evaluation process.

b) The Nomination and Remuneration Committee shall be responsible for evaluation, on an annual basis, the performance of the Board as a whole, its committees and members, and inform the Central Bank of the results of such evaluation.

c) The Board shall, on an annual basis, evaluate the performance of the Chief Executive Officer according to an evaluation mechanism set by the Nomination and Remuneration Committee which shall include key performance indicators. The aspects of evaluation of the performance of the Chief Executive Officer shall include the administrative and financial operation of the Bank and the achievement of the medium and long term goals and strategies of the Bank. The Committee shall inform the Central Bank of Jordan of the results of the evaluation.

d) The Board shall adopt a system to measure the performance of the Bank's executives who are not members of the Board, and Chief Executive Officer. This system should include at a minimum the following:

1. To appropriately measure the extent of commitment to the framework of risk management, internal controls and regulatory requirements.
2. The total revenue and profitability shall not be the sole measurement indicator; risks related to basic operations and customer satisfaction and such other indicators should also be considered.
3. Not using one's position of power and conflict of interests.

Article (11): The Remuneration for the Board and Executives

a) The Board of Directors shall adopt procedures to determine the remuneration of its members, based on the evaluation system, approved thereby.

b) The Nomination and Remuneration Committee shall be responsible for setting an objective and transparent remuneration policy for the executive management.

c) The remuneration policy should include the following key points at a minimum:

1. To be structured to retain and recruit qualified and experienced executives, and to motivate them and promote their performance.
2. To be designed to ensure that it shall not to be used in a manner that might affect the soundness and reputation of the Bank.
3. To take into consideration the risks, liquidity, profits and its timing.
4. To ensure that remuneration is not based on the performance of the current year only but takes into consideration the medium and long term performance (3-5 years).
5. To reflect the goal, value and strategy of the Bank.
6. To define the form of the remuneration such as fees, salaries, allowances, bonuses, share options or any other form of benefits.
7. The possibility of postponing payment of a reasonable proportion of the remuneration. The amount of such proportion and the postponement period shall depend on the nature of the work, the risks associated therewith and the concerned executive's activities.
8. Executives of supervisory departments (risk management, audit, compliance, etc.) should not be given remunerations based on the performance of the departments that they monitor.

Article (12): Conflict of Interests

a) Executives should avoid conflict of interests.

b) The Board shall adopt a policy and procedures to handle conflict of interests and disclose any such conflicts which may arise as a result of the inter-group relationships.

c) The Board shall adopt policies and procedures for dealing with related parties to include the definition of these parties, taking into consideration the regulations, terms of transactions, approval procedures and a mechanism to monitor these transactions, to ensure consistency with the policies and procedures.

d) The supervisory departments in the Bank shall ensure that any dealings involving the related parties have been carried out in accordance with the approved policy and procedures; the Audit

Committee shall review and monitor all related parties' transactions and update the Board on the same.

e) The Board shall ascertain that the Senior Executive Management implement the adopted policies and procedures.

f) The Board shall adopt controls to manage the transfer of information within various departments, to prevent using such information for personal gain.

g) The Board should approve policies and a Code of Conduct and circulate the same to executives, that shall, at a minimum, include:

1. Executives not to use any inside information for personal gain.
2. Rules and procedures for managing dealings with related parties.
3. Situations that may result in conflict of interests.

h) The Board shall ensure that executive management exercise high integrity and avoid conflict of interests.

Article (13): Internal Audit

(1) The Board of Directors shall:

a) Ensure that the Bank's internal audit department is capable of fulfilling, among others, the following duties:

1. To ascertain that there are adequate internal controls of the Bank's and subsidiaries' activities and to ensure compliance therewith.
2. To ascertain adherence to internal policies, international standards and procedures, and applicable laws and regulations.
3. To audit the Bank's financial statements and administrative reports while ensuring accuracy and timeliness.
4. To assess compliance with the Corporate Governance Code.
5. To examine the comprehensiveness and accuracy of the stress tests in accordance with the methodology approved by the Board.
6. To ensure the accuracy of the procedures used for the internal evaluation of the Bank's capital adequacy.

b) To ensure and enhance the independence of internal auditors, ensure that they are well positioned in the bank's hierarchical structure and that they are well qualified to perform their duties including being entitled to access all records and information and to communicate with any employee of the Bank in order to perform their work and prepare reports with no external influence.

c) Take necessary measures to enhance the efficiency of the internal audit through:

1. Emphasize the importance of the internal audit function and reinforce that in the Bank.
2. Requiring timely correction of audit findings.

d) To adopt Internal Audit charter that includes duties, authorities and responsibilities of the Internal Audit, and circulate it within the Bank.

e) To ensure that the Internal Audit Department is under the direct supervision of the Audit Committee, and submit its reports directly to the Chairman of the Committee.

(2) The Audit Committee shall be responsible for:

a) Ensuring the sufficiency of human resources assigned to manage the internal audit work and to train them.

b) Ensuring rotation of internal auditors to audit the various aspects of the Bank's business at least every three years.

c) Ensuring that internal auditors are not assigned do any executive function.

d) Ensuring that all the Bank's activities are subject to audit including outsourced activities.

e) Evaluating the performance of staff and head of internal audit.

Article (14): External Audit

a) Rotation of external auditors should take place every 7 years at most.

b) The first seven years period shall be computed as of the year 2010.

c) The new external auditor firm (when rotation is implemented) shall work jointly with the old firm for the first year.

d) Apart from the joint audit, the old external auditor firm shall not be re-elected before at least two years from the date of its last election.

e) The independence of the external auditor is to be assessed annually by the Audit Committee.

f) The Board of Directors shall take necessary measures to timely correct any flaws in the internal control system or any other flaws identified by the external auditor.

Article (15): Risk Management

a) The risk management shall be responsible for monitoring compliance of the executive departments at the Bank with the levels of risk tolerance.

b) The Board of Directors shall ensure that correction measures and remedies are taken to mitigate risk exposures, and holding executive management accountable for exceeding the limits.

c) The Board of Directors shall ensure that the Risk Management Department conduct periodical stress tests to gauge the Bank's ability to absorb shocks and deal with high risks. The Board shall also have a fundamental role in approving the hypothesis and scenarios used and discuss the stress tests' results and approve the measures to be taken based on the said results.

d) The Board of Directors shall adopt a methodology for assessing capital adequacy. The methodology ought to be comprehensive, efficient and able to identify all risks that the Bank may face and shall take into consideration the Bank's strategic plan and capital plan. Additionally, the Board shall review the methodology regularly and ensure that it is duly implemented and that the Bank has adequate capital to face any risk.

e) Before approving any expansion in the Bank's activities, The Board of Directors will have to consider all associated risks and the skills and qualifications of the Risk Management Department's personnel.

f) The Board of Directors shall give sufficient authority to the Risk Management Department to report to the Risk Management Committee, have access to all information from the various departments within the Bank and to cooperate with other committees in order for it to fulfil its duties.

g) The Board of Directors should adopt a charter for the Bank's tolerable risks.

h) The responsibilities of the Risk Management Department shall include, without limitation,:

1. Reviewing the risk management framework before being approved by the Board of Directors.
2. Implementing the risk management strategy in addition to developing policies and procedures to manage all types of risks.
3. Developing methodologies to identify, measure, monitor and control all types of risks.
4. Reporting to the Board of Directors, through the Risk Management Committee, and with a copy to the Senior Executive Management, on the actual risk exposures for all the Bank's activities compared to the charter of tolerable risks, and to follow-up on the measures taken to remedy any negative deviations.
5. Verify the compatibility of the risk measurement methodologies with the applied management information systems.
6. Review and analyze all types of risks that the Bank may face.
7. Submitting recommendations to the Risk Management Committee on risk exposures and any exceptions to the risk management policy.
8. Providing necessary Bank risks information for use in the Bank's disclosures.

Article (16): Compliance

a) The Board shall award the Compliance Department with the necessary authority that would ensure submitting its reports directly to the Compliance Committee and continuous recruiting of an adequate number of well trained staff.

b) The Board shall approve the compliance policy, ensure its annual review and implementation.

c) The Board of Directors shall approve roles and responsibilities of the compliance management.

d) Compliance management shall submit its reports to the Compliance Committee with a copy to the Chief Executive Officer.

Article (17): Stakeholders' Rights

a) A mechanism shall be developed to guarantee communication with stakeholders by disclosing and providing relevant information about the Bank's activities through:

1. General Assembly meetings.
2. Annual Report.
3. Quarterly financial reports which enclose financial data, and the Board's report on the Bank's share trading and the Bank's financial status during the year.
4. The Bank's website.
5. Shareholders' division.

b) A part of the Bank's website shall be designated to clarify shareholders' rights and to encourage them to attend and vote at the General Assembly meetings. Also the documents of the General Assembly meetings, including the invitation and minutes of meetings, shall be published on the website.

Article (18): Disclosure and Transparency

a) The Board shall ensure that all financial and non-financial information that are of interest to the stakeholders shall be published.

b) The annual report shall include a statement to the effect that the Board is liable for the accuracy and completeness of the financial statements of the Bank and all other information in the report in addition to the adequacy of the internal control systems.

c) The Board shall ensure that the Bank's financial disclosures are consistent with the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Central Bank of Jordan regulations, and other relevant legislations and also that the executive management keep well informed of changes and updates on the related International Financial Reporting Standards.

d) The Board shall ensure that the Bank's annual and quarterly reports identify key financial and operational results that enables the shareholders to understand the financial position of the Bank.

e) The Board shall ensure that the annual report include, at a minimum, the following information:

1. Summary of the organizational chart of the Bank;
2. Summary of the roles and responsibilities of the Board Committees, and the authorities delegated to each Committee;

3. Useful information to stakeholders as identified in the Corporate Governance Code and the extent of compliance with the code;
4. Information about each Board member in terms of his/her qualifications, experience, shareholding, status (Independent/non-Independent) membership in Board Committees, date of appointment, any other board memberships in the boards of other companies and remunerations of all forms for the previous year in addition to loans granted to the Member by the Bank and any other transaction that has taken between the Bank on the one part and the Member or related parties on the other;
5. Information about Risk Management Department, including its structure and nature of its operations and its development;
6. Number of Board and Board Committee meetings and attendance of each member at such meetings;
7. Names of each board member and senior executives who have resigned during the year;
8. Summary of the remuneration policy and full disclosure of all forms of remuneration to board members and executive management individually for the previous year;
9. A list of shareholders who own 1% or more of the share capital of the Bank, the ultimate beneficiary owner of such shareholdings or any part thereof, in addition to a clarification as to whether the shareholdings are wholly or partially pledged;
10. Attestations of all Board members confirming that he/she or any of the members' relatives did not receive any benefits from the Bank during his/her tenor, which has not been previously disclosed.

Arab Bank is one of the leading banks and financial institutions to implement corporate governance. The Bank has established the Audit Committee, the Nomination and Remuneration Committee, the Corporate Governance Committee and the Risk Management Committee also the Corporate Strategy Committee and Credit Committee, and this followed by establishing the other Committees, IT Governance Committee and Compliance Committee. Arab Bank issued its first Corporate Governance Code in 2007 and continued to update this Code in alignment with the Regulations issued by the relevant regulatory authorities; also the Bank regularly makes necessary amendments to the Memorandum & Articles of Association, the internal controls and policies to comply with any legislative amendments related to banking regulations or the Companies Law and the Securities Commission.

Arab Bank put in place the following mechanism and procedures to assure the proper implementation of the Corporate Governance Regulations issued by all regulatory authorities, which is being revised annually:

1. Ensure that there exists an approved corporate governance code prepared in accordance with the Corporate Governance Regulations issued by the Central Bank of Jordan and the Jordan Securities Commission, and ensure that the code is being revised and updated in alignment with the requirement of the regulatory authorities.

2. Ensure that there exists a Charter for the Board of Directors and charters for all committees in alignment with the Regulations.

3. Ensure that there exists written and approved policies for the Bank's various activities in accordance with the Regulations.

4. Ensure that the Board of Directors' meetings and Committees' meetings are held in accordance with the Regulations.

5. Ensure that there exist timetables set for the work of the Board of Directors and committees to ensure that all tasks and responsibilities are carried out according to the instructions.

6. Ensure that the Board of Directors and its respective committees carry out an annual self-assessment prepared according to the Regulations.

7. Ensure that the supervisory departments (Audit, Risk, Compliance) submit their reports to the relevant committees of the Board of Directors.

8. Ensure that the new Board Member is enrolled in an Orientation Program.

9. Ensure timely provisions of the Board and the Committee invitations in addition to the related agenda documents.

In compliance with the Corporate Governance Regulations for Listed Shareholding Companies for the year 2017 issued by the Jordan Securities Commission, this report has been prepared to include the following data:

The names of the members of the Board of Directors of Arab Bank

Name	Position	Independent / Non Independent	Executive / Non Executive
Mr. Sabih Taher Darwish Masri Since 27/3/1998	Chairman	Non Independent	Non Executive
Mr. Khaled Sabih Taher Masri Since 25/1/2021	Deputy Chairman	Non Independent	Non Executive
Ministry of Finance, Saudi Arabia Since 29/4/1966	Member	Non Independent	Non Executive
Represented by Mr. Hisham Mohammed Mahmoud Attar Since 29/3/2018		Non Independent	Non Executive
Social Security Corp. Since 20/9/2001	Member	Non Independent	Non Executive
Represented by Mr. Mohammed Adnan Hasan Almadi Since 15/12/2021		Non Independent	Non Executive
Mr. Wahbe Abdallah Wahbe Tamari Since 31/3/2006	Member	Non Independent	Non Executive
H.E. Mr. Alaa Arif Saad Batayneh Since 22/4/2015	Member	Non Independent	Non Executive
Mr. Omar Monther Ibrahim Fahoum Since 31/3/2022	Member	Independent	Non Executive
Dr. Nabil Hani Jamil Alqaddumi Since 31/3/2022	Member	Independent	Non Executive
Mr. Majed Qustandi Elias Sifri Since 31/3/2022	Member	Independent	Non Executive
Mr. Sharif Mohdi Husni Saifi Since 31/3/2022	Member	Independent	Non Executive
Mr. Shahm Munib Elias Al-Wir Since 31/3/2022	Member	Independent	Non Executive

* The Board of Directors of Arab Bank plc was elected by the Ordinary General Assembly of the Bank in its meeting held on 31/3/2022.

The names of the members of the Board of Directors whose membership has ended on 31/3/2022

Name	Position	Independent / Non Independent	Executive / Non Executive
Mr. Mahmoud Zuhdi Mahmoud Malhas	Deputy Chairman	Independent	Non Executive
Mr. Suleiman Hafez Suleiman Al Masri	Member	Independent	Non Executive
Mr. Bassam Wa'el Roshdi Kanaan	Member	Non Independent	Non Executive
Mr. Abbas Farouq Ahmad Zuaiter	Member	Independent	Non Executive
Mr. Usama Ramez Omar Mikdashi	Member	Independent	Non Executive

Executive positions in the Bank and the names of the persons who occupy them

Name	Position
Ms. Randa Mohammad Tawfiq El Sadek	Chief Executive Officer
Mr. Mohammed Ahmad Khaled Al-Masri	Deputy CEO - Corporate & Institutional Banking
Mr. Naim Rasim Kamel Al Hussaini	Deputy CEO - Consumer Banking and Wealth Management
Mr. Eric Jacques Modave	Deputy CEO - Chief Operating Officer
Mr. Ziyad Anwar Abdul Rahman Akrouk	EVP - Head of Group Risk
Mr. Mohamed Abdel Fattah Al Ghanamah	EVP - Chief Credit Officer
Mr. Antonio Mancuso Marcello	EVP - Head of Treasury
Mr. Walid Muhi Eddin Mohammad Al Samhouri	EVP - Jordan Country Head
Mr. Firas Jaser Jamil Zayyad	EVP - Chief Financial Officer
Mr. Basem Ali Abdallah Al Imam	Board Secretary - Head of Legal Affairs
Ms. Rabab Jamil Said Abbadi	EVP - Head of Human Resources
Mr. Michael Alexander Matossian	EVP - Chief Compliance Officer
Mr. Fadi Joseph Badih Zouein	EVP - Head of Internal Audit

Memberships of the Board of Directors (Natural person) held by the Board of Directors in Public Shareholding Companies inside Jordan

Name	Membership in the Boards of Public Shareholding Companies
Mr. Sabih Taher Darwish Masri	Chairman / ZARA Holding Co. (since May 1999).
Mr. Khaled Sabih Taher Masri	Vice Chairman / Zara Holding (since 2005), and Board Member (since 1994). Board Member / Jordan Himmeh Mineral Co. (since 2000). Board Member / Jordan Hotel and Tourism Co. (since 1997).
Mr. Wahbe Abdallah Wahbe Tamari	None
H.E. Mr. Alaa Arif Saad Batayneh	Chairman / Jordan Petroleum Refinery Company plc (since 14/10/2020) and Board Member (since 2014). Board Member / Euro Arab Insurance Group plc (since June 2020).
Mr. Omar Monther Ibrahim Fahoum	Board Member / Royal Jordanian (since March 2021).
Dr. Nabil Hani Jamil Alqaddumi	None
Mr. Majed Qustandi Elias Sifri	None
Mr. Sharif Mohdi Husni Saifi	None
Mr. Shahm Munib Elias Al-Wir	Board Member / Siniora Food Industries (since 2013).

The Name of the Corporate Governance Officer in the Bank

- Mrs. Khulud Walid Khaled Eisawi / Head of Secretariat Department - Shareholders Section-

List of Board Committees

- Corporate Governance Committee.
- Audit Committee.
- Nomination & Remuneration Committee.
- Risk Management Committee.
- Corporate Strategy Committee.
- IT Governance Committee.
- Compliance Committee.
- Credit Committee.

The names of the members of the Audit Committee and their financial and accounting qualifications

Member	Qualifications	Experience
Mr. Omar Monther Ibrahim Fahoum / Chairman	- BA in Business Administration / Accounting (Major Accounting) – University of Texas, Austin 1980 - CPA / Texas State Board of Accountancy, 1983	- 30 years of experience as a partner in Deloitte & Touche and the last 20 years as CEO of the firm. - Experiences in Deloitte & Touche Middle East: • Chief Executive Officer – Deloitte & Touche Middle East (2001 – 2020) • Member of the Global Board – Deloitte Touche Tohmatsu (2017 – 2019) & (2007 – 2011) • Director of Operations for Saudi Arabia (1998) • Leader of the regional firm's valuation services (1995) • Leader of the firm's Eastern Province business in Saudi Arabia (1995) - Board Member / Royal Jordanian (since March 2021) - Co-founded in YPO / the Jordan chapter (since 1998) and Bahrain chapter (since 2007) - Regional Board Member / INJAZ (since 2007) - Founding Chair of the regional chapter / Club MENA 30% (since 2015) - Chairman / Amman Academy (2021-2022)

Mr. Mohammed Adnan Hasan Almadi Representative of Social Security Corporation / Member	- Master of Administrative Science/ Finance, University of Jordan1998 - Bachelor Degree in Accounting, Yarmouk University – Jordan 1992	- Manager of Equity Support Directorate/ Social Security Investment Fund. (Oct. 2019 - present) - Manager of Internal Audit Unit / Social Security Investment Fund. (May 2003 – Oct. 2019) - Senior Internal Auditor / Central Bank of Jordan. (Jan. 1994 – May 2003) - Customer Relationship Officer - Arab Bank PLC. (Feb. 1993 - Dec. 1993) - External Auditor / Deloitte & Touche (Sep. 1992 - Feb. 1993) - Previous Board Member and Committees member of several companies, Housing Bank for Trade and Finance, Jordan Kuwait Bank, Capital Bank, The Jordan Petroleum Refinery Company, Daman Investments Company, The Jordan Petroleum Products Marketing Company, The National Jordanian Mineral Oils Industry, The Jordan Real Estate Development Company.
Mr. Sharif Mohdi Husni Saifi/ Member	- M.A. Leadership in Development Finance / Frankfurt School of Finance & Management, Germany, 2021 - Master in Marine Environmental Protection / University of Wales, Bangor, UK, 1999 - Bachelor of Science in Foreign Service / Georgetown University, Washington DC, 1994	- Deputy Chairman & Deputy General Manager / Masar United Contracting Co. LLC, (since 2001) - Board Member / VTEL Holding Co. LLC, (since 2006) - Board Member / The South Coast Hotel Development Co., (since 1999) - Chairman / Harmattan for Marine Tourism Co., (since 2009) - Chairman / Al Mujtama Real Estate Development Co. LLC (since 2021) - Board Member / Cairo Amman Bank (2010 - Feb. 2022) - CEO / United Garment Manufacturing Co. / Filwa Investment Co. (2000-2004) - Board Member / Accelerator Technology Holdings LLC, (2009-2010) - Board Member / Raya Real Estate Development Co., (2005-2008)

Name of the Chairman and members of the Corporate Governance Committee, Nomination and Remuneration Committee, and Risk Management Committee

Corporate Governance Committee	- Mr. Sabih Taher Darwish Masri / Chairman - Mr. Shahm Munib Elias Al-Wir / Member - Mr. Omar Monther Ibrahim Fahoum / Member
Nomination and Remuneration Committee	- Dr. Nabil Hani Jamil Alqaddumi / Chairman - Mr. Sabih Taher Darwish Masri / Member - Mr. Omar Monther Ibahim Fahoum / Member
Risk Management Committee	- Mr. Shahm Munib Elias Al-Wir / Chairman - Social Security Corp. Represented by Mr. Mohammad Adnan Hasan Almadi / Member - Mr. Khaled Sabih Taher Masri / Member - Chief Executive Officer / Member - Head of Group Risk / Member

Number of Board committees meetings during the year 2022 *

	Audit Committee **						Nomination & Remuneration Committee			Corporate Governance Committee		Corporate Strategy Committee ***	
	First	Second	Third	Forth	Fifth	Sixth	First	Second	Third	First	Second	First	Second
Mr. Sabih Taher Darwish Masri							✓	✓	✓	✓	✓		
Mr. Khaled Sabih Taher Masri												✓	✓
Ministry of Finance, Saudi Arabia Represented by Mr. Hisham Mohammed Mahmoud Attar												✓	✓
Social Security Corp. Represented by Mr. Mohammad Adnan Hasan Almadi	✓	✓	✓	✓	✓	✓							
Wahbe Abdallah Wahbe Tamari												✓	✓
Mr. Alaa Arif Saad Batayneh													
Mr. Omar Monther Ibrahim Fahoum Since 31/3/2022	Suleiman Masri Until 30/3 ✓	✓	✓	✓	✓	✓	Suleiman Masri Until 30/3 ✓	✓	✓	✓	✓		
Mr. Nabil Hani Jamil Alqaddumi Since 31/3/2022							Usama Mikdashi Until 30/3 ✓	✓	✓			✓	✓
Mr. Majed Qustandi Elias Sifri Since 31/3/2022												✓	✓
Mr. Sharif Mohdi Husni Saifi Since 31/3/2022	Abbas Zuaiter Until 30/3 ✓	✓	✓	✓	✓	✓						✓	✓
Mr. Shahm Munib Elias Al-Wir Since 31/3/2022										✓	✓		

* Roles and responsibilities of the committees are in compliance with the Corporate Governance Code.

** The Bank's external auditors attended five meetings of the Audit Committee.

*** The Corporate Strategy Committee includes the Chief Executive Officer who attended both committee meetings.

****The Risk Management Committee includes members of the Executive Management: the Chief Executive Officer and the Head of Group Risk, who attended all meetings of the Committee.

Risk Management Committee ****				IT Governance Committee				Compliance Committee				Credit Committee				
First	Second	Third	Forth	First	Second	Third	Forth	First	Second	Third	Forth	First	Second	Third	Forth	Fifth
												✓	✓	✓	✓	✓
✓	✓	✓	✓	✓	✓	✓	✓					✓	✓	✓	✓	✓
								✓	✓	✓	✓					
✓	✓	✓	✓													
				✓ Until 30/3									✓	✓	✓	
				✓	✓	✓	✓					✓	✓	✓	✓	✓
				Bassam Kanaan Until 30/3 ✓	✓	✓	✓									
								Usama Mikdashi Until 30/3 ✓	✓	✓	✓					
✓	✓	✓	✓					Suleiman Masri Until 30/3 ✓	✓	✓	✓	Bassam Kanaan Until 30/3 ✓	✓	✓	✓	✓

Number of Board meetings during the year 2022

Board of Directors	Meetings of the Board of Directors						
	First	Second	Third	Forth	Fifth	Sixth	Seventh
Mr. Sabih Taher Darwish Masri / Chairman	✓	✓	✓	✓	✓	✓	✓
Mr. Khaled Sabih Taher Masri / Deputy Chairman	✓	✓	✓	✓	✓	✓	✓
Ministry of Finance, Saudi Arabia / Member Represented by Mr. Hisham Mohammed Mahmoud Attar	✓	✓	✓	✓	✓	✓	✓
Social Security Corp. / Member Represented by Mr. Mohammad Adnan Hasan Almadi	✓	✓	✓	✓	✓	✓	✓
Mr. Wahbe Abdallah Wahbe Tamari / Member		✓	✓	✓	✓	✓	✓
Mr. Alaa Arif Saad Batayneh / Member	✓	✓	✓	✓	✓	✓	✓
Mr. Omar Monther Ibrahim Fahoum / Member (since 31/3/2022)			✓	✓	✓	✓	✓
Mr. Mahmoud Zuhdi Mahmoud Malhas / Deputy Chairman (until 31/3/2022)	✓						
Dr. Nabil Hani Jamil Alqaddumi / Member (since 31/3/2022)			✓	✓	✓	✓	✓
Mr. Suleiman Hafez Suleiman Masri / Member (until 31/3/2022)	✓	✓					
Mr. Majed Qustandi Elias Sifri / Member (since 31/3/2022)			✓	✓	✓	✓	✓
Mr. Bassam Wa'el Roshdi Kanaan / Member (until 31/3/2022)	✓	✓					
Mr. Sharif Mohdi Husni Saifi / Member (since 31/3/2022)			✓	✓	✓	✓	✓
Mr. Abbas Farouq Ahmad Zuaiter / Member (until 31/3/2022)	✓	✓					
Mr. Shahm Munib Elias Al-Wir / Member (since 31/3/2022)			✓	✓	✓	✓	✓
Mr. Usama Ramez Omar Mikdashi / Member (until 31/3/2022)	✓	✓					

DISCLOSURE ABOUT CORPORATE GOVERNANCE

Arab Bank confirms its commitment to apply all articles of the Corporate Governance Code as approved by the Board of Directors and published on the website.

Arab Bank approved and published the IT Governance Management Manual on its website in line with the regulations of the Central Bank of Jordan and confirms its commitment to apply all articles of the code.

AGENDA OF THE 93RD ORDINARY GENERAL ASSEMBLY:

1. Reciting the resolutions of the previous 92nd General Assembly Ordinary Meeting.
2. Voting and approval of the report of the Board of Directors for the fiscal year 2022 and the future business plan of the Bank.
3. Voting and approval of the auditors' report for the fiscal year 2022 and voting on the financial statements and balance sheet of the Bank for the fiscal year 2022, and approval of the recommendation of the Board of Directors to pay dividends to shareholders at the rate of JOD 0.250 per share, i.e. 25% of the nominal value of the share being JOD 1.00.
4. Release of the members of the Board of Directors from liability for the fiscal year 2022.
5. Election of the Bank's auditors for the fiscal year 2023 and the determination of their remuneration.
6. Approval of the General Assembly to the Board of Directors' resolution adopted on 26/1/2023 regarding the appointment of Messrs. Deloitte & Touche to the functions of the audit of Arab Bank plc branches working in Lebanon for three years from 1/1/2023 until 31/12/2025 according to the provisions of Article No. (189) read along with Article No. (186) of the Lebanese Law of Money and Credit.

ADDRESSES OF ARAB BANK'S MAIN BRANCHES AND SUBSIDIARIES, AFFILIATES AND SISTER COMPANIES

Country	Address	
Jordan	General Management PO BOX 950545 Amman 11195 Jordan	Tel. 00962 (6) 5600000 Fax. 00962 (6) 5606793 00962 (6) 5606830
	Amman PO Box 144186 Amman 11814 Jordan	Tel. 00962 (6) 4638161/9 Fax. 00962 (6) 4637082
	Shmeisani PO Box 144186 Amman 11814 Jordan	Tel. 00962 (6) 5000013 Fax. 00962 (6) 5670564
Palestine	PO Box 1476, Grand Park Hotel St. Al Masyoon - Ramallah Palestine	Tel. 00970 (2) 2978100 Fax. 00970 (2) 2982444
Bahrain	PO Box 813, Building 540, Road 1706 - Block 317, Diplomatic Area Kingdom of Bahrain	Tel. 00973 17549000 Fax. 00973 17541116
United Arab Emirates	Abu Dhabi: PO Box 875 Naser St., SH. Tahnoon Bin Moh'd Bldg.	Tel. 00971 (2) 6392225 Fax. 00971 (2) 6212370
	Dubai: PO Box 11364 Emaar Square. Bldg. no. 2	Tel. 00971 (4) 3737400 Fax. 00971 (4) 3385022
Lebanon	PO Box 11-1015 Riad El Solh Square Banks Street Commercial Buildings Co. Bldg. Beirut - Lebanon	Tel. 00961 (1) 981155 Fax. 00961 (1) 980299 00961 (1) 980803

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Country	Address	
Egypt	Plot 43 North 90 St. 5th Settlement - New Cairo Cairo	Tel. 0020 (2) 25877100 Fax. 0020 (2) 28133116
Yemen	PO Box 475 & 1301 Zubairi St. Sana'a	Tel. 00967 (1) 276585/93 Fax. 00967 (1) 276583
Morocco	PO Box 13810 174 Mohamed V St. Casablanca	Tel. 00212 (5) 2222 3152 Fax. 00 212 (5) 2220 0233
Qatar	P.O Box 172 Grand Hammed St. Old AL Ghanim Area Doha – Qatar	Tel. 00974 44387777 Fax. 00974 44410774
Algeria	N°12 Val d'Hydra (Residence Chabani) Hydra - Alger Algeria	Tel. 00213 (21) 480002 Fax. 00213 (23) 471973
Singapore	3 Fraser street, Duo Tower #10-21, Singapore 189352	Tel. 0065 65330055 Fax. 0065 65322150
United States of America (New York Agency)	Federal Agency- New York 150 East 52nd St. New York , NY 10022 - 4213	Tel.: 001 (212) 7159700 Fax.: 001 (212) 5934632
China	Unit 4505-07, Floor 45th IFC Two، No. 8 Century Avenue, Pudong New District, Shanghai PRC Zip Code: 200120	Tel. 0086 (21) 61607700 Fax. 0086 (21) 61607722
South Korea (Representative Office)	Seoul Square Bldg., 5Fl. Hangangdaero 416 Jung-gu, Seoul 04637 South Korea	Tel. 0082 (2) 775 4290 Fax. 0082 (2) 775 4294

ADDRESSES OF ARAB BANK'S MAIN BRANCHES AND SUBSIDIARIES, AFFILIATES AND SISTER COMPANIES

Country	Address	
Europe Arab Bank plc **United Kingdom**	13-15 Moorgate London EC2R 6AD	Tel. 0044 (20) 73158500 Fax. 0044 (20) 76007620
France	Paris 41 Avenue de Friedland 75008 Paris (Entrance at the corner of rue Arsène Houssaye)	Tel. 0033 (1) 45616000 Fax. 0033 (1) 42890978
Italy	Corso Matteotti 1A 20121 Milan	Tel. 0039 (2) 76398521 Fax. 0039 (2) 782172
Germany	Niedenau 61-63 D-60325 Frankfurt am Main Germany	Tel. 0049 (69) 242590 Fax. 0049 (69) 235471
Arab Bank Australia Ltd.	Level 7, 20 Bridge Street Sydney NSW 2000 Australia	Tel. 0061 (2) 93778900 Fax. 0061 (2) 92215428
Arab Bank (Switzerland) Ltd.	Geneva 10-12 Place de Longemalle P.O. Box 3575 CH - 1211 Geneva 3	Tel. 0041 (22) 7151211 Fax. 0041 (22) 7151311
	Zurich Nüschelerstrasse 1 P.O. Box 1065 CH–8001 Zurich	Tel. 0041 (44) 2657111 Fax. 0041 (44) 2657268
Finance Accountancy Mohassaba	24 Rue Neuve du Molard P.O.Box 3155 CH – 1211 Geneva 3	Tel . 0041 (22) 9083000 Fax. 0041 (22) 7387229
Islamic International Arab Bank	Wasfi Al-Tal St., Bldg. no. 20 P.O.Box 925802 Amman 11190 Jordan	Tel. 00962 (6) 5694901 Fax. 00962 (6) 5694914
Arab National Leasing Co.	Madina Monawwara St., Bldg. no. 255 P.O.Box 940638 Amman 11194 Jordan	Tel. 00962 (6) 5531649 Fax. 00962 (6) 5529891
Al- Arabi Investment Group Co.	Shmeisani, Esam Ajlouni St., Bldg. No. 3 P.O.Box 143156 Amman 11814 Jordan	Tel. 00962 (6) 5522239 Fax. 00962 (6) 5519064

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Country	Address	
Acabes for Financial Technology	Esam Ajlouni St., Shmeisani, Bldg. No. 8 P.O.Box 950545 Amman 11195 Jordan	Tel. 00962 (6) 5203640 Fax. 00962 (6) 5673923
Al Arabi Investment Group Co. / Palestine	Ramallah, Old Town P.O.Box 1476 Palestine	Tel. 00970 (2) 2980240 Fax. 00970 (2) 2980249
Arab Sudanese Bank Ltd.	Wahat El- Khartoum Towers P.O.Box 955 Khartoum - Sudan	Tel. 00249 (15) 6550001 Fax. 00249 (15) 6550004
Arab Tunisian Bank	9 Hedi Nouira Street, Tunis 1001	Tel. 00216 (71) 351155 Fax. 00216 (71) 342852
Al Nisr Al Arabi Insurance Co.	Esam Ajlouni St., Bldg. no. 21 Shmeisani P.O.Box 9194 Amman 11191	Tel. 00962 (6) 5685171 Fax. 00962 (6) 5685890
Arab Bank - Syria	Mahdi Bin Baraka St., Abu Rummana P.O.Box 38 Damascus- Syria	Tel. 00963 (11) 9421 Fax. 00963 (11) 3349844
Oman Arab Bank	North Ghubra, P.O.Box 2240 PC 130 Sultanate of Oman	Tel. 00968 (24) 754000 Fax. 00968 (24) 797736
Turkland Bank	19 Mayis Mah. 19 Mayis Cad. Sisli Plaza A Blok No. 7 34360 Sisli- Istanbul – Turkey	Tel. 0090 (212) 3683434 Fax. 0090 (212) 3683535
Arab National Bank	P.O.Box 56921 Riyadh 11564 Saudi Arabia	Tel. 00966 (11) 4029000 Fax. 00966 (11) 4027747
Arabia Insurance Co.	Company's Bldg., Phoenicia St. P.O.Box 2172 - 11 Beirut – Lebanon	Tel. 00961 (1) 363610 Fax. 00961 (1) 363659
Commercial Building Co.	Riad El-Solh Sq., Banks St., P.O.Box 6498 - 11 Beirut - Lebanon	Tel. 00961 (1) 980750 00961 (1) 980751 Fax. 00961 (1) 980752