Arab Bank Group

Annual Report 2023

Arab Bank Group

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CHAIRMAN'S MESSAGE

Distinguished Shareholders,

The global economy faced further challenges in 2023, leading to a slowdown in growth rates in most regions of the world. The tight monetary policy, started in 2022 to fight the four-decade high inflationary wave, continued into 2023. Its impact was felt increasingly across most economic sectors, but was mitigated to some extent by strong consumer spending, particularly in the United States. Global trade, investment, and demand for credit slowed down as well. Conversely, global inflation rates declined as a result of falling fuel and food prices, improved supply chains, and elevated interest rates. Meanwhile, geopolitical tensions deepened in 2023, adding pressure on the global and regional economies.

In our region, economies have been affected differently by global developments. In oil-exporting countries, successive oil production cuts have led to a retreat in oil GDP growth. Yet, the non-oil sectors in these countries, especially in the Gulf, continued their strong growth momentum, supported by economic reform programs, high government spending, and private consumption, despite elevated interest rates. Further, the GCC countries maintained low inflation rates. Oil-importing Arab countries saw a tangible improvement in their current account deficits, supported by lower trade deficits resulting from the global decline in oil and commodity prices, and strong inflows of tourism revenues and remittances from expatriate workers in most of these countries. Ongoing economic reforms supported moderate growth rates in some oil-importing Arab countries, along with low inflation rates. However, some countries faced a decrease in economic growth rates amid exchange rate depreciation and rising inflation rates. Oil-importing Arab countries are also facing an increase in the cost of servicing their public debt as a result of the sharp rise in financing costs.

During 2023, many banks in the region continued to maintain flexible policies towards their customers, particularly relating to interest rates rises, in an effort to support individuals and corporates deal with sharp increases in the financing costs. In particular, banks did not fully pass on the increase in interest rates to customers, enabling them to maintain the quality of their credit portfolios. The Arab banking sector was also generally able to maintain high levels of capital adequacy, liquidity, profitability, and rely on a broad and stable funding base. Prudent credit policies enabled the banks to mitigate the negative repercussions of economic challenges, and to leverage available growth opportunities. Additionally, the banking sector continued increasing its adoption of digital and Fintech solutions, which are continuously gaining significance among various customer bases, especially the youth.

Despite the challenges that the world and the region witnessed in 2023, Arab Bank continued its solid performance and results driven by its presence across the different markets, particularly in the GCC region, as net profit before provisions and tax improved by 34% to reach $1.81 billion. The bank's strong underlying performance speaks to the successful execution of its strategy, which focuses on delivering sustainable growth and building a resilient business model capable of generating positive results, despite regional and international challenges. This strong performance has reinforced the Group's leading position and its ability to continue to meet shareholders' and customers' expectations.

Arab Bank continued to leverage its expertise in regional markets and its extensive global and regional network, supported by a wide range of comprehensive services and digital channels, to provide integrated banking and financing solutions to its customers, including corporates, institutions, and individuals across various sectors and segments. Additionally, the bank took part in financing infrastructure projects, vital initiatives, and intra-regional trade to help drive sustainable economic development locally and regionally.

During the year, Arab Bank continued to reinforce its community investments by supporting community initiatives and activities as part of its CSR and sustainability program, "Together". Through this program, the bank is contributing to health, poverty alleviation, education, environmental protection, orphan support, and women empowerment. In addition, the Abdul Hameed Shoman Foundation, Arab Bank's social and cultural responsibility arm, continues to support the fields of scientific research, cultural enlightenment, innovation, and promoting reading. During 2023, Arab Bank also adopted its Environmental, Social, and Governance (ESG) strategy, which provides a framework for managing these issues and integrating them into the bank's business model.

As part of Arab Bank's expansion strategy, and in line with efforts to expand its footprint in promising markets, the bank is preparing to launch operations in the Iraqi market during 2024, so as to provide comprehensive banking solutions and services to current and future customers. In line with the Group's focus on expanding its wealth management and private banking business, Arab Bank Switzerland acquired the majority stake in Swiss bank Gonet & Cie SA in 2023. The new banking group will take on a major role in the Swiss wealth management industry.

As we embark on a new year in the journey of our institution, we look forward to building on the achievements of the past nine decades, grounded in our strong institutional approach, prudent banking policies, and an extensive interconnected banking network. We will continue to prioritize the interests of our customers, shareholders, and the communities in which we operate, while looking ahead through our forward-looking vision towards the promising opportunities that the banking industry holds, including new technological advancements and meeting the evolving needs and expectations of our customers.

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 loyalty and trust. A special thank you also goes to our employees across the different markets for their diligent efforts and dedication. As ever, we remain confident in Arab Bank's ability to deliver the best results and achievements.

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 $829.6 million, compared to $544.3 million in 2022. The Group also maintained its solid financial position, with Group equity of $11.4 billion and an increased net profit before provisions and tax by 34%, to reach $1.81 billion.

By the end of 2023, the Group's total assets grew by 6% to reach $68.3 billion, and loans increased by 5% to reach $37.1 billion, compared to $35.4 billion last year. The Group's deposits also saw 6% growth, reaching $50.6 billion compared to $47.7 billion last year.

Arab Bank delivered robust results during 2023, with a growth in the bank's net operating profit, driven by an increase in core banking income, across various sectors and markets in the region with a clear focus on enhancing non-interest income contribution and revenue diversification. The Group's liquidity and asset quality remain solid, with the loan-to-deposit ratio standing at 73.2% and credit provisions held against non-performing loans continue to exceed 100%. Arab Bank Group maintains a strong capital base composed predominantly of common equity with a capital adequacy ratio of 17.5%. This ratio is higher than the minimum required by the Central Bank of Jordan according to Basel III regulations.

Arab Bank remained committed to sustainability and its Environmental, Social and Governance (ESG) priorities, successfully issuing $250 million in sustainable Additional Tier 1 (AT1) Capital Securities. The issuance marks the first and largest sustainable perpetual AT1 issue in Jordan and was listed on the International Securities Market (ISM) and the Sustainable Bond Market of the London Stock Exchange.

Arab Bank's digital transformation efforts continue, with the bank continuing to provide value for its customers through the establishment of Acabes International Pvt Ltd, Arab Bank's technology arm, as a global capability center. It supports the bank's businesses worldwide and provides customers with a seamless digital experience.

During 2023, Arab Bank received several international recognitions, most notably Bank of the Year 2023 in the Middle East from the London-based The Banker magazine, owned by the Financial Times. The bank was also named Best Bank in the Middle East 2023 for the eighth consecutive year by the New York-based international publication, Global Finance. Additionally, the bank received 18 awards in recognition of its corporate and consumer digital banking services in Jordan and 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 continued 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.

Digital transformation played a major role in facilitating CIB operations and improving companies' experience through electronic channels. Data analytics contributed to the decision-making process, maintaining competitiveness, and keeping pace with developments within the corporate business and digital banking landscape.

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 the latest digital solutions that enables them to expand their capabilities and enrich their offering.

Our family-focused model caters for both individuals and families, covering 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 affluent customers while complimenting it with the newly established private banking and wealth management products and services.

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 information technology, 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, and prepared to adapt to, 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 2023.

Country	Number of Branches	Operating Since	No. of Employees
Jordan	68 (Including HO)	1934	3 636
Palestine	34	1930	919
Egypt	44	1944	1 402
Lebanon	9	1944	237
Qatar	2	1957	119
Bahrain	6	1960	184
Morocco	5	1962	113
UAE	8	1963	319
Yemen	6	1972	135
USA (New York Agency)	1	1982	1
Singapore	1	1984	47
China	1	1985	22
South Korea (Representative Office)	1	1989	3
Algeria	11	2001	245
Kazakhstan (Representative Office)	-	2004	-
Total	**197**	**--**	**7 382**

BRANCHES & STAFF DISTRIBUTION ACCORDING TO GOVERNORATES

Branches & Staff Distribution According to Governorates

Governorate	Number of Branches	No. of Employees
Amman	(Including Head Office) 48	3 424
Irbid	3	43
Zarqa	5	67
Aqaba	1	19
Balqa'a	3	23
Karak	1	13
Mafraq	1	11
Ma'adaba	1	9
Jarash	1	7
Ma'an	2	10
Tafeila	1	6
Ajloun	1	4
Total	**68**	**3 636**

ADDRESSES OF ARAB BANK BRANCHES AND OFFICES ABROAD

Country	Operating Since	No. of Branches	Address	No. of Employees
Palestine	1930	34		919
			P.O Box 1476 - Rafat Hotel Street Al Masyoon – Ramallah - Palestine Tel. 00970 (2) 2978100 Fax. 00970 (2) 2982444	
Egypt	1944	44		1402
			Plot 43 North 90 St. 5th Settlement - New Cairo Cairo Tel. 0020 (2) 25877100 Fax. 0020 (2) 28133116	
Lebanon	1944	9		237
			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		119
			P.O Box 172 Grand Hammed St.119 Old AL Ghanim Area no.6 Building No. 67 Doha – Qatar Tel. 00974 44387777 Fax. 00974 44410774	
Bahrain	1960	6		184
			P.O Box 813 Building No. 540 Road 1706 - Block 317 Diplomatic Area , Bahrain Tel. 00973 17549000 Fax. 00973 17541116	
Morocco	1962	5		113
			P.O Box 13810 174 Mohamed V Street, Casablanca Tel. 00212 (5) 2222 3152 Fax. 00212 (5) 2220 0233	
United Arab Emirates	1963	8		319
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		135
			P.O Box 475 & 1301 Zubairi Str. – Sana'a Tel. 00967 (1) 276585/93 Fax. 00967 (1) 276583	
United States of America	1982	1		1
(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		47
			3 Fraser street, Duo Tower #10-21, Singapore 189352 Tel. 0065 65330055 Fax. 0065 65322150	
China	1985	1		22
Shanghai			Unit 4505 - 06 - 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		245
			N°12 Val d'Hydra (Residence Chabani) Hydra - Alger Algeria Tel. 00213 (21) 480002 Fax. 00213 (23) 471973	
Total		**129**		**3 746**

TOTAL EMPLOYEES OF ARAB BANK GROUP

Entity	No. of Employees
Arab Bank plc	7 382
Arab Bank (Switzerland) Limited	333
Oman Arab Bank	1 068
Islamic International Arab Bank	1 130
Europe Arab Bank plc	141
Arab Tunisian Bank	1 390
Arab Bank Australia Limited	96
Arab Sudanese Bank Limited	82
Arab Bank – Syria	293
Arab National Leasing Company	29
Al Arabi Investment Group (AB Invest)	48
Al Nisr Al Arabi Insurance Company	237
Arab Company for Shared Services FZ	29
Arab Gulf Tech for IT Services FZ	30
Acabes for Financial Technologies	54
Total	**12 342**

CAPITAL INVESTMENT OF ARAB BANK

The capital investment of Arab Bank plc amounted to JOD 204.1 million, representing net fixed assets of the Bank as of the end of year 2023 in comparison to JOD 214.5 million as of the end of year 2022.

SUBSIDIARIES & SISTER COMPANY

The following is a brief description of Arab Bank subsidiaries and sister company and their results for 2023.

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 and through digital channels: 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 2023 compared to 2022:

In CHF (thousands)	2023	2022
Capital	26 700	26 700
Total shareholders' equity	671 540	605 903
Total assets	5 521 126	5 038 863
Cash and quasi cash	3 791 108	3 538 320
Direct credit facilities	1 460 228	1 387 796
Total external sources of funds (customers' & banks' deposits)	4 649 615	4 322 732
Total revenues	197 424	127 500
Net profit / (loss) before tax	79 279	46 974
Net profit / (loss) after tax	64 681	37 657

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 49 branches in the Sultanate of Oman and through digital channels, 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 2023 compared to 2022:

In R.O (millions)	2023	2022
Capital	166 941	166 941
Total shareholders' equity	508 889	489 512
Percentage ownership	49%	49%
Bank share of net income / (loss)	10 072	7 929
Total assets	4 000 533	3 661 229
Cash and quasi cash	608 267	485 241
Direct credit facilities	3 274 724	3 067 062
Total external sources of funds (customers' & banks' deposits)	3 389 645	3 086 321
Total revenues	120 501	122 710
Net profit / (loss) before tax	24 233	17 457
Net profit / (loss) after tax	20 555	16 182

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 and through digital channels.

The following table lists the main financial highlights of 2023 compared to 2022:

In JOD (thousands)	2023	2022
Capital	100 000	100 000
Total shareholders' equity	273 672	262 341
Percentage ownership	100%	100%
Bank share of net income / (loss)	35 326	35 497
Total assets	2 925 777	2 951 146
Cash and quasi cash	822 512	898 978
Direct credit facilities *	2 023 202	1 967 630
Total external sources of funds (customers' & banks' deposits)	2 551 086	2 572 161
Total revenues	93 059	93 941
Net profit / (loss) before tax	45 033	54 189
Net profit / (loss) after tax	35 326	35 497

* 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.

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 in addition to its services through digital channels.

The following table lists the main financial highlights of 2023 compared to 2022:

In EUR (thousands)	2023	2022
Capital	569 982	569 982
Total shareholders' equity	299 033	286 206
Percentage ownership	100%	100%
Bank share of net income / (loss)	11 224	1 255
Total assets	2 608 838	2 466 924
Cash and quasi cash	1 366 001	1 266 977
Direct credit facilities	1 155 965	1 106 743
Total external sources of funds (customers' & banks' deposits)	2 235 775	2 113 243
Total revenues	67 409	46 365
Net profit / (loss) before tax	13 200	1 537
Net profit / (loss) after tax	11 224	1 255

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 124 branches, spread in Tunisia and through digital channels.

The following table lists the main financial highlights of 2023 compared to 2022:

In TND (thousands)	2023	2022
Capital	128 000	128 000
Total shareholders' equity	520 877	526 482
Percentage ownership	64.24%	64.24%
Bank share of net income / (loss)	2 872	4 824
Total assets	7 611 755	7 752 153
Cash and quasi cash	1 944 519	2 048 334
Direct credit facilities	5 344 696	5 389 748
Total external sources of funds (customers' & banks' deposits)	6 841 539	7 105 563
Total revenues	327 146	306 063
Net profit / (loss) before tax	38 122	9 532
Net profit / (loss) after tax	4 471	7 510

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 four branches and through digital channels, the Bank provides all commercial and retail banking products and services to its customers.

The following table lists the main financial highlights of 2023 compared to 2022:

In AUD (thousands)	2023	2022
Capital	119 314	119 314
Total shareholders' equity	171 653	168 571
Percentage ownership	100%	100%
Bank share of net income / (loss)	3 083	2 011
Total assets	1 189 934	1 179 333
Cash and quasi cash	325 582	327 021
Direct credit facilities	839 250	826 375
Total external sources of funds (customers' & banks' deposits)	994 043	992 513
Total revenues	31 231	27 926
Net profit / (loss) before tax	4 442	2 906
Net profit / (loss) after tax	3 083	2 011

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 2023 compared to 2022:

In SDG (thousands)	2023	2022
Capital	117 515	117 515
Total shareholders' equity	3 244 466	5 368 200
Percentage ownership	100%	100%
Bank share of net income / (loss)	(2 158 554)	1 094 120
Total assets	72 082 277	64 028 480
Cash and quasi cash	39 908 204	55 902 984
Direct credit facilities	31 346 869	7 635 821
Total external sources of funds (customers' & banks' deposits)	67 452 658	57 666 873
Total revenues	(486 662)	3 103 797
Net profit / (loss) before tax	(2 121 475)	1 327 890
Net profit / (loss) after tax	(2 158 554)	1 094 120

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 12 branches spread in Syria and through digital channels. 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 2023 compared to 2022:

In SYP (millions)	2023	2022
Capital	5 050	5 050
Total shareholders' equity	669 020	147 511
Percentage ownership	51.29%	51.29%
Bank share of net income / (loss)	718	(13)
Total assets	1 296 690	368 104
Cash and quasi cash	1 191 424	306 330
Direct credit facilities	64 053	49 018
Total external sources of funds (customers' & banks' deposits)	592 439	215 844
Total revenues	48 791	11 789
Net profit / (loss) before tax	3 385	148
Net profit / (loss) after tax	1 399	(25)

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 2023 compared to 2022:

In JOD (thousands)	2023	2022
Capital	50 000	50 000
Total shareholders' equity	74 409	74 007
Percentage ownership	100%	100%
Bank share of net income / (loss)	3 402	4 217
Total assets	102 685	97 371
Cash and quasi cash	-	-
Investment in leasing contracts	96 388	92 856
Total external sources of funds (customers' & banks' deposits)	5 000	5 000
Total revenues	5 965	6 989
Net profit / (loss) before tax	4 346	5 849
Net profit / (loss) after tax	3 402	4 217

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 as well as its digital channels.

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 2023 compared to 2022:

In JOD (thousands)	2023	2022
Capital	14 000	14 000
Total shareholders' equity	19 551	20 892
Percentage ownership	100%	100%
Bank share of net income / (loss)	708	854
Total assets	23 717	25 330
Cash and quasi cash	19 668	22 790
Direct credit facilities	-	-
Total external sources of funds (customers' & banks' deposits)	-	-
Total revenues	3 534	3 706
Net profit / (loss) before tax	834	1 034
Net profit / (loss) after tax	708	854

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. Arab Bank owns 68% of the shares representing the company's capital.

The following table lists the main financial highlights of 2023 compared to 2022:

In JOD (thousands)	2023	2022
Capital	10 000	10 000
Total shareholders' equity	22 312	20 899
Percentage ownership	68%	50% + 2 Share
Bank share of net income / (loss)	2 076	1 155
Total assets	141 794	131 102
Cash and quasi cash	26 375	23 557
Total Investments	110 150	102 191
Total external sources of funds (customers' & banks' deposits)	-	-
Total revenues	36 402	32 734
Net profit / (loss) before tax	4 030	3 033
Net profit / (loss) after tax	3 054	2 310

Acabes for Financial Technologies :

Acabes for Financial Technology was established in 2021 with a capital of JOD 50 thousand, as it aims to provide design services and management of digital solutions for Arab Bank Group and others, also to provide financial technology services for the clients of the Arab Bank Group. The company currently operates through one branch, in preparation for expansion into other regions.

The following table lists the main financial highlights of 2023 compared to 2022:

In JOD (thousands)	2023	2022
Capital	50	50
Total shareholders' equity	386	94
Percentage ownership	100%	100%
Bank share of net income / (loss)	292	48
Total assets	3 373	830
Cash and quasi cash	551	283
Direct credit facilities	-	-
Total external sources of funds (customers' & banks' deposits)	-	-
Total revenues	1 800	150
Net profit / (loss) before tax	310	51
Net profit / (loss) after tax	292	48

DETAILED INFORMATION ON THE BANK'S SUBSIDIARIES & SISTER COMPANY

Entity	Type	Address	Type of Activity	Capital
Arab Bank (Switzerland) Limited * Includes Gonet & Cie SA Bank branches	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
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
Islamic International Arab Bank	Public Shareholding	Wasfi Al Tal St., Bldg. no. 20, PO Box 925802 Amman 11190 Jordan Tel. +962 6 5003300 Fax. +962 6 5694914 www.iiabank.com.jo	Islamic banking	JOD 100 Million
Europe Arab Bank	Public Shareholding	35 Park Lane W1K 1RB United Kingdom Phone: +44 20 7315 8500 Fax: +44 20 7600 7620 www.eabplc.com	Commercial banking	EUR 569.925 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 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
Arab Sudanese Bank Limited	Private Sharehold-ing	Wahat El- Khartoum Towers, P.O Box 955, Khartoum, Sudan Tel. +249 15 6550001 Fax. +249 15 6550004	Islamic banking	USD 50 Million

No. of Employees	No. of Branches	Major Shareholders (5% or more of capital)				
		Name	No. of Shares as of 31/12/2022	%	No. of Shares as of 31/12/2023	%
333	6*	Shareholders of Arab Bank (Switzerland) Ltd. are the same shareholders of Arab Bank plc, with an identical ownership structure. Arab Bank (Switzerland) Limited				
1068	49	Arab Bank plc	818 010 900	49%	818 010 900	49%
		Oman International Development & Investment Company SAOG (OMINVEST)	517 382 480	30.99%	517 382 480	30.99%
1130	47	Arab Bank plc	100 000 000	100%	100 000 000	100%
141	4	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%
1390	124	Arab Bank plc	64 237 531	64.24%	64 237 531	64.24%
		Zarzari Complex	5 162 921	5.16%	5 162 921	5.16%
96	4	Arab Bank plc	119 314 274	100%	119 314 274	100%
82	4	Arab Bank plc	5 000 000	100%	5 000 000	100%

DETAILED INFORMATION ON THE BANK'S SUBSIDIARIES & SISTER COMPANY

Entity	Type	Address	Type of Activity	Capital
Arab Bank – Syria	Public Shareholding	Damascus, Abu Rummana, Mahdi Bin Baraka St., PO Box 38 Damascus, Syria Tel. +963 11 9421 Fax. +963 11 3348136 www.arabbank-syria.sy	Commercial banking	SYP 5.05 Billion
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
Arab Company for Shared Services FZ	Limited Liability	Dubai Out Source Zone 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 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
Acabes for Financial Technologies	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

No. of Employees	No. of Branches	Major Shareholders (5% or more of capital)				
		Name	No. of Shares as of 31/12/2022	%	No. of Shares as of 31/12/2023	%
293	12	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%
29	1	Arab Bank plc	50 000 000 JD/Share	100%	50 000 000 JD/Share	100%
48	1	Arab Bank plc	14 000 000 JD/Share	100%	14 000 000 JD/Share	100%
237	3	Arab Bank plc	5 000 002	50%	6 800 766	68%
		Yacoub Sabella	1 010 283	10.10%	1 025 695	10.25%
		Zaid Sabella	952 794	9.53%	967 974	9.68%
29	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%
54	1	Arab Bank plc	50 000	100%	50 000	100%

DETAILED INFORMATION ON THE BANK'S SUBSIDIARIES & SISTER COMPANY

Arab Bank Plc Investments in the Subsidiaries Companies As of 31/12/2023:

Name Of Company	Nature of Business	Ownership %	Country
Europe Arab Bank Plc	Commercial Banking	100%	UK
Arab Bank Australia Limited	Commercial Banking	100%	Australia
Islamici International Arab Bank plc	Islamici Banking	100%	Jordan
Arab National Leasing Company	Financial Leasing	100%	Jordan
Al- Arabi Investment Group Co. (AB Invest)	Investment & Financial Services	100%	Jordan
Arab Sudanese Bank Limited	Islamici Banking	100%	Sudan
ACABES for Financial Technologies	Information Technology Services	100%	Jordan
Al – Nisr Al – Arabi Co . Ltd.	Insurance Services	68%	Jordan
Arab Tunisian Bank	Commercial Banking	64.24%	Tunisia
Arab Bank - Syria	Commercial Banking	51.29%	Syria
Oman Arab Bank S.A.O.G.	Comercial Banking	49%	Oman

Arab Bank Plc Investments in Affiliated Companies As of 31/12/2023:

Name Of Company	Nature of Business	Ownership %	Country
Arab National Bank	Commercial Banking	40%	Saudi Arabia
Turkland Bank	Commercial Banking	50%	Turkey
Arabia Insurance Co.	Insurance Services	42.51%	Lebanon
Commercial Building Co. S.A.L	Real Estate Leasing	35.24%	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 60 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

- Cofounder & Managing Partner / Thara Investments - Saudi Arabia (since October 2022)
- Managing Director & Member of the Investment Committee / The Saudi Technology Development And Investment Company (TAQNIA) - Saudi Arabia (since 2022)
- Chairman of the Saudi Jordanian Investment Funds - Jordan (2017-August 2023)
- Chairman of the Halal Development Company (2021-2022)
- 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 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 Public 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 - European Certified Compliance Professional Certification, Frankfurt School of Finance & Management, Germany 2020 - 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

Resigned Board Members during the year 2023

None.

Ms. Randa Mohammad Tawfiq El Sadek

Chief Executive Officer

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

Academic Qualifications:

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

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)

- Board Member - Oman Arab Bank - Oman
- Board Member - Arab National Bank - Saudi Arabia
- Chairman - Al Arabia for Finance SAL (Holding Company) - Lebanon
- Chairman - Jordan Capital and Investment Fund Company
- Board Member - Jordan Capital and Investment Fund Managment Company
- Board Member - Jordan Payments and Clearing Company
- Board Member - Association of Banks in Jordan
- Board Member - Al Hussein Fund for Excellence
- Board Member of Endeavor Jordan

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).
- Chairman of the Board - Arab Tunisian Bank - Tunisia
- Member of the Board of Directors - Arab National Bank - Saudi Arabia
- 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

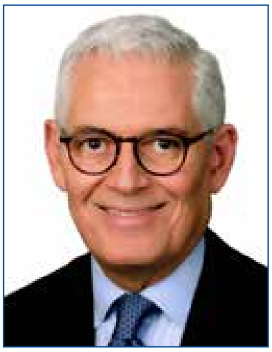
Academic Qualifications:

- 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 - 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 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
- Chairman of the Board of ACABES International Pvt Ltd

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 - 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
- Chairman of the Board 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 2023

None.

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 31.12.2022	Ownership %	Number of shares 31.12.2023
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 31/12/2023	Percentage %
Social Security Corporation	Jordanian	110108286	17.183%
Abdul Hameed Shoman Foundation Co.	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	21959460	3.426%
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	1.648%
Palestine Development and Investment LTD	Liberia	7211790	1.125%
(PADICO)			
UBHAR CAPITAL SAOC	Omani	6840144	1.067%
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.				-	-	-
Company	Sabih Taher Darwish Masri	Khaled Sabih Taher Masri	Desert peak	-	-	-
Percentage of Owership:	9%	90%	1%			
Ultimate Beneficial Owner:	0.416%	3.96%				
Same.				21939984	3.423%	Housing Bank
* ARKAAN Real Rstate 100%						
PADICO 32.4% of ARKAAN Real Estate				-	-	-
Rawan International Investment 19.58%, Massar International Investment and related parties 15.78%,						
AlMaseera International Co. E.C. 12.47%, Siraj Palestine Fund I LTD 6.53%						
Ultimate Beneficial Owner 1% or More : None						
	Sabih Taher Darwish Masri	Khalid Sabih Taher Masri	Sireen Sabih Taher Masri	17442846	2.722%	Gulf International Bank
Percentage of Ownership:	31.25%	37.5%	31.25%			
Ultimate Beneficial Owner:	0.85%	1.02%	0.85%			
Holding Limited Company owned by Mr. Talal Kamal Abdo Al Shair (28.5%) & others.				-	-	-
Ultimate Beneficial Owner 1% or More : None						
Same				-	-	-
Same / Government				-	-	-
Rawan International Investment 19.58%, Massar International Investment and related parties 15.78%,				1067778	0.166%	Ahli Bank
AlMaseera International Co. E.C. 12.47%, Siraj Palestine Fund I LTD 6.53% Ultimate Beneficial owner 1% or more: None				4584870	0.715%	Housing Bank
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						
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 evaluation process of individual performance achievements takes into account the employee's ability to collaborate effectively in a full team spirit, where each staff member's performance is intricately linked to the achievements and results of the department, the division and the bank as a whole. When considering rewards for individual performance, both departmental and overall bank's achievements are taken into consideration. The individual performance will not be the only factor in determining the rewards.

In the cases where the employee's evaluation indicates that performance has exceeded the expectations, the evaluation will be done based on objective and measurable criteria. This necessitates embracing new and innovative work methods and approaches that break from the business-as-usual norms.

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 2023. These include:

Global Finance Magazine

- Best Bank in the Middle East (for eight consecutive years)
- World's Best Financial Innovation Labs
- Best Bank for Cash Management in the Middle East, Jordan, Morocco, and Qatar
- Best Bill Payment & Presentment in the Middle East and Jordan
- Best in Lending in the Middle East and Jordan
- Best Open Banking APIs in Jordan
- Best Integrated Consumer Banking Site in Jordan
- Best User Experience (UX) Design in Jordan
- Best SME Bank in Jordan
- Best Foreign Exchange Bank in Jordan
- Best Trade Finance Services in Jordan
- Best Mobile Banking Adaptive Site in 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

- The Safest Bank in Jordan
- Best Innovation and Transformation in Jordan
- Best Online Product Offerings in Jordan
- Best Consumer Digital Bank in Jordan, Palestine and Egypt
- Best Trade Finance Provider in Jordan and Algeria
- Best Corporate / Institutional Digital Bank in Palestine
- Top Innovations in Finance 2023 - SME

The Banker Magazine (Owned by the Financial Times Ltd)

- Bank of the Year in the Middle East

Euromoney Magazine

- Best Bank for SMEs in the Middle East and Jordan
- Best Bank in Jordan
- Best Corporate Bank in Jordan and Qatar

EMEA Finance Magazine

- Best Trade Finance Services in the Middle East

Global Trade Review Magazine

- GTR Leader in Trade for Jordan

Meed

- Best Credit Card Initiative for Cards Ecosystem in the Middle East
- Best Retail Bank in Jordan

Market shares in specific Locations:

Arab Bank Group 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 Arab Bank Group market share in selected Arab countries where the Bank operates:

Country	Total Assets	Deposits	Direct Credit Facilities
Jordan	25.1%	25.7%	20.5%
Palestine	22.3%	23.7%	16.9%
Sultanate of Oman (Oman Arab Bank Group)	9.5%	11.5%	11.5%
Republic of Tunisia (Arab Tunisian Bank)	6.4%	6.8%	6.5%
Bahrain	3.6%	3.1%	3.1%
Egypt	0.7%	0.7%	0.7%
Qatar	0.4%	0.6%	0.4%
UAE	0.6%	0.8%	0.7%

Arab Bank Group also operates in Kingdom of Saudi Arabia through Arab National Bank, where the bank's market share reached 6% for each of the assets, and credit facilities and 7% for deposits.

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

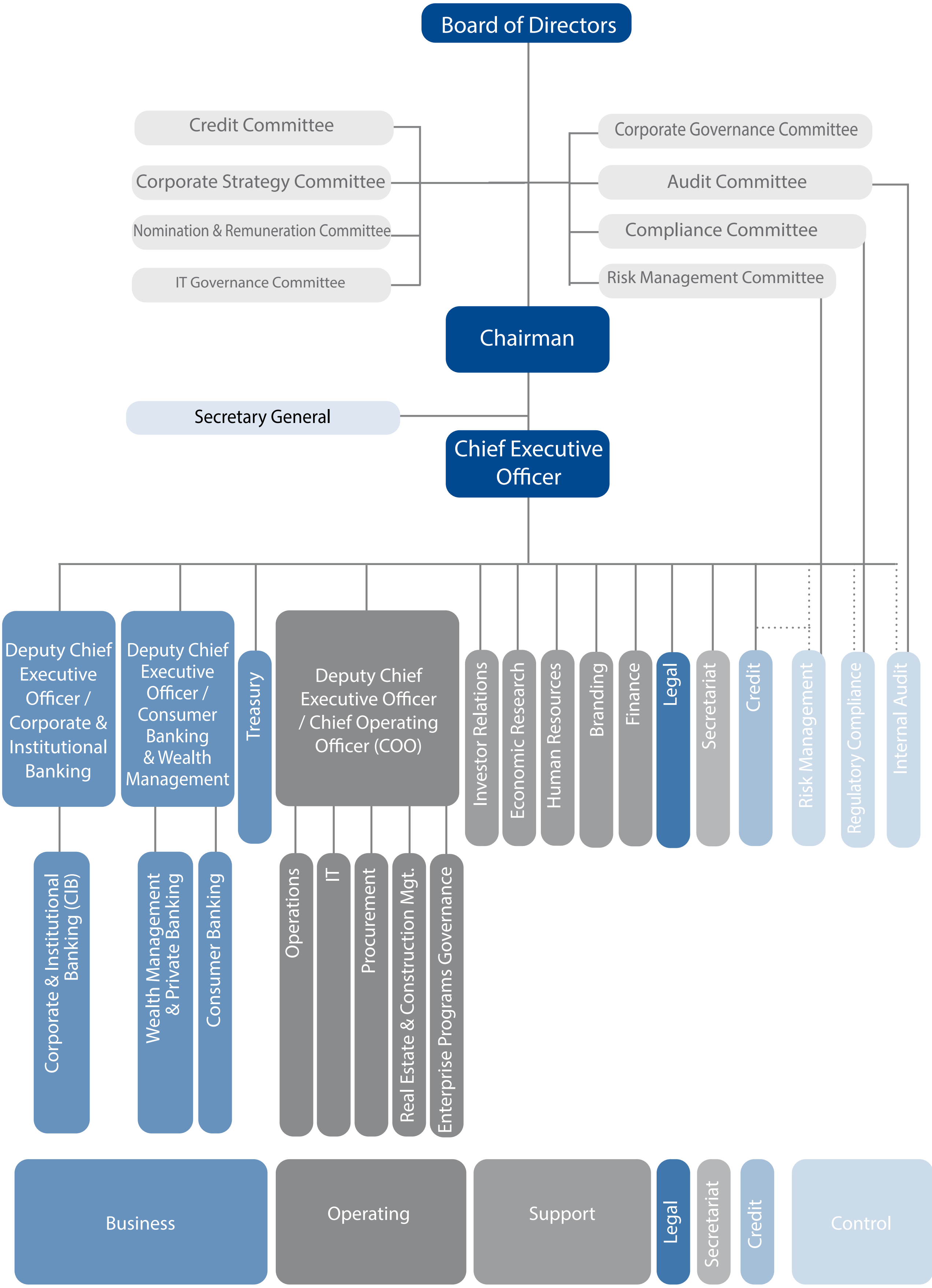
No decrees, laws or regulations were issued by any governmental bodies or international organizations that would have material impact on the Bank, its products or its competitive capabilities, noting that the international quality standards are not applicable to the Bank.

In 2023, 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 2023
- (Ba2) with (Positive) outlook from Moody's, in November 2023
- (B+) for Arab Bank plc with (Stable) outlook in December 2023, as well as (BB) with a (Stable) 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	Arab Bank (Switzerland) Ltd.	Oman Arab BANK S.A.O.G	Islamic International Arab Bank	Europe Arab Bank plc	Arab Tunisian Bank	Arab Bank Australia Ltd.
PhD	6	3	1	13	0	1	1
Master's degree	688	77	98	127	54	292	15
Advanced diplomas	27	42	10	4	0	343	4
Bachelor's degree	5 550	107	365	775	57	286	50
Junior college	399	64	174	107	8	54	15
High school	414	38	370	42	22	256	10
Sub high school	298	2	50	62	0	158	1
Total Employees	**7 382**	**333**	**1 068**	**1 130**	**141**	**1 390**	**96**

Arab Sudanese Bank Ltd.	Arab Bank - Syria	Arab National Leasing Company	Al-Arabi Investment Group (AB Invest)	Al Nisr Al Arabi Insurance Company	Arab Company for Shared Services	Arab Gulf Tech for IT Services	Acabes for Financial Technologies	Total
1	0	0	0	0	0	0	0	26
11	25	8	10	10	5	3	0	1 423
0	3	0	1	0	0	0	0	434
62	202	16	31	203	17	23	54	7 798
1	35	4	1	14	3	2	0	881
4	17	0	1	3	2	1	0	1 180
3	11	1	4	7	2	1	0	600
82	**293**	**29**	**48**	**237**	**29**	**30**	**54**	**12 342**

TRAINING COURSES VS. TRAINEES IN JORDAN & ARAB AREAS IN 2023

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	115	657	283	3 695	336	3 662	50	337	72	620
Palestine	10	50	0	0	8	25	17	53	9	14
Egypt	12	66	21	494	19	208	19	134	12	192
Morocco	0	0	0	0	8	8	0	0	0	0
Algeria	0	0	1	2	9	26	1	26	0	0
Lebanon	0	0	0	0	0	0	1	1	0	0
Yemen	0	0	0	0	0	0	0	0	0	0
Bahrain	0	0	0	0	11	30	2	2	0	0
UAE	0	0	0	0	14	71	3	27	15	28
Qatar	0	0	0	0	8	8	0	0	0	0
Total per Item	**137**	**773**	**305**	**4 191**	**413**	**4 038**	**93**	**580**	**108**	**854**

	External				E-Learning		Certifications and Business Skills		Grand Total Per Area	
	Technical		Soft							
	Courses	Trainees	Courses	Trainees	Courses	Trainees	Courses	Trainees	Courses	Trainees
	42	86	0	0	69	15 048	48	205	1 015	24 310
	34	223	13	139	16	3 813	5	54	112	4 371
	157	2 050	9	91	24	7 129	14	187	287	10 551
	2	5	0	0	11	489	0	0	21	502
	25	68	0	0	11	1 047	1	1	48	1 170
	24	77	1	17	11	806	2	39	39	940
	8	10	0	0	5	487	5	6	18	503
	94	164	18	23	13	757	8	9	146	985
	196	329	33	55	12	1 319	21	38	294	1 867
	2	3	0	0	12	452	1	1	23	464
	584	**3 015**	**74**	**325**	**184**	**3 1347**	**105**	**540**	**2 003**	**45 663**

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, as part of the Credit Risk Management, 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 which 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. Accordingly, digital transformation initiatives are subject to risk assessments to ensure that adequate controls are in place to mitigate related risks. Additionally, in line with Group Risk Management strategy, Operational Risk Management adopts new technologies for better risk management and to ensure effective and timely monitoring and reporting of operational risks.

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, to reflect new regulatory requirements, to cover new products and services, or to address any new operating models implemented at the Bank.

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 indicators to ensure identification of potential risks in a proactive manner.
- 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). Moreover, the bank has established a department specialized in sustainable finance, with the aim of integrating environmental, social, governance and sustainable finance standards into the bank's main business.

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 analyze 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 consolidated 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 well managed, and continuously supervised. A large proportion of the interest rate exposure is concentrated in the banking book due to limited trading IRR activity. Treasury exposures of more than one year are tightly 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 of Directors exercises effective governance over the Compliance Program ensuring advanced compliance technology solutions and streamlined controls are supported with a culture of ethics to create good conduct across the Bank. The Board's Compliance Committee has primary oversight responsibility for all aspects of compliance risks. Group Regulatory Compliance (GRC) Division, reports directly to the Compliance Committee of the Board of Directors with direct access to the Chief Executive Officer. GRC 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 programs. 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 the Bank's 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 conduct risk, a sub-category of compliance risk, This includes processes covering 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 the Bank's 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 the 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. 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 Arab Bank Plc Branches in Jordan, Algeria, Bahrain, Egypt, Palestine, Qatar, UAE, Yemen, Morocco, Singapore, and China, as well as Islamic International Arab Bank. Customer Complaints are managed by a dedicated unit 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 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 the Bank during 2023, 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 2023

The world continued to face unprecedented economic and social challenges locally, regionally, and globally during 2023. These challenges had economic and social repercussions on countries, regions, and economies around the world.

Arab Bank Group achieved solid results during the year, with net income after tax of $829.6 million, compared to $544.3 million in 2022, and reported growth of 52%. The Group's performance was driven by sustainable growth in the underlying business, with net profit before provisions and tax improving by 34% to reach $1.81 billion.

Total assets grew by 6% to reach $68.3 billion, loans grew by 5% to reach $37.1 billion, and deposits grew by 6% to reach $50.6 billion.

Arab Bank delivered robust results during 2023 driven by an increase in core banking income and a focus on enhancing non-interest income contribution and revenue diversification. At the same time, the bank continued to invest in transformation and maintained a resilient balance sheet. The Group's liquidity and asset quality remains solid, with the loan-to-deposit ratio standing at 73.2%. Credit provisions held against non-performing loans continue to exceed 100%. Arab Bank Group maintains a strong capital base, predominantly composed of common equity with a capital adequacy ratio of 17.5%.

In line with the bank's commitment to its Sustainability and its Environmental, Social and Governance (ESG) priorities, it successfully issued $250 million in sustainable Additional Tier 1 (AT1) Capital Securities, which was the first and largest sustainable perpetual AT1 issue in Jordan. The issuance was listed on the International Securities Market (ISM) and the Sustainable Bond Market of the London Stock Exchange.

As part of Arab Bank's expansion strategy, and in line with efforts to expand its footprint in promising markets, the bank is preparing to launch operations in the Iraqi market during 2024, so as to provide comprehensive banking solutions and services to current and future customers. In line with the Group's focus on expanding its wealth management and private banking business, Arab Bank Switzerland acquired the majority stake in Swiss bank Gonet & Cie SA in 2023. The new banking group will take on a major role in the Swiss wealth management industry.

Corporate and Institutional Banking (CIB) delivered strong financial performance in 2023, testimony to its strong underlying business growth and effective portfolio management.

CIB's balance sheet has remained healthy and robust, with its refreshed strategy execution and operational and structural upgrades having a positive impact. Arab Bank's international network and regional accessibility continue to be key factors in its strength, which our clients rely on to expand their operational reach. CIB's role in supporting this expansion ensures that local and multinational corporate clients are provided with the comprehensive product offerings, consistent service levels, and advanced digital solutions they need.

As part of the bank's strategy to accelerate digital transformation, there were new product launches related to cash management during the year. These had an immediate effect on customer satisfaction and service levels. Additionally, CIB has introduced enhancements to its trade finance digital services, which give clients more autonomy over their financial transactions and improve their banking experience. These digital initiatives have made processes simpler and improved operational efficiency, helping to strengthen client relationships and boosting Arab Bank's digital footprint in local and regional markets.

In SME Banking, Arab Bank continues to focus on its branches and digital channels. In Palestine, Arab Bank introduced a new operating model to allow for further coverage. Following its successful launch in Jordan, Arab Bank rolled out ArabiNext, its dedicated SME mobile application for small and medium-sized companies. It is the first bank in Palestine to offer such a digital solution. The bank continues to offer tailored SME lending solutions in Jordan, Palestine, and Egypt that facilitate access to finance and ultimately support our SME clients' ability to thrive and expand their businesses.

On the Consumer Banking and Wealth Management front, the bank introduced digital Cross-Border account opening in Egypt to provide digital experiences for its Arabi cross-border customers. This initiative follows the successful launch of the service in Jordan and the UAE, allowing customers to benefit from the bank's branch network in these countries.

The Arabi Cross Border program provides best-in-class bank services to expatriate customers, enabling them to open accounts in any of Arab Bank's branches in the region and benefit from accounts management services and instant remittance via Arabi Access, which is available on Arabi Mobile. The bank also launched a new mortgage product in the UAE, Bahrain, and Qatar to help expats to own properties in their home countries through mortgages in their country of residence.

Consumer Banking and Wealth Management continued to develop and enhance its investment services and products as part of the bank's overall wealth management and private banking offering. Several non-traditional investment tools were introduced to match clients' financial and investment goals. These offerings are delivered by certified wealth relationship managers from the Private Banking and Wealth Management center, ensuring an expert and personalized service.

Several products and investment services were introduced, including three model portfolios managed by Arab Bank

(Switzerland), precious metal accounts, and securities trading through AB Invest.

Expansion plans are currently underway to introduce new wealth management and private banking services through the bank's branches across Palestine, Qatar, Bahrain, and the UAE, with a focus on creating a diverse product menu that caters to a range of customer needs.

In another enhancement, the Tabeeb Plus program was launched for medical professionals in UAE as part of a plan to expand the program across all countries. The youth-centric Arabi Junior program was also successfully launched in UAE to extend the bank's relationship with existing and prospective clients and to build its future customer base.

To enrich customer experience, numerous digital products were introduced on Arabi Mobile including the roll-out of digital onboarding service in Palestine. The new service enables full digital account opening, including minors under the Arabi Junior program. Additionally, digital onboarding was rolled out in Bahrain, ensuring a seamless and frictionless first digital experience for customers.

To enhance the digital lending service, a new feature was introduced, offering loans tailored to the customer's salary. The bank also launched the "Salary Plus" service in Egypt, which enables salaried customers to withdraw a percentage of their salaries in advance. The range of digital savings accounts was also expanded with E-tawfeer plus in Jordan, and digital saving account and fixed deposit products in Qatar. Arab Bank enhanced its remittance services via Arabi Mobile, including RemitEx for quick and secure bank account transfers. The Visa Direct service, which allows customers to transfer money to VISA cards in 17 countries, was also launched. In addition, the bank added the Arabi Rails service (Fast Transfers) for near-instant remittances, provided by Arab Bank's regional network. The Arabi Mobile application was enhanced with a range of distinctive services, including the cardless, cross-border cash withdrawals Tap-2-Pay service. It allows Android users to make contactless card payments with their phones in a manner similar to the previously launched ApplePay service. Additionally, the e-Sadad service was launched in Palestine to expand the bank's bill payment option. The bank also launched the Arabi Mobile application for customers in Algeria, enabling them to conduct a wide range of transactions with ease and flexibility.

New card products were introduced during the year, including the regionally distinct Arabi Switch card, which consolidates all customer cards, local or regional, into a single card. Through the card's digital screen, customers can view information on their selected card, and seamlessly switch between their cards with the click of a button. Additionally, the bank launched the Meeza card in Egypt. Exclusively for local transactions, the Meeza card replaces the internet shopping card with a chip-equipped prepaid card in Jordan, offering customers secure e-commerce transactions and enhanced payment capabilities. The bank also introduced a payment ring service that makes it possible for customers to make contactless payments using a wearable. During the year, several campaigns were launched to reward card usage through cash-backs, discounts, or points via the Arabi Points program, and joint campaigns with the bank's strategic partners.

In collaboration with ACABES, a full subsidiary of Arab Bank Plc., digital enhancements were made to Arabi e-Mart in Jordan and Palestine where several features were included to create a seamless shopping experience, including the addition of ApplePay. The Arabi Shopix service was introduced in Palestine to support SMEs and corporate customers create personalized e-commerce websites. Payment options were expanded, including cash on delivery in Jordan.

Consumer Banking and Wealth Management remained competitive in Jordan and Palestine by adding new card types like American Express and Maestro at POS terminals and launching payment-acquiring services in the Egyptian market. The SoftPOS service was also launched in Jordan and Palestine to enable merchants to accept secure card payments via smartphones. QR code payments were introduced in Jordan and Palestine for cardless digital payments.

Following the launch of the Reflect app in Jordan, it was also introduced in Palestine in collaboration with Jawwal, the biggest telecom company. This app provides digital services to all society segments, including the salaried segment, through an easy-to-use QR payment experience.

During the year, the Al-Arabi chatbot for automated smart conversations was enhanced to answer a wide range of customer inquiries. This involved expanding the chatbot's knowledge base and adding new features, such as voice interactions, image display, and tutorial videos to help customers use the chatbot.

Advanced analysis and algorithms were integrated into several consumer banking products, making it possible to provide precisely tailored services to different customer segments either through direct channels or via the Customer Relationship Management (CRM) platform.

The interactive kiosk system was deployed in Bahrain and new types were implemented to enhance the service level in Jordan. Cash deposit machines were also upgraded to support the issuance of new currency notes in Jordan, enabling customers to deposit funds automatically at any time without having to visit a branch.

Consumer Banking and Wealth Management also tapped into the innovative embedded finance concept, which allows the bank to offer financial services jointly with business partners through automated and secure connectivity systems that provide access to the bank's digital systems. One such initiative is allowing business partners to issue payment cards to their customers through an embedded finance model.

In Treasury, Arab Bank diversified and strengthened its funding footprint, ending the year in a strong liquidity position. It 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 earnings growth.

2023 presented the financial markets with continued volatility, as interest rates peaked in many countries. Arab Bank Treasury was able to protect the bank from any negative effects of this volatility, and to adapt to the changing economic and interest rate environment.

Since 2021, Arab Bank has started to establish several financial technology companies to serve as the technological arm of Arab Bank Group. The objective behind their creation is that they will design, develop, and manage digital solutions for Arab Bank group companies and others. As a result, Acabes, a company for financial technology private shareholders was established in Jordan in 2021, and Acabes International Pvt Ltd was introduced in India in 2022. Expansion efforts are underway in other regions. The Acabes Group of companies has 288 specialized employees, ranging from UI/UX designers and full stack developers, to cyber security experts, who support the development of Arab Bank plc digital platforms. In addition, Acabes Jordan expanded the service of the Arabi eMart e-commerce platform to offer Arabi Shopix, a personalized e-commerce store solution, to its merchants. Acabes has also launched Omnify, the first banking-as-a-service platform, to provide embedded finance products to non-financial institutions.

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 2023.

TIME SERIES DATA FOR MAJOR FINANCIAL INDICATORS

Time Series Data for Major Financial Indicators (2019 - 2023):

	Values in JOD Millions for the Bank & in USD Millions for the Group				
	2023	**2022**	**2021**	**2020**	**2019**
Arab Bank PLC : Net Profit after Tax	375.8	327.5	156.1	21.8	423.6
Arab Bank Group : Net Profit after tax	829.6	544.3	314.5	195.3	846.5
Arab Bank PLC : Shareholder's Equity	4 319.7	3 929.8	3 816.0	3 852.6	3 795.2
Arab Bank Group : Owner's Equity	11 356.9	10 402.5	10 321.4	9 388.8	9 102.5

Distributed Dividends					
Total Dividends (in JOD millions)	192.2	160.20	128.2	76.9	-
Dividends (%)	30%	25%	20%	12%	-
Number of Issued Shares (in thousands)	640 800	640 800	640 800	640 800	640 800
Share price on Last Working Day (JOD)	4.56	4.88	4.89	4.12	5.75

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 2023. 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 main subsidiaries:

	Percentage of ownership as of 31 December 2023
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%
Arab Tunisian Bank	64.24%
Arab Bank Syria	51.29%
Oman Arab Bank	49.00%
Al Nisr Al Arabi Insurance Plc	68.00%

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 Profit or Loss

Arab Bank Group's net income for the year ended 31 December 2023 amounted USD 829.6 million compared to USD 544.3 million for the year ended 31 December 2022. Total revenues of the Group stood at USD 3150.3 million compared to USD 2526.1 million in 2022 recording an increase of 25%, expected credit losses for financial assets amounted to USD 592.3 million.

The following schedule compares the principal components of the Group's Consolidated Statement of Profit or Loss:

In USD (Thousands)	2023	2022	Variance	%
Revenue				
Net interest income	2 037 210	1 584 804	452 406	29%
Net commission income	425 113	374 369	50 744	14%
Other	687 947	566 937	121 010	21%
Total Income	**3 150 270**	**2 526 110**	**624 160**	**25%**
Expenses				
Employees Expenses	717 674	663 569	54 105	8%
Other Expenses	623 173	538 187	84 986	16%
Provision for impairment - ECL	592 282	473 006	119 276	25%
Total Expenses	**1 933 129**	**1 674 762**	**258 367**	**15.4%**
Profit For the year before Tax	**1 217 141**	**851 348**	**365 793**	**43%**
Income tax	387 505	307 046	80 459	26%
Profit for the year	**829 636**	**544 302**	**285 334**	**52%**

Consolidated Statement of Comprehensive Income

Arab Bank Group's comprehensive income for the year ended 31 December 2023 amounted USD 944.6 million compared to USD 373.4 million for the year ended 31 December 2022, the following schedule shows the principal components of the Group's consolidated statement of comprehensive income.

In USD (Thousands)	2023	2022
Profit for the year	**829 636**	**544 302**
Add:		
Items that will be subsequently transferred to the consolidated statement of Profit or Loss		
Exchange differences arising from the translation of foreign operations	81 750	(114 187)
Revaluation gain (loss) on bonds at fair value through other comprehensive income	5 480	(7 028)
Items that will not be subsequently transferred to the consolidated statement of Profit or Loss		
Net change in fair value of financial assets at fair value through other comprehensive income	27 704	(49 648)
TOTAL COMPREHNSIVE INCOME FOR THE YEAR	**944 570**	**373 439**

Consolidated Statement of Financial Position

Arab Bank Group assets reached USD 68.3 billion as at 31 December 2023, Customer deposits amounted USD 50.6 billion. Investment portfolio has reached USD 11.2 billion, Credit facilities amounted USD 33.2 billion forming 49% of total assets while Shareholders' equity reached USD 11.4 billion.

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

In USD (thousands)	2023	2022	Variance	%
Assets				
Cash and due from Banks	17 728 747	16 313 841	1 414 906	9%
Investment Portfolio	11 190 451	10 825 300	365 151	3%
Direct credit facilities at amortized cost	33 158 248	31 726 598	1 431 650	5%
Other	6 196 525	5 594 084	602 441	11%
Total Assets	**68 273 971**	**64 459 823**	**3 814 148**	**6%**
Liabilities				
Due to banks	3 805 511	4 040 008	(234 497)	(6%)
Due to customers	50 624 740	47 748 871	2 875 869	6%
Other	2 486 869	2 268 488	218 381	10%
Shareholders' Equity	11 356 851	10 402 456	954 395	9%
Total Liabilities and Shareholders' Equity	**68 273 971**	**64 459 823**	**3 814 148**	**6%**

Arab Bank plc

Statement of Profit or Loss

Arab Bank plc's net income for the year ended 31 December 2023 amounted JOD 375.8 million compared to JOD 327.5 million for the year ended 31 December 2022. Total revenues of the Bank stood at JOD 1363.6 million compared to JOD 1096.5 million in 2022 recording an increase of 24.4%, expected credit losses for financial assets amounted JOD 161.2 million.

The following schedule compares the principal components of the Arab Bank Plc statement of Profit or Loss:

In JOD (thousands)	2023	2022	Variance	%
Revenue				
Net Interest income	999 087	737 244	261 843	36%
Net commission income	157 409	151 249	6 160	4%
other	207 147	208 011	(864)	(0%)
Total Income	**1 363 643**	**1 096 504**	**267 139**	**24.4%**
Expenses				
Employees expenses	252 926	242 750	10 176	4%
Other expenses	423 190	254 444	168 746	66%
Provision for impairment - ECL	161 160	156 451	4 709	3%
Total Expenses	**837 276**	**653 645**	**183 631**	**28%**
Profit for the year before tax	**526 367**	**442 859**	**83 508**	**19%**
Income tax	150 550	115 324	35 226	31%
Profit for the year	**375 817**	**327 535**	**48 282**	**15%**

Statement of Comprehensive Income

Arab Bank Plc's comprehensive income for the year ended 31 December 2023 amounted JOD 372.8 million compared to JOD 242 million for the year ended 31 December 2022.
The Following schedule shows the principal components of the Arab Bank plc's statement of comprehensive income.

In JOD (Thousands)	2023	2022
Profit for the year	375 817	327 535
Add:		
Items that will be subsequently transferred to the statement of Profit or Loss		
Exchange differences arising on the translation of foreign operations	1 974	(77 909)
Items that will not be subsequently transferred to the statement of Profit or Loss		
Net Change in fair value of financial assets at fair value through other Comprehensive income	(5 016)	(7 711)
Total Comprehensive income for the year	**372 775**	**241 915**

Statement of Financial Position

Arab bank Plc assets reached JOD 28.8 billion as at 31 December 2023. Customer deposits amounted JOD 21.4 billion and investment portfolio has reached JOD 5.3 billion . Credit facilities amount to JOD 11.8 billion forming 41% of total assets while shareholder's equity reached JOD 4.3 billion.

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

In JOD (Thousands)	2023	2022	Variance	%
Assets				
Cash and due from banks	9 915 863	8 952 878	962 985	11%
Investment Portfolio	5 252 771	5 584 522	(331 751)	(6%)
Direct credit facilities at amortized cost	11 831 745	11 416 222	415 523	3.6%
other	1 786 625	1 860 284	(73 659)	(4%)
Total Assets	**28 787 004**	**27 813 906**	**973 098**	**3%**
Liabilities				
Due to banks	2 103 439	2 200 056	(96 617)	(4%)
Due to Customers	21 439 150	20 732 730	706 420	3%
Other	924 760	951 345	(26 585)	(3%)
Shareholders' equity	4 319 655	3 929 775	389 880	10%
Total Liabilities and shareholders' equity	**28 787 004**	**27 813 906**	**973 098**	**3%**

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 2023 and 2022 in accordance with Basel III:

Arab Bank Group

In USD (Thousands)

Capital Adequacy Ratio as at December 31, 2023 and 2022 in accordance with Basel III requirements

Risk-weighted assets (RWA)	**44 684 580**	**42 717 383**
Common Equity Tier 1	10 121 289	9 486 770
Regulatory Adjustments (Deductions from Common Equity Tier 1)	(3 366 915)	(3 034 121)
Additional Tier 1	498 642	236 262
Regulatory Adjustments (Deductions from Additional Tier 1)	(6 234)	(6 234)
Supplementary Capital	590 782	423 755
Regulatory Capital	**7 837 564**	**7 106 432**
Common Equity Tier 1 Ratio	**15.12%**	**15.11%**
Tier 1 Capital Ratio	**16.22%**	**15.64%**
Capital Adequacy Ratio	**17.54%**	**16.64%**

Arab Bank PLC

In JOD (Thousands)

Capital Adequacy Ratio as at December 31, 2023 and 2022 in accordance with Basel III requirements

Risk-weighted assets (RWA)	**18 825 664**	**17 825 302**
Common Equity Tier 1	3 839 651	3 659 116
Regulatory Adjustments (Deductions from Common Equity Tier 1)	(973 960)	(1 057 266)
Additional Tier 1	(177 305)	-
Supplementary Capital	249 020	173 460
Regulatory Adjustments (Deductions from Supplementary Capital)	(5 777)	(5 609)
Regulatory Capital	**3 286 239**	**2 769 701**
Common Equity Tier 1 Ratio	**15.22%**	**14.60%**
Tier 1 Capital Ratio	**16.16%**	**14.60%**
Capital Adequacy Ratio	**17.46%**	**15.54%**

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 30% of the shares par value, or JOD 192.2 million for the year 2023 Compared to 25% of the shares par value or JOD 160.2 million in 2022 as shown in the table below:

In JOD (Millions)	2023	2022
Income available for appropriation	375.8	327.5
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	192.2	160.2
Retained earnings	183.6	167.3
Total Appropriation	**375.8**	**327.5**

Financial Ratios related to Arab Bank Group:

	2023	2022
Shareholders' equity / Total Assets	16.6%	16.1%
Loans / Deposits	65.5%	66.4%
Liquidity Ratio (cash and quasi cash)	42.7%	42.4%
Cost / Income	61.4%	66.3%
Cost / Income (excluding provisions for impairment)	42.6%	46.6%
Common Equity Tier 1 Ratio - Basel III	15.12%	15.11%
Tier 1 Capital Ratio - Basel III	16.22%	15.64%
Capital Adequacy Ratio - Basel III	17.54%	16.64%
Return on Equity	7.3%	5.2%
Return on Assets	1.2%	0.8%
Net interest and commission income / total Assets	3.6%	3.0%
EPS (USD)	1.23	0.79

Financial Ratios related to Arab bank Plc:

	2023	2022
Shareholders' equity / Total Assets	15.0%	14.1%
Loans / Deposits	55.2%	55.1%
Liquidity ratio (cash and quasi cash)	52.9%	52.5%
Cost / Income	61.4%	59.6%
Cost / income (excluding provisions for impairment)	39.2%	43.7%
Common Equity Tier 1 Ratio - Basel III	15.22%	14.60%
Tier 1 Capital Ratio - Basel III	16.16%	14.60%
Capital Adequacy Ratio - Basel III	17.46%	15.54%
Return on equity	8.7%	8.3%
Return on Assets	1.3%	1.2%
Net interest and commission income / Total Assets	4.0%	3.2%

FUTURE OUTLOOK AND PLANS FOR 2024

Looking toward 2024 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 2024 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.

Following its solid performance in 2023, CIB has set bold aspirations for 2024, while remaining cautious of the expected economic headwinds and challenging regional conditions. A focus on clients continues to be the driving force for growth, and CIB's strategy, internal operations, and digital initiatives are aligned for that purpose. CIB is committed to incorporating ESG principles in its operating framework and to expanding sustainable lending.

Consumer Banking and Wealth Management will continue to enhance customer experience across e-channels via tailored digital engagement in relation to the bank's products and services. The bank also aims to expand the reach of its digital products and services in different markets and segments. In addition, the bank's digital loan proposition will continue to improve with digital mortgages and other digital credit facilities, including upgraded loan and collection management systems. These changes will enhance flexibility and diversity and enable enhanced credit analysis, while adhering to regulatory compliance requirements.

Consumer Banking and Wealth Management continues to ensure that its cards are the customer's top choice. The card's proposition includes a strong loyalty scheme, special offers via an extensive network of ecosystem partners, and lifestyle benefits.

The bank's digital strategy focuses on providing innovative and unique services that meet the expectations of customers and suit their lifestyle. New investment services have been created and will be rolled out during the year.

During the year, the bank will continue to enhance its products and services for SMEs to expand capabilities and improve the bank's market share and revenue from this segment. These efforts will translate into more seamless banking experiences for SMEs, including streamlined loan processes and new value-added services to help SMEs grow.

Data analysis solutions, including artificial intelligence and machine learning, are part of the future foundation of Consumer Banking's personalized customer engagement plans. The objective is to enhance customer retention and satisfaction.

The focus on the bank's regional presence will continue to be a key component of Consumer Banking's work, starting with enhancing the remittance products across the GCC region and the bank's subsidiaries as part of the Arabi-Cross Border Program.

FUTURE OUTLOOK AND PLANS FOR 2024

Treasury's pathway is clear for 2024. It will continue to deliver increased earnings for the bank despite an uncertain economic and interest rate environment, and it will leverage technology to deliver the highest quality of service to customers in collaboration with Consumer Banking, Wealth Management, and CIB.

Treasury's growing use of technology will help ensure that the bank remains relevant and retains its competitive advantage in decision support information, data analytics, and customer service.

EXTERNAL AUDITORS' COMPENSATION IN JORDAN AND ABROAD

In JOD Thousands	2023	2022
Fees for quarterly and annual audits and reviews including other related audit reports	1,614	1,396

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

Service	External Auditor	Fees In JOD Thousands
Arab Bank Consulting Services for IT change management	Deloitte & Touche	31
Consulting Services for supply chain and third party risk management project	Deloitte & Touche	112

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	
				31/12/2023	31/12/2022	31/12/2023	31/12/2022
1.	**Mr. Sabih Taher Darwish Masri**	Chairman	Jordanian	1007370	1007370	48153600	48153600
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	104022	57420	---	---
7.	**Mr. Omar Monther Ibrahim Fahoum**	Member	Jordanian	10512	10512	---	---
8.	**Dr. Nabil Hani Jamil Al Qaddumi**	Member	Kuwait	10008	10008	---	---
9.	**Mr. Majed Qustandi Elias Sifri**	Member	Canadian	10008	10008	---	---
10.	**Mr. Sharif Mohdi Husni Saifi**	Member	Jordanian	587682	587682	---	---
11.	**Mr. Shahm Munib Elias Al-Wir**	Member	Jordanian	35028	15012	---	---

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	
				31/12/2023	31/12/2022	31/12/2023	31/12/2022
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 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	
				31/12/2023	31/12/2022	31/12/2023	31/12/2022
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	------	------	------	------	------
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 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 Minors	-------	------	------	-------	-------
3.	**Mr. Naim Rasim Kamel Al Hussaini**						
		Spouse Minors	------	------	------	-------	-------
4.	**Mr. Eric Jacques Modave**						
		Spouse Minors	------	------	------	-------	-------
5.	**Mr. Ziyad Anwar Abdul Rahman Akrouk**						
	Mrs. Jumana Shuja' Mohammad Al-Asad	Spouse Minors	Jordanian	18882	28872	-------	-------
6.	**Mr. Mohamed Abdul Fattah Hamad Al Ghanameh**						
		Spouse Minors	------	------	------	-------	-------
7	**Mr. Antonio Mancuso Marcello**						
		Spouse Minors	------	------	------	-------	-------
8.	**Mr. Walid Muhi Eddin Mohammad Al Samhouri**						
	Mrs. Rima Mohammad Abdulkareem Shwaika	Spouse Minors	Jordanian -------	90 -------	90 ------	-------	-------
9.	**Mr. Firas Jaser Jamil Zayyad**						
		Spouse Minors		-------	-------	-------	-------
10.	**Mr. Basem Ali Abdallah Al Imam**						
		Spouse Minors	------	------	------	-------	-------
11.	**Mrs. Rabab Jamil Said Abbadi**						
		Spouse Minors	-------	------	------	-------	-------
12.	**Mr. Michael Alexander Matossian**						
		Spouse Minors	------	------	------	-------	-------
13.	**Mr. Fadi Joseph Badih Zouein**						
		Spouse Minors	------	------	------	-------	-------

BOARD OF DIRECTORS REMUNERATION AND BENEFITS

Board of Directors Remuneration and Benefits paid in 2023

(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	72500	5000	101 500
2	Mr. Khaled Sabih Taher Masri	Deputy Chairman	-	24000	82500	5000	111 500
3	Messrs Ministry of Finance, Saudi Arabia Represented by Mr. Hisham Mohammed Mahmoud Attar	Member	-	24000	50000	5000	79 000
4	Messrs Social Security Corporation	Member	-	24000	67500	5000	96 500
5	Mr. Wahbe Abdallah Wahbe Tamari	Member	-	24000	62500	4286	90 786
6	Mr. Alaa Arif Saad Batayneh	Member	-	24000	70000	5000	99 000
7	Mr. Omar Monther Ibrahim Fahoum	Member	-	24000	70000	3572	97 572
8	Dr. Nabil Hani Jamil Alqaddumi	Member	-	24000	70000	3572	97 572
9	Mr. Majed Qustandi Elias Sifri	Member	-	24000	65000	3572	92 572
10	Mr. Sharif Mohdi Husni Saifi	Member	-	24000	77500	3572	105 072
11	Mr. Shahm Munib Elias Al-Wir	Member	-	24000	80000	3572	107 572

EXECUTIVE MANAGEMENT COMPENSATION AND BENEFITS IN 2023

(In JOD)

Name	Position	Annual Salary	Annual Transportation allowance	Annual Travel Expenses (does not include accommodation and tickets)	Performance Bonus paid during 2023	Total
Randa Mohammad Tawfiq El Sadek	Chief Executive Officer	641 344	-	-	328 997	970 341
Mohammed Ahmad Khaled Al-Masri	Deputy CEO -Corporate & Institutional Banking	575 536	-	-	94 969	670 505
Naim Rasim Kamel Al Hussaini	Deputy CEO -Consumer Banking & Wealth Management	438 560	-	-	71 964	510 524
Eric Jacques Modave	Deputy CEO - Chief Operating Officer	307 752	-	-	45 975	353 727
Ziyad Anwar Abdul Rahman Akrouk	EVP -Head of Group Risk Management	497 792	-	-	43 679	541 471
Mohamed Abdul Fattah Hamad Al Ghanamah	EVP - Chief Credit Officer	354 912	-	-	36 089	391 001
Antonio Mancuso Marcello	EVP - Head of Treasury	424 048	-	-	78 583	502 631
Walid Muhi Eddin Mohammad Al Samhouri	EVP - Jordan Country Head	389 888	-	-	62533	452421
Firas Jaser Jamil Zayyad	EVP- Chief Financial Officer	300 016	-	-	58 270	358 286
Basem Ali Abdallah Al Imam	Board Secretary / Head of Legal Affairs Division	288 512	-	-	67 256	355 768
Rabab Jamil Said Abbadi	EVP - Head of Human Resources	239 600	-	-	41 580	281 180
Michael Alexander Matossian	EVP - Chief Compliance Officer	497 640	-	-	62 083	559 723
Fadi Joseph Badih Zouein	EVP - Head of Internal Audit	339 376	-	-	49 713	389 089

ARAB BANK’S DONATIONS DURING YEAR 2023

Project / Entity	JOD
Abdul Hameed Shoman Foundation	11 623 206
King Hussein Cancer Foundation	1 260 804
Jordan Hashemite Charity Organization	1 000 000
The Queen Rania Foundation for Education and Development	731 913
King's Academy	647 631
Scholarships for Employees' Children	245 327
Association of Banks in Jordan - National Aid Fund	150 000
University of Jordan	150 000
Royal Medical Services	110 000
Himmetna Charitable - Project of the rehabilitation and development of Ghour Al-Mazraa' public medical center	100 000
Tkiyet Um Ali	95 854
Thareed Endowment	50 000
Jordan River Foundation	39 011
Jerash Festival for Culture and Arts	20 000
Jordan Basketball Federation	20 000
El-Hassan Youth Award	15 000
SOS Children Villages	7 500
Jordan Strategies Forum Association	7 000
Ministry of Health Al-Quwayra public medical center at Aqaba Governorate	5 984
Others	89 618
	16 368 848

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:

	December 31, 2023			JD '000
	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	1 292 028	19 569	163 501	244 791
Associates companies	81 262	-	4 744	63 841
Major shareholders and members of the Board of Directors	-	127 970	357 088	57 354
Total	**1 373 290**	**147 539**	**525 333**	**365 986**

	December 31, 2022			JD '000
	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**

The details of transactions with related parties are as follows:

	2023		**2022**	JD '000
	Interest Income	Interest Expense	Interest Income	Interest Expense
Sister and subsidiary companies	60 892	5 238	22 213	1 417
Associates companies	3 853	1 071	1 772	562
	64 745	**6 309**	**23 985**	**1 979**

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

	December 31, 2023								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	6	1	7	86 500	56 102	142 602	86 506	56 103	142 609
Mr. Wahbe Abdullah Wahbe Tamari	605	-	605	37 589	-	37 589	38 194	-	38 194
Mr. Omar Monther Ibrahim Fahoum	3	-	3	-	-	-	3	-	3
Mr. Majed Qustandi Elias Sifri	1	-	1	97	64	161	98	64	162
Mr. Mohammed Adnan Hasan Al-Madi	1	-	1	-	-	-	1	-	1
Mr. Alaa Arif Saed Batayneh	6	-	6	-	-	-	6	-	6
Mr. Sharif Mohdi Husni Saifi	-	-	-	3 162	1 187	4 349	3 162	1 187	4 349
Total	**622**	**1**	**623**	**127 348**	**57 353**	**184 701**	**127 970**	**57 354**	**185 324**

- 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. That is why the bank is committed to minimizing any negative environmental impacts resulting from its operations by implementing sustainable practices and adopting environmentally responsible operations and supply chain. The bank has actively participated 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 its 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. An open workplace project was started, which involves replacing interior wooden partitions with glass partitions, allowing the use of natural lighting and contributing to increased productivity. The AC system in the new head office building was also replaced. The project comprises eight floors, out of which two floors were completed and work is in progress to finalize the renovation of the remaining floors. Old lighting units were replaced with energy-efficient LED lighting units and the traditional AC system was replaced with a VRF system. The new system is regarded as being modern and environmentally sound and 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, the purchase of new electrical cars is in progress, which will help to reduce energy consumption and create a clean and more sustainable environment within Arab Bank. This initiative was implemented in Palestine where significant savings in fuel consumption and toxic emissions were observed, necessitating applying this idea to remaining Arab Bank regions.

The 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 of a paper recycling project for paper used in the bank internal processes, resulting in the recycling 90406 KG of paper in 2023.

The operations department also started a project to review and update the record matrix and retention periods for the bank's documents, while continuing to implement the electronic archiving system.

At the internal level, the operations team continues to enhance operations by replacing manual paper-based procedures with automated solutions that significantly reduce paper usage.

Arab Bank maintains an active role in financing climate solutions, including renewable energy. A key milestone for the bank in 2023 was the closure of the financing arrangement for a clean energy facility comprising a 200MW PV solar plant located in the south of Egypt. The plant will power 130,000 homes with clean solar energy and will offset 280,000 tonnes of carbon emissions annually.

The project is in line with the bank's comprehensive vision for this vital sector, which is aimed at promoting renewable energy sources as a viable alternative to traditional energy sources and improving local environmental and social conditions. Arab Bank continues to cooperate with different international financial institutions and multilaterals to provide the sector with its special financing requirements, among which are the European Bank for Reconstruction and Development (EBRD) and the International Finance Corporation (IFC).

Arab Bank collaborated with the Royal Society for the Conservation of Nature (RSCN) on several initiatives to protect the environment in Jordan. One of these initiatives was to establish a liquid soap production line within the Ajloun Forest Reserve's Soap House project. The aim of this project is to foster sustainable community and environmental development. It also supports and develops positive economic, social, and environmental impacts, enhances environmental protection, and leverages such projects to boost economic opportunities and living standards for local communities. Additionally, the bank supported a reforestation project at the Azraq Water Reserve, in which employees were actively involved.

Arab Bank employees and their families also participated in a volunteer tree planting initiative at the Faisaliah station in Madaba Governorate, for which the bank collaborated with the Hemmeh w Lammeh Foundation. The project was aimed at expanding the area's green cover in the governorate. The bank also launched an environmental education program in Amman's public and private schools to raise students' awareness of Jordan's water scarcity issues using innovative storytelling methods.

In Bahrain, Arab Bank organized a beach clean-up at Karbabad Beach in partnership with the Capital Secretariat. The initiative was aimed at raising environmental awareness and promoting natural conservation. The bank also supported Dumt Khadra, a national reforestation campaign carried out in collaboration with the Bahrain Banking Association.

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" which in turn from the basis for its "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 contributes 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.

In 2023, the bank launched its comprehensive strategy for the Environmental, Social and Governance (ESG), that was approved by the bank's Board of Directors. This strategy outlines a detailed approach to managing environmental, social and governance issues, with particular emphasis on climate change. It includes initiatives for reducing the bank's carbon footprint, investing in sustainable practices, and promoting green financing. The strategy also addresses social concerns by focusing on inclusive growth, supporting community development, and ensuring inclusive and diverse labor practices.

Since 2010, the bank has been issuing annual sustainability report, based on the sustainability reporting standards of the Global Reporting Initiative (GRI). By reporting in this way, the bank measures, understands, 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.

During the year 2023, the bank evolved its reporting from broad sustainability reporting to more precise ESG reporting, reflecting its commitment to responsible investment and the measurement of its impact in relation to ESG concerns. This entails developing a comprehensive framework with specific ESG indicators tied to the bank's investment activities.

The ESG report, which was issued during the year 2023, is considered the thirteenth report in the bank's series of annual sustainability reports.

Sustainable Finance Framework

In 2022, Arab Bank launched its Sustainable Finance Framework, which will support its sustainability commitments and environmental, social and governance ("ESG") priorities, with focus on supporting the transition to a low-carbon economy.

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"). For further information about the Sustainable Finance Framework, please refer to Arab Bank website.

In alignment with this framework, the bank announced the successful issuance of USD 250 million in additional Tier 1 (AT1) Capital Securities. The milestone marks the first sustainable perpetual AT1 issue in Jordan. The bond, which was issued through a private placement, is listed on the International Securities Market (ISM) and the Sustainable Bond Market of the London Stock Exchange. The bond, which offers investors an interest rate of 8%, attracted a diverse group of investors, including large institutional and individual investors from Jordan and several other countries where Arab Bank operates.

The issuance is intended to further strengthen the bank's capital base and diversify its sources of funding, to support its future plans for regional growth and expansion.

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 six 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, orphan support and woman empowerment. Through the bank's "Together" program, we were able to positively impact the lives of over 378,000 beneficiaries from the community.

Through "Together", the bank's engagement with its employees, customers, and partner NGOs is channeled through 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 six 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 2023, our employees and their families volunteered around 972 instances, contributing over 3,229 hours through 74 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 2023, the bank offered 7 courses benefited 123 employees at our partner NGOs through the delivery of 745 training hours.
- **Customer donations:** Through "Together", the bank enables its customers to contribute financially to its six 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 2023, customer donations more than JOD 2,000,000.

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 565 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. The bank was also the diamond sponsor for the Hope Gala Dinner. 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, making the total number of supported schools 34. This program is aimed at creating health-promoting environments within schools that reflect positively on 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 in health schools 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 collaborated with RHAS to implement a recreational day in a school in Amman with the aim of highlighting the importance of mental health, developing

healthy schools, and promoting a culture of health and well-being.

The bank supported the Jordan Air Ambulance Center in providing emergency air transportation services to patients. During 2023, the bank organized five blood donation drives in collaboration with Jordan Blood Bank, during which the bank's employees donated 222 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 Association and Professional Leagues, and the Amman Marathon – Kids Marathon. Arab Bank was the golden sponsor for the second edition of the women's race, under the slogan "Run for You". The marathon aimed to highlight women and their achievements, while encouraging females of all ages and fitness levels to engage in various sports activities, especially running.

The bank also collaborated with the Traffic Department to sponsor the Back-to-School awareness campaign aiming at raising traffic awareness to protect students and children from traffic accidents.

With the aim to elevate the health services in underserved areas, Arab Bank supported the reconstruction and renovation of "Ghor Al Mazra'a" comprehensive health center, located in the southern Jordan Valley, in cooperation with "Himmetna" Charitable Association.

In Palestine, Arab Bank donated to the Jordanian Hashemite Charitable Organization to purchase medicines and medical supplies for Palestinian hospitals. The bank also donated a number of necessary and urgent medical equipment to public centers and hospitals with the aim to enhance the quality of the medical services provided to the public, in addition to implementing health development initiatives. The bank donated three ultra-sound devices, a microscope device, and other laboratory equipment to Tulkarem Medical Directorate. The bank also donated a mobile dialysis treatment unit to the Palestine Red Crescent Specialized Hospital in Hebron, in addition to providing the new health center at Raas Al-Fara' Village with medical equipment. Furthermore, the bank supported the "Palestine Happy Child Center" for disabilities by purchasing a screening device for early detection of hearing loss to help reduce the percentage of hearing and language disability within the Palestinian society.

The bank signed an agreement with Dunya Women's Cancer Center to raise awareness about the importance of early screening and detection of breast cancer during the month of October campaign, as well as covering the cost of early detection tests for underprivileged women. The bank held three blood donation drives were the bank's employees donated 73 blood units to the benefit of patients in public hospitals.

In Egypt, the bank organized a blood donation drive in cooperation with Kasr El Eini Hospital. In Bahrain, the bank organized a blood donation drive in cooperation with King Hamad University Hospital.

Poverty alleviation

Arab Bank continued to support programs aimed at alleviating poverty pockets in the Kingdom. The bank supported 102 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 to sponsor the distribution of 3,500 hot meals for underprivileged families with the volunteering of its employees. The bank has distributed 1,278 blankets to 610 underprivileged families in several areas of poverty across the Kingdom as part of the "Lamset Dafa" initiative with TUA. The bank also sponsored many charity Iftars for underprivileged kids through the Children's Museum, the Jordan River Foundation (JRF), and Jordan Clothing Bank. This is in addition to preparing and distributing over 2,000 hot meals to underprivileged families with the Jordan Hashemite Charity Organization, and supporting a program with the Ministry of Digital Economy and Entrepreneurship that entails distributing food packages to underprivileged families during the month of Ramadan. The bank also contributed to supporting the National Aid Fund through the Association of Banks in Jordan.

The bank supported JRF's 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 renewed the agreement with "Princess Basma Center" to support the comprehensive rehabilitation treatment of 100 children with disabilities in the inpatient section, including mothers empowerment on how to take care of their children. The bank also donated 500 food packages to underprivileged families during the month of Ramadan with the Ministry of Social Development. In addition, the bank provided support to Beit Al- Ajdad for Elderly Care by providing them with comfortable chairs as well as organizing a Ramadan iftar activity for the elderly with the participation of the bank's employees.

The bank renewed its support for the Care and Rehabilitation Society of the Blind, in line with its commitment towards assisting the underprivileged segments of the community in meeting their basic needs for education and dignified living. The support entails providing the necessary supplies for blind students, including five Perkins Braillers for new students along with its printing papers for the whole year. Additionally, the bank's support also included purchasing Eid clothing for all 60 of the society's student beneficiaries

In Egypt, Arab Bank Egypt organized food packages distribution campaign in collaboration with the Egyptian Food Bank, through which 1,500 food packages were prepared, packed, and then distributed during the holy month of Ramadan. The bank hosted several exhibitions in its head office, allowing local community members to showcase their products and fostering economic empowerment.

Environmental Protection

This section has been addressed under the Environmental Protection section in this report.

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 also supported the CSR and Sustainability training program launched by INJAZ for school students, targeting twenty schools across various governorates in Jordan. The program aimed to enable the students to adopt thinking methods and methodologies that will help them develop innovative solutions for challenges faced by the society. The bank also participated in the Career Day activities in the financial sector in cooperation with INJAZ, the Central Bank of Jordan, the Ministry of Education, and the Association of Banks in Jordan.

During 2023, the bank renewed its support for the "Sunbulah" initiative, implemented by "Al Jude Foundation for Scientific Care" at public schools in collaboration with the Ministry of Education. The initiative aims to instill a culture of creativity among teachers and students, enhance the school environment and address its challenges using innovative solutions, thus achieving a culture of partnership among teachers, students, the school and society.

In addition, a number of the bank's female employees also participated in the Career Day event in cooperation with the Madrasati initiative, which aims to provide guidance and awareness sessions for governmental school students about the future professions that they may pursue in their lives.

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 building and supporting a culture of reading through providing school libraries with appropriate and engaging reading materials, and trained 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 2023 program included: Ramadan Month, Water Month, Arab Financial Inclusion Day, Universal Children's Day and the Arabic Language Month. The bank was the main sponsor of the Jordan Science and Art Festival. The bank also 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.
During 2023, the bank established the "Arab Bank Innovation Space" at Al Hussein Technical University (HTU), an initiative of the Crown Prince Foundation (CPF), the space that was fully supported by the bank is equipped with tools and devices essential for offering an innovative and interactive learning experience to students, enabling them to explore distinctive innovation and entrepreneurial potential.
The bank also continued its support to the University of Jordan to refurbishing teaching auditoriums, halls and classrooms at the Business faculty at the University.
In addition, a number of Arab Bank volunteers also participated in several activities and events that were held at the "Knowledge Path Library" at the Abdul Hameed Shoman Foundation, the bank's cultural and social responsibility arm. These activities extended support to children from the Children's Villages Society (SOS), and the Charity Clothing Bank, enriching their experiences. The bank also launched a number of campaigns to support children and education in cooperation with The Crown Prince Foundation and TUA, during which the bank donated more than 2,150 school bags as part of the "Back to School" campaign.
In Palestine, the bank continued to be involved with the Schools' Renovation Project in cooperation with INJAZ for the ninth year. This year the bank added six schools from different areas. The program aims to improve the schools 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 Egypt, the bank cooperated with a local NGO to implement the "Back to School" initiative, during which 869 school bags were distributed to students.
In Bahrain, the bank organized a training program for several university students in Bahrain for six months with the aim to prepare them for working within the banking sector. The bank also participated in supporting talented new graduates during the graduation ceremony for graduates of the Bahrain Institute of Banking and Financial Studies.

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 older orphans who have aged out of care reaching 86 students. 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 employees participated in several recreational volunteering activities in the SOS village.
In Egypt, a number of Arab Bank employees visited an orphanage center before Eid. The visit entails activities and interactions that created positive vibes for the orphan children.

Women Empowerment

The bank has supported several initiatives with the aim of empowering women, as part of the bank's constant efforts towards enabling underprivileged families and empowering women to sustain their families' livelihoods, thus contributing to achieving sustainable development.
The bank supported Women's Economic Empowerment project in collaboration with "Dar Abu Abdullah". Through this support, the bank empowered 10 women beneficiaries from "Dar Abu Abdullah" through financing five greenhouses that operate on hydroponic technology, after enrolling them in theoretical and practical training programs providing them with the necessary skills to maintain a stable source of income and improve their standard of living.
The bank also renewed its support to the "Women Empowerment Program" with Jordan River Foundation targeting 18 women working in Jordan River designs, handicrafts and socioeconomic projects.
Arab Bank, in collaboration with INJAZ, has launched a specialized training program aimed at enhancing and raising financial awareness among women in several governorates across the Kingdom. This initiative comes as part of Arab Bank's sustainability and social responsibility strategy, as well as its efforts towards promoting and spreading financial literacy among various segments of the local community. The number of beneficiaries from this program reached 297 women.
The bank has also conducted an engagement session for its female clients under the Small and Medium Enterprises Program. During this session, the participants delved into the advanced banking and digital solutions tailored by the bank specifically for this segment, aiming to meet their banking needs effectively. The event also created a platform for the female clients to communicate, share their experiences, express their banking requirements, and articulate their aspirations in leveraging the advanced banking services to drive their businesses forward. Moreover, a dedicated event was organized by the bank for the female clients enrolled in the "Elite" program. This exclusive gathering featured an interactive discussion session to provide insights and solutions for current and future challenges faced by the clients. Additionally, it introduced the advanced banking services curated for this category through The Elite program, highlighting its extensive privileges. These carefully curated events and discussions are aligned with the bank's strategic vision, emphasizing the ongoing efforts to promote financial literacy and empower women entrepreneurs. By providing tailored solutions and unwavering support, the bank aims to fortify the role of women in the economic sector, contributing to the growth and success of their businesses.

Other Initiatives

As part of its strategic partnership with the Union of Arab Banks, the bank sponsored several conferences and forums, including: "Governance, Risk & Compliance (GRC) Forum" in Jordan, "The Arab Banking Conference for 2023" in Riyadh, in addition to The Euro-Med Economic Banking Summit 2023 entitled le "For a Sustainable Euro – Mediterranean Economic Relationship" in Paris – France. The bank also sponsored several conferences and forums in Egypt, including "Sustainability and Sustainable Financing" Forum, and Arab Banks Compliance Officers Forum "Enhancing the Effectiveness of the Role of the Private Sector in Combating Money Laundering and Terrorism Financing" , as well as "Arab Banks' Chief Risk Officers (CROs)" Forum.

The Bank was the official sponsor of the Tenth International Conference of The Royal Medical Services entitled "Global Challenges and Sustainable Development in Health", which was held at the King Hussein Bin Talal Convention Centre - Dead Sea. Nearly 50 Arab and foreign countries participated in the event with over 200 speakers including scientists, experts, officials and specialists in the medical field. The bank was also the golden sponsor of the Seventh Quality Health Care Conference, which was organized by the Health Care Accreditation Council (HCAC), under the theme "Globalization Toward Quality & Patient Safety: A Future Perspective".

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 2023 in its 37th edition held under the royal patronage. The festival featured various arts and culture activities from around the region and the globe.

Arab Bank participated as a "Strategic Sponsor" in the 20th edition of the Arab Businessmen and Investors conference entitled "The First Economic Summit for the Arab Private Sector." The conference was organized by the League of Arab States, the Union of Arab Chambers, and the Amman Chamber of Commerce. It witnessed wide attendance by ministers of economy, investment, and trade, as well as leaders from commerce, industry, and agriculture chambers across the Arab markets and Arab-Foreign joint chambers. The conference was also attended by development banks, Arab funds for development and finance, Arab investment boards, in addition to Arab and foreign businessmen, investors, and experts in the economic, financial, and social sectors, aiming to discuss the right mechanisms to formulate an Arab economic unit and explore investment opportunities across all Arab countries.

Arab Bank was the diamond sponsor of the 4th International Conference for French-Speaking Business Owners entitled "Jordan: The Land of Promising Opportunities for International Investors". The conference was held at the Dead Sea and organized by the Jordanian Businessmen Association (JBA) in collaboration with a group of French-speaking businessmen. The conference witnessed the participation of 200 businessmen, investors, economic analysts and experts within the different fields from Jordan and abroad, in addition to a number of local, regional and global companies.

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 176 hikers of different age groups from 20 countries around the world (including Europe, America and a number of Arab countries).

Arab Bank has participated in several initiatives and activities that are of interest to youth, including sponsoring several career days at University of Jordan, Princess Sumaya University for Technology and the German Jordanian University. The bank also participated in an activity for new students at the Hussein Technical University (HTU).

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; economic developments; and compliance.

In Palestine, the bank sponsored the Fourth Economic Empowerment Conference "Investing in Palestine", which was held in Hebron. The conference was organized by the Palestinian Business Forum and witnessed wide attendance from Palestinian and Jordanian businessmen, and entrepreneurs, as part of the bank's efforts in supporting entrepreneurship, enablement, and contributing to economic development.

Arab Bank was the main sponsor of the Eighth National Forum for Innovation and Excellence entitled "Digital Life and Innovation", which was attended by ministers, professional, experts, consultants, and entrepreneurs from the field. The bank's sponsorship comes as part of its constant efforts in promoting digital transformation and reaffirms the forum's vital role in supporting innovation and entrepreneurship.

Arab Bank was the diamond sponsor of the "Nablus Expo 2023 – Nawart Nablus." The sponsorship reflects the bank's on going commitment to support the national economy and its development by participating in key economic events that contribute in driving sustainable economic development.

For more information regarding Arab Bank's approach and contribution to the economic, social, and governance (ESG) goals, please refer to the annual sustainability reports published on the bank's website.

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.

During the year 2023, the foundation embarked ambitiously on achieving its goals, relying confidently on its programs, visitors, team and the support of the Arab Bank. It committed to building a solid strategy aimed at investing in cognitive excellence, cultural, and social creativity to contribute to the advancement of societies in the Arab world based on its renowned values, of; culture is a basic right for everyone, participation that embraces all, a model that drives change, a creative team that strongly believes in lifelong learning.

The foundation established Al Muqabaleen Branch in south Amman, which doubled the number of its visitors, honored its scholars and writers with a grand ceremony, organized cultural events at a global level, and continued to award prizes that serve science, knowledge, and culture locally and across the Arab world. It also supported value-added projects, enriched Arabic cultural content online, maintained communication with its audience, and developed its team's skills.

The foundation also provided the opportunity to apply for cultural grants, established a fund to support scientific research, held musical evenings in downtown Amman, promoted a culture of reading through various programs and events, enabled art in its various forms, provided space for cultural and scientific dialogue, and developed its technological capacity to enable it to provide these services and benefits.

Scientific Research

Abdul Hameed Shoman Award for Arab Researchers

Abdul Hameed Shoman Foundation awarded 13 Arab researchers in the 41st round of the Abdul Hameed Shoman Award for Arab Researchers. This round covered 12 subjects in six different scientific fields. Several elite researchers, scientists, specialists, and other Arab representatives participated in the award's ceremony under the patronage of HRH Prince Hussien Bin Abdullah the Second.

Three scientific lectures were held to bring together winners and jurors across the Arab world to share their expertise with researchers from Jordanian universities. A total of 115 researchers attended these lectures.

Abdul Hameed Shoman Research Support Fund

After a two-year hiatus, the Abdul Hameed Shoman Research Support Fund resumed its call for applications, with the objective of supporting research projects in the Jordanian Scientific Institutions. A total of 490 applications were received out of which 102 were complete. The initial group, comprising 66 applications, was evaluated and eight new scientific projects received support. In parallel, the foundation continued its support for previous years' winners.

Massachusetts Institute of Technology (MIT)-Jordan Abdul Hameed Shoman Foundation Seed Fund

This fund supports joint early-stage research projects between researchers in Jordan and their counterparts at MIT. During the second cycle of this seed fund, 15 researchers submitted their applications, four of which were complete. Throughout the year, the foundation hosted two researchers from MIT to conduct scientific lectures for Jordanian researchers, present project findings, and exchange scientific knowledge.

Shoman Scientific Community

To enhance and strengthen scientific exchange, the foundation added the Shoman Scientific Community Portal to its website to help scientists publish their research papers. Over 98 research papers have been uploaded via this portal, with over 11,698 views.

Participation in the Development of Scientific Research in Jordan

In cooperation with the Ministry of Higher Education and Scientific Research, the Abdul Hameed Shoman Foundation launched a strategy to develop scientific research in social and humanitarian sciences with the objective of recognizing the efforts of the national team of elite Jordanian researchers. The foundation cooperated with the Jordanian Senate to hold a conference that would help to steer scientific production in Jordanian universities to better address the needs of ministries and Jordanian society. During this conference, the Ministry of Higher Education and Scientific Research announced a call for exceptional support for scientific research projects that propose solutions to challenges deemed national priorities by Jordanian ministries. In an effort to enhance researchers' skills, the foundation organized two training workshops. The first focused on SPSS training and was attended by 14 researchers (both male and female), while the second workshop focused on writing policy papers skills and was attended by seven researchers.

Abdul Hameed Shoman Children's Literature Award

This award recognizes excellence in children's literature. This year's theme was "Environmental Poetry aimed at children between 9-12 years". Over 310 submissions were received from 22 different Arab and non-Arab countries, 51 of which originated from Jordan. The foundation hosted a ceremony recognizing three outstanding writers (two males, one female) from Algeria, Iraq, and Syria. In parallel, the foundation released the winning works for 2022 in both print and digital format.

Abdul Hameed Shoman Creativity Award for Youth and Children - "Abde"

In 2022-2023, "Abde" targeted seven different fields, including painting, sculpting and porcelain, essay writing, poetry, music, dance and scientific innovation. A total of 1495 applicants from different cities and nationalities submitted their applications. Following the evaluation of completed applications, selected contestants participated in specialized training workshops. Subsequently, another round of evaluation identified 24 creative youths (both male and female) as winners. All were honored at a special ceremony and awarded a prize of $1000 each.

Abdul Hameed Shoman Public Library

As part of its efforts to expand the number of beneficiaries of its cultural services and programs, the library opened a new branch in the south Amman (Al-Muqabaleen) area in collaboration with Greater Amman Municipality. During the year, the AHSF library saw an increase of visitors, with a total of 157,623 people compared to 139,188 in 2022. This included 19,918 visitors in Al-Ashrafieh branch, 7894 in Az-Zarqa, and 33,615 in Al-Muqabaleen. The number of new subscriptions reached 2045, including 173 in Al-Ashrafieh branch, 198 in Az-Zarqa branch and 521 in Al-Muqabaleen branch. The number of borrowed books reached 5969, including 11,071 books in Al-Ashrafieh, 3805 books in Az-Zarqa, 748 books in Al-Hussein Technical University, and 33,942 books in Al-Muqabaleen.

The number of digital books borrowed reached 1826, and digital books browsed while in the library numbered 78,800 including 15,918 books in the Al-Ashrafieh branch, 6357 books in Az-Zarqa branch, and 18,355 books in Al-Muqabaleen. The database it has been accessed over 21,063 times.

The library continued to offer extracurricular activities aimed at raising the capabilities and skills levels of its beneficiaries. It organized three scientific research training sessions in Jabal Amman, Karak, and Zarqa, plus five workshops on CV writing and job interviews in Jabal Amman, Ashrafieh, Al Hussein Technical University, Az-Zarqa, and Al-Muqabaleen. In addition, an Art of Podcast Making course was offered in Jabal Amman. The library also hosted four book releases and two poetry evenings.

The library introduced its Reading Marathon event on National Reading Day (September 28), during which children and adults read over 3,115,583 pages in 12 governorates at 70 different locations.

The library hosted a Night at the Library event twice in 2023, to allow its visitors to participate in a unique experience. The event featured a diverse range of activities, including reading and book discussions, brainstorming, and other fun activities. 14 participants attended the first night, while the second night attracted 29 participants.

In its efforts to foster a culture of reading, the Abdul Hameed Shoman Foundation and the Ministry of Culture collaborated to establish a specialized national team to develop a strategy called "Towards a reading Jordan", which is aimed at instilling a reading habit in the local society. To enrich Arabic digital content, the podcast Sien continued to be broadcast, featuring eight influential and entrepreneurial individuals, four episodes on legendary Arab poets, and the final episode of the first season.

Knowledge Path Library for Children and Youth

During 2023, the library welcomed 60,148 visitors, including 16,413 visitors at the Jabal Amman branch, 16,667 visitors at the Al-Ashrafieh branch, 9773 visitors at the Az-Zarqa branch, and 17,295 visitors at the Al-Muqabaleen branch. Over 89,870 books on different subjects were borrowed, including 25,398 books from the Jabal Amman branch, 25,371 books from the Al-Ashrafieh branch, 17,230 books from the Az-Zarqa branch, and 21,871 books from the Al-Muqabaleen branch (opened on 13 May 2023). In addition, 908 digital books were borrowed from the Knowledge Path electronic library across the kingdom.

The library organized 1385 story-telling events for children and youth up to 16 years old and hosted 12 male and female children's writers from different Arab countries. A total of 422 participated in 101 reading club sessions during the year. A special program directed at families, "A Reading Home", was held during the year, with 11 different families participating.

The library held eight winter and summer camps featuring many educational activities. Some of these camps were held in governorates outside of Amman, in line with the foundation's broader goal of geographical expansion. A "Night at the Library" activity was also held to help youth bond with the library. A total of 26 male and female youth participated. To help develop children's skills, the library held four different training workshops in financial literacy and 14 innovation workshops with 405 participants involved.

The Knowledge Path team visited 41 public and private schools and held cultural activities for over 903 students from both genders. Remedial and literacy classes were also held for several subjects. The library organized a science festival, at which there were scientific movie screenings followed by scientific experiments. In preparation for this festival, 10 episodes with different scientific subjects were recorded.

For the second year in a row, the library offered its support for the MUN program, an annual international conference. Held over three days, it offers youth the opportunity to participate in a dialogue and make a difference. As part of the library's efforts to spread and encourage a sense of readership among younger generations, thousands of children and youth participated in "The Reading Marathon" at Knowledge Path library branches and partner foundations. A total of 2,079,053 pages were read.

The library enhanced its efforts to reach children and their parents digitally wherever they are. It could be on Facebook, through the Knowledge Path Group, or on YouTube. The YouTube channel now has 60 educational clips and has had over 77,000 views.

Young Innovators Lab

The AHSF Young Innovators Lab, with its goal of producing a generation of young innovators, is making significant strides. In 2023, the foundation held an exhibition for the lab's seventh cycle and showcased 11 projects by young innovators. It also invited applications for the program and provided training sessions for 20 young innovators, both male and female. The participants produced six 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 into 2023. In the Monday program, the forum held 40 cultural events on various topics and themes, including education, politics, environment, economy, health, arts, literature, and culture. In cooperation with the Arab Thought Foundation in Beirut, the forum also held an event called "Arab Cities between Heritage and Sustainability". The forum hosted 25 Arab individuals and one from outside the Arab World, and 127 domestic personnel, with 54 facilitators managing the events

The forum also organized a local seminar on children's literature in Jordan, in which more than 20 writers participated. It focused on the humanitarian aspect of children's literature, explored the new forms of child's literacy, and covered the standards that should be applied to engage children's attention. In addition, three seminars were held in cooperation with Mokhtabar Al Sard, including "The First Convention for the Jordanian Theatrical Script – Jamal Abu-Hamdan", "The Presence of the Jordanian Novel in the Arab World", and "Remembering the Experience of the Late Novelist Elias Farkouh".

The forum honored the doctor and writer Walid Saif for his achievements in literature, novel and history in a full-day ceremony that included speeches from a group of lecturers and writers. There were 180 attendees at the event.

Throughout the year the forum hosted many special events that were widely praised and largely attended, such as the lecture, "Transforming Crises into a Chance: Fixing the Global Financial System for Growth and Environmental Security", in which the Prime Minister of Singapore and the Jordanian Minister of Finance focused on environmental funding projects and innovation opportunities in the fields of environment, water, and biological diversity. A lecture called "Culture and Arts and their Role in Development" was held with the participation of the Egyptian Minister of Culture and her Jordanian counterpart. Two seminars were also held, one in remembrance of the late Dr. Makhlouf Haddadin, and one on the definition of drama and the importance of transmitting reality for an audience, which was held in cooperation with the Jerash Festival.

Cinema

To celebrate and honor the cinematic arts, the Cinema Department at the foundation continued to offer screenings of selected international and Arab films, and to host discussions about world cinema masterpieces. It wrote and produced analytical bulletins for films as part of the weekly program every Tuesday evening. During 2023, 62 weekly film screenings were held, both indoors and outdoors, including 23 screenings at foundation branches in Zarqa and Ashrafieh. The Cinema Department also continued to add new translated international films to the film library. Two specialized cinema workshops and three film weeks were held.

Eight monthly sessions were held during the year as part of the Cinema Club program. The aim behind these sessions was to promote cinematic dialogue and create an interactive environment for cinema lovers. The club hosted two Arab guests who work in the fields of cinematic criticism and sound engineering.

In the effort to diversify the cinema programs, a cinema marathon was held for the very first time, during which three consecutive movies by the same director were screened and a specialized cinematic competition was held. The event attracted a large audience of young people. A seminar on independent cinema was also held, with critics and moviemakers from the Arab World.

Abdul Hameed Shoman Musical Evenings

In 2023, the foundation held nine musical evenings of Arabic music, at which 73 musicians and singers from Jordan and the Arab world performed. Three musical evenings were also held in downtown Amman to introduce the audience to the Arabic musical heritage and outstanding local and Arab performers. A total of 4,850 attendees joined those events.

Grants Program throughout (2014-2023)

Since 2014, the foundation has invested in 253 cultural and educational projects, with grants totaling more than eight million Jordanian Dinars. These projects have helped to enhance culture and education in both Jordan and Palestine.

In 2023, the foundation issued a call for applications for projects that would support the foundation's agenda, vision, and mission. A total of 363 projects were submitted, 17 of which were given support, covering the performing arts, audio and visual arts, national heritage preservation, libraries, youth forums and debates, and scientific activities.

The foundation also resumed its financial support for projects and cultural institutions like Jerash festival (in its 37th cycle), the Jordanian Family Library under the umbrella of the Ministry of Culture (in its 16th cycle), and the Royal Association of Fine Arts. The foundation resumed investing in the Mobile Child's Library in cooperation with the Haya Cultural Center and the Jordanian Ministry of Culture. The foundation has been committed to this library since it was created in 2007.

A round table session was held to discuss the needs of the cultural sectors and creative industries in Jordan. The focus was on increasing understanding of the Jordanian musical scene from some of its most important players. Twenty active members in the Jordanian musical scene participated in this session, including artists, cultural institutions, governmental entities, and the private sector.

The foundation offered three training programs in the field of entrepreneurship and project management for 95 university students in Amman, Karaak, and Tafieleh with the aim of elevating their capabilities in project formulation, marketing, and securing funding, and helping them to achieve their project goals.

Abdul Hameed Shoman Foundation Digital Transformation

As part of its modern and integrated vision, the Foundation has developed new electronic services that adapt to the external ecosystem, and updated the infrastructure components to match the institution's digital transformation and provide its services with the best quality.

These are the most significant achievements and digital programs that have been introduced:

- Public library and Knowledge Path subscriptions are available through a mobile app
- Public library subscription insurance fees can be paid through e-Fawateercom
- Electronic subscriptions for attending workshops, training sessions, and musical evenings can be paid through a mobile app
- The "Read in ten" contest was launched through a mobile app
- As electronic application system was launched for the cultural grants program
- An electronic application system was launched for the scientific research fund

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, in addition to introducing new digital services for managerial operations, such as; events management, electronic library, reading marathon, procurement and assets management systems.

The foundation reached more than 57 million accounts and over 720,000 followers through its social media channels in 2023. It also had over 37 million views of the visual content posted on its accounts, which included cultural content and introductions to its programs and services.

A new program directed at university students, "Shoman Ambassadors", was launched at the University of Jordan, Hashemite University, Al-Yarmouk University, and Al Hussein Technical University. The program is focused on recruiting and training 36 students from both genders to represent the foundation inside their universities and to execute and participate in cultural and scientific activities.

To enhance the capabilities of its employees, develop their skills, and increase their knowledge base, the foundation registered 81 of its employees in 19 training courses. The team also participated in numerous local and international conferences and exhibitions, giving the institution the opportunity to benefit from their unique knowledge, experience, and work skills.

Arab Bank Group

Arab Bank plc

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

USD '000

ARAB BANK GROUP	Notes	31 December 2023	31 December 2022	
Cash and balances with central banks	7	13 250 460	11 695 391	ASSETS
Balances with banks and financial institutions	8	4 204 480	4 008 144	
Deposits with banks and financial institutions	9	273 807	610 306	
Financial assets at fair value through profit or loss	10	55 012	72 253	
Financial derivatives - positive fair value	42	217 629	196 232	
Direct credit facilities at amortized cost - net	12	33 158 248	31 726 598	
Financial assets at fair value through other comprehensive income	11	759 038	750 572	
Other financial assets at amortized cost	13	10 376 401	10 002 475	
Investments in associates	14	3 848 257	3 558 864	
Fixed assets	15	523 638	530 393	
Other assets	16	1 363 343	1 028 650	
Deferred tax assets	17	243 658	279 945	
Total Assets		**68 273 971**	**64 459 823**	
Banks' and financial institutions' deposits	18	3 295 702	3 517 640	LIABILITIES AND OWNERS' EQUITY
Customers' deposits	19	47 811 253	45 287 371	
Cash margin	20	2 813 487	2 461 500	
Financial derivatives - negative fair value	42	197 538	163 611	
Borrowed funds	21	509 809	522 368	
Provision for income tax	22	337 202	293 029	
Other provisions	23	244 694	232 423	
Other liabilities	24	1 691 322	1 570 172	
Deferred tax liabilities	25	16 113	9 253	
Total Liabilities		**56 917 120**	**54 057 367**	
Share capital	26	926 615	926 615	
Share premium	26	1 225 747	1 225 747	
Statutory reserve	27	926 615	926 615	
Voluntary reserve	28	977 315	977 315	
General reserve	29	1 211 927	1 211 927	
General banking risks reserve	30	153 030	153 030	
Reserves with associates		1 540 896	1 540 896	
Foreign currency translation reserve	31	(323 174)	(400 986)	
Investments revaluation reserve	32	(333 110)	(362 590)	
Retained earnings	34	3 846 009	3 289 293	
Total Equity Attributable to the Shareholders of the Bank		**10 151 870**	**9 487 862**	
Perpetual tier 1 capital bonds	33	629 870	360 527	
Non-controlling interests	34	575 111	554 067	
Total Shareholders' Equity		**11 356 851**	**10 402 456**	
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**68 273 971**	**64 459 823**	

The accompanying notes from (1) to (59) are an integral part of these consolidated financial statements and should be read with them.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

USD '000

ARAB BANK GROUP

		Notes	2023	2022
REVENUE	Interest income	35	3 659 678	2 583 484
	Less: interest expense	36	1 622 468	998 680
	Net interest income		**2 037 210**	**1 584 804**
	Net commission income	37	425 113	374 369
	Net interest and commissions income		**2 462 323**	**1 959 173**
	Foreign exchange differences		120 628	106 345
	Gain from financial assets at fair value through profit or loss	38	4 613	1 182
	Dividends on financial assets at fair value through other comprehensive income	11	8 657	8 251
	Group's share of profits from associates	14	509 969	384 494
	Other revenue	39	44 080	66 665
	TOTAL INCOME		**3 150 270**	**2 526 110**
EXPENSES	Employees' expenses	40	717 674	663 569
	Other expenses	41	482 316	415 310
	Depreciation and amortization	15/16	95 784	84 751
	Provision for impairment - ECL	6	592 282	473 006
	Impairment of investment held for sale		-	25 701
	Other provisions	23	45 073	12 425
	TOTAL EXPENSES		**1 933 129**	**1 674 762**
PROFIT FOR THE YEAR	**PROFIT FOR THE YEAR BEFORE INCOME TAX**		**1 217 141**	**851 348**
	Less: Income tax expense	22	387 505	307 046
	PROFIT FOR THE YEAR		**829 636**	**544 302**
	Attributable to :			
	Bank's shareholders	34	800 695	520 276
	Non-controlling interests	34	28 941	24 026
	Total		**829 636**	**544 302**
	Earnings per share attributable to the Bank's Shareholders			
	- Basic and Diluted (US Dollars)	56	1.23	0.79

The accompanying notes from (1) to (59) 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

	2023	2022
Profit for the year	**829 636**	**544 302**
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	81 750	(114 187)
Revaluation gain (loss) on bonds at fair value through other comprehensive income	5 480	(7 028)
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	**27 704**	**(49 648)**
Revaluation gain (loss) on equity instruments at fair value through other comprehensive income	25 928	(47 477)
Gain (loss) from sale of financial assets at fair value through other comprehensive income	1 776	(2 171)
Total Other Comprehensive Income Items - after tax	**114 934**	**(170 863)**
TOTAL COMPREHNSIVE INCOME FOR THE YEAR	**944 570**	**373 439**
Attributable to :		
- Bank's shareholders	909 763	359 069
- Non-controlling interests	34 807	14 370
Total	**944 570**	**373 439**

The accompanying notes from (1) to (59) 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
2023	**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 Investments revaluation reserve to retained earnings		-	-	-	-	-
	Dividends distribution	34	-	-	-	-	-
	New Investment at subsidiaries - Net		-	-	-	-	-
	Issuance of perpetual bonds	33	-	-	-	-	-
	Adjustments during the year		-	-	-	-	-
	Balance at the End of the Year		**926 615**	**1 225 747**	**926 615**	**977 315**	**1 211 927**
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 distribution	34	-	-	-	-	-
	Maturity of perpetual bonds	33	-	-	-	-	-
	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 229.7 million.
- The Bank cannot use a restricted amount of USD 333.1 million which represents the negative investments revaluation reserve in accordance with the instructions of the Jordan Securities Commission and Central Bank of Jordan.
- 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 accompanying notes from (1) to (59) 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	Perpetual tier 1 capital bonds	Non-Controlling Interests	Total Shareholders' Equity
153 030	**1 540 896**	**(400 986)**	**(362 590)**	**3 289 293**	**9 487 862**	**360 527**	**554 067**	**10 402 456**
-	-	-	-	800 695	800 695	-	28 941	829 636
-	-	77 812	31 256	-	109 068	-	5 866	114 934
-	**-**	**77 812**	**31 256**	**800 695**	**909 763**	**-**	**34 807**	**944 570**
-	-	-	(1 776)	1 776	-	-	-	-
-	-	-	-	(231 640)	(231 640)	-	(1 763)	(233 403)
-	-	-	-	-	-	-	2 190	2 190
-	-	-	-	-	-	269 343	-	269 343
-	-	-	-	(14 115)	(14 115)	-	(14 190)	(28 305)
153 030	**1 540 896**	**(323 174)**	**(333 110)**	**3 846 009**	**10 151 870**	**629 870**	**575 111**	**11 356 851**
154 171	**1 540 896**	**(291 987)**	**(312 553)**	**2 967 984**	**9 326 730**	**438 449**	**556 173**	**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**	**360 527**	**554 067**	**10 402 456**

CONSOLIDATED STATEMENT OF CASH FLOWS

ARAB BANK GROUP

USD '000

		Notes	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES	**Profit for the year before income tax**		**1 217 141**	**851 348**
	Adjustments for:			
	- Depreciation and amortization	15,16	95 784	84 751
	- Depreciation of right of use assets	16	26 352	23 733
	- Expected credit losses on financial assets	6	592 282	473 006
	- Net accrued interest		104 350	69 655
	- Gain from sale of fixed assets		(337)	(718)
	- Loss (gain) from revaluation of financial assets at fair value through profit or loss	38	(3 481)	742
	- Dividends from financial assets at fair value through other comprehensive income	11	(8 657)	(8 251)
	- Group's share of profits from associates	14	(509 969)	(384 494)
	- Impairment of investment held for sale		-	25 701
	- Other provisions	23	45 073	12 425
	Total		**1 558 538**	**1 147 898**
	(Increase) decrease in assets:			
	Balances with central banks (maturing after 3 months)		-	25 000
	Deposits with banks and financial institutions (maturing after 3 months)		336 850	(335 208)
	Direct credit facilities at amortized cost		(1 914 382)	(956 852)
	Financial assets at fair value through profit and loss		20 722	(652)
	Other assets and financial derivatives		(209 079)	(173 920)
	Increase (decrease) in liabilities:			
	Bank and financial institutions deposits (maturing after 3 months)		(13 191)	(296 431)
	Customers' deposits		2 523 882	801 860
	Cash margin		351 987	(145 631)
	Other liabilities and financial derivatives		14 614	261 564
	Net Cash flows from Operating Activities before Income Tax		**2 669 941**	**327 628**
	Income tax paid	22	(300 460)	(241 436)
	Net Cash Flows from Operating Activities		**2 369 481**	**86 192**
CASH FLOWS FROM INVESTING ACTIVITIES	(Purchase) of financial assets at fair value through other comprehensive income		(13 558)	(75 423)
	(Purchase) maturity of other financial assets at amortized cost - net		(389 060)	547 768
	(Increase) decrease of investments in associates	14	(7 111)	611
	Net cash flows paid to minority interest to increase the Group's investment in subsidiaries		(5 892)	-
	Dividends received from associates	14	256 208	196 345
	Dividends from financial assets at fair value through other comprehensive income	11	8 657	8 251
	Purchase of fixed assets - net	15	(66 750)	(74 881)
	Proceeds from selling fixed assets		3 242	3 415
	(Purchase) of intangible assets	16	(154 459)	(14 154)
	Net Cash Flows (used in) from Investing Activities		**(368 723)**	**591 932**
CASH FLOWS FROM FINANCING ACTIVITIES	(Payment) of borrowed funds		(12 559)	(100 092)
	Increase (Decrease) in perpetual bonds	33	269 343	(77 922)
	Interest paid on perpetual bonds		(27 824)	(28 159)
	Dividends paid to shareholders	34	(231 588)	(186 215)
	Dividends paid to non-controlling interests		(1 763)	(2 115)
	Net Cash Flows (used in) Financing Activities		**(4 391)**	**(394 503)**
	Net increase in Cash and Cash Equivalents		1 996 367	283 621
	Exchange differences - change in foreign exchange rates		81 750	(108 999)
	Cash and cash equivalent at the beginning of the year		12 434 674	12 260 052
	Cash and Cash Equivalent at the End of the Year	58	**14 512 791**	**12 434 674**
	Operational cash flows from interest			
	Interest Received		3 645 161	2 542 398
	Interest Paid		1 503 601	887 939

The accompanying notes from (1) to (59) 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 68 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 25 January 2024 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 the International Accounting Standards for Financial Reporting and the International Financial Reporting Interpretations 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 consolidated financial statements of each entity are measured using that functional currency.

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those applied in the year ended December 31, 2022, except for the impact of adopting the new and revised International Financial Reporting Standards, which became effective for the financial period started on or after the 1st of January 2023 as mentioned in Note (3-A).

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
	2023	**2022**				
Europe Arab Bank plc	100.00	100.00	2006	Banking	United Kingdom	€ 570m
Arab Bank Australia Limited	100.00	100.00	1994	Banking	Australia	AUD 119.3m
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
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	68.00	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.

On 23 July 2023, Arab Bank Group acquired 18% share of non-controlling interest in Al Nisr Al-Arabi Insurance Company at a cost of JD 2.3 per share increasing Arab Bank Group's stake in Al Nisr Al-Arabi Insurance Company to become 68% post the arrangement.

During the third quarter of 2023, initial approval was issued by the Central Bank of Iraq to establish a banking subsidiary for Arab Bank Group in Iraq with a capital of IQD 250 billion. Arab Bank Group's percentage of ownership amount to 63.74%, the public offering was completed on December 31, 2023.

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.

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.

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.

When the Group has less than the majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. In this regard, the Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- The size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Group, other vote holders, or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

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.

The subsidiaries' financial statements are prepared under the same accounting policies adopted by the Group. If the subsidiaries apply different accounting policies than those used by the Group, the necessary modifications shall be made to the subsidiaries' financial statements to make them comply with the accounting policies used by the Group.

The non-controlling interest represent the portion not owned by the Group relating to the ownership of the subsidiaries.

3. ADOPTION OF NEW AND REVISED STANDARDS

a. New and amended IFRS Standards that are effective for the current year

The following new and revised IFRSs, which became effective for annual periods beginning on or after January 1, 2023, have been adopted in the Group consolidated financial statements. The application of these revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

IFRS 17 Insurance Contracts (including the June 2020 and December 2021 Amendments to IFRS 17)

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

IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach. The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees.

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

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

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

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

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

The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences. Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting profit nor taxable profit.

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

Amendments to IAS 12 Income Taxes - International Tax Reform - Pillar Two Model Rules

The IASB amends the scope of IAS 12 to clarify that the Standard applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the OECD, including tax law that implements qualified domestic minimum top-up taxes described in those rules.

The amendments introduce a temporary exception to the accounting requirements for deferred taxes in IAS 12, so that an entity would neither recognize nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes.

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

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

b. New and revised IFRS Accounting Standards in issue but not yet effective

At the date of authorization of these consolidated financial statements, the group has not applied the following new and revised IFRS Accounting Standards that have been issued but are not yet effective The Management anticipates that these new standards, interpretations and amendments will be adopted in the Group's consolidated financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments, may have no material impact on the consolidated financial statements of the Group in the period of initial application:

Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognized in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognized in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The effective date of the amendments has yet to be set by the IASB; however, earlier application of the amendments is permitted. The directors of the parent company anticipate that the application of these amendments may have an impact on the group's consolidated financial statements in future periods should such transactions arise.

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

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

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

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2024, with early application permitted.

Amendments to IAS 1 Presentation of Financial Statements—Non-current Liabilities with Covenants

The amendments specify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date (and therefore must be considered in assessing the classification of the liability as current or noncurrent). Such covenants affect whether the right exists at the end of the reporting period, even if compliance with the covenant is assessed only after the reporting date (e.g. a covenant based on the entity's financial position at the reporting date that is assessed for compliance only after the reporting date).

The IASB also specifies that the right to defer settlement of a liability for at least twelve months after the reporting date is not affected if an entity only has to comply with a covenant after the reporting period. However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants (including the nature of the covenants and when the entity is required to comply with them), the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.

The amendments are applied retrospectively for annual reporting periods beginning on or after 1 January 2024

Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures—Supplier Finance Arrangements

The amendments add a disclosure objective to IAS 7 stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows. In addition, IFRS 7 was amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to concentration of liquidity risk.

The term 'supplier finance arrangements' is not defined. Instead, the amendments describe the characteristics of an arrangement for which an entity would be required to provide the information.

To meet the disclosure objective, an entity will be required to disclose in aggregate for its supplier finance arrangements:

- The terms and conditions of the arrangements
- The carrying amount, and associated line items presented in the entity's statement of financial position, of the liabilities that are part of the arrangements
- The carrying amount, and associated line items for which the suppliers have already received payment from the finance providers
- Ranges of payment due dates for both those financial liabilities that are part of a supplier finance arrangement and comparable trade payables that are not part of a supplier finance arrangement
- Liquidity risk information

The amendments, which contain specific transition reliefs for the first annual reporting period in which an entity applies the amendments, are applicable for annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted.

Amendment to IFRS 16 Leases—Lease Liability in a Sale and Leaseback

The amendments to IFRS 16 add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. The amendments require the seller-lessee to determine 'lease payments' or 'revised lease payments' such that the seller-lessee does not recognize a gain or loss that relates to the right of use retained by the seller-lessee, after the commencement date.

The amendments do not affect the gain or loss recognized by the seller-lessee relating to the partial or full termination of a lease. Without these new requirements, a seller-lessee may have recognized a gain on the right of use it retains solely because of a remeasurement of the lease liability (for example, following a lease modification or change in the lease term) applying the general requirements in IFRS 16. This could have been particularly the case in a leaseback that includes variable lease payments that do not depend on an index or rate.

As part of the amendments, the IASB amended an Illustrative Example in IFRS 16 and added a new example to illustrate the subsequent measurement of a right-of-use asset and lease liability in a sale and leaseback transaction with variable lease payments that do not depend on an index or rate. The illustrative examples also clarify that the liability, that arises from a sale and leaseback transaction that qualifies as a sale applying IFRS 15, is a lease liability.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted.

IFRS S1 - General Requirements for Disclosure of Sustainability – related financial information

The amendments are effective for annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted

IFRS S2 - Climate Related Disclosures

The amendments are effective for annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted

4. MATERIAL ACCOUNTING POLICY INFORMATION

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.

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 profit or loss.

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 Group also may hold investments in assets of countries with negative interest rates. The Group 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 the consolidated statement of 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 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 profit or loss. 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 profit or loss 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 12 months ECL 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 12 months ECLs 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 group credit standards applicable by the group 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 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 2023 and 2022:

Scenario	Assigned weighted average 31 December 2023	Assigned weighted average 31 December 2022
Baseline	45%	45%
Upside	20%	20%
Downside	35%	35%

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 profit or loss, 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 as a lessee

The Group should be evaluating whether the leasing contract included while starting the contract. The right of use assets and leasing obligations should be recognized by the group regarding all leasing obligations, except for short-term leasing contracts (12 months or less) and the leasing contracts with low value, in regards to these contracts the group should recognized to these leases as operating expense using the straight-line method over the life of the lease. The initial direct costs incurred in the discussion and arrangement of the operating contract are added to the carrying amount of the leased assets and recognized in accordance with the straight-line method over the lease term.

Leases are classified as finance leases when the terms of the lease provide for substantially all the risks and rewards of ownership of the lessee. All other leases are classified as operating leases.

Leasing payments included in the rental obligation measurement include:

- Fixed leasing payments (essentially included on fixed payments), minus lease incentives receivable;
- Variable rental payments based on an indicator or rate, initially measured using the index or rate at the start date of the contract;
- The amount expected to be paid by the lessor under the remaining value guarantees;
- The price of buying options, if the lessor is reasonably sure of practicing the options; and
- Pay termination fines, if the leasing contract reflected terminating the lease.

Lease obligations are subsequently measured by increasing the book value to reflect interest on rental obligations (using the effective interest method) and by reducing the book value to reflect rental payments.

Lease obligations are premeasured (and a similar adjustment to the relevant right of use assets) whenever:

- The period of lease has been changed or there has been an event or change in circumstances that lead to a change in the evaluation of the practice of purchase, in which case the lease obligations are re-assessed by the way adjusted rental payments are deducted using the adjusted discount rate.
- Rental payments change due to changes in index, rate or change in expected payments under the guaranteed remaining value, in which case the rental obligation is remeasured by deducting adjusted rental payments using a non-variable discount rate (unless rental payments change due to change in the floating interest rate, in which case the adjusted discount rate is used).
- The lease contract is adjusted and the lease adjustment is not accounted for as a separate lease, in which case the lease obligation is remeasured based on the duration of the adjusted lease by deducting adjusted rental payments using the adjusted rate discount rate at the actual rate on the date of the amendment.

The assets of the right of use are consumed over the duration of the lease or the productive life of the asset (which is shorter). If the lease transfers ownership of the underlying asset or the cost of the right of use, which reflects that the group expects to exercise the purchase option, the value of the relevant right of use is consumed over the productive life of the asset.

The group applies IAS No. (36) To determine whether the value of the right of use has depreciated and calculates any impairment losses as described in the "Property and Equipment" policy.

Variable rents that do not rely on an indicator or rate are not included in the measurement of rental obligations and right-of-use assets. Related payments are listed as an expense in the period in which the event or condition that leads to these payments occurs and is included in the "Other Expenses" line in the consolidated statement of profit or loss.

The Group as a lessor

The Group enters into lease contracts as a lessor in regard with some investment properties.

Leases in which the Group is lessor are classified as financing or operating leases. If the terms of the lease transfer all the risks and benefits of the property to the tenant, the contract is classified as a financing lease and all other leases are classified as operating leases.

When the Group is an intermediate, it represents the main lease and subcontract as separate contracts. The sub-lease is classified as financing or an operating lease by reference to the origin of the right of use arising from the main lease.

Lease income from operating leases is recognized on a straight-line basis over the relevant lease period. The initial direct costs incurred in the negotiation and arrangement of an operating lease are added to the book value of the leased asset and are recognized on straight-line basis over the lease period.

The amounts that dues by lessors under the leases are recognized as dues by the amount of the company's net investment in leases. The income of the financing leases is allocated to the accounting periods to reflect a fixed periodic return rate on the group existing net investment in relation to leases.

When the contract includes leasing components and components other than leasing, the Group applies IFRS 15 to distribute the amounts received or received under the contract for component.

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 consolidated statement of profit or loss.

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 group closely monitors the economic and financial conditions in Lebanon, and exclusively uses the exchange rate issued by the Central Bank of Lebanon in translating the results of AB Lebanon branch when consolidated within the financial statements of Arab Bank plc.

Noting that most of the AB Lebanon assets are in foreign currencies and are almost equal to the total liabilities in foreign currencies. Therefore, using any other exchange rate will not have a material impact on the net assets of Arab Bank plc.

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 profit or loss in the year that the assets were disposed.

Impairment of non-financial assets -

The group 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 group 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 profit or loss 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 profit or loss. Intangible assets with indefinite lives are reviewed in consolidated statement of profit or loss for impairment as of the consolidated financial statements date, and impairment loss is recorded in the consolidated statement of profit or loss.

Intangible assets resulting from the banks operations are not capitalized. They are rather recorded in the consolidated statement of profit or loss 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 group continuous control over these assets and as the related risk and benefits are transferred to the group 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 group 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 profit or loss.

Perpetual bonds

The aforementioned bonds are subordinated, unsecured and are classified as equity items in accordance with International Accounting Standard 32: Financial instruments - presentation. Interest payments related to these bonds may be canceled (wholly or partially) based on the Group's discretion. Interest is noncumulative. Whereas, any cancellation will not be considered as a late payment. Interest payments are treated as a reduction of equity and are shown among other changes in equity. These bonds do not have a maturity date and can be called (wholly or partially) at the nominal value based on the Group's discretion on the call date and on each interest payment date thereafter.

Issuance costs are deducted as expenses, and these bonds are shown at the value on the day of issuance with no amendments recognized until called (wholly or partially) where the value is reduced by the amounts paid

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 profit or loss 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 statement of profit or loss 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 group 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 group 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 group 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 Group 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.

Derivative Financial Instruments

The Group enters into a variety of derivative financial instruments some of which are held for trading while others are held to manage its exposure to interest rate risk; credit risk; and foreign exchange rate risk. Held derivatives include foreign exchange forward contracts, interest rate swaps, cross currency interest rate swaps, and credit default swaps.

Derivatives are initially recognized at fair value at the date a derivative contract is entered into and are subsequently re-measured to their fair value at each balance sheet date. The resulting gain/loss is recognized in the consolidated statement of profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. The group designates certain derivatives as either hedges of the fair value of recognized assets, liabilities, or firm commitments (fair value hedges), hedges of highly probable forecast transactions, hedges of foreign currency risk of firm commitments (cash flow hedges), or hedges of net investments in foreign operations (net investment hedges).

A derivative with a positive fair value is recognized as a financial asset whereas a derivative with a negative fair value is recognized as a financial liability. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months, and it is not expected to be realized or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Embedded derivatives

Derivatives embedded in financial liabilities or other non-financial asset host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts, and the host contracts are not measured at fair value through profit or loss.

An embedded derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the hybrid instrument to which the embedded derivative relates is more than 12 months and is not expected to be realized or settled within 12 months. Other embedded derivatives are presented as current assets or current liabilities.

Financial Guarantee Contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by a group entity are initially measured at their fair values and, if not designated as at fair value through the consolidated statement of profit or loss and not arising from a transfer of a financial asset, are subsequently measured at the higher of:

- The amount of the loss allowance determined in accordance with IFRS 9; and
- The amount initially recognized less, where appropriate, the cumulative amount of income recognized in accordance with the Group's revenue recognition policies, whichever is more.

Financial guarantee contracts not designated at fair value through profit or loss are presented as provisions in the consolidated statement of financial position, and the re-measurement is presented in other revenue.

The group has not designated any financial guarantee contracts as at fair value through profit or loss.

Commitments to Provide a Loan at a Below-Market Interest Rate

Commitments to provide a loan at a below-market interest rate are initially measured at their fair values and, if not designated as at fair value through the consolidated statement of profit or loss, are subsequently measured at the higher of:

- The amount of the loss allowance determined in accordance with IFRS 9; and
- The amount initially recognized less, where appropriate, the cumulative amount of income recognized in accordance with the group revenue recognition policies, which is higher.

Commitments to provide a loan below market rate not designated at fair value through profit or loss are presented as provisions in the consolidated statement of financial position and the re-measurement is presented in other revenue.

The Bank has not designated any commitments to provide a loan below market rate designated at fair value through the consolidated statement of profit or loss.

Hedge Accounting

The Group designates certain derivatives as hedging instruments in respect of foreign currency risk and interest rate risk in fair value hedges, cash flow hedges, or hedges of net investments in foreign operations, as appropriate. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges. The group does not apply fair value hedge accounting of portfolio hedges of interest rate risk. In addition, the group does not use the exemption to continue using IAS 39 hedge accounting rules, i.e. the group applies IFRS 9 hedge accounting rules in full.

At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- There is an economic relationship between the hedged item and the hedging instrument;
- The effect of credit risk does not dominate the value changes that result from that economic relationship; and
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges, and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of the hedged item.

The Group rebalances a hedging relationship in order to comply with the hedge ratio requirements when necessary. In such cases discontinuation may apply to only part of the hedging relationship. For example, the hedge ratio might be adjusted in such a way that some of the volume of the hedged item is no longer part of a hedging relationship, hence hedge accounting is discontinued only for the volume of the hedged item that is no longer part of the hedging relationship.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

In some hedge relationships, the Group designates only the intrinsic value of options. In this case, the fair value change of the time value component of the option contract is deferred in OCI, over the term of the hedge, to the extent that it relates to the hedged item and is reclassified from equity to profit or loss when the hedged item does not result in the recognition of a non-financial item. The Group risk management policy does not include hedges of items that result in the recognition of non-financial items, because the Group risk exposures relate to financial items only.

The hedged items designated by the Group are time-period related hedged items, which means that the amount of the original time value of the option that relates to the hedged item is amortized from equity to profit or loss on a rational basis (e.g. straight-line) over the term of the hedging relationship.

In some hedge relationships, the Group excludes from the designation the forward element of forward contracts or the currency basis spread of cross currency hedging instruments. In this case, a similar treatment is applied to the one applied for the time value of options. The treatment for the forward element of a forward contract and the currency basis element is optional, and the option is applied on a hedge- by- hedge basis, unlike the treatment for the time value of the options which is mandatory. For hedge relationships with forwards, or foreign currency derivatives such as cross currency interest rate swaps, where the forward element or the currency basis spread is excluded from the designation, the Group generally recognizes the excluded element in OCI.

The fair values of the derivative instruments used for hedging purposes and movements in the hedging reserve are determined in equity.

Fair Value Hedges

The fair value change on qualifying hedging instruments is recognized in the consolidated statement of profit or loss except when the hedging instrument hedges an equity instrument designated at fair value through other comprehensive income in which case it is recognized in OCI. The Bank has not designated fair value hedge relationships where the hedging instrument hedges an equity instrument designated at fair value through other comprehensive income.

The carrying amount of a hedged item not already measured at fair value is adjusted for the fair value change attributable to the hedged risk with a corresponding entry in profit or loss. For debt instruments measured at fair value through other comprehensive income, the carrying amount is not adjusted as it is already at fair value, but the part of the fair value gain or loss on the hedged item associated with the hedged risk is recognized in profit or loss instead of OCI. When the hedged item is an equity instrument

designated at fair value through other comprehensive income, the hedging gain/loss remains in other comprehensive income to match that of the hedging instrument.

Where hedging gains/losses are recognized in the consolidated statement of profit or loss, they are recognized in the same line as the hedged item.

The Bank discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. The fair value adjustment to the carrying amount of hedged items for which the EIR method is used (i.e. debt instruments measured at amortized cost or at fair value through other comprehensive income) arising from the hedged risk is amortized to profit or loss commencing no later than the date when hedge accounting is discontinued.

Cash Flow Hedges

The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognized in the cash flow hedging reserve, a separate component of other comprehensive income, limited to the cumulative change in fair value of the hedged item from inception of the hedge less any amounts recycled to profit or loss consolidated statement.

Amounts previously recognized in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognized hedged item. If the Bank no longer expects the transaction to occur, that amount is immediately reclassified to profit or loss consolidated statement.

The Group discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised, or where the occurrence of the designated hedged forecast transaction is no longer considered to be highly probable. The discontinuation is accounted for prospectively. Any gain/loss recognized in other comprehensive income and accumulated in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in profit or loss. When a forecast transaction is no longer expected to occur, the gain/loss accumulated in equity is

reclassified and recognized immediately in profit or loss consolidated statement.

Hedges of Net Investments in Foreign Operations

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain/loss on the hedging instrument relating to the effective portion of the hedge is recognized in other comprehensive income and accumulated in the foreign currency translation reserve.

Gains and losses on the hedging instrument relating to the effective portion of the hedge accumulated in the foreign currency translation reserve are reclassified to the statement of profit or loss in the same way as exchange differences relating to the foreign operation as described above.

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 less.

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 profit and loss. 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 profit and loss. Indemnities paid to employees are reduced from the provision upon their resignation or end of service.

Earning per Share

The Group calculates basic and diluted EPS data for its ordinary shares. Basic EPS is calculated by dividing the yearly profit or loss that is attributable to ordinary shareholders of the Bank by the weighted-average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss that is attributable to ordinary shareholders and the weighted-average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

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 to an 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.

Evaluation of business model

The classification and measurement of financial assets depend on the results of the principal and interest payments test on the principal outstanding and the business model test. The Bank defines a business model at a level that reflects how the groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgment that reflects all relevant evidence, including how to assess the performance of the assets and measure their performance, the risks that affect the performance of assets and how they are managed, and how asset managers are compensated. The Bank monitors financial assets measured at amortized cost or fair value through other comprehensive income and derecognized before maturity to understand the reason for derecognition and whether the reasons are consistent with the objective of the business held. In this respect, control is part of the Bank's continuous assessment of whether the business model under which the remaining financial assets are retained is appropriate, and whether it is inappropriate if there is a change in the business model, and therefore, a future change is made in the classification of those assets.

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) consolidated 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 on the customers' accounts/ facilities during the assessment period is considered as indicator for SICR.

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

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

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

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

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

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

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

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- Expected Credit Loss

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

	2023				
	Notes	Stage 1	Stage 2	Stage 3	**Total**
		USD '000	USD '000	USD '000	**USD '000**
Balances with central banks	7	95	92 554	-	**92 649**
Balances with banks and financial institutions	8	115	-	-	**115**
Deposits with banks and financial institutions	9	(469)	-	-	**(469)**
Direct credit facilities at amortized cost	12	114 708	224 601	143 423	**482 732**
Financial Assets at Fair Value through Other Comprehensive Income	11	61	-	-	**61**
Other Financial Assets at Amortized Cost.	13	9 789	5 345	-	**15 134**
Indirect Credit facilities	24	8 816	(7 092)	336	**2 060**
Total		**133 115**	**315 408**	**143 759**	**592 282**

	2022				
	Notes	Stage 1	Stage 2	Stage 3	**Total**
		USD '000	USD '000	USD '000	**USD '000**
Balances with central banks	7	(49)	31 047	-	**30 998**
Balances with banks and financial institutions	8	(81)	-	-	**(81)**
Deposits with banks and financial institutions	9	404	-	-	**404**
Direct credit facilities at amortized cost	12	28 810	199 792	190 438	**419 040**
Financial Assets at Fair Value through Other Comprehensive Income	11	64	-	-	**64**
Other Financial Assets at Amortized Cost.	13	11 361	(431)	-	**10 930**
Indirect Credit facilities	24	4 026	(876)	8 501	**11 651**
Total		**44 535**	**229 532**	**198 939**	**473 006**

7. Cash and Balances with Central Banks

The details of this item are as follows:

	31 December 2023	31 December 2022
	USD '000	USD '000
Cash in vaults	810 683	915 691
Balances with central banks:		
- Current accounts	3 923 958	3 772 897
- Time and notice	7 088 062	5 677 583
- Mandatory cash reserve	1 554 990	1 430 592
- Certificates of deposit	223 203	131 412
Total Balances with Central Banks	**12 790 213**	**11 012 484**
Less: Net ECL Charges	(350 436)	(232 784)
Total Cash and Balances with Central Banks	**13 250 460**	**11 695 391**

- 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 2023 and 2022.

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

	31 December 2023				31 December 2022
	Stage 1	Stage 2	Stage 3	**Total**	**Total**
	USD '000	USD '000	USD '000	**USD '000**	**USD '000**
Low risk / performing (1-2)	12 014 059	-	-	**12 014 059**	**10 243 421**
Acceptable risk / performing (3-7)	-	776 154	-	**776 154**	**769 063**
Total	**12 014 059**	**776 154**	-	**12 790 213**	**11 012 484**

-Probability of default at low risk 0.0% - 0.22%
-Probability of default at acceptable risk 0.22% - 45%

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

	31 December 2023				31 December 2022
	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	**10 243 421**	**769 063**	-	**11 012 484**	**11 434 604**
New balances (Additions)	2 016 662	7 080	-	**2 023 742**	**1 040 629**
Repaid balances (excluding write offs)	(284 069)	-	-	**(284 069)**	**(1 190 313)**
Translation Adjustments	38 045	11	-	**38 056**	**(272 436)**
Balance at the end of the year	**12 014 059**	**776 154**	-	**12 790 213**	**11 012 484**

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

	31 December 2023				31 December 2022
	Stage 1 individual	Stage 2 individual	Stage 3	**Total**	**Total**
	USD '000	USD '000	USD '000	**USD '000**	**USD '000**
Balance at the beginning of the year	**1 734**	**231 050**	-	**232 784**	**201 912**
New ECL charges during the year	395	92 554	-	**92 949**	**31 603**
Recoveries (excluding write offs)	(300)	-	-	**(300)**	**(605)**
Adjustments during the year	-	25 000	-	**25 000**	**-**
Translation Adjustments	16	(13)	-	3	**(126)**
Balance at the end of the year	**1 845**	**348 591**	-	**350 436**	**232 784**

8. Balances with Banks and Financial Institutions

The details of this item are as follows:

Local banks and financial institutions

	31 December	
	2023	**2022**
	USD '000	USD '000
Current accounts	2 375	4 181
Time deposits maturing within 3 months	213 443	194 821
Total	**215 818**	**199 002**

Abroad Banks and financial institutions

	31 December	
	2023	**2022**
	USD '000	USD '000
Current accounts	2 079 488	1 196 198
Time deposits maturing within 3 months	1 912 117	2 615 574
Total	**3 991 605**	**3 811 772**
Less: Net ECL Charges	(2 943)	(2 630)
Total balances with Banks and Financial Institutions Local and Abroad	**4 204 480**	**4 008 144**

There are no non interest bearing balances as of 31 December 2023 and 2022.
There are no restricted balances as of 31 December 2023 and 2022.

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 2023				31 December 2022
	Stage 1	Stage 2	Stage 3	**Total**	**Total**
	USD '000	USD '000	USD '000	**USD '000**	**USD '000**
Low risk / performing (1-2)	3 843 051	-	-	**3 843 051**	**3 165 461**
Acceptable risk / performing (3-7)	364 372	-	-	**364 372**	**845 313**
Total	**4 207 423**	**-**	**-**	**4 207 423**	**4 010 774**

-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 2023				31 December 2022
	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	**4 010 774**	**-**	**-**	**4 010 774**	**3 759 049**
New balances (Additions)	459 191	-	-	**459 191**	**411 660**
Repaid balances (excluding write offs)	(444 367)	-	-	**(444 367)**	**(94 995)**
Translation Adjustments	181 825	-	-	**181 825**	**(64 940)**
Balance at the end of the year	**4 207 423**	**-**	**-**	**4 207 423**	**4 010 774**

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

	31 December 2023				31 December 2022
	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	**2 630**	**-**	**-**	**2 630**	**2 765**
New ECL charges during the year	817	-	-	**817**	**807**
Recoveries (excluding write offs)	(702)	-	-	**(702)**	**(888)**
Translation Adjustments	198	-	-	**198**	**(54)**
Balance at the end of the year	**2 943**	**-**	**-**	**2 943**	**2 630**

9. Deposits with Banks and Financial Institutions

The details of this item are as follows:

	31 December	
Local banks and financial institutions	**2023**	**2022**
	USD '000	USD '000
Time deposits maturing after one year	55 673	47 610
Total	**55 673**	**47 610**

	31 December	
Abroad banks and financial institutions	**2023**	**2022**
	USD '000	USD '000
Time deposits maturing after 3 months and before 6 months	140 232	412 164
Time deposits maturing after 6 months and before 9 months	-	131 816
Time deposits maturing after 9 months and before one year	3 816	19 958
Time deposits maturing after one year	-	-
Certificates of deposit maturing after 9 months and before one year	74 977	-
Total	**219 025**	**563 938**
Less: Net ECL Charges	(891)	(1 242)
Total Deposits with banks and financial institutions Local and Abroad	**273 807**	**610 306**

There are no restricted deposits as of 31 December 2023 and 2022

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 2023				31 December 2022
	Stage 1	Stage 2	Stage 3	**Total**	**Total**
	USD '000	USD '000	USD '000	**USD '000**	**USD '000**
Low risk / performing (1-2)	274 698	-	-	**274 698**	**427 195**
Acceptable risk / performing (3-7)	-	-	-	**-**	**184 353**
Total	**274 698**	**-**	**-**	**274 698**	**611 548**

-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 2023				31 December 2022
	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	**611 548**	**-**	**-**	**611 548**	**276 340**
New balances (Additions)	80 779	-	-	**80 779**	**376 437**
Repaid balances (excluding write offs)	(471 098)	-	-	**(471 098)**	**(39 354)**
Translation Adjustments	53 469	-	-	**53 469**	**(1 875)**
Balance at the end of the year	**274 698**	**-**	**-**	**274 698**	**611 548**

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

	31 December 2023				31 December 2022
	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	**1 242**	**-**	**-**	**1 242**	**846**
New ECL charges during the year	56	-	-	**56**	**614**
Recoveries (excluding write offs)	(525)	-	-	**(525)**	**(210)**
Translation Adjustments	118	-	-	**118**	**(8)**
Balance at the end of the year	**891**	**-**	**-**	**891**	**1 242**

10. Financial Assets at Fair Value through Profit or Loss

The details of this item are as follows:

	31 December	
	2023	**2022**
	USD '000	USD '000
Treasury bills and Government bonds	13 414	35 315
Corporate bonds	10 443	13 347
Corporate shares	9 557	1 981
Mutual funds	21 598	21 610
Total	**55 012**	**72 253**

	31 December 2023		
	Designated as FV	Carried Mandatorily at FV	**Total**
	USD '000	USD '000	USD '000
Treasury bills and Government bonds	13 414	-	**13 414**
Corporate bonds	10 443	-	**10 443**
Corporate shares	-	9 557	**9 557**
Mutual funds	-	21 598	**21 598**
Total	**23 857**	**31 155**	**55 012**

	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**

11. Financial Assets at Fair Value through Other Comprehensive Income

The details of this item are as follows:

	31 December	
	2023	**2022**
	USD '000	USD '000
Quoted shares	154 510	152 699
Un-quoted shares	194 589	197 111
Governmental bonds and bonds guaranteed by the government	302 481	292 294
Corporate bonds	108 002	109 004
Less: Net ECL Charges	(544)	(536)
Total	**759 038**	**750 572**

* Cash dividends from investments above amounted to USD 8.7 million for the year ended 31 December 2023 (USD 8.3 million for the year ended 31 December 2022).

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

	31 December 2023				31 December 2022
	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	**536**	**-**	**-**	**536**	**472**
New ECL charges during the year	107	-	-	**107**	**112**
Recoveries	(46)	-	-	**(46)**	**(48)**
Translation Adjustments	(53)	-	-	**(53)**	**-**
Balance at the end of the year	**544**	**-**	**-**	**544**	**536**

	31 December 2023		
	Designated as FV	Carried Mandatorily at FV	**Total**
	USD '000	USD '000	**USD '000**
Quoted shares	-	154 510	**154 510**
Un-quoted shares	-	194 589	**194 589**
Governmental bonds and bonds guaranteed by the government	302 481	-	**302 481**
Corporate bonds through OCI	108 002	-	**108 002**
Less: Net ECL Charges	(544)	-	**(544)**
Total	**409 939**	**349 099**	**759 038**

	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**

12. Direct Credit Facilities at Amortized Cost

The details of this item are as follows:	31 December 2023					
	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 *	46 272	69 985	597 759	244 847	28 686	**987 549**
Overdrafts *	99 127	1 326 921	2 932 846	4 794	211 721	**4 575 409**
Loans and advances *	5 451 028	2 252 877	15 187 618	11 978	2 967 341	**25 870 842**
Real-estate loans	4 615 790	453 933	276 955	-	-	**5 346 678**
Credit cards	299 219	-	-	-	-	**299 219**
Total	**10 511 436**	**4 103 716**	**18 995 178**	**261 619**	**3 207 748**	**37 079 697**
Less: Interest and commission in suspense	120 716	149 872	645 656	50	-	**916 294**
Provision for impairment - ECL	274 161	416 169	2 288 380	3 399	23 046	**3 005 155**
Total	**394 877**	**566 041**	**2 934 036**	**3 449**	**23 046**	**3 921 449**
Net Direct Credit Facilities at Amortized Cost	**10 116 559**	**3 537 675**	**16 061 142**	**258 170**	**3 184 702**	**33 158 248**

* Net of interest and commission received in advance, which amounted to USD 183.8 million as of 31 December 2023.

- Rescheduled loans during the year ended 31 December 2023 amounted to USD 479.9 million.
- Restructured loans (transferred from non performing to watch list loans) during the year ended 31 December 2023 amounted to USD 5.6 million.
- Direct credit facilities granted to and guaranteed by the government of Jordan as of 31 December 2023 amounted to USD 156.7 million, or 0.42% of total direct credit facilities.
- Non-performing direct credit facilities as of 31 December 2023 amounted to USD 3037.3 million, or 8.2% of total direct credit facilities.
- Non-performing direct credit facilities net of interest and commission in suspense as of 31 December 2023 amounted to USD 2152.1 million or 6% of direct credit facilities, after deducting interest and commission in suspense.

	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 2084.1 million or 6% 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 2023 are as follows:

	31 December 2023					
	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	**292 007**	**421 493**	**2 078 270**	**4 751**	**16 007**	**2 812 528**
ECL charges during the year	40 534	100 435	478 726	866	17 908	**638 469**
Recoveries	(38 757)	(21 750)	(111 178)	(1 704)	(10 720)	**(184 109)**
Transferred to Stage 1	10 371	(1 652)	23 019	-	(44)	**31 694**
Transferred to Stage 2	(2 183)	(9 268)	(263 596)	-	44	**(275 003)**
Transferred to Stage 3	(8 188)	10 920	240 577	-	-	**243 309**
Impact on year end ECL caused by transfers between stages during the year	7 518	11 054	9 800	-	-	**28 372**
Used from provision (written off or transferred to off statement of financial position)	(30 588)	(75 727)	(235 062)	-	-	**(341 377)**
Adjsutments during the year	6 712	(19 551)	81 242	(602)	(223)	**67 578**
Translation Adjustments	(3 265)	215	(13 418)	88	74	**(16 306)**
Balance at the End of the Year	**274 161**	**416 169**	**2 288 380**	**3 399**	**23 046**	**3 005 155**

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**

- 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 2023 and 2022.
- Impairment is assessed based on individual customer accounts.
- Non-performing direct credit facilities transferred to off consolidated statement of financial position amounted to USD 440 million as of 31 December 2023 (USD 96.2 million as of 31 December 2022) noting that these non-performing direct credit facilities are fully covered by set provisions and suspended interest.

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

	31 December 2023							
			Corporates					
	Due from Banks	Financial Assets Bonds	Large Corporates	Small and Medium	Banks and Financial Institutions	Government and Public Sector	Items off Statement of Financial Position	**Total**
	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	**USD '000**
Upside (20%)	334 471	42 823	2 218 293	448 866	3 333	18 053	109 176	**3 175 015**
Base case (45%)	343 930	50 025	2 232 428	452 418	3 359	20 512	112 575	**3 215 247**
Downside (35%)	378 878	81 491	2 286 082	465 165	3 488	29 157	125 518	**3 369 779**

	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 Statement 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**

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

	31 December	
	2023	**2022**
	USD '000	USD '000
Upside (30%)	271 432	280 582
Base case (40%)	273 214	286 071
Downside (30%)	278 152	311 348

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 2023						
		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	**112 987**	**141 609**	**646 506**	**49**	**-**	**901 151**	**27 261**
Interest and commission suspended during the year	28 415	30 311	145 410	-	-	**204 136**	**13 301**
Interest and commission in suspense settled (written off or transferred to off consoli-dated statement of financial position)	(13 241)	(17 825)	(145 231)	-	-	**(176 297)**	**(375)**
Recoveries	(7 417)	(3 291)	(8 121)	-	-	**(18 829)**	**(5 877)**
Adjustments during the year	(13)	(210)	223	-	-	**-**	**-**
Translation adjustments	(15)	(722)	6 869	1	-	**6 133**	**(351)**
Balance at the End of the Year	**120 716**	**149 872**	**645 656**	**50**	**-**	**916 294**	**33 959**

	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**

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

	Inside Jordan	Outside Jordan	31 December 2023	31 December 2022	ECL 31 December 2023
Economic Sector	USD '000	USD '000	**USD '000**	USD '000	USD '000
Consumer Banking	3 735 931	6 380 628	**10 116 559**	9 614 613	274 161
Industry and mining	1 371 084	3 361 353	**4 732 437**	5 002 459	678 334
Constructions	450 449	1 532 080	**1 982 529**	2 089 411	618 571
Real Estates	261 590	1 113 777	**1 375 367**	1 455 609	55 243
Trade	1 433 201	2 992 559	**4 425 760**	4 306 033	496 820
Agriculture	236 042	196 520	**432 562**	396 992	49 025
Tourism and Hotels	267 599	521 425	**789 024**	705 434	100 949
Transportations	64 081	331 068	**395 149**	273 184	42 225
Shares	-	34 968	**34 968**	39 484	829
General Services	775 398	4 655 623	**5 431 021**	4 479 172	662 553
Banks and Financial Institutions	71 646	186 524	**258 170**	348 988	3 399
Government and Public Sector	231 734	2 952 968	**3 184 702**	3 015 219	23 046
Net Direct Credit Facilities at amortized Cost	**8 898 755**	**24 259 493**	**33 158 248**	**31 726 598**	**3 005 155**

Direct Credit Facilities at Amortized Cost

The following is the distribution of credit exposures for direct credit facilities at amortized cost according to the Group's Internal Rating.

	31 December 2023							31 December 2022
	Stage 1		Stage 2		Stage 3	**Total**		**Total**
	Individual	Collective	Individual	Collective	Individual	**Individual**	**Collective**	
	USD '000	USD '000	USD '000	USD '000	USD '000	**USD '000**	**USD '000**	**USD '000**
Low risk / performing	5 095 509	1 316 974	-	-	-	**5 095 509**	**1 316 974**	**5 911 517**
Acceptable risk / performing	15 068 113	8 576 437	3 773 712	211 689	-	**18 841 825**	**8 788 126**	**26 598 804**
Non-performing:								
- Substandard	-	-	-	-	171 502	**171 502**	-	**123 575**
- Doubtful	-	-	-	-	517 101	**517 101**	-	**344 816**
- Problematic	-	-	-	-	2 348 660	**2 348 660**	-	**2 461 565**
Total	**20 163 622**	**9 893 411**	**3 773 712**	**211 689**	**3 037 263**	**26 974 597**	**10 105 100**	**35 440 277**

The movement on total direct credit facilities at amortized cost - Total:

	31 December 2023							31 December 2022
	Stage 1		Stage 2		Stage 3	**Total**		**Total**
	Individual	Collective	Individual	Collective	Individual	**Individual**	**Collective**	
	USD '000	USD '000	USD '000	USD '000	USD '000	**USD '000**		**USD '000**
Balance at the beginning of the year	18 333 455	9 423 552	4 552 323	200 991	2 929 956	**25 815 734**	**9 624 543**	**34 550 463**
New balances (Additions)	7 657 716	1 897 865	585 275	37 963	349 087	**8 592 078**	**1 935 828**	**9 551 854**
Repaid balances (excluding write offs)	(5 917 949)	(1 393 298)	(1 108 536)	(59 833)	(141 512)	**(7 167 997)**	**(1 453 131)**	**(7 701 543)**
Transfers to stage 1	482 920	25 583	(482 757)	(22 263)	(3 483)	**(3 320)**	**3 320**	**-**
Transfers to stage 2	(561 645)	(63 272)	583 835	74 170	(33 088)	**(10 898)**	**10 898**	**-**
Transfers to stage 3	(30 155)	(22 619)	(367 573)	(20 284)	440 631	**42 903**	**(42 903)**	**-**
Written off balances or transferred to off consolidated statement of financial position	-	-	-	-	(517 674)	**(517 674)**	**-**	**(166 778)**
Translation adjustments	199 280	25 600	11 145	945	13 346	**223 771**	**26 545**	**(793 719)**
Total	**20 163 622**	**9 893 411**	**3 773 712**	**211 689**	**3 037 263**	**26 974 597**	**10 105 100**	**35 440 277**

The movement of ECL charges on direct credit facilities at amortized cost by stage is as follows:

	31 December 2023							31 December 2022
	Stage 1		Stage 2		Stage 3	**Total**		**Total**
	Individual	Collective	Individual	Collective	Individual	**Individual**	**Collective**	
	USD '000	USD '000	USD '000	USD '000	USD '000	**USD '000**	**USD '000**	**USD '000**
Balance at the beginning of the year	97 115	33 663	763 427	29 055	1 889 268	**2 749 810**	**62 718**	**2 583 134**
ECL charges during the year	146 655	5 663	298 030	1 336	186 785	**631 470**	**6 999**	**568 583**
Recoveries (excluding write offs)	(35 518)	(2 092)	(62 375)	(11 251)	(72 873)	**(170 766)**	**(13 343)**	**(167 179)**
Transfers to stage 1	30 991	11 818	(20 488)	(696)	(21 625)	**(11 122)**	**11 122**	**-**
Transfers to stage 2	(7 670)	(667)	13 069	1 203	(5 935)	**(536)**	**536**	**-**
Transfers to stage 3	(1 998)	(780)	(265 401)	(2 690)	270 869	**3 470**	**(3 470)**	**-**
Impact on year end ECL caused by transfers between stages during the year	-	-	(3 289)	2 150	29 511	**26 222**	**2 150**	**17 636**
Written off balances or transferred to off consolidated statement of financial position	-	-	-	-	(341 377)	**(341 377)**	**-**	**(114 242)**
Adjustments during the year	(424)	203	(3 068)	481	70 386	**66 894**	**684**	**16 883**
Translation adjustments	(212)	(602)	(5 718)	(881)	(8 893)	**(14 823)**	**(1 483)**	**(92 287)**
Total	**228 939**	**47 206**	**714 187**	**18 707**	**1 996 116**	**2 939 242**	**65 913**	**2 812 528**

Direct Credit Facilities at Amortized Cost - Consumer Banking

The following is the distribution of credit exposures for direct credit facilities at amortized cost - CB according to the Group's Internal Rating.

	31 December 2023				31 December 2022
	Stage 1	Stage 2	Stage 3	**Total**	**Total**
	USD '000	USD '000	USD '000	**USD '000**	**USD '000**
Low risk / performing	1 316 974	-	-	**1 316 974**	**1 128 782**
Acceptable risk / performing	8 576 437	211 689	-	**8 788 126**	**8 495 761**
Non-performing:					
- Substandard	-	-	44 142	**44 142**	**30 838**
- Doubtful	-	-	52 747	**52 747**	**37 973**
- Problematic	-	-	309 447	**309 447**	**326 253**
Total	**9 893 411**	**211 689**	**406 336**	**10 511 436**	**10 019 607**

-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 2023				31 December 2022
	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	**9 423 552**	**200 991**	**395 064**	**10 019 607**	**9 341 770**
New balances (Additions)	1 897 865	37 963	66 113	**2 001 941**	**2 248 620**
Repaid balances (excluding write offs)	(1 393 298)	(59 833)	(38 825)	**(1 491 956)**	**(1 382 175)**
Transfers to stage 1	25 583	(22 263)	(3 320)	**-**	**-**
Transfers to stage 2	(63 272)	74 170	(10 898)	**-**	**-**
Transfers to stage 3	(22 619)	(20 284)	42 903	**-**	**-**
Written off balances or transferred to off consolidated statement of financial position	-	-	(43 829)	**(43 829)**	**(25 169)**
Translation Adjustments	25 600	945	(872)	**25 673**	**(163 439)**
Total	**9 893 411**	**211 689**	**406 336**	**10 511 436**	**10 019 607**

The movement of ECL charges on direct credit facilities at amortized cost - consumer banking is as follows:

	31 December 2023				31 December 2022
	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	**33 663**	**29 055**	**229 289**	**292 007**	**312 222**
ECL charges during the year	5 663	1 336	33 535	**40 534**	**38 421**
Recoveries (excluding write offs)	(2 092)	(11 251)	(25 414)	**(38 757)**	**(34 087)**
Transfers to stage 1	11 818	(696)	(11 122)	**-**	**-**
Transfers to stage 2	(667)	1 203	(536)	**-**	**-**
Transfers to stage 3	(780)	(2 690)	3 470	**-**	**-**
Impact on year end ECL caused by transfers between stages during the year	-	2 150	5 368	**7 518**	**3 728**
Written off balances or transferred to off consolidated statement of financial position	-	-	(30 588)	**(30 588)**	**(18 591)**
Adjustments during the year	203	481	6 028	**6 712**	**1 596**
Translation Adjustments	(602)	(881)	(1 782)	**(3 265)**	**(11 282)**
Total	**47 206**	**18 707**	**208 248**	**274 161**	**292 007**

Direct Credit Facilities at Amortized Cost - Small & Medium Enterprises

The following is the distribution of credit exposures for direct credit facilities at amortized cost - SMEs according to the Group's Internal Rating.

	31 December 2023				31 December 2022
	Stage 1	Stage 2	Stage 3	**Total**	**Total**
	USD '000	USD '000	USD '000	**USD '000**	**USD '000**
Low risk / performing	1 442 976	-	-	**1 442 976**	**1 397 535**
Acceptable risk / performing	1 628 823	506 153	-	**2 134 976**	**2 139 599**
Non-performing :					
- Substandard	-	-	29 889	**29 889**	**4 368**
- Doubtful	-	-	74 188	**74 188**	**68 289**
- Problematic	-	-	421 687	**421 687**	**501 406**
Total	**3 071 799**	**506 153**	**525 764**	**4 103 716**	**4 111 197**

-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 2023				31 December 2022
	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	**2 742 132**	**795 002**	**574 063**	**4 111 197**	4 355 158
New balances (Additions)	589 694	102 669	27 693	**720 056**	**727 126**
Repaid balances (excluding write offs)	(396 256)	(297 498)	(48 753)	**(742 507)**	**(812 467)**
Transfers to stage 1	122 329	(122 202)	(127)	**-**	**-**
Transfers to stage 2	(75 127)	78 686	(3 559)	**-**	**-**
Transfers to stage 3	(14 532)	(52 686)	67 218	**-**	**-**
Written off balances or transferred to off consolidated statement of financial position	-	-	(93 552)	**(93 552)**	**(39 152)**
Translation Adjustments	103 559	2 182	2 781	**108 522**	**(119 468)**
Total	**3 071 799**	**506 153**	**525 764**	**4 103 716**	**4 111 197**

The movement of ECL charges on direct credit facilities at amortized cost - Small & Medium Enterprises is as follows:

	31 December 2023				31 December 2022
	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	**15 504**	**71 828**	**334 161**	**421 493**	**397 379**
ECL charges during the year	6 065	30 703	63 667	**100 435**	**56 655**
Recoveries (excluding write offs)	(1 807)	(4 678)	(15 265)	**(21 750)**	**(14 624)**
Transfers to stage 1	2 108	(2 106)	(2)	**-**	**-**
Transfers to stage 2	(1 923)	2 375	(452)	**-**	**-**
Transfers to stage 3	(1 837)	(9 537)	11 374	**-**	**-**
Impact on year end ECL caused by transfers between stages during the year	-	(1 254)	12 308	**11 054**	**6 201**
Written off balances or transferred to off consolidated statement of financial position	-	-	(75 727)	**(75 727)**	**(19 969)**
Adjustments during the year	(880)	(488)	(18 183)	**(19 551)**	**12 909**
Translation Adjustments	422	(869)	662	**215**	**(17 058)**
Total	**17 652**	**85 974**	**312 543**	**416 169**	**421 493**

Direct Credit Facilities at Amortized Cost - Large Corporates

The following is the distribution of credit exposures for direct credit facilities at amortized cost - LCs according to the Group's Internal Rating.

	31 December 2023				31 December 2022
	Stage 1	Stage 2	Stage 3	**Total**	**Total**
	USD '000	USD '000	USD '000	**USD '000**	**USD '000**
Low risk / performing	2 030 025	-	-	**2 030 025**	**1 854 112**
Acceptable risk / performing	11 835 479	3 027 870	-	**14 863 349**	**14 113 669**
Non-performing :					
- Substandard	-	-	97 471	**97 471**	**88 369**
- Doubtful	-	-	390 166	**390 166**	**238 554**
- Problematic	-	-	1 614 167	**1 614 167**	**1 629 755**
Total	**13 865 504**	**3 027 870**	**2 101 804**	**18 995 178**	**17 924 459**

-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 2023				31 December 2022
	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	**12 259 297**	**3 708 484**	**1 956 678**	**17 924 459**	**17 975 980**
New balances (Additions)	5 836 807	482 606	255 281	**6 574 694**	**4 842 211**
Repaid balances (excluding write offs)	(4 363 979)	(805 209)	(52 851)	**(5 222 039)**	**(4 345 975)**
Transfers to stage 1	354 242	(354 206)	(36)	**-**	**-**
Transfers to stage 2	(284 496)	303 127	(18 631)	**-**	**-**
Transfers to stage 3	(15 623)	(314 887)	330 510	**-**	**-**
Written off balances or transferred to off consolidated statement of financial position	-	-	(380 293)	**(380 293)**	**(102 457)**
Translation Adjustments	79 256	7 955	11 146	**98 357**	**(445 300)**
Total	**13 865 504**	**3 027 870**	**2 101 804**	**18 995 178**	**17 924 459**

The movement of ECL charges on direct credit facilities at amortized cost - Large Corporates is as follows:

	31 December 2023				31 December 2022
	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	**67 000**	**689 986**	**1 321 284**	**2 078 270**	**1 856 016**
ECL charges during the year	133 883	255 260	89 583	**478 726**	**464 617**
Recoveries (excluding write offs)	(21 825)	(57 614)	(31 739)	**(111 178)**	**(113 221)**
Transfers to stage 1	28 883	(18 382)	(10 501)	**-**	**-**
Transfers to stage 2	(5 703)	10 650	(4 947)	**-**	**-**
Transfers to stage 3	(161)	(255 864)	256 025	**-**	**-**
Impact on year end ECL caused by transfers between stages during the year	-	(2 035)	11 835	**9 800**	**7 707**
Written off balances or transferred to off consolidated statement of financial position	-	-	(235 062)	**(235 062)**	**(75 682)**
Adjustments during the year	1 150	(2 445)	82 537	**81 242**	**2 378**
Translation Adjustments	(777)	(4 773)	(7 868)	**(13 418)**	**(63 545)**
Total	**202 450**	**614 783**	**1 471 147**	**2 288 380**	**2 078 270**

Direct Credit Facilities at Amortized Cost - Banks & Financial Institutions

The following is the distribution of credit exposures for direct credit facilities at amortized cost - B&FI according to the Group's Internal Rating.

	31 December 2023				31 December 2022
	Stage 1	Stage 2	Stage 3	**Total**	**Total**
	USD '000	USD '000	USD '000	**USD '000**	**USD '000**
Low risk / performing	85 340	-	-	**85 340**	**95 856**
Acceptable risk / performing	173 267	-	-	**173 267**	**254 423**
Non-performing:					
- Problematic	-	-	3 012	**3 012**	**3 509**
Total	**258 607**	**-**	**3 012**	**261 619**	**353 788**

-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 2023				31 December 2022
	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	**350 279**	**-**	**3 509**	**353 788**	**378 248**
New balances (Additions)	220 151	-	-	**220 151**	**498 429**
Repaid balances (excluding write offs)	(320 525)	-	(567)	**(321 092)**	**(508 715)**
Translation Adjustments	8 702	-	70	**8 772**	**(14 174)**
Total	**258 607**	**-**	**3 012**	**261 619**	**353 788**

The movement of ECL charges on direct credit facilities at amortized cost - Banks & Financial Institutions is as follows:

	31 December 2023				31 December 2022
	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	**1 291**	**-**	**3 460**	**4 751**	**5 511**
ECL charges during the year	866	-	-	**866**	**2 111**
Recoveries (excluding write offs)	(1 249)	-	(455)	**(1 704)**	**(2 983)**
Adjustments during the year	(490)	-	(112)	**(602)**	**-**
Translation Adjustments	19	-	69	**88**	**112**
Total	**437**	**-**	**2 962**	**3 399**	**4 751**

Direct Credit Facilities at Amortized Cost - Government & Public Sector

The following is the distribution of credit exposures for direct credit facilities at amortized - Gov.& PS cost according to the Group's Internal Rating

	31 December 2023				31 December 2022
	Stage 1	Stage 2	Stage 3	**Total**	**Total**
	USD '000	USD '000	USD '000	**USD '000**	**USD '000**
Low risk / performing	1 537 168	-	-	**1 537 168**	**1 435 232**
Acceptable risk / performing	1 430 544	239 689	-	**1 670 233**	**1 595 352**
Non-performing :					
- Problematic	-	-	347	**347**	**642**
Total	**2 967 712**	**239 689**	**347**	**3 207 748**	**3 031 226**

-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 2023				31 December 2022
	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	**2 981 747**	**48 837**	**642**	**3 031 226**	**2 499 307**
New balances (Additions)	1 011 064	-	-	**1 011 064**	**1 235 468**
Repaid balances (excluding write offs)	(837 189)	(5 829)	(516)	**(843 534)**	**(652 211)**
Transfers to stage 1	6 349	(6 349)	-	**-**	**-**
Transfers to stage 2	(202 022)	202 022	-	**-**	**-**
Translation Adjustments	7 763	1 008	221	**8 992**	**(51 338)**
Total	**2 967 712**	**239 689**	**347**	**3 207 748**	**3 031 226**

The movement of ECL charges on direct credit facilities at amortized cost - Government & Public Sector is as follows:

	31 December 2023				31 December 2022
	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	**13 320**	**1 613**	**1 074**	**16 007**	**12 006**
ECL charges during the year	5 841	12 067	-	**17 908**	**6 779**
Recoveries (excluding write offs)	(10 637)	(83)	-	**(10 720)**	**(2 264)**
Transfers to stage 2	(44)	44	-	**-**	**-**
Adjustments during the year	(204)	(135)	116	**(223)**	**-**
Translation Adjustments	124	(76)	26	**74**	**(514)**
Total	**8 400**	**13 430**	**1 216**	**23 046**	**16 007**

Direct Credit Facilities at Amortized Cost - Real Estate

The following is the distribution of credit exposures for direct credit facilities at amortized cost - RE according to the Group's Internal Rating.

	31 December 2023				31 December 2022
	Stage 1	Stage 2	Stage 3	**Total**	**Total**
	USD '000	USD '000	USD '000	**USD '000**	**USD '000**
Low risk / performing	723 736	-	-	**723 736**	**352 986**
Acceptable risk / performing	4 276 125	202 280	-	**4 478 405**	**4 566 478**
Non-performing:					
- Substandard	-	-	21 515	**21 515**	**14 436**
- Doubtful	-	-	24 451	**24 451**	**17 017**
- Problematic	-	-	98 571	**98 571**	**82 720**
Total	**4 999 861**	**202 280**	**144 537**	**5 346 678**	**5 033 637**

-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 direct credit facilities at amortized cost - Real Estate is as follows:

	31 December 2023				31 December 2022
	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	**4 726 931**	**192 533**	**114 173**	**5 033 637**	**4 994 724**
New balances (Additions)	775 936	13 888	27 289	**817 113**	**683 100**
Repaid balances (excluding write offs)	(479 986)	(37 903)	(13 191)	**(531 080)**	**(584 322)**
Transfers to stage 1	13 673	(11 545)	(2 128)	**-**	**-**
Transfers to stage 2	(48 969)	54 410	(5 441)	**-**	**-**
Transfers to stage 3	(16 263)	(9 127)	25 390	**-**	**-**
Written off balances or transferred to off statement of financial position	-	-	(375)	**(375)**	**(187)**
Adjustments during the year	-	-	-	**-**	**-**
Translation Adjustments	28 539	24	(1 180)	**27 383**	**(59 678)**
Total	**4 999 861**	**202 280**	**144 537**	**5 346 678**	**5 033 637**

The movement of ECL charges on direct credit facilities at amortized cost - Real Estate is as follows:

	31 December 2023				31 December 2022
	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	**12 505**	**16 829**	**41 180**	**70 514**	**87 571**
ECL charges during the year	445	322	13 901	**14 668**	**6 742**
Recoveries (excluding write offs)	(349)	(5 310)	(2 868)	**(8 527)**	**(27 072)**
Transfers to stage 1	5 663	(227)	(5 436)	**-**	**-**
Transfers to stage 2	(1 950)	2 358	(408)	**-**	**-**
Transfers to stage 3	(619)	(506)	1 125	**-**	**-**
Impact on year end ECL caused by transfers between stages during the year	-	545	7	**552**	**541**
Adjustments during the year	95	(156)	1 362	**1 301**	**2 836**
Translation Adjustments	897	(1 255)	(707)	**(1 065)**	**(104)**
Total	**16 687**	**12 600**	**48 156**	**77 443**	**70 514**

13. Other financial assets at amortized cost

The details of this item are as follows:

	31 December	
	2023	2022
	USD '000	USD '000
Treasury bills	2 158 762	2 583 487
Government bonds and bonds guaranteed by the government	6 805 097	6 075 044
Corporate bonds	1 471 596	1 387 990
Less: Net ECL Charges	(59 054)	(44 046)
Total	**10 376 401**	**10 002 475**

Analysis of bonds based on interest nature:

	31 December	
	2023	2022
	USD '000	USD '000
Floating interest rate	334 461	374 082
Fixed interest rate	10 100 994	9 672 439
Less: Net ECL Charges	(59 054)	(44 046)
Total	**10 376 401**	**10 002 475**

Analysis of financial assets based on market quotation:

	31 December	
Financial assets quoted in the market:	2023	2022
	USD '000	USD '000
Treasury bills	1 834 339	1 219 414
Government bonds and bonds guaranteed by the government	2 147 564	1 559 113
Corporate bonds	1 374 886	1 276 778
Total	**5 356 789**	**4 055 305**

	31 December	
Financial assets unquoted in the market:	2023	2022
	USD '000	USD '000
Treasury bills	324 423	1 364 073
Government bonds and bonds guaranteed by the government	4 657 533	4 515 931
Corporate bonds	96 710	111 212
Total	**5 078 666**	**5 991 216**
Less: Net ECL Charges	(59 054)	(44 046)
Grand Total	**10 376 401**	**10 002 475**

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 2023				31 December 2022
	Stage 1	Stage 2	Stage 3	**Total**	**Total**
	USD '000	USD '000	USD '000	**USD '000**	**USD '000**
Low risk / performing (1-2)	10 190 041	-	-	**10 190 041**	**9 868 706**
Acceptable risk / performing (3-7)	217 695	27 719	-	**245 414**	**177 815**
Total	**10 407 736**	**27 719**	-	**10 435 455**	**10 046 521**

-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 2023				31 December 2022
	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	**10 013 491**	**33 030**	-	**10 046 521**	**10 595 538**
New investments (Additions)	8 622 480	-	-	**8 622 480**	**6 538 594**
Matured investments	(8 164 026)	(5 403)	-	**(8 169 429)**	**(6 661 349)**
Translation Adjustments	(64 209)	92	-	**(64 117)**	**(426 262)**
Total	**10 407 736**	**27 719**	-	**10 435 455**	**10 046 521**

The movement of ECL charges on other financial assets at amortized cost is as follows:

	31 December 2023				31 December 2022
	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	**24 926**	**19 120**	-	**44 046**	**34 365**
ECL charges during the year	14 282	5 481	-	**19 763**	**13 263**
Recoveries from matured investments	(4 493)	(136)	-	**(4 629)**	**(2 333)**
Adjustments during the year	(168)	433	-	**265**	**(881)**
Translation Adjustments	(401)	10	-	**(391)**	**(368)**
Total	**34 146**	**24 908**	-	**59 054**	**44 046**

During the year ended 31 December 2023 certain financial assets at amortized cost amounted to USD 2 million were sold (USD 52.9 million during the year ended 31 December 2022).

14. Investments in Associates

The details of this item are as follows:

	31 December 2023						
	Ownership and Voting Rights	Investment Carrying Value	Place of Incorporation	Market Value	Published Financial Statements Date	Principal Activity	Date of Acquisition
	%	USD '000		USD '000			
Arab National Bank	40.00	3 776 000	Saudi Arabia	4 048 000	2023	Banking	1979
Arabia Insurance Company	42.51	39 115	Lebanon	Unquoted	2022	Insurance	1972
Commercial buildings	35.39	2 906	Lebanon	Unquoted	2022	Real Estate Operating Lease	1966
Other Associates at Arab Bank Switzerland	Various	18 051	Various			Various	
Other Associates (Mostly owned by Arab Tunisian Bank)*	Various	12 185	Various			Various	
Total		**3 848 257**					

	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		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
Other Associates at Arab Bank Switzerland	Various	9 883	Various			Various	
Other Associates (Mostly owned by Arab Tunisian Bank)*	Various	11 971	Various			Various	
Total		**3 558 864**					

The details of movement on investments in associates are as follows:

	2023	2022
	USD '000	USD '000
Balance at the beginning of the year	**3 558 864**	**3 412 899**
Purchase of investments in associates	7 111	(611)
Group's share of profits for the year	509 969	384 494
Dividends received	(256 208)	(196 345)
Translation Adjustment	(9 694)	(4 177)
Group's share of other changes in equity	38 215	(37 396)
Balance at the end of the year	**3 848 257**	**3 558 864**
Group's share of taxes	**113 468**	**86 299**

* It represents mostly the investments in Arab Tunisian Lease in the amount of USD 9 million, Arabia Sicaf in the amount of USD 1.7 million and Arab Tunisian Invest in the amount of USD 0.7 million as of 31 December 2023. (As of 31 December 2022 these investments amounted to USD 8.8 million in Arab Tunisian Lease, USD 1.7 million in Arabia Sicaf and USD 0.7 million in Arab Tunisian Invest)

The Group's share from the profit and loss of the associates are as follows:

	31 December	
	2023	**2022**
	USD '000	USD '000
Arab National Bank	505 773	387 860
Arabia Insurance Company	2 930	(3 304)
Other	1 266	(62)
Total	**509 969**	**384 494**

The Group's share of associates are as follows:

	31 December					
	2023			**2022**		
	Arab National Bank	Others	**Total**	Arab National Bank	Others	**Total**
	USD '000	USD '000	**USD '000**	USD '000	USD '000	**USD '000**
Total Assets	23 539 553	377 930	**23 917 483**	22 691 616	323 271	**23 014 887**
Total Liabilities	19 763 553	305 673	**20 069 226**	19 209 291	246 732	**19 456 023**
Total Revenue	915 359	62 780	**978 139**	743 864	16 504	**760 368**
Total Expenses	409 586	58 584	**468 170**	356 004	19 870	**375 874**
Net Profit	**505 773**	**4 196**	**509 969**	**387 860**	**(3 366)**	**384 494**

15 - 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 2022	**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 as of 31 December 2022	**117 151**	**401 779**	**303 509**	**345 581**	**16 205**	**115 423**	**1 299 648**
Additions	61	5 103	8 928	29 286	305	23 067	**66 750**
Disposals	-	(6 819)	(2 228)	(1 965)	(1 108)	(4 262)	**(16 382)**
Adjustments during the year	-	(70)	16 919	(6 588)	137	(10 398)	**-**
Translation Adjustments	120	(2 531)	(4 101)	(4 378)	(80)	(3 135)	**(14 105)**
Balance at 31 December 2023	**117 332**	**397 462**	**323 027**	**361 936**	**15 459**	**120 695**	**1 335 911**
Accumulated Depreciation :							
Balance as of 1 January 2022	**-**	**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 as of 31 December 2022	**-**	**190 119**	**239 036**	**241 952**	**13 462**	**84 686**	**769 255**
Depreciation charge for the year	-	10 545	17 301	33 850	1 136	6 985	**69 817**
Disposals	-	(6 722)	(2 171)	(2 054)	(1 052)	(1 478)	**(13 477)**
Adjustments during the year	-	(29)	10 070	(10 143)	-	4	**(98)**
Translation adjustments	-	(2 177)	(3 613)	(4 006)	(95)	(3 333)	**(13 224)**
Balance at 31 December 2023	**-**	**191 736**	**260 623**	**259 599**	**13 451**	**86 864**	**812 273**
Net Book Value as of 31 December 2023	**117 332**	**205 726**	**62 404**	**102 337**	**2 008**	**33 831**	**523 638**
Net Book Value as of 31 December 2022	**117 151**	**211 660**	**64 473**	**103 629**	**2 743**	**30 737**	**530 393**

* The cost of fully depreciated fixed assets amounted to USD 571.7 million as of 31 December 2023 (USD 519 million as of 31 December 2022).

16. Other Assets

The details of this item are as follows:

	31 December	
	2023	**2022**
	USD '000	USD '000
Accrued interest receivable	407 178	392 661
Prepaid expenses	68 708	49 457
Foreclosed assets *	178 868	177 325
Intangible assets - Others **	201 643	73 404
Right of use assets ****	108 483	87 697
Other miscellaneous assets	398 463	248 106
Total	**1 363 343**	**1 028 650**

* The Central Bank of Jordan instructions require the disposal of these assets during a maximum period of two years from the date of foreclosure, and allows the extension of this period for an additional two years upon obtaining the approval of the Central Bank of Jordan.

* The details of movement on foreclosed assets are as follows:

	2023			
	Land	Buildings	Other	**Total**
	USD '000	USD '000	USD '000	**USD '000**
Balance at the beginning of the year	**85 271**	**91 783**	**271**	**177 325**
Additions	12 461	14 186	-	**26 647**
Disposals	(10 444)	(12 640)	-	**(23 084)**
Provision for impairment and impariment losses	(1 531)	113	-	**(1 418)**
Translation adjustments	(861)	259	-	**(602)**
Balance at the end of the year	**84 896**	**93 701**	**271**	**178 868**

	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**

** The details of movement on intangible assets are as follows:

	31 December 2023			**31 December 2022**
	Software	**Others *** **	**Total**	**Total**
	USD '000	USD '000	**USD '000**	**USD '000**
Balance at the beginning of the year	**31 404**	**42 000**	**73 404**	**77 106**
Additions	10 599	143 860	**154 459**	**14 154**
Amortization charge for the year	(16 236)	(9 731)	**(25 967)**	**(16 603)**
Adjustment during the year and translation adjustments	(253)	-	**(253)**	**(1 253)**
Balance at the End of the Year	**25 514**	**176 129**	**201 643**	**73 404**

*** This item includes the amount of USD 134 million in intangible assets resulting form Arab Bank Group acquisition of a subsidiary; whereby the Group has completed during first nine month of the year 2023 all the legal procedures required to aquire a 90% stake in Gonet & Cie SA.

**** The dateails of movement of right of use assets are as follows :

	2023	**2022**
	USD '000	USD '000
Balance at the beginning of the year	**87 697**	**96 752**
Additions	47 138	14 678
Depreciation	(26 352)	(23 733)
Balance at the End of the Year	**108 483**	**87 697**

17. Deferred Tax Assets

The details of this item are as follows :

Items attributable to deferred tax assets are as follows:	2023					
	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	733 824	306 341	(439 370)	489	**601 284**	**162 266**
End-of-Service indemnity	62 109	15 112	(16 369)	-	**60 852**	**18 028**
Interest in suspense	126 383	34 605	(91 676)	-	**69 312**	**15 287**
Revaluation of OCI investments	53 580	5 253	(3 756)	769	**55 846**	**13 925**
Other	118 413	89 717	(63 676)	5 219	**149 673**	**34 152**
Total	**1 094 309**	**451 028**	**(614 847)**	**6 477**	**936 967**	**243 658**

	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**	**18 550**
Interest in suspense	101 441	74 574	(49 632)	-	**126 383**	**33 008**
Revaluation of OCI investments	34 985	20 696	-	(2 101)	**53 580**	**14 107**
Other	132 696	15 855	(37 701)	7 563	**118 413**	**26 186**
Total	**1 004 575**	**414 849**	**(330 249)**	**5 134**	**1 094 309**	**279 945**

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:

	2023	
	USD '000	**USD '000**
Balance at the beginning of the year	279 945	248 498
Additions during the year	135 517	129 350
Amortized during the year	(173 334)	(98 745)
Adjustments during the year and translation adjustments	1 530	842
Balance at the end of the year	**243 658**	**279 945**

18. Banks and Financial Institutions Deposits

The details of this item are as follows:

	31 December 2023			**31 December 2022**		
	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	-	776 566	**776 566**	-	448 142	**448 142**
Time deposits	6 774	2 512 362	**2 519 136**	50 680	3 018 818	**3 069 498**
Total	**6 774**	**3 288 928**	**3 295 702**	**50 680**	**3 466 960**	**3 517 640**

19. Customers' Deposits

The details of this item are as follows:

	31 December 2023				
	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	10 850 004	2 595 076	3 506 857	990 898	17 942 835
Savings	5 307 173	47 324	20 092	33 009	5 407 598
Time and notice	11 938 124	1 652 770	6 299 618	4 066 167	23 956 679
Certificates of deposit	312 484	20 528	122 741	48 388	504 141
Total	**28 407 785**	**4 315 698**	**9 949 308**	**5 138 462**	**47 811 253**

	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**

- Government of Jordan and Jordanian public sector deposits amounted to USD 1018.2 million, or 2.1 % of total customer deposits as of 31 December 2023 (USD 1305.1 million, or 2.9 % of total customer deposits as of 31 December 2022).
- Non-interest bearing deposits amounted to USD 15260.9 million, or 31.9 % of total customer deposits as of 31 December 2023 (USD 15437.1 million, or 34.1 % of total customer deposits as of 31 December 2022).
- Blocked deposits amounted to USD 428.6 million, or 0.9% of total customer deposits as of 31 December 2023 (USD 177.6 million, or 0.4% of total customer deposit as of 31 December 2022).
- Dormant deposits amounted to USD 524.5 million, or 1.1% of total customer deposits as of 31 December 2023 (USD 389.3 million or 0.9% of total customer deposits as of 31 December 2022).

20. Cash Margin

The details of this item are as follows:

	31 December	
	2023	**2022**
	USD '000	USD '000
Against direct credit facilities at amortized cost	2 166 024	1 715 569
Against indirect credit facilities	640 967	737 701
Against margin trading	1 983	2 434
Other cash margins	4 513	5 796
Total	**2 813 487**	**2 461 500**

21. Borrowed Funds

The details of this item are as follows:

	31 December	
	2023	**2022**
	USD '000	USD '000
From Central Banks *	217 469	162 385
From banks and financial institutions **	292 340	359 983
Total	**509 809**	**522 368**

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

	31 December	
	2023	**2022**
	USD '000	USD '000
Floating interest rate	289 196	351 604
Fixed interest rate	220 613	170 764
Total	**509 809**	**522 368**

* During 2013, Arab Bank 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 2023 amounted to USD 2.3 million (USD 2.8 million as of 31 December 2022).

* During 2014, Arab Bank 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 2023 amounted to USD 355 thousand (USD 900 thousand as of 31 December 2022).

* Untill 31 December 2023, Arab Bank 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 184.4 million as of 31 December 2023 (USD 119.8 million as of 31 December 2022).

* During 2016, Arab Bank 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 2023 amounted to USD 3.2 million (USD 3.8 million as of 31 December 2022).

* During 2017, Arab Bank 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 2023 amounted to USD 10.9 million (USD 8 million as of 31 December 2022).

During 2021, Arab Bank 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 2023 amounted to USD 16.2 million (USD 26.7 million as of 31 December 2022).

** During 2018, Arab Bank 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 (7.178% Spread + CAS + SOFR) 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 2023 amounted to USD 36.4 million (USD 54.5 million as of 31 December 2022)

** During 2019, Arab Bank withdrew the second installment in the amount of USD 69.8 million for the duration of 7 years with a floating interest rate of (7.289% Spread + CAS + SOFR) 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 2022 and the last one will be on 16 March 2026. the Balance of the loan as of 31 December 2023 amounted to USD 35 million (USD 48.9 million as of 31 December 2022)

** During 2020, Arab Bank withdrew the third installment in the amount of USD 161.8 million for the duration of 7 years with a floating interest rate of (7.49% Spread + CAS + SOFR) 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 2023 and the last one will be on 15 March 2027. the Balance of the loan as of 31 December 2023 amounted to USD 113.2 million (USD 145.6 million as of 31 December 2022)

** During 2022 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 2023 amounted to USD 7.1 million (USD 7.1 million as of 31 December 2022)

** Arab Tunisian Bank borrowed amounts from banks and financial institutions, as well issued syndicated term loans, the balance amounted to USD 100.8 million as of 31 December 2023 (USD 103.9 million as of 31 December 2022) whereas the lowest interest rate is (0.7%) and the highest is (9.9%) and the last maturity date is on 19 May 2032, as per the following details:

	31 December	
	2023	**2022**
	USD '000	USD '000
Loans maturing within one year	38 126	37 308
Loans maturing after 1 year and less than 3 years	19 892	48 791
Loans maturing after 3 years	42 737	17 795
Total	**100 755**	**103 894**

22. Provision for Income Tax

The details of this item are as follows:

	31 December	
	2023	**2022**
	USD '000	USD '000
Balance at the beginning of the year	**293 029**	**202 477**
Income tax charge	344 633	331 988
Income tax paid	(300 460)	(241 436)
Balance at the end of the year	**337 202**	**293 029**

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

	31 December	
	2023	**2022**
	USD '000	USD '000
Income tax charge for the year	344 633	331 988
Deferred tax assets for the year	(135 123)	(125 397)
Amortization of deferred tax assets	172 728	98 745
Deferred tax liabilities for the year	5 675	1 717
Amortization of deferred tax liabilities	(408)	(7)
Total	**387 505**	**307 046**

- 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 2023 and 2022. Arab Bank Group effective tax rate was 31.8% as of 31 December 2023 and 36.1% as of 31 December 2022.
- The subsidiaries and branches of Arab Bank Group have reached recent tax settlements ranging between 2022 such as Arab Bank United Arab Emirates and Arab National Leasing Company and 2020 such as Islamic Internatioanl Arab Bank.

23. Other Provisions

The details of this item are as follows:

	2023					
	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	123 659	31 789	(23 513)	-	(7 070)	124 865
Legal cases	7 983	3 201	(246)	(1 254)	118	9 802
Other	100 781	11 426	(19)	(89)	(2 072)	110 027
Total	**232 423**	**46 416**	**(23 778)**	**(1 343)**	**(9 024)**	**244 694**

	2022					
	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	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**

24. Other Liabilities

The details of this item are as follows:

	31 December	
	2023	**2022**
	USD '000	USD '000
Accrued interest payable	418 639	299 772
Notes payable	159 882	150 927
Interest and commission received in advance	68 370	80 463
Accrued expenses	232 408	148 965
Dividends payable to shareholders	17 507	17 455
Provision for impairment - ECL of the indirect credit facilities*	116 425	176 384
Lease liabilities	106 488	86 056
Other miscellaneous liabilities	571 603	610 150
Total	**1 691 322**	**1 570 172**

Indirect Credit Facilities

The following is the distribution of credit exposures for indirect credit facilities at amortized cost according to the Group's Internal Rating

	31 December 2023				31 December 2022
	Stage 1	Stage 2	Stage 3	**Total**	**Total**
	USD '000	USD '000	USD '000	**USD '000**	**USD '000**
Low risk / performing (1-2)	1 125 924	-	-	**1 125 924**	**1 079 693**
Acceptable risk / performing (3-7)	16 142 653	651 936	-	**16 794 589**	**16 287 293**
Non-performing (8-10):	-	-	94 451	**94 451**	**132 038**
Total	**17 268 577**	**651 936**	**94 451**	**18 014 964**	**17 499 024**

-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 2023				31 December 2022
	Stage 1	Stage 2	Stage 3	**Total**	**Total**
	USD '000	USD '000	USD '000	**USD '000**	**USD '000**
Balance at beginning of the year	**16 511 350**	**855 636**	**132 038**	**17 499 024**	**18 017 520**
New balances (Additions)	5 944 147	106 531	26 594	**6 077 272**	**5 695 639**
Matured balances	(5 328 051)	(324 131)	(74 475)	**(5 726 657)**	**(5 758 037)**
Transfers to stage 1	142 450	(142 211)	(239)	-	-
Transfers to stage 2	(142 476)	142 602	(126)	-	-
Transfers to stage 3	(1 692)	(8 841)	10 533	-	-
Translation Adjustments	142 849	22 350	126	**165 325**	**(456 098)**
Total	**17 268 577**	**651 936**	**94 451**	**18 014 964**	**17 499 024**

The movement of ECL charges on indirect credit facilitiess is as follows:

	31 December 2023				31 December 2022
	Stage 1	Stage 2	Stage 3	**Total**	**Total**
	USD '000	USD '000	USD '000	**USD '000**	**USD '000**
Balance at beginning of the year	**32 873**	**22 573**	**120 938**	**176 384**	**145 511**
ECL charges during the year	19 555	2 204	2 334	**24 093**	**29 892**
Recoveries (excluding write offs)	(10 739)	(8 909)	(1 998)	**(21 646)**	**(19 174)**
Transfers to stage 1	206	(206)	-	-	-
Transfers to stage 2	(500)	500	-	-	-
Transfers to stage 3	(11)	(19)	30	-	-
Impact on year end ECL caused by transfers between stages during the year	-	(387)	-	**(387)**	**933**
Adjustments during the year	4 680	466	(66 985)	**(61 839)**	**19 677**
Translation Adjustments	(178)	(225)	223	**(180)**	**(455)**
Total	**45 886**	**15 997**	**54 542**	**116 425**	**176 384**

25. Deferred Tax Liabilities

Items attributable to deferred tax liabilities are as follows:

	2023					
	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	39 862	34 412	(2 500)	8 600	80 374	16 113
Total	**39 862**	**34 412**	**(2 500)**	**8 600**	**80 374**	**16 113**

	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**

The details of movements on deferred tax liabilities are as follows:

	2023	2022
	USD '000	USD '000
Balance at the beginning of the year	9 253	7 295
Additions during the year	5 689	2 167
Amortized during the year	(463)	(101)
Adjustments during the year and translation adjustments	1 634	(108)
Balance at the end of the year	**16 113**	**9 253**

26. Share Capital & Premium

a .Share Capital amounted to USD 926.6 million as of 31 December 2023 and 2022 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 2023 and 2022.

27. Statutory Reserve

Statutory reserve amounted to USD 926.6 million as of 31 December 2023 and 2022, according to the regulations of the Central Bank of Jordan and Companies Law it can not be distributed to the shareholders of the banks.

28. Voluntary Reserve

The voluntary reserve amounted to USD 977.3 million as of 31 December 2023 and 2022. 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.

29. General Reserve

The general reserve amounted to USD 1211.9 million as of 31 December 2023 and 2022. 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 Risks Reserve

The general banking risk reserve amounted to USD 153 million as of 31 December 2023 and 2022.

31. Foreign Currency Translation Reserve

The details of this item are as follows:

	31 December	
	2023	2022
	USD '000	USD '000
Balance at the beginning of the year	(400 986)	(291 987)
Changes during the year	77 812	(108 999)
Balance at the end of the year	**(323 174)**	**(400 986)**

32. Investment Revaluation Reserve

The details of this item are as follows:

	31 December	
	2023	2022
	USD '000	USD '000
Balance at the beginning of the year	(362 590)	(312 553)
Change in fair value during the year	31 256	(52 208)
Net realized (gains) losses transferred to retained earnings	(1 776)	2 171
Balance at the End of the Year	**(333 110)**	**(362 590)**

33. Perpetual Tier 1 Capital Bonds

A. Oman Arab Bank has issued series of unsecured perpetual Tier 1 bonds, illustrated as below:

- On 17 October 2018, the Bank issued series of bonds in the amount of OMR 42.5 million equivalent to 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. On 17 October 2023 the bank has called back all the bonds.

- On 4 June 2021, the Bank issued another series of 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.

- On 16 October 2023, the Bank issued another series of bonds in the amount of OMR 50 million equivalent to USD 129.9 million. The bonds carry a fixed coupon rate of 7% per annum payable semi-annually and treated as deduction from equity. Interest is non-cumulative and payable at Bank's discretion.

  All these 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. Bond in the second paragraph has First Call date on 4 January 2026 and bond in the third paragraph has First Call date on 16 October 2028. These bonds may be recalled on any interest payment date thereafter subject to the prior consent of the regulatory authority.

B. Arab Bank plc has issued series of unsecured perpetual Tier 1 bonds, illustrated as below:

- On 10 October 2023, Arab Bank plc - Jordan branches issued perpetual Tier 1 bonds in the amount of USD 250 million. These bonds carry a fixed coupon rate of 8% per annum payable semi-annually and treated as deduction from equity. Interest is non-cumulative and payable at Bank's discretion.

  These bonds have been listed in London Stock Exchange - International securities market and perpetual bonds market

- These bonds are classified as equity within the additional Tier 1 of the regulatory capital 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 and according to issuance terms but subject to the prior consent of the regulatory authority. 10 April 2029 will be the first repricing date.

34. Retained Earnings and Non-controlling interests

The movement of retained earnings are as follows:

	31 December	
	2023	**2022**
	USD '000	USD '000
Balance at the beginning of the year	**3 289 293**	**2 967 984**
Profit for the year Attributable to Shareholders of the Bank	800 695	520 276
Investments revaluation reserve transferred to retained earnings	1 776	(2 171)
Dividends paid *	(231 640)	(186 532)
Transferred from general banking risk reserve	-	1 141
Adjustments during the year	(14 115)	(11 405)
Balance at the end of the year	**3 846 009**	**3 289 293**

*Arab Bank plc Board of Directors recommended a 30% of par value as cash dividend, equivalent to USD 271.1 million, for the year 2023. 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 30 March 2023 approved the recommendation of the Bank's Board of Directors to distribute a 25% of par value as cash dividend, equivalent to USD 225.9 million for the year 2022).

The details of non-controlling interests are as follows:

	31 December 2023			31 December 2022		
	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	52 537	521	35.76	51 644	849
Arab Bank Syria	48.71	25 867	54	48.71	23 762	(4)
Al Nisr Al Arabi Insurance Company plc	32.00	9 390	1 138	50.00	14 086	1 745
Oman Arab Bank	51.00	480 379	27 228	51.00	464 575	21 436
Other at Arab Bank Switzerland	-	6 938	-		-	-
Total		**575 111**	**28 941**		**554 067**	**24 026**

The following are the additional financial information of significant subsidiaries that contain non-controlling interests.

	2023				2022			
	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	2 480 246	103 223	10 390 994	195 841	2 452 569	122 091	9 509 685	180 440
Total Liabilities	2 310 521	49 966	9 449 074	166 497	2 286 004	73 165	8 598 754	152 267
Net Assets	**169 725**	**53 257**	**941 920**	**29 344**	**166 565**	**48 926**	**910 931**	**28 173**
Total Income	106 599	3 884	312 989	13 000	96 830	3 910	318 728	12 273
Total Expenses	105 142	3 773	259 600	9 444	94 455	3 919	276 697	8 783
Net Profit (Loss)	**1 457**	**111**	**53 389**	**3 556**	**2 375**	**(9)**	**42 031**	**3 490**

35. Interest Income

The details of this item are as follows:	2023	2022
	USD '000	USD '000
Direct credit facilities at amortized cost *	2 419 669	1 904 445
Central banks	465 674	167 305
Banks and financial institutions	226 917	69 142
Financial assets at fair value through profit or loss	15 706	7 006
Financial assets at fair value through other comprehensive income	17 612	13 158
Other financial assets at amortized cost	514 100	422 428
Total	**3 659 678**	**2 583 484**

* The details of interest income earned on direct credit facilities at amortized cost are as follows:

	2023					
	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	2 034	6 803	42 736	11 405	1 918	**64 896**
Overdrafts	10 334	95 394	237 784	52	20 551	**364 115**
Loans and advances	414 922	140 609	983 909	3 545	113 065	**1 656 050**
Real estate loans	246 786	32 524	29 946	-	-	**309 256**
Credit cards	25 352	-	-	-	-	**25 352**
Total	**699 428**	**275 330**	**1 294 375**	**15 002**	**135 534**	**2 419 669**

	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**

36. Interest Expense

The details of this item are as follows::

	2023	**2022**
	USD '000	USD '000
Customers' deposits *	1 318 501	832 404
Banks' and financial institutions' deposits	180 536	72 873
Cash margins	68 502	38 623
Borrowed funds	29 884	24 206
Deposit insurance fees	25 045	30 574
Total	**1 622 468**	**998 680**

* The details of interest expense paid on customer deposits are as follows:

	2023				
	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	40 636	2 475	42 461	38 351	**123 923**
Savings	61 894	1 125	104	174	**63 297**
Time and notice	506 957	72 713	261 327	232 131	**1 073 128**
Certificates of deposit	41 402	1 258	9 379	6 114	**58 153**
Total	**650 889**	**77 571**	**313 271**	**276 770**	**1 318 501**

	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**

37. Net Commission Income

The details of this item are as follows:

	2023	**2022**
	USD '000	USD '000
Commission income:		
- Direct credit facilities at amortized cost	119 291	109 071
- Indirect credit facilities	119 973	127 395
- Assets under management	50 245	28 090
- Other	248 513	194 984
Less: commission expense	(112 909)	(85 171)
Net Commission Income	**425 113**	**374 369**

38. Gains from Financial Assets at Fair Value Through Profit or Loss

The details of this item are as follows:

	2023			
	Realized Gains	Unrealized Gains (Losses)	Dividends	**Total**
	USD '000	USD '000	USD '000	**USD '000**
Treasury bills and bonds	1 132	2 514	-	**3 646**
Companies shares	-	922	-	**922**
Mutual funds	-	45	-	**45**
Total	**1 132**	**3 481**	**-**	**4 613**

	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**

39. Other Revenue

The details of this item are as follows:

	2023	2022
	USD '000	USD '000
Revenue from customer services	14 810	13 477
Safe box rent	2 856	2 764
(Losses) gain from derivatives	(56)	(2)
Miscellaneous revenue	26 470	50 426
Total	**44 080**	**66 665**

40. Employees' Expenses

The details of this item are as follows:

	2023	2022
	USD '000	USD '000
Salaries and other benefits	514 571	476 042
Social security	50 082	43 958
Savings fund	8 394	7 123
Indemnity compensation	4 712	3 701
Medical	18 219	18 121
Training	4 606	5 500
Allowances	100 326	93 559
Other	16 764	15 565
Total	**717 674**	**663 569**

41. Other Expenses

	2023	2022
	USD '000	USD '000
Utilities and rent	107 691	97 307
Office	111 379	95 113
Services	76 404	64 771
Fees	23 727	20 091
Information technology	86 407	77 453
Other administrative expenses	76 708	60 575
Total	**482 316**	**415 310**

42. Financial Derivatives

The details of this item is as follows:

	31 December 2023						
				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	6 088	5 324	431 103	280 981	93 127	18 207	38 788
Interest rate swaps	31 690	29 685	2 157 108	49 797	210 796	52 368	1 844 147
Foreign currency forward contracts	92 877	108 033	15 569 864	12 829 211	2 507 387	233 266	-
Derivatives held for trading	**130 655**	**143 042**	**18 158 075**	**13 159 989**	**2 811 310**	**303 841**	**1 882 935**
Interest rate swaps	86 523	53 905	1 786 514	29 118	226 752	888 768	641 876
Foreign currency forward contracts	-	-	163 018	15 057	147 961	-	-
Derivatives held for fair value hedge	**86 523**	**53 905**	**1 949 532**	**44 175**	**374 713**	**888 768**	**641 876**
Interest rate swaps	-	-	4 154	4 154	-	-	-
Foreign currency forward contracts	451	591	55 407	15 854	32 050	7 503	-
Derivatives held for cash flow hedge	**451**	**591**	**59 561**	**20 008**	**32 050**	**7 503**	**-**
Total	**217 629**	**197 538**	**20 167 168**	**13 224 172**	**3 218 073**	**1 200 112**	**2 524 811**

	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**

The notional amount represents the value of the transactions at year-end and does not refer to market or credit risks.

43. 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	
	2023	**2022**	**2023**	**2022**	**2023**	**2022**
	USD'000	USD'000	USD'000	USD'000	**USD'000**	**USD'000**
Revenues	810 130	689 866	2 340 140	1 836 244	**3 150 270**	**2 526 110**
Assets	19 833 386	19 222 048	48 440 585	45 237 775	**68 273 971**	**64 459 823**
Capital Expenditures	30 107	33 329	47 242	55 706	**77 349**	**89 035**

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 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.

In addition to the above, the bank is working on pillars according to which it leads its digital and innovation strategies, the most important of which are artificial intelligence and proactive analysis.

Information about the Group's Business Segments

	31 December 2023					
	Corpo-rate 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	1 199 855	1 157 545	(217 257)	470 773	539 354	3 150 270
Net inter-segment interest income	(101 465)	(591 774)	590 162	103 077	-	-
Less :ECL expense on financial assets	470 847	107 024	(193)	14 604	-	592 282
Other provisions	20 634	5 375	4 220	14 844	-	45 073
Direct administrative expenses	138 393	25 627	36 439	294 613	8 483	503 555
Result of operations of segments	**468 516**	**427 745**	**332 439**	**249 789**	**530 871**	**2 009 360**
Indirect expenses on segments	348 299	113 858	114 585	213 689	1 788	792 219
Profit for the year before income tax	**120 217**	**313 887**	**217 854**	**36 100**	**529 083**	**1 217 141**
Income tax expense	38 273	99 934	69 359	11 493	168 446	387 505
Profit for the Year	**81 944**	**213 953**	**148 495**	**24 607**	**360 637**	**829 636**
Depreciation and amortization	36 173	8 268	6 211	45 132	-	95 784
Other information						
Segment assets	22 813 392	26 021 969	4 170 575	9 169 813	2 249 965	64 425 714
Inter-segment assets	-	-	14 067 142	2 103 523	6 605 730	-
Investment in associates	-	-	-	-	3 848 257	3 848 257
TOTAL ASSETS	**22 813 392**	**26 021 969**	**18 237 717**	**11 273 336**	**12 703 952**	**68 273 971**
Segment liabilities	21 068 791	4 990 175	18 237 717	11 273 336	1 347 101	56 917 120
Shareholdres' equity	-	-	-	-	11 356 851	11 356 851
Inter-segment liabilities	1 744 601	21 031 794	-	-	-	-
TOTAL LIABILITIES AND SHARE-HOLDERS' EQUITY	**22 813 392**	**26 021 969**	**18 237 717**	**11 273 336**	**12 703 952**	**68 273 971**

Information about the Group's Business Segments

	31 December 2022					
			Consumer Banking			
	Corporate and institutional Banking	Treasury	Elite	Retail Banking	Other	Total
	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	-	-
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
Shareholders' equity	-	-	-	-	10 402 456	10 402 456
Inter-segment liabilities	2 202 693	18 253 727	-	-	-	-
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**22 458 553**	**22 633 617**	**16 009 694**	**11 230 759**	**12 583 620**	**64 459 823**

45. 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

The war in Gaza during the fourth quarter of 2023 led to the destruction of many economic facilities inside the Strip, noting that the group does not have any credit exposure there.

This is in addition to the impact on many economic and commercial sectors in the West Bank as a result of the restrictions and closures happening every now and then. This led to higher potential risks to the Group's operations in Palestine and while it is still difficult and early to predict the actual impact, management is closely monitoring the situation and actively managing the potential impacts in accordance with best practices and regulatory requirements.

Management believes that there are no doubts about the Group's ability to continue its business in Palestine in the future.

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 (46-F) 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 (52) shows the maturities of the assets and liabilities of the Bank and note (49) 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 (47) 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 (48) 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 (50) 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.

46 - 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	
	2023	**2022**
	USD '000	USD '000
Credit risk exposures relating to items on the consolidated statement of financial position:		
Balances with central banks	12 439 777	10 779 700
Balances with banks and financial institutions	4 204 480	4 008 144
Deposits with banks and financial institutions	273 807	610 306
Financial assets at fair value through profit or loss	23 857	48 662
Financial assets at fair value through other comprehansive income	409 939	400 762
Direct credit facilities at amortized cost	**33 158 248**	**31 726 598**
Consumer Banking	10 116 559	9 614 613
Small and Medium Corporate	3 537 675	3 548 095
Large Corporate	16 061 142	15 199 683
Banks and financial institutions	258 170	348 988
Government and public sector	3 184 702	3 015 219
Other financial assets at amortized cost	10 376 401	10 002 475
financial derivatives - positive fair value	217 629	196 232
Other assets	475 886	442 118
Total Credit Exposure related to items on the consolidated statement of financial position:	**61 580 024**	**58 214 997**
Credit risk exposures relating to items off the consolidated statement of financial position:		
Total of indirect facilities	**17 898 539**	**17 322 640**
Grand Total for Credit Exposure	**79 478 563**	**75 537 637**

The table above shows the maximum limit of the bank credit risk as of 31 December 2023 and 2022 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	12 790 213	-	-
Balances with banks and financial institutions	4 207 423	-	-
Deposits with banks and financial institutions	274 698	-	-
Financial assets at fair value through profit or loss	23 857	-	-
Financial assets at fair value through other comprehensive income	410 483	-	-
Direct credit facilities at amortized cost	**37 079 697**	**2 089 165**	**418 962**
Consumer Banking	10 511 436	396 305	6 125
Small and Medium Corporates	4 103 716	486 622	41 493
Large Corporates	18 995 178	1 006 024	337 365
Banks and Financial Institutions	261 619	-	168
Government and Public Sector	3 207 748	200 214	33 811
Other financial assets at amortized cost	10 435 455	-	-
Financial derivatives - positive fair value	217 629	-	-
Other assets	475 886	-	-
Total	**65 915 341**	**2 089 165**	**418 962**
Credit exposures relating to items off statement of financial position:			
Total	**18 014 964**	**1 129 028**	**31 531**
Grand Total	**83 930 305**	**3 218 193**	**450 493**
Grand Total as of 31 December 2022	**79 708 938**	**2 692 108**	**429 177**

							31 December 2023
	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
	-	-	-	-	-	12 790 213	350 436
	-	-	-	-	-	4 207 423	2 943
	-	-	-	-	-	274 698	891
	-	-	-	-	-	23 857	-
	-	-	-	-	-	410 483	544
	6 783 478	**1 225 245**	**520 448**	**8 358 687**	**19 395 985**	**17 683 712**	**3 005 155**
	2 797 324	150 575	201 079	1 116 299	4 667 707	5 843 729	274 161
	1 063 103	170 277	17 960	934 565	2 714 020	1 389 696	416 169
	2 917 429	904 393	301 409	5 219 532	10 686 152	8 309 026	2 288 380
	-	-	-	1 613	1 781	259 838	3 399
	5 622	-	-	1 086 678	1 326 325	1 881 423	23 046
	-	-	-	-	-	10 435 455	59 054
	-	-	-	-	-	217 629	-
	-	-	-	-	-	475 886	-
	6 783 478	**1 225 245**	**520 448**	**8 358 687**	**19 395 985**	**46 519 356**	**3 419 023**
	289 302	**52 117**	**21 212**	**2 425 929**	**3 949 119**	**14 065 845**	**116 425**
	7 072 780	**1 277 362**	**541 660**	**10 784 616**	**23 345 104**	**60 585 201**	**3 535 448**
	6 928 595	**1 013 788**	**516 214**	**10 782 120**	**22 362 002**	**57 346 936**	**3 270 150**

C. Fair value of collaterals obtained against Stage 3 Credit Exposures :

	Total Credit Risk Exposure	Cash	Banks accepted letters of guaran-tees
	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	**3 037 263**	**36 099**	**38 158**
Consumer Banking	406 336	11 380	371
Small and Medium Corporates	525 764	3 333	3 831
Large Corporates	2 101 804	21 386	33 956
Banks and Financial Institutions	3 012	-	-
Government and Public Sector	347	-	-
Other financial assets at amortized cost	-	-	-
Financial derivatives - positive fair value	-	-	-
Other assets	-	-	-
Total	**3 037 263**	**36 099**	**38 158**
Credit exposures relating to items off statement of finan-cial position:			
Total	**94 451**	**3 104**	**-**
Grand Total	**3 131 714**	**39 203**	**38 158**
Grand Total as of 31 Decmeber 2022	**3 061 994**	**22 295**	**32 400**

						31 December 2023
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
-	-	-	-	**-**	-	-
-	-	-	-	**-**	-	-
-	-	-	-	**-**	-	-
-	-	-	-	**-**	-	-
-	-	-	-	**-**	-	-
349 220	**8 729**	**24 664**	**611 770**	**1 068 640**	**1 968 623**	**1 996 116**
51 924	-	2 641	22 274	**88 590**	317 746	208 248
117 217	26	812	49 268	**174 487**	351 277	312 543
180 079	8 703	21 211	540 228	**805 563**	1 296 241	1 471 147
-	-	-	-	**-**	3 012	2 962
-	-	-	-	**-**	347	1 216
-	-	-	-	**-**	-	-
-	-	-	-	**-**	-	-
-	-	-	-	**-**	-	-
349 220	**8 729**	**24 664**	**611 770**	**1 068 640**	**1 968 623**	**1 996 116**
4 192	**11 211**	**917**	**14 529**	**33 953**	**60 498**	**54 542**
353 412	**19 940**	**25 581**	**626 299**	**1 102 593**	**2 029 121**	**2 050 658**
282 328	**2 618**	**7 654**	**309 628**	**656 923**	**2 405 071**	**2 010 206**

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 2023					
	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**	
Credit exposures relating to items on statement of financial position:						
Balances with central banks	776 154	-	-	-	**-**	-
Balances with banks and financial institutions	-	-	-	-	**-**	-
Deposits with banks and financial institutions	-	-	-	-	**-**	-
Direct credit facilities at amortized cost	3 985 401	(234 872)	3 037 263	404 060	**169 188**	2.4%
Other financial assets at amortized cost	27 719	-	-	-	**-**	-
Total	**4 789 274**	**(234 872)**	**3 037 263**	**404 060**	**169 188**	**2.2%**
Credit exposures relating to items off statement of financial position:						
Total	**651 936**	**(8 450)**	**94 451**	**10 168**	**1 718**	**0.2%**
Grand Total	**5 441 210**	**(243 322)**	**3 131 714**	**414 228**	**170 906**	**2.0%**
Grand Total as of 31 December 2022	**6 411 043**	**(286 744)**	**3 061 994**	**164 433**	**(122 311)**	**-1.3%**

	31 December 2023					
	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**	
Credit exposures relating to items on statement of financial position:						
Balances with central banks	348 591	-	-	-	**-**	-
Balances with banks and financial institutions	-	-	-	-	**-**	-
Deposits with banks and financial institutions	-	-	-	-	**-**	-
Direct credit facilities at amortized cost	732 894	(275 003)	1 996 116	243 309	**(31 694)**	-1.2%
Other financial assets at amortized cost	24 908	-	-	-	**-**	-
Total	**1 106 393**	**(275 003)**	**1 996 116**	**243 309**	**(31 694)**	**-1.0%**
Credit exposures relating to items off statement of financial position:						
Total	**15 997**	**275**	**54 542**	**30**	**305**	**-**
Grand Total	**1 122 390**	**(274 728)**	**2 050 658**	**243 339**	**(31 389)**	**-1.0%**
Grand Total as of 31 December 2022	**1 065 225**	**(71 312)**	**2 010 206**	**62 050**	**(9 262)**	**-0.3%**

- Expected Credit Losses for Reclassified Credit Exposures:

	31 December 2023						
	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	-	-	**-**	-	-	-	**-**
Financial assets at fair value through other comprehensive income	-	-	**-**	-	-	-	**-**
Direct credit facilities at amortized cost	(234 872)	404 060	**169 188**	(276 109)	(33)	272 820	**(3 322)**
Other financial assets at amortized cost	-	-	**-**	-	-	-	**-**
Total	**(234 872)**	**404 060**	**169 188**	**(276 109)**	**(33)**	**272 820**	**(3 322)**
Credit exposures relating to items off statement of financial position:							
Total	**(8 450)**	**10 168**	**1 718**	**(112)**	**-**	**30**	**(82)**
Grand Total	**(243 322)**	**414 228**	**170 906**	**(276 221)**	**(33)**	**272 850**	**(3 404)**
Grand Total as of 31 December 2022	**(286 744)**	**164 433**	**(122 311)**	**(65 896)**	**(2 851)**	**78 054**	**9 307**

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 2023			
	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-	-	41 604	1 002 336	**1 043 940**
BBB+ to B-	4 872	65 865	314 150	**384 887**
Below B-	5 571	-	-	**5 571**
Unrated	-	-	145 146	**145 146**
Governments and public sector	13 414	302 470	8 914 769	**9 230 653**
Total	**23 857**	**409 939**	**10 376 401**	**10 810 197**

	31 December 2022			
	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-	-	43 701	881 974	**925 675**
BBB+ to B-	5 206	64 846	368 255	**438 307**
Below B-	8 141	-	-	**8 141**
Unrated	-	-	127 812	**127 812**
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**

E. The following is the distribution of credit exposures for direct credit facilities at amortized cost according to the Group's Internal Rating"

Internal Credit Rating system	31 December 2023					
	Total Exposure	Expected Credit Loss	Propability of Default %		Exposure at Default	Average of Loss Given Default
			From	To		
	USD '000	USD '000			USD '000	
1-6	23 250 705	686 382	-	19	23 246 394	0 - 44.30
7	726 823	256 738	*24	*24	699 919	30.59 - 39
8	171 502	81 337	100	100	152 081	-
9	517 101	238 550	100	100	388 158	-
10	2 348 660	1 676 229	100	100	1 611 945	-
Unrated	10 064 906	65 919	0.8	3.5	10 064 906	54.63
Total	**37 079 697**	**3 005 155**	-	-	**36 163 403**	-

*For Consumer direct credit facilities at amortized cost; it is at the minimum of 3.5% and the maximum of 57%.

Internal Credit Rating system	31 December 2022					
	Total Exposure	Expected Credit Loss	Propability of Default %		Exposure at Default	Average of Loss Given Default
			From	To		
	USD '000	USD '000			USD '000	
1-6	22 141 688	589 558	-	19	22 139 337	0 - 44.30
7	774 148	270 930	*24	*24	721 175	30.59 - 39
8	123 575	64 703	100	100	114 612	-
9	344 816	205 745	100	100	267 479	-
10	2 461 565	1 618 820	100	100	1 702 038	-
Unrated	9 594 485	62 772	0.8	3.5	9 594 485	54.63
Total	**35 440 277**	**2 812 528**	-	-	**34 539 126**	-

*For Consumer direct credit facilities at amortized cost; it is at the minimum of 3.5% and the maximum of 57%.

F. Credit exposure for assests categorized by geographical distribution:

	31 December 2023						
	Jordan	Other Arab Countries	Asia *	Europe	America	Rest of the World	**Total**
	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	**USD '000**
Balances with central banks	5 518 119	5 000 026	1 427	1 907 034	-	13 171	**12 439 777**
Balances and deposits with banks and financial institutions	271 479	980 478	555 215	1 691 535	908 742	70 838	**4 478 287**
Financial assets at fair value through profit or loss	-	13 414	-	5 572	-	4 871	**23 857**
Financial assets at fair value through other comprehensive income	-	295 084	-	114 855	-	-	**409 939**
Direct credit facilities at amortized cost	**8 898 755**	**20 970 249**	**460 328**	**1 909 398**	**41 435**	**878 083**	**33 158 248**
Consumer Banking	3 735 931	5 703 883	9 069	286 926	10 727	370 023	**10 116 559**
Small and Medium Corporates	883 423	1 611 589	60 697	725 000	10 923	246 043	**3 537 675**
Large Corporates	3 976 021	10 574 592	360 061	868 666	19 785	262 017	**16 061 142**
Banks and Financial Institutions	71 646	157 718	-	28 806	-	-	**258 170**
Government and public Sector	231 734	2 922 467	30 501	-	-	-	**3 184 702**
Other financial assets at amortized cost	4 170 994	4 489 145	144 844	1 149 010	146 477	275 931	**10 376 401**
financial derivatives - positive fair value	2 431	120 873	105	92 654	725	841	**217 629**
Other assets	80 922	318 540	7 559	63 529	459	4 877	**475 886**
Total	**18 942 700**	**32 187 809**	**1 169 478**	**6 933 587**	**1 097 838**	**1 248 612**	**61 580 024**
Total - as of 31 December 2022	**18 337 487**	**31 386 621**	**1 011 056**	**5 567 499**	**762 184**	**1 150 150**	**58 214 997**

* Excluding Other Arab Countries

F. Credit exposure categorized by geographical distribution and stagings according to IFRS 9:

	31 December 2023					
	Stage 1		Stage 2		Stage 3	Total
	(Individual)	(Collective)	(Individual)	(Collective)		
	USD '000	USD '000	USD '000	USD '000	USD '000	**USD '000**
Jordan	14 360 390	3 651 447	855 983	66 767	8 113	**18 942 700**
Other Arab Countries	23 817 403	5 544 179	2 584 967	98 284	142 976	**32 187 809**
Asia*	1 160 409	9 069	-	-	-	**1 169 478**
Europe	6 631 273	275 053	15 384	11 873	4	**6 933 587**
America	1 087 111	10 727	-	-	-	**1 097 838**
Rest of the World	866 178	354 740	10 667	12 052	4 975	**1 248 612**
Total	**47 922 764**	**9 845 215**	**3 467 001**	**188 976**	**156 068**	**61 580 024**
Total as of 31 December 2022	**44 170 687**	**9 389 267**	**4 291 792**	**168 040**	**195 211**	**58 214 997**

* Excluding Arab Countries.

G. 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	-	10 443	-	-	-
Financial assets at fair value through other comprehensive income	-	-	-	3 691	-
Direct credit facilities at amortized cost	10 116 559	4 732 437	1 982 529	1 375 367	4 425 760
Other financial assets at amortized cost	-	104 466	-	7 008	-
Financial derivatives - positive fair value	-	117	-	-	4 404
Other assets	26 231	70 622	27 254	12 627	32 550
Total	**10 142 790**	**4 918 085**	**2 009 783**	**1 398 693**	**4 462 714**
Total as of 31 December 2022	**9 646 566**	**5 172 353**	**2 123 500**	**1 473 615**	**4 347 510**

								31 December 2023
	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
	-	-	-	-	-	-	12 439 777	12 439 777
	-	-	-	-	-	4 478 287	-	4 478 287
	-	-	-	-	-	-	13 414	23 857
	-	-	1 996	-	64 804	36 978	302 470	409 939
	432 562	789 024	395 149	34 968	5 431 021	258 170	3 184 702	33 158 248
	-	-	-	-	259 129	1 091 029	8 914 769	10 376 401
	-	-	13	-	18 298	192 286	2 511	217 629
	1 066	8 341	8 091	2 081	107 080	46 903	133 040	475 886
	433 628	**797 365**	**405 249**	**37 049**	**5 880 332**	**6 103 653**	**24 990 683**	**61 580 024**
	401 507	**721 075**	**278 545**	**39 484**	**4 893 101**	**6 284 435**	**22 833 306**	**58 214 997**

G. Credit exposure categorized by economic sector and stagings according to IFRS 9:

	31 December 2023					
	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	26 231	9 845 215	-	188 976	82 368	**10 142 790**
Industry and Mining	4 028 523	-	881 862	-	7 700	**4 918 085**
Constructions	1 629 455	-	367 611	-	12 717	**2 009 783**
Real Estate	1 232 799	-	155 336	-	10 558	**1 398 693**
Trade	3 849 847	-	599 633	-	13 234	**4 462 714**
Agriculture	356 925	-	69 956	-	6 747	**433 628**
Tourism and Hotels	544 701	-	233 799	-	18 865	**797 365**
Transportation	340 063	-	60 610	-	4 576	**405 249**
Shares	37 049	-	-	-	-	**37 049**
General Service	5 438 599	-	441 561	-	172	**5 880 332**
Banks and Financial Institutions	6 103 653	-	-	-	-	**6 103 653**
Government and Public Sector	24 334 919	-	656 633	-	(869)	**24 990 683**
Total	**47 922 764**	**9 845 215**	**3 467 001**	**188 976**	**156 068**	**61 580 024**
Total as of 31 December 2022	**44 170 687**	**9 389 267**	**4 291 792**	**168 040**	**195 211**	**58 214 997**

47. Market Risk

Market Risk Sensitivity

Assuming market prices as at December 31, 2023 and 2022 change by 5%, the impact on statement of income and shareholders equity will be as follows:

	31 December 2023			31 December 2022		
	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	57 774	-	**57 774**	51 097	-	**51 097**
Foreign exchange rate sensitivity	11 513	5 546	**17 059**	5 934	5 919	**11 853**
Equity instruments price sensitivity	1 558	17 455	**19 013**	1 180	17 491	**18 671**
Total	**70 845**	**23 001**	**93 846**	**58 211**	**23 410**	**81 621**

48. Interest Rate Risk

Below is the Group Exposure to interest rate volatility as of 31 December 2023 (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	-	-	-	-	-	-	810 683	**810 683**
Mandatory cash reserve	-	-	-	-	-	-	1 554 990	**1 554 990**
Balances with central banks	7 710 975	-	-	-	-	-	3 173 812	**10 884 787**
Balances and deposits with banks and financial institutions	3 290 731	913 749	215 159	11 038	47 610	-	-	**4 478 287**
Financial assets at fair value through profit or loss	11 291	12 475	-	91	-	-	31 155	**55 012**
Direct credit facilities at amortized cost	8 371 232	8 838 756	4 567 938	3 221 797	2 900 425	5 258 100	-	**33 158 248**
Financial assets at fair value through other comprehensive income	-	31 325	1 569	35 382	125 524	216 139	349 099	**759 038**
Other financial assets at amortized cost	1 214 726	1 547 006	1 200 870	1 217 576	3 208 617	1 987 606	-	**10 376 401**
Investments in associates	-	-	-	-	-	-	3 848 257	**3 848 257**
Fixed assets	-	-	-	-	-	-	523 638	**523 638**
Other assets and financial derivatives - positive fair value	469 980	165 702	95 714	20 760	69 436	49 864	709 516	**1 580 972**
Deferred tax assets	-	-	-	-	-	-	243 658	**243 658**
TOTAL ASSETS	**21 068 935**	**11 509 013**	**6 081 250**	**4 506 644**	**6 351 612**	**7 511 709**	**11 244 808**	**68 273 971**
LIABILITIES								
Banks and financial institutions' deposits	1 088 680	1 430 283	173	-	-	-	776 566	**3 295 702**
Customer deposits	13 834 725	5 474 742	3 460 375	6 874 397	2 479 894	426 225	15 260 895	**47 811 253**
Cash margin	1 345 907	446 263	191 063	376 056	126 947	73 999	253 252	**2 813 487**
Borrowed funds	357 915	25 667	40 219	22 944	23 437	39 627	-	**509 809**
Provision for income tax	-	-	-	-	-	-	337 202	**337 202**
Other provisions	-	-	-	-	-	-	244 694	**244 694**
Other liabilities and financial derivatives - negative fair value	178 755	282 207	98 312	54 779	28 078	34 965	1 211 764	**1 888 860**
Deferred tax liabilities	-	-	-	-	-	-	16 113	**16 113**
Total liabilities	**16 805 982**	**7 659 162**	**3 790 142**	**7 328 176**	**2 658 356**	**574 816**	**18 100 486**	**56 917 120**
Gap	**4 262 953**	**3 849 851**	**2 291 108**	**(2 821 532)**	**3 693 256**	**6 936 893**	**(6 855 678)**	**11 356 851**

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	8 524 170	7 512 226	5 043 952	2 993 018	3 264 070	4 389 162	-	**31 726 598**
Financial assets at fair value through OCI	-	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	**17 478 070**	**11 276 476**	**7 191 205**	**5 029 023**	**5 863 294**	**6 855 028**	**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	12 479 834	6 116 495	2 684 002	6 558 766	1 577 893	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	**15 405 902**	**8 642 451**	**2 982 426**	**6 887 675**	**1 761 858**	**581 910**	**17 795 145**	**54 057 367**
Gap	**2 072 168**	**2 634 025**	**4 208 779**	**(1 858 652)**	**4 101 436**	**6 273 118**	**(7 028 418)**	**10 402 456**

49 - LIQUIDITY RISK

The below is the distribution of the liabilities (undiscounted) according to the residual maturity as of 31 December 2023:

	Within 1 month	After 1 month and till 3 months	After 3 months and till 6 months	After 6 months and till 1 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	1 088 688	1 430 395	193	-	-	-	776 706	**3 295 982**
Customer deposits	12 245 701	5 021 204	3 341 405	6 390 245	2 427 826	912 639	17 942 835	**48 281 855**
Cash margin	1 135 397	446 667	191 308	377 400	127 105	79 742	464 129	**2 821 748**
Borrowed funds	357 915	25 667	40 219	22 944	23 437	45 208	-	**515 390**
Provision for income tax	-	-	-	-	-	-	337 202	**337 202**
Other Provisions	-	-	-	-	-	-	244 694	**244 694**
Financial derivatives - negative fair value	59 779	52 974	28 855	4 302	23 532	28 096	-	**197 538**
Other liabilities	132 227	154 130	117 895	82 796	75 380	34 632	1 094 262	**1 691 322**
Deferred tax liabilities	-	-	-	-	-	-	16 113	**16 113**
Total Liabilities	**15 019 707**	**7 131 037**	**3 719 875**	**6 877 687**	**2 677 280**	**1 100 317**	**20 875 941**	**57 401 844**
Total Assets according to expected maturities	**15 215 104**	**6 374 200**	**4 370 364**	**4 092 784**	**8 771 517**	**15 591 003**	**13 858 999**	**68 273 971**

The below is the distribution of the liabilities (undiscounted) according to the residual maturity as of 31 December 2022.

	Within 1 month	After 1 month and till 3 months	After 3 months and till 6 months	After 6 months and till 1 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**

50. Net Foreign Currency Positions

The details of this item are as follows:	31 December 2023		31 December 2022	
	Base currency in thousands	Equivalent in USD 000	Base currency in thousands	Equivalent in USD 000
USD	(178 664)	(178 664)	(52 976)	(52 976)
GBP	12 424	15 812	8 597	10 349
EUR	(105 744)	(116 695)	9 622	10 220
JPY	404 769	2 869	4 609 361	34 475
CHF	(22 280)	(26 471)	(21 224)	(22 887)
Other currencies *	-	72 883	-	(97 859)
		(230 266)		**(118 678)**

* Various foreign currencies translated to US Dollars.

- Details of the Group's total assets and Liabilities as per the main currencies as of 31 December 2023 are as follows:

	USD	GBP	EUR	JPY	CHF
	USD '000	USD '000	USD '000	USD '000	USD '000
Total Assets	14 830 501	842 230	1 606 904	133 743	6 487
Total liabilities	15 448 498	690 393	1 452 410	37 576	35 364
Total owner's equity	1 450 699	106	548	-	-
Net Foreign currency forward contract	1 890 032	(135 919)	(270 641)	(93 298)	2 406
Net Open Position	**(178 664)**	**15 812**	**(116 695)**	**2 869**	**(26 471)**
Net Open Position as of 31 December 2022	**(52 976)**	**10 349**	**10 220**	**34 475**	**(22 887)**

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 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

	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 / Financial liabilities	**2023**	**2022**				
Financial assets at fair value	USD '000	USD '000				
Financial assets at fair value through profit or loss						
Government Bonds and bills	13 414	35 315	Level 1	Quoted	Not Applicable	Not Applicable
Corporate bonds	10 443	13 347	Level 1	Quoted	Not Applicable	Not Applicable
Shares and mutual funds	31 155	23 591	Level 1 & 2	Quoted	Not Applicable	Not Applicable
Total Financial Assets at fair value through Profit or Loss	**55 012**	**72 253**				
Financial derivatives - positive fair value	217 629	196 232	Level 2	Through Comparison of similar financial instruments	Not Applicable	Not Applicable
Financial assets at fair value through						
other comprehensive income:						
Quoted shares	154 510	152 699	Level 1	Quoted Shares	Not Applicable	Not Applicable
Unquoted shares	194 589	197 111	Level 2 & 3	Through using the index sector in the market	Not Applicable	Not Applicable
Governmental bonds and corporate bonds through OCI	**409 939**	400 762	Level 1 & 2	Quoted	Not Applicable	Not Applicable
Total Financial Assets at fair value through other comprehensive income	**759 038**	750 572				
Total Financial Assets at Fair Value	**1 031 679**	**1 019 057**				
Financial Liabilities at Fair Value						
Financial derivatives - negative fair value	197 538	163 611	Level 2	Through Comparison of similar financial instruments	Not Applicable	Not Applicable
Total Financial Liabilities at Fair Value	**197 538**	**163 611**				

There were no transfers between Level 1 and 2 during 2023 & 2022.

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 2023		31 December 2022		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	8 515 819	8 525 937	7 006 803	7 013 280	Level 2 & 3
Balances and Deposits with banks and Financial institutions	4 478 287	4 487 885	4 618 450	4 630 626	Level 2 & 3
Direct credit facilities at amortized cost	33 158 248	33 389 563	31 726 598	31 970 615	Level 2 & 3
Other Financial assets at amortized cost	10 376 401	10 492 219	10 002 475	10 097 692	Level 1 & 2
Total financial assets not calculated at fair value	**56 528 755**	**56 895 604**	**53 354 326**	**53 712 213**	
Financial liabilities not calculated at fair value					
Banks' and financial institutions' deposits	3 295 702	3 310 942	3 517 640	3 530 783	Level 2 & 3
Customer deposits	47 811 253	48 150 490	45 287 371	45 518 129	Level 2 & 3
Cash margin	2 813 487	2 827 902	2 461 500	2 472 581	Level 2 & 3
Borrowed funds	509 809	517 890	522 368	530 109	Level 2 & 3
Total financial liabilities not calculated at fair value	**54 430 251**	**54 807 224**	**51 788 879**	**52 051 602**	

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 based on a discounted cash flow analysis, with the most significant inputs being that discount rate.

52. 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 2023:

	Up to one year	More than one year	**Total**
	USD '000	USD '000	**USD '000**
Assets			
Cash at vaults	810 683	-	**810 683**
Mandatory cash reserve	1 554 990	-	**1 554 990**
Balances with central banks	10 884 787	-	**10 884 787**
Balances and deposits with banks and financial institutions	4 422 614	55 673	**4 478 287**
Financial assets at fair value through profit or loss	44 567	10 445	**55 012**
Direct credit facilities at amortized cost	14 700 209	18 458 039	**33 158 248**
Financial assets at fair value through other comprehensive income	417 374	341 664	**759 038**
Other financial assets at amortized cost	5 061 060	5 315 341	**10 376 401**
Investment in subsidiaries and associates	-	3 848 257	**3 848 257**
Fixed assets	69 817	453 821	**523 638**
Other assets and financial derivatives - positive fair value	1 391 551	189 421	**1 580 972**
Deferred tax assets	243 658	-	**243 658**
Total assets	**39 601 310**	**28 672 661**	**68 273 971**
Liabilities			
Banks' and financial institutions' deposits	3 295 702	-	**3 295 702**
Customer deposits	44 601 661	3 209 592	**47 811 253**
Cash margin	2 612 256	201 231	**2 813 487**
Borrowed funds	74 794	435 015	**509 809**
Provision for income tax	337 202	-	**337 202**
Other Provisions	244 694	-	**244 694**
Other liabilities and financial derivatives - negative fair value	1 704 275	184 585	**1 888 860**
Deferred tax liabilities	16 113	-	**16 113**
Total liabilities	**52 886 697**	**4 030 423**	**56 917 120**
Net	**(13 285 387)**	**24 642 238**	**11 356 851**

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**
Other Provisions	293 029	-	**293 029**
Provision for Income Tax	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**

53. Contractual Maturity of the Contingent Accounts

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

	31 December 2023			
	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	2 963 850	287 453	6 065	**3 257 368**
Acceptances	517 394	46 989	-	**564 383**
Letters of guarantee:				
- Payment guarantees	815 225	174 058	246 501	**1 235 784**
- Performance guarantees	2 620 130	1 440 740	333 608	**4 394 478**
- Other guarantees	1 780 039	611 228	241 064	**2 632 331**
Unutilized credit facilities	5 665 933	189 719	74 968	**5 930 620**
Total	**14 362 571**	**2 750 187**	**902 206**	**18 014 964**
Constructions projects contracts	7 593	-	-	**7 593**
Procurement contracts	14 092	5 983	1 000	**21 075**
Total	**21 685**	**5 983**	**1 000**	**28 668**

	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**

54. 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	
	2023	2022
	USD '000	USD '000
Common Equity Tier 1	10 121 289	9 486 770
Regulatory Adjustments (Deductions from Common Equity Tier 1)	(3 366 915)	(3 034 121)
Additional Tier 1	498 642	236 262
Regulatory Adjustments (Deductions from Additional Tier 1)	(6 234)	(6 234)
Supplementary Capital	590 782	423 755
Regulatory Capital	**7 837 564**	**7 106 432**
Risk-weighted assets (RWA)	**44 684 580**	**42 717 383**
Common Equity Tier 1 Ratio	**%15.12**	**%15.11**
Tier 1 Capital Ratio	**%16.22**	**%15.64**
Capital Adequacy Ratio	**%17.54**	**%16.64**

- 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 235% as of 31 December 2023 and 217% as of 31 December 2022 (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 2023			
	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	115 015	-	8 859	90 015
Major Shareholders and Members of the Board of Directors	-	199 068	603 203	80 869
Total	**115 015**	**199 068**	**612 062**	**170 884**

	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 Member of the Board of Directors	-	306 763	783 128	50 831
Total	**78 087**	**306 763**	**841 212**	**77 224**

- 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:

	2023	
	Interest Income	Interest Expense
	USD '000	USD '000
Associated companies	5 476	1 511

	2022	
	Interest Income	Interest Expense
	USD '000	USD '000
Associated companies	2 508	739

- Direct credit facilitates granted to key management personnel amounted to USD 1.2 million and indirect credit facilities amounted to USD 5.6 thousand as of 31 December 2023 (USD 1.6 million direct credit facilities and USD 5.6 thousand indirect credit facilities as of 31 December 2022).
- Deposits of key management personnel amounted to USD 5.2 million as of 31 December 2023 (USD 4.8 million as of 31 December 2022)
- Interest on credit facilities granted to major shareholders and members of the Board of Directors is recorded at arm's length.
- The salaries and other fringe benefits of the Group's key management personnel, inside and outside Jordan, amounted to USD 81.1 million for the year ended on 31 December 2023 (USD 79.7 million for the year ended on 31 December 2022).

56. Earnings Per Share

The details of this item are as follows:

	31 December	
	2023	2022
	USD '000	USD '000
Profit for the year attributable to Shareholders of the Bank	800 695	520 276
Less: Groups' share of interest on perpetual bonds	(13 634)	(13 798)
Net profit for the period attributable to the Bank's shareholders	787 061	506 478
	Thousand Shares	
Average number of shares	640 800	640 800
	USD / Share	
Earnings Per Share (Basic and diluted)	1.23	0.79

There are no instruments that could potentially dilute basic earnings per share in the future.

57. Assets under management

Assets under management as of 31 December 2023 amounted to USD 13 715.9 million (USD 6 238 million as of 31 December 2022). These assets are not included in the Group's consolidated financial statements.

58. Cash and Cash Equivalent

The details of this item are as follows:

	31 December	
	2023	**2022**
	USD '000	USD '000
Cash and balances with central banks maturing within 3 months	13 600 896	11 928 175
Add: balances with banks and financial institutions maturing within 3 months	4 207 423	4 010 774
Less: banks and financial institutions deposits maturing within 3 months	3 295 528	3 504 275
Total	**14 512 791**	**12 434 674**

59. LEGAL CASES

There are lawsuits filed against the Group totaling USD 343.4 million as of 31 December 2023, (USD 290.4 million as of 31 December 2022). 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.

Deloitte.

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Independent Auditor's Report

AM/6631

To the Shareholders of
Arab Bank Group
Amman – The Hashemite Kingdom of Jordan

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Arab Bank (the "Bank") and its subsidiaries and foreign branches (the "Group"), which comprise the consolidated statement of financial position as at December 31, 2023, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in owners' equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS Accounting 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' Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to our audit of the Bank's consolidated financial statements in Jordan, and we have fulfilled our other ethical responsibilities. 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. 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.

Key Audit Matter	How our audit addressed the key audit matter
1. Allowance for Credit Losses on Credit Facilities	
As described in Notes 12 to the consolidated financial statements, the Group had net direct credit facilities of USD 33.2 Billion as of December 31, 2023, representing 49% of total assets. The determination of the Bank's expected credit losses for credit facilities measured at amortized cost is a material and complex estimate requiring significant management judgement in the evaluation of credit quality and the estimation of inherent losses in the portfolio. The financial statement risk arises from several aspects requiring substantial judgement of management, such as the estimation of probabilities of default and loss given defaults for various stages, the determination of significant increase in credit risk (SICR) and credit-impairment status (default), the use of different modelling techniques. In calculating expected credit losses, the bank considered credit quality indicators for each loan and portfolio, stratifies loans and advances by risk grade and estimates losses for each loan based upon their nature and risk profile. Post-model adjustments are applied to address risks that are not specifically considered by the ECL models. The basis and calculation of the post model adjustments require significant judgement including the consideration of the risk of management override. Auditing these complex judgements and assumptions involves especially challenging auditor judgement due to the nature and extent of audit evidence and effort required to address these matters and therefore this item is considered to be a key audit matter.	We established an audit approach, which includes both testing the design and assessed the operating effectiveness of certain relevant internal controls, over the determination of expected credit losses and risk-based substantive audit procedures. Our procedures over internal controls focused on obtaining an understanding and testing the design and implementation over the process controls around the ECL methodology governance, completeness and accuracy of loan data used in the expected loss models, management review of outcomes, the assignment of borrowers' risk classification, consistency of application of accounting policies and the process for calculating allowances. The primary substantive procedures which we performed, with the support by our subject matter experts, to address this key audit matter included, but were not limited to, the following: • For a risk-based sample of individual loans, we performed a detailed credit review, assessed the appropriateness of information for evaluating the creditworthiness and staging classification of individual borrowers and challenged the assumptions underlying the expected credit loss allowance calculations, such as estimated future cash flows, collateral valuations and estimates of recovery. We assessed the consistency of the bank's application of its impairment allowances and governance controls, including assessing key management and committee meetings that form part of the approval process for loan impairment allowances.

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Key Audit Matter	How our audit addressed the key audit matter
	• For loans not tested individually, with the assistance of our subject matter experts, we assessed the methodology used to determine the expected credit losses, tested the inputs by agreeing these to supporting documentation, and reperformed the mathematical accuracy of the expected credit loss model on a sample basis. We also challenged key assumptions, reviewed the calculation methodology and trace a sample back to source data; • We evaluated key assumptions such as thresholds used to determine SICR and forward-looking macroeconomic scenarios including the related weighting and assessed the staging assessment for a sample of accounts; • We evaluated post-model adjustments and management overlays in the context of key model and data limitations identified by the Bank in order to assess these adjustments, and challenged their rationale; • We have reviewed the methodology followed for incorporation of the forward- looking information into the impairment calculations by involving our specialist to challenge the multiple economic scenarios chosen including the related weighting applied and reconciled the macroeconomic indicators with the respective sources used; and • We assessed the disclosures in the consolidated financial statements relating to this matter against the requirements of IFRSs.

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	Key Audit Matters	How our audit addressed the key audit matter
2.	**IT systems and controls over financial reporting** We identified IT systems and controls over the Bank's financial reporting as an area of focus due to the extensive volume and variety of transactions which are processed daily by the Bank and rely on the effective operation of automated and IT dependent manual controls. There is a risk that automated accounting procedures and related internal controls are not accurately designed and operating effectively. In particular, the incorporated relevant controls are essential to limit the potential for fraud and error as a result of change to an application or underlying data.	Our audit approach relies on automated controls and therefore the following procedures were designed to test access and control over IT systems: We obtained an understanding of the applications relevant to financial reporting and the infrastructure supporting these applications. We tested IT general controls relevant to automated controls and computer-generated information covering access security, program changes, data center and network operations. We examined computer generated information used in financial reports from relevant applications and key controls over their report logics. We performed testing on the key automated controls on significant IT systems relevant to business processes.

Other Matters

1. The consolidated financial statements of the Bank for the year ended December 31, 2022 were audited by another auditor who expressed an unmodified opinion on those statements on February 12, 2023.

2. The accompanying consolidated financial statements are a translation of the original consolidated financial statements, which are in the Arabic language, to which reference should be made.

Other Information

Management is responsible for the other information. The other information comprises the other information in the annual report but does not include the consolidated financial statements and the independent auditors' report thereon. that the other information 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 do not express any form of assurance or 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.

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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 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 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 exist. 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.

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 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 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 Bank to cease to continue as a going concern.

Deloitte.

- 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 and 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 implementation 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 procedures.

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 Bank maintains proper books of accounts which are in agreement with the consolidated financial statements. We recommend that the General Assembly of the Shareholders approve these consolidated financial statements.

Deloitte & Touche

Amman – Jordan
February 4, 2024

Deloitte & Touche (M.E) - Jordan

Deloitte & Touche (M.E.)
ديلويت آند توش (الشرق الأوسط)
010105

STATEMENT OF FINANCIAL POSITION

JD '000

ARAB BANK Plc

	Notes	31 December 2023	31 December 2022	
Cash and balances with central banks	7	7 149 199	6 326 476	ASSETS
Balances with banks and financial institutions	8	2 669 739	2 584 482	
Deposits with banks and financial institutions	9	96 925	41 920	
Financial assets at fair value through profit or loss	10	9 514	25 046	
Financial derivatives - positive fair value	43	56 556	62 185	
Direct credit facilities at amortized cost - net	12	11 831 745	11 416 222	
Financial assets at fair value through other comprehensive income	11	128 350	127 659	
Other financial assets at amortized cost	13	5 114 907	5 431 817	
Investments in subsidiaries and associates	14	879 008	1 016 673	
Fixed assets	15	204 127	214 546	
Other assets	16	489 687	384 740	
Deferred tax assets	17	157 247	182 140	
TOTAL ASSETS		**28 787 004**	**27 813 906**	
Banks' and financial institutions' deposits	18	1 818 330	1 908 266	LIABILITIES AND SHAREHOLDERS' EQUITY
Customer deposits	19	19 852 809	19 313 064	
Cash margin	20	1 586 341	1 419 666	
Financial derivatives - negative fair value	43	49 300	56 254	
Borrowed funds	21	285 109	291 790	
Provision for income tax	22	126 506	117 037	
Other provisions	23	151 321	144 448	
Other liabilities	24	593 980	630 250	
Deferred tax liabilities	25	3 653	3 356	
Total Liabilities		**24 467 349**	**23 884 131**	
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	(89 751)	(91 725)	
Investment revaluation reserve	32	(251 220)	(246 204)	
Retained earnings	33	1 034 986	819 369	
Total Equity Attributable to the Shareholders of the Bank		**4 142 350**	**3 929 775**	
Perpetual tier 1 capital bonds	34	177 305	-	
Total Shareholders' Equity		**4 319 655**	**3 929 775**	
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**28 787 004**	**27 813 906**	

The accompanying notes from (1) to (59) are an integral part of these financial statements and should be read with them.

Statement of profit or loss

JD '000

ARAB BANK Plc

		Notes	2023	2022
REVENUE	Interest income	35	1 696 315	1 155 638
	Less: Interest expense	36	697 228	418 394
	Net Interest Income		**999 087**	**737 244**
	Net commission income	37	157 409	151 249
	Net Interest and Commission Income		**1 156 496**	**888 493**
	Foreign exchange differences		46 357	39 751
	Gain from financial assets at fair value through profit or loss	38	2 229	839
	Dividends from financial assets at fair value through other comprehensive income	11	3 948	3 741
	Dividends from subsidiaries and associates	39	137 161	139 972
	Other revenue	40	17 452	23 708
	TOTAL INCOME		**1 363 643**	**1 096 504**
EXPENSES	Employees expenses	41	252 926	242 750
	Other expenses	42	221 969	194 640
	Depreciation and amortization	15&16	33 803	34 145
	Provision for impairment - ECL	6	161 160	156 451
	Impairment of investments	14	141 844	18 228
	Other provisions	23	25 574	7 431
	TOTAL EXPENSES		**837 276**	**653 645**
PROFIT FOR THE YEAR	**PROFIT FOR THE YEAR BEFORE INCOME TAX**		**526 367**	**442 859**
	Less: Income tax expense	22	150 550	115 324
	PROFIT FOR THE YEAR		**375 817**	**327 535**

The accompanying notes from (1) to (59) are an integral part of these financial statements and should be read with them.

STATEMENT OF COMPREHENSIVE INCOME

JD '000

ARAB BANK Plc

	Notes	2023	2022
Profit for the year		**375 817**	**327 535**
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	1 974	(77 909)
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**	**(5 016)**	**(7 711)**
Revaluation loss on equity instruments at fair value through other comprehensive income		(5 016)	(7 711)
Total Other Comprehensive Income Items - After Tax		**(3 042)**	**(85 620)**
TOAL COMPREHENSIVE INCOME FOR THE YEAR		**372 775**	**241 915**

The accompanying notes from (1) to (59) are an integral part of these financial statements and should be read with them.

ARAB BANK Plc

		Notes	Share Capital	Share Premium	Statutory Reserve	Voluntary Reserve
2023	**Balance at the beginning of the year**		**640 800**	**859 626**	**640 800**	**614 920**
	Profit for the year		-	-	-	-
	Other comprehensive income for the year		-	-	-	-
	Total Comprehensive Income for the Year		**-**	**-**	**-**	**-**
	Issuance of Pertual bonds Tier 1	34	-	-	-	-
	Dividends Distribution	33	-	-	-	-
	Balance at the end of the year		**640 800**	**859 626**	**640 800**	**614 920**
2022	**Balance at the beginning of the year**		640 800	859 626	640 800	614 920
	Profit for the year		-	-	-	-
	Other comprehensive income for the year		-	-	-	-
	Total comprehensive income for the year		**-**	**-**	**-**	**-**
	Dividends Distribution	33	-	-	-	-
	Balance at the end of the year		**640 800**	**859 626**	**640 800**	**614 920**

* Retained earnings include restricted deferred tax assets in the amount of JD 148.4 million.

* 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 balance of the investments revaluation reserve in the amount of JD 251.2 million is restricted according to the Jordan Securities Commission instructions and Central Bank of Jordan.

The accompanying notes from (1) to (59) are an integral part of these financial statements and should be read with them.

JD ‘000

General Reserve	General Banking Risk Reserve	Foreign Currency Translation Reserve	Investment Revaluation Reserve	Retained Earnings	Total Equity Attributable to the Shareholders of the Bank	Perpetual Tier 1 capital bonds	Total Shareholders Equity
583 695	**108 494**	**(91 725)**	**(246 204)**	**819 369**	**3 929 775**	**-**	**3 929 775**
-	-	-	-	375 817	375 817	-	375 817
-	-	1 974	(5 016)	-	(3 042)	-	(3 042)
-	**-**	**1 974**	**(5 016)**	**375 817**	**372 775**	**-**	**372 775**
-	-	-	-	-	-	177 305	177 305
-	-	-	-	(160 200)	(160 200)	-	(160 200)
583 695	**108 494**	**(89 751)**	**(251 220)**	**1 034 986**	**4 142 350**	**177 305**	**4 319 655**
583 695	108 494	(13 816)	(238 493)	619 994	3 816 020	-	3 816 020
-	-	-	-	327 535	327 535	-	327 535
-	-	(77 909)	(7 711)	-	(85 620)	-	(85 620)
-	**-**	**(77 909)**	**(7 711)**	**327 535**	**241 915**	**-**	**241 915**
-	-	-	-	(128 160)	(128 160)	-	(128 160)
583 695	**108 494**	**(91 725)**	**(246 204)**	**819 369**	**3 929 775**	**-**	**3 929 775**

STATEMENT OF CASH FLOWS

JD '000

ARAB BANK Plc

		Notes	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES	**Profit for the year before tax**		**526 367**	**442 859**
	Adjustments for:			
	Depreciation and amortization	15,16	33 803	34 145
	Depreciation right of use assets	16	10 843	10 178
	Provision for impairment - ECL	6	161 160	156 451
	Net accrued Interest		53 900	3 062
	(Gain) from sale of fixed assets		(44)	(289)
	(Gain) Loss from revaluation of financial assets at fair value through profit or loss	38	(1 426)	478
	Dividends from financial assets at fair value through other comprehensive income	11	(3 948)	(3 741)
	Dividends from subsidiaries and associates	39	(137 161)	(139 972)
	Impairment of investment	14	141 844	18 228
	Other provisions	23	25 574	7 431
	Total		**810 912**	**528 830**
	(Increase) Decrease in Assets			
	Balances with central banks (maturing after 3 months)		-	17 730
	Deposits with banks and financial institutions (maturing after 3 months)		(55 040)	22 170
	Direct credit facilities at amortized cost		(556 235)	(115 312)
	Financial assets at fair value through profit or loss		16 958	(22 171)
	Other assets and financial derivatives		(96 525)	(51 959)
	(Decrease) Increase in Liabilities:			
	Banks and financial institutions deposits (maturing after 3 months)		4 047	(210 956)
	Customer deposits		539 745	331 954
	Cash margin		166 675	(116 145)
	Other liabilities and financial derivatives		(111 042)	83 543
	Net Cash Flows From Operating Activities before Income Tax		**719 495**	**467 684**
	Income tax paid	22	(116 363)	(103 389)
	Net Cash Flows From Operating Activities		**603 132**	**364 295**
CASH FLOWS FROM INVESTING ACTIVITIES	(Purchase) of financial assets at fair value through other comprehensive income		(5 707)	(1 769)
	Maturity of other financial assets at amortized cost - net	13	306 200	386 665
	(Paid for) investments in subsidiaries and associates - net		(4 179)	(5 672)
	Dividends from subsidiaries and associates - net	39	137 161	139 972
	Dividends from financial assets at fair value through other comprehensive income	11	3 948	3 741
	(Purchase) of fixed assets - net	15	(18 493)	(26 825)
	Proceeds from sale of fixed assets		341	1 613
	(Purchase) of intangible assets - net		(6 257)	(8 213)
	Net Cash flows from Investing Activities		**413 014**	**489 512**
CASH FLOWS FROM FINANCING ACTIVITIES	(Paid) borrowed funds		(6 681)	(32 201)
	Dividends paid to shareholders	33	(160 119)	(128 666)
	Increase in perpetual bonds tier 1	34	177 305	-
	Net Cash flows from (Used in) Financing Activities		**10 505**	**(160 867)**
	Net increase in Cash and Cash Equivalent		1 026 651	692 940
	Exchange differences - change in foreign exchange rates		1 974	(4 738)
	Cash and cash equivalent at the beginning of the year		7 094 436	6 406 234
	Cash and Cash Equivalent at the End of the Year	58	**8 123 061**	**7 094 436**
	Operational cash flows from interest			
	Interest Received		1 701 645	1 126 050
	Interest Paid		648 658	385 744

The accompanying notes from (1) to (59) 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 68 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 25 January 2024 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 the International Accounting Standards for Financial Reporting and the International Financial Reporting Interpretations 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.

The accounting policies adopted in the preparation of the financial statements are consistent with those applied in the year ended December 31, 2022, except for the impact of adopting the new and revised International Financial Reporting Standards, which became effective for the financial period started on or after the 1st of January 2023 as mentioned in Note (3-A).

3. ADOPTION OF NEW AND REVISED STANDARDS

a. New and amended IFRS Standards that are effective for the current year

The following new and revised IFRSs, which became effective for annual periods beginning on or after January 1, 2023, have been adopted in the Bank financial statements. The application of these revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

IFRS 17 Insurance Contracts (including the June 2020 and December 2021 Amendments to IFRS 17)

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

IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach. The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees.

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

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

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

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

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

The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences. Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting profit nor taxable profit.

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

Amendments to IAS 12 Income Taxes— International Tax Reform—Pillar Two Model Rules

The IASB amends the scope of IAS 12 to clarify that the Standard applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the OECD, including tax law that implements qualified domestic minimum top-up taxes described in those rules.

The amendments introduce a temporary exception to the accounting requirements for deferred taxes in IAS 12, so that an entity would neither recognize nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes.

Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors—Definition of Accounting Estimates

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

b. New and revised IFRS Accounting Standards in issue but not yet effective

At the date of authorization of these financial statements, the Bank has not applied the following new and revised IFRS Accounting Standards that have been issued but are not yet effective The Management anticipates that these new standards, interpretations and amendments will be adopted in the Bank's financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments, may have no material impact on the financial statements of the Bank in the period of initial application:

Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures—Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognized in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognized in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The effective date of the amendments has yet to be set by the IASB; however, earlier application of the amendments is permitted.

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

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

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

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2024, with early application permitted.

Amendments to IAS 1 Presentation of Financial Statements—Non-current Liabilities with Covenants

The amendments specify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date (and therefore must be considered in assessing the classification of the liability as current or noncurrent). Such covenants affect whether the right exists at the end of the reporting period, even if compliance with the covenant is assessed only after the reporting date (e.g. a covenant based on the entity's financial position at the reporting date that is assessed for compliance only after the reporting date).

The IASB also specifies that the right to defer settlement of a liability for at least twelve months after the reporting date is not affected if an entity only has to comply with a covenant after the reporting period. However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants (including the nature of the covenants and when the entity is required to comply with them), the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.

The amendments are applied retrospectively for annual reporting periods beginning on or after 1 January 2024 with early application permitted

Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures—Supplier Finance Arrangements

The amendments add a disclosure objective to IAS 7 stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows. In addition, IFRS 7 was amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to concentration of liquidity risk.

The term 'supplier finance arrangements' is not defined. Instead, the amendments describe the characteristics of an arrangement for which an entity would be required to provide the information.

To meet the disclosure objective, an entity will be required to disclose in aggregate for its supplier finance arrangements:

- The terms and conditions of the arrangements
- The carrying amount, and associated line items presented in the entity's statement of financial position, of the liabilities that are part of the arrangements
- The carrying amount, and associated line items for which the suppliers have already received payment from the finance providers
- Ranges of payment due dates for both those financial liabilities that are part of a supplier finance arrangement and comparable trade payables that are not part of a supplier finance arrangement
- Liquidity risk information

The amendments, which contain specific transition reliefs for the first annual reporting period in which an entity applies the amendments, are applicable for annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted.

Amendment to IFRS 16 Leases—Lease Liability in a Sale and Leaseback

The amendments to IFRS 16 add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. The amendments require the seller-lessee to determine 'lease payments' or 'revised lease payments' such that the seller-lessee does not recognize a gain or loss that relates to the right of use retained by the seller-lessee, after the commencement date.

The amendments do not affect the gain or loss recognized by the seller-lessee relating to the partial or full termination of a lease. Without these new requirements, a seller-lessee may have recognized a gain on the right of use it retains solely because of a remeasurement of the lease liability (for example, following a lease modification or change in the lease term) applying the general requirements in IFRS 16. This could have been particularly the case in a leaseback that includes variable lease payments that do not depend on an index or rate.

As part of the amendments, the IASB amended an Illustrative Example in IFRS 16 and added a new example to illustrate the subsequent measurement of a right-of-use asset and lease liability in a sale and leaseback transaction with variable lease payments that do not depend on an index or rate. The illustrative examples also clarify that the liability, that arises from a sale and leaseback transaction that qualifies as a sale applying IFRS 15, is a lease liability.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted.

IFRS S1 - General Requirements for Disclosure of Sustainability – related financial information

The amendments are effective for annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted

IFRS S2 - Climate Related Disclosures

The amendments are effective for annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted

4. MATERIAL ACCOUNTING POLICY INFORMATION

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 Banks of 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 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 Bank 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 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 an 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 on 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 Banks 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 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 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 2023 and 2022:

Scenario	Assigned weighted average 31 December 2023	Assigned weighted average 31 December 2022
Baseline	45%	45%
Upside	20%	20%
Downside	35%	35%

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 as a lessee

The Bank should be evaluating whether the leasing contract included while starting the contract. The right of use assets and leasing obligations should be recognized by the bank regarding all leasing obligations, except for short-term leasing contracts (12 months or less) and the leasing contracts with low value, in regards to these contracts the bank should recognized to these leases as operating expense using the straight-line method over the life of the lease. The initial direct costs incurred in the discussion and arrangement of the operating contract are added to the carrying amount of the leased assets and recognized in accordance with the straight-line method over the lease term.

Leases are classified as finance leases when the terms of the lease provide for substantially all the risks and rewards of ownership of the lessee. All other leases are classified as operating leases.

Leasing payments included in the rental obligation measurement include:

- Fixed leasing payments (essentially included on fixed payments), minus lease incentives receivable;
- Variable rental payments based on an indicator or rate, initially measured using the index or rate at the start date of the contract;
- The amount expected to be paid by the lessor under the remaining value guarantees;
- The price of buying options, if the lessor is reasonably sure of practicing the options; and
- Pay termination fines, if the leasing contract was reflected the terminating the lease.

Lease obligations are subsequently measured by increasing the book value to reflect interest on rental obligations (using the effective interest method) and by reducing the book value to reflect rental payments.

Lease obligations are premeasured (and a similar adjustment to the relevant right of use assets) whenever:

- The period of lease has been changed or there has been an event or change in circumstances that lead to a change in the evaluation of the practice of purchase, in which case the lease obligations are re-assessed by the way adjusted rental payments are deducted using the adjusted discount rate.
- Rental payments change due to changes in index, rate or change in expected payments under the guaranteed remaining value, in which case the rental obligation is remeasured by deducting adjusted rental payments using a non-variable discount rate (unless rental payments change due to change in the floating interest rate, in which case the adjusted discount rate is used).
- The lease contract is adjusted and the lease adjustment is not accounted for as a separate lease, in which case the lease obligation is remeasured based on the duration of the adjusted lease by deducting adjusted rental payments using the adjusted rate discount rate at the actual rate on the date of the amendment.

The assets of the right of use are consumed over the duration of the lease or the productive life of the asset (which is shorter). If the lease transfers ownership of the underlying asset or the cost of the right of use, which reflects that the bank expects to exercise the purchase option, the value of the relevant right of use is consumed over the productive life of the asset.

The Bank applies IAS No. (36) To determine whether the value of the right of use has depreciated and calculates any impairment losses as described in the "Property and Equipment" policy.

Variable rents that do not rely on an indicator or rate are not included in the measurement of rental obligations and right-of-use assets. Related payments are listed as an expense in the period in which the event or condition that leads to these payments occurs and is included in the "Other Expenses" line in the profit or loss consolidated statement.

The Bank as a lessor

The Bank enters into lease contracts as a lessor in regard with some investment properties.

Leases in which the Bank is leased are classified as financing or operating leases. If the terms of the lease transfer all the risks and benefits of the property to the tenant, the contract is classified as a financing lease and all other leases are classified as operating leases.

When the Bank is an intermediate, it represents the main lease and subcontract as separate contracts. The sub-lease is classified as financing or an operating lease by reference to the origin of the right of use arising from the main lease.

Lease income from operating leases is recognized on a straight-line basis over the relevant lease period. The initial direct costs incurred in the negotiation and arrangement of an operating lease are added to the book value of the leased asset and are recognized on straight-line basis over the lease period.

The amounts that dues by lessors under the leases are recognized as dues by the amount of the company's net investment in leases. The income of the financing leases is allocated to the accounting periods to reflect a fixed periodic return rate on the bank's existing net investment in relation to leases.

When the contract includes leasing components and components other than leasing, the Bank applies IFRS 15 to distribute the amounts received or received under the contract for component.

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 Bank closely monitors the economic and financial conditions in Lebanon, and exclusively uses the exchange rate issued by the Central Bank of Lebanon in translating the results of AB Lebanon branch when consolidated within the financial statements of the Arab Bank plc.

Noting that most of the AB Lebanon assets are in foreign currencies and are almost equal to the total liabilities in foreign currencies. Therefore, using any other exchange rate will not have a material impact on the net assets of Arab Bank plc.

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 branches 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.

Perpetual bonds

The aforementioned bonds are subordinated, unsecured and are classified as equity items in accordance with International Accounting Standard 32: Financial instruments - presentation. Interest payments related to these bonds may be canceled (wholly or partially) based on the Group's discretion. Interest is noncumulative. Whereas, any cancellation will not be considered as a late payment. Interest payments are treated as a reduction of equity and are shown among other changes in equity. These bonds do not have a maturity date and can be called (wholly or partially) at the nominal value based on the Group's discretion on the call date and on each interest payment date thereafter.

Issuance costs are deducted as expenses, and these bonds are shown at the value on the day of issuance with no amendments recognized until called (wholly or partially) where the value is reduced by the amounts paid

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.

Derivative Financial Instruments

The Bank enters into a variety of derivative financial instruments some of which are held for trading while others are held to manage its exposure to interest rate risk; credit risk; and foreign exchange rate risk. Held derivatives include foreign exchange forward contracts, interest rate swaps, cross currency interest rate swaps, and credit default swaps.

Derivatives are initially recognized at fair value at the date a derivative contract is entered into and are subsequently re-measured to their fair value at each balance sheet date. The resulting gain/loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. The Bank designates certain derivatives as either hedges of the fair value of recognized assets, liabilities, or firm commitments (fair value hedges), hedges of highly probable forecast transactions, hedges of foreign currency risk of firm commitments (cash flow hedges), or hedges of net investments in foreign operations (net investment hedges).

A derivative with a positive fair value is recognized as a financial asset whereas a derivative with a negative fair value is recognized as a financial liability. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months, and it is not expected to be realized or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Embedded derivatives

Derivatives embedded in financial liabilities or other non-financial asset host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts, and the host contracts are not measured at fair value through profit or loss.

An embedded derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the hybrid instrument to which the embedded derivative relates is more than 12 months and is not expected to be realized or settled within 12 months. Other embedded derivatives are presented as current assets or current liabilities.

Financial Guarantee Contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by a Bank entity are initially measured at their fair values and, if not designated as at fair value through profit or loss and not arising from a transfer of a financial asset, are subsequently measured at the higher of:

- The amount of the loss allowance determined in accordance with IFRS 9; and
- The amount initially recognized less, where appropriate, the cumulative amount of income recognized in accordance with the Bank's revenue recognition policies.

Financial guarantee contracts not designated at fair value through profit or loss are presented as provisions in the consolidated statement of financial position, and the re-measurement is presented in other revenue.

The Bank has not designated any financial guarantee contracts as at fair value through profit or loss.

Commitments to Provide a Loan at a Below-Market Interest Rate

Commitments to provide a loan at a below-market interest rate are initially measured at their fair values and, if not designated as at fair value through the statement of profit or loss, are subsequently measured at the higher of:

- The amount of the loss allowance determined in accordance with IFRS 9; and
- The amount initially recognized less, where appropriate, the cumulative amount of income recognized in accordance with the Bank's revenue recognition policies, which is higher.

Commitments to provide a loan below market rate not designated at fair value through profit or loss are presented as provisions in the consolidated statement of financial position and the re-measurement is presented in other revenue.

The Bank has not designated any commitments to provide a loan below market rate designated at fair value through the statement of profit or loss.

Hedge Accounting

The Bank designates certain derivatives as hedging instruments in respect of foreign currency risk and interest rate risk in fair value hedges, cash flow hedges, or hedges of net investments in foreign operations, as appropriate. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges. The Bank does not apply fair value hedge accounting of portfolio hedges of interest rate risk. In addition, the Bank does not use the exemption to continue using IAS 39 hedge accounting rules, i.e. the Bank applies IFRS 9 hedge accounting rules in full.

At the inception of the hedge relationship, the Bank documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Bank documents whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- There is an economic relationship between the hedged item and the hedging instrument;
- The effect of credit risk does not dominate the value changes that result from that economic relationship; and
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Bank actually hedges, and the quantity of the hedging instrument that the Bank actually uses to hedge that quantity of the hedged item.

The Bank rebalances a hedging relationship in order to comply with the hedge ratio requirements when necessary. In such cases discontinuation may apply to only part of the hedging relationship. For example, the hedge ratio might be adjusted in such a way that some of the volume of the hedged item is no longer part of a hedging relationship, hence hedge accounting is discontinued only for the volume of the hedged item that is no longer part of the hedging relationship.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Bank adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

In some hedge relationships, the Bank designates only the intrinsic value of options. In this case, the fair value change of the time value component of the option contract is deferred in OCI, over the term of the hedge, to the extent that it relates to the hedged item and is reclassified from equity to profit or loss when the hedged item does not result in the recognition of a non-financial item. The Bank's risk management policy does not include hedges of items that result in the recognition of non-financial items, because the Bank's risk exposures relate to financial items only.

The hedged items designated by the Bank are time-period related hedged items, which means that the amount of the original time value of the option that relates to the hedged item is amortized from equity to profit or loss on a rational basis (e.g., straight-line) over the term of the hedging relationship.

In some hedge relationships, the Bank excludes from the designation the forward element of forward contracts or the currency basis spread of cross currency hedging instruments. In this case, a similar treatment is applied to the one applied for the time value of options. The treatment for the forward element of a forward contract and the currency basis element is optional, and the option is applied on a hedge- by- hedge basis, unlike the treatment for the time value of the options which is mandatory. For hedge relationships with forwards, or foreign currency derivatives such as cross currency interest rate swaps, where the forward element or the currency basis spread is excluded from the designation, the Bank generally recognizes the excluded element in OCI.

The fair values of the derivative instruments used for hedging purposes and movements in the hedging reserve are determined in equity.

Fair Value Hedges

The fair value change on qualifying hedging instruments is recognized in the consolidated statement of profit or loss except when the hedging instrument hedges an equity instrument designated at fair value through other comprehensive income in which case it is recognized in OCI. The Bank has not designated fair value hedge relationships where the hedging instrument hedges an equity instrument designated at fair value through other comprehensive income.

The carrying amount of a hedged item not already measured at fair value is adjusted for the fair value change attributable to the hedged risk with a corresponding entry in profit or loss. For debt instruments measured at fair value through other comprehensive income, the carrying amount is not adjusted as it is already at fair value, but the part of the fair value gain or loss on the hedged item associated with the hedged risk is recognized in profit or loss instead of OCI. When the hedged item is an equity instrument designated at fair value through other comprehensive income, the hedging gain/loss remains in other comprehensive income to match that of the hedging instrument.

Where hedging gains/losses are recognized in the consolidated statement of profit or loss, they are recognized in the same line as the hedged item.

The Bank discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. The fair value adjustment to the carrying amount of hedged items for which the EIR method is used (i.e., debt instruments measured at amortized cost or at fair value through other comprehensive income) arising from the hedged risk is amortized to profit or loss commencing no later than the date when hedge accounting is discontinued.

Cash Flow Hedges

The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognized in the cash flow hedging reserve, a separate component of other comprehensive income, limited to the cumulative change in fair value of the hedged item from inception of the hedge less any amounts recycled to profit or loss consolidated statement.

Amounts previously recognized in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognized hedged item. If the Bank no longer expects the transaction to occur, that amount is immediately reclassified to profit or loss consolidated statement.

The Bank discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised, or where the occurrence of the designated hedged forecast transaction is no longer considered to be highly probable. The discontinuation is accounted for prospectively. Any gain/loss recognized in other comprehensive income and accumulated in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in profit or loss. When a forecast transaction is no longer expected to occur, the gain/loss accumulated in equity is

reclassified and recognized immediately in profit or loss consolidated statement.

Hedges of Net Investments in Foreign Operations

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain/loss on the hedging instrument relating to the effective portion of the hedge is recognized in other comprehensive income and accumulated in the foreign currency translation reserve.

Gains and losses on the hedging instrument relating to the effective portion of the hedge accumulated in the foreign currency translation reserve are reclassified to the statement of profit or loss in the same way as exchange differences relating to the foreign operation as described above.

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 less.

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.

Evaluation of business model

The classification and measurement of financial assets depend on the results of the principal and interest payments test on the principal outstanding and the business model test. The Bank defines a business model at a level that reflects how the groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgment that reflects all relevant evidence, including how to assess the performance of the assets and measure their performance, the risks that affect the performance of assets and how they are managed, and how asset managers are compensated. The Bank monitors financial assets measured at amortized cost or fair value through other comprehensive income and derecognized before maturity to understand the reason for derecognition and whether the reasons are consistent with the objective of the business held. In this respect, control is part of the Bank's continuous assessment of whether the business model under which the remaining financial assets are retained is appropriate, and whether it is inappropriate if there is a change in the business model, and therefore, a future change is made in the classification of those assets.

- 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 bank / 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-Expected Credit Loss:

The below table shows the expected credit losses on financial assets during the year:

	31 December 2023				
	Notes	Stage 1	Stage 2	Stage 3	Total
		JD '000	JD '000	JD '000	JD '000
Balances with central banks	7	74	8 902	-	8 976
Balances with banks and financial institutions	8	(36)	-	-	(36)
Deposits with banks and financial institutions	9	35	-	-	35
Direct credit facilities at amortized cost	12	37 944	80 505	22 263	140 712
Other financial assets at amortized cost	13	6 920	3 790	-	10 710
Indirect credit facilities	24	5 373	(4 988)	378	763
Total		**50 310**	**88 209**	**22 641**	**161 160**

	Notes	31 December 2022 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**
Other financial assets at amortized cost	13	3 902	(305)	-	**3 597**
Indirect credit facilities	24	3 114	(23)	4 792	**7 883**
Total		**15 772**	**113 354**	**27 325**	**156 451**

7 - CASH AND BALANCES WITH CENTRAL BANKS

The details of this item are as follows:

	31 December **2023**	**2022**
	JD '000	JD '000
Cash in vaults	452 022	534 041
Balances with central banks:		
- Current accounts	1 093 575	1 216 846
- Time and notice	4 565 824	3 666 633
- Mandatory cash reserve	992 277	901 857
- Certificates of deposit	158 300	93 200
Total Balances with Central Banks	**6 809 976**	**5 878 536**
Less: Net ECL Charges	(112 799)	(86 101)
Total Cash and Balances with Central Banks	**7 149 199**	**6 326 476**

- 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 2023 and 31 December 2022.

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 2023				**31 December 2022**
	Stage 1 individual	Stage 2 individual	Stage 3	**Total**	**Total**
	JD '000	JD '000	JD '000	**JD '000**	**JD '000**
Low risk / performing (1-2)	6 259 583	-	-	**6 259 583**	**5 333 164**
Acceptable risk / performing (3-7)	-	550 393	-	**550 393**	**545 372**
Total	**6 259 583**	**550 393**	**-**	**6 809 976**	**5 878 536**

- Probability of default at low risk 0.0% - 0.22%
- Probability of default at acceptable risk 0.22% - 45%

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

	31 December 2023				31 December 2022
	Stage 1 individual	Stage 2 individual	Stage 3	**Total**	**Total**
	JD '000	JD '000	JD '000	**JD '000**	**JD '000**
Balance at the beginning of the year	**5 333 164**	**545 372**	**-**	**5 878 536**	**5 341 485**
New balances (Additions)	1 099 712	5 021	-	**1 104 733**	**770 869**
Repaid balances (excluding write offs)	(123 393)	-	-	**(123 393)**	**(116 248)**
Translation Adjustments	(49 900)	-	-	**(49 900)**	**(117 570)**
Total	**6 259 583**	**550 393**	**-**	**6 809 976**	**5 878 536**

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

	31 December 2023				31 December 2022
	Stage 1 individual	Stage 2 individual	Stage 3	**Total**	**Total**
	JD '000	JD '000	JD '000	**JD '000**	**JD '000**
Balance at the beginning of the year	**626**	**85 475**	**-**	**86 101**	**85 348**
ECL charges during the year	279	8 902	-	**9 181**	**1 126**
Recoveries (excluding write offs)	(205)	-	-	**(205)**	**(374)**
Adjustments during the year	-	17 730	-	**17 730**	**-**
Translation Adjustments	2	(10)	-	(8)	1
Total	**702**	**112 097**	**-**	**112 799**	**86 101**

8. Balances with Banks and Financial Institutions

Local banks and financial institutions	31 December	
	2023	**2022**
	JD '000	JD '000
Current accounts	1 584	2 435
Time deposits maturing within 3 months	102 000	115 793
Total	**103 584**	**118 228**

Abroad Banks and financial institutions	31 December	
	2023	**2022**
	JD '000	JD '000
Current accounts	745 438	545 527
Time deposits maturing within 3 months	1 821 093	1 921 139
Total	**2 566 531**	**2 466 666**
Less: Net ECL Charges	**(376)**	**(412)**
Total balances with Banks and Financial Institutions Local and Abroad	**2 669 739**	**2 584 482**

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

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 2023				**31 December 2022**
	Stage 1 individual	Stage 2 individual	Stage 3	**Total**	**Total**
	JD '000	JD '000	JD '000	**JD '000**	**JD '000**
Low risk / performing (1-2)	2 468 982	-	-	**2 468 982**	**2 509 047**
Acceptable risk / performing (3-7)	201 133	-	-	**201 133**	**75 847**
Total	**2 670 115**	**-**	**-**	**2 670 115**	**2 584 894**

- 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 2023				**31 December 2022**
	Stage 1 individual	Stage 2 individual	Stage 3	**Total**	**Total**
	JD '000	JD '000	JD '000	**JD '000**	**JD '000**
Balance at the beginning of the year	**2 584 894**	**-**	**-**	**2 584 894**	**2 641 999**
New balances (Additions)	395 060	-	-	**395 060**	**384 395**
Repaid balances (excluding write offs)	(310 365)	-	-	**(310 365)**	**(419 110)**
Translation adjustments	526	-	-	**526**	**(22 390)**
Total	**2 670 115**	**-**	**-**	**2 670 115**	**2 584 894**

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

	31 December 2023				**31 December 2022**
	Stage 1 individual	Stage 2 individual	Stage 3	**Total**	**Total**
	JD '000	JD '000	JD '000	**JD '000**	**JD '000**
Balance at the beginning of the year	**412**	**-**	**-**	**412**	**332**
ECL charges during the year	358	-	-	**358**	**425**
Recoveries (excluding write offs)	(394)	-	-	**(394)**	**(345)**
Translation adjustments	-	-	-	**-**	**-**
Total	**376**	**-**	**-**	**376**	**412**

9. Deposits with Banks and Financial Institutions

The details of this item are as follows:

Deposits with local banks and financial institutions	31 December 2023	31 December 2022
	JD '000	JD '000
Time deposits maturing after one year	33 766	33 766
Total	33 766	33 766

Deposits with abroad banks and financial institutions	31 December 2023	31 December 2022
	JD '000	JD '000
Time deposits maturing after 3 months and before 6 months	10 019	8 154
Certificate of deposits maturing after 3 months and before 6 months	53 175	-
Total	**63 194**	**8 154**
Less: Net ECL Charges	(35)	-
Total Deposits with banks and financial institutions Local and Abroad	**96 925**	**41 920**

There are no restricted deposits as of 31 December 2023 and 2022.

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 2023				31 December 2022
	Stage 1 individual	Stage 2 individual	Stage 3	Total	**Total**
	JD '000	JD '000	JD '000	JD '000	**JD '000**
Low risk / performing (1-2)	96 960	-	-	96 960	**41 920**
Acceptable risk / performing (3-7)	-	-	-	-	-
Total	**96 960**	**-**	**-**	**96 960**	**41 920**

-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 2023				31 December 2022
	Stage 1 individual	Stage 2 individual	Stage 3	**Total**	**Total**
	JD '000	JD '000	JD '000	**JD '000**	**JD '000**
Balance at the beginning of the year	**41 920**	**-**	**-**	**41 920**	**64 090**
New balances (Additions)	55 040	-	-	**55 040**	**709**
Repaid balances (excluding write offs)	-	-	-	-	**(22 879)**
Total	**96 960**	**-**	**-**	**96 960**	**41 920**

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

	31 December 2023				31 December 2022
	Stage 1 individual	Stage 2 individual	Stage 3	**Total**	**Total**
	JD '000	JD '000	JD '000	**JD '000**	**JD '000**
Balance at the beginning of the year	**-**	**-**	**-**	**-**	**126**
ECL charges during the year	35	-	-	**35**	**-**
Recoveries (excluding write offs)	-	-	-	-	**(126)**
Total	**35**	**-**	**-**	**35**	**-**

10. Financial Assets at Fair Value through Profit or Loss

The details of this item are as follows:

	31 December	
	2023	**2022**
	JD '000	JD '000
Treasury bills and Government bonds	9 514	25 046
Total	**9 514**	**25 046**

	31 December 2023		
	Designated as FV	Carried Mandatorily at FV	**Total**
	JD '000	JD '000	**JD '000**
Treasury bills and Government bonds	9 514	-	**9 514**
Total	**9 514**	**-**	**9 514**

	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**

11. Financial Assets at Fair Value through Other Comprehensive Income

The details of this item are as follows:

	31 December	
	2023	**2022**
	JD '000	JD '000
Quoted shares	75 432	75 166
Unquoted shares	52 918	52 493
Total	**128 350**	**127 659**

	31 December 2023		
	Designated as FV	Carried Mandatorily at FV	**Total**
	JD '000	JD '000	**JD '000**
Quoted shares	-	75 432	**75 432**
Unquoted shares	-	52 918	**52 918**
Total	**-**	**128 350**	**128 350**

	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**

* Cash dividends on the investments above amounted to JD 3.9 million for the year ended 31 December 2023 (JD 3.7 million for the year ended 31 December 2022).

12. Direct Credit Facilities at Amortized Cost

The details of this item are as follows:

	31 December 2023					
	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 *	27 383	25 825	242 484	107 574	-	**403 266**
Overdrafts *	15 854	407 116	1 707 312	1 851	133 634	**2 265 767**
Loans and advances *	1 432 662	660 815	6 513 353	25 827	916 489	**9 549 146**
Real-estate loans	1 176 563	1 059	-	-	-	**1 177 622**
Credit cards	120 564	-	-	-	-	**120 564**
Total	**2 773 026**	**1 094 815**	**8 463 149**	**135 252**	**1 050 123**	**13 516 365**
Less: Interest and commission in suspense	66 152	71 933	260 222	36	-	**398 343**
Provision for impairment - ECL	130 457	136 128	1 007 096	1 998	10 598	**1 286 277**
Total	**196 609**	**208 061**	**1 267 318**	**2 034**	**10 598**	**1 684 620**
Net Direct Credit Facilities at Amortized Cost	**2 576 417**	**886 754**	**7 195 831**	**133 218**	**1 039 525**	**11 831 745**

* Net of interest and commission received in advance, which amounted to JD 20.7 million as at 31 December 2023.
- Rescheduled loans during the year ended 31 December 2023 amounted to JD 335.4 million.
- There are no retsructured loans (transferred from non performing to watch list loans) during the year ended 31 December 2023.
- Direct credit facilities granted to and guaranteed by the government of Jordan as of 31 December 2023 amounted to JD 111.1 million or 0.82% of total direct credit facilities.
- Non-performing direct credit facilities as of 31 December 2023 amounted to JD 1285.1 million or 9.5 % of total direct credit facilities.
- Non-performing direct credit facilities, net of interest and commission in suspense, as of 31 December 2023 amounted to JD 891.5 million or 6.8 % of direct credit facilities, after deducting interest and commission in suspense.

	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.

- The details of movement on the provision for impairment of direct credit facilities at amortized cost are as follows:

	31 December 2023					
	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	**135 326**	**173 083**	**1 001 255**	**2 575**	**5 832**	**1 318 071**
ECL charges during the year	20 688	29 763	172 117	489	12 490	**235 547**
Recoveries	(18 240)	(11 693)	(73 467)	(1 034)	(7 434)	**(111 868)**
Transferred to Stage 1	7 636	513	18 516	-	(31)	**26 634**
Transferred to Stage 2	(404)	(6 758)	(172 278)	-	31	**(179 409)**
Transferred to Stage 3	(7 232)	6 245	153 762	-	-	**152 775**
Impact on year end ECL caused by transfers between stages during the year	5 257	7 740	4 036	-	-	**17 033**
Used from provision (written off or transferred to off statement of financial position)*	(9 373)	(48 709)	(140 599)	-	-	**(198 681)**
Adjsutments during the year	273	(12 806)	56 277	(78)	(247)	**43 419**
Translation Adjustments	(3 474)	(1 250)	(12 523)	46	(43)	**(17 244)**
Balance at the end of the year	**130 457**	**136 128**	**1 007 096**	**1 998**	**10 598**	**1 286 277**

The details of movement on the provision for impairment of ECL 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**

- 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 2023 and 2022.
- Impairment is assessed based on individual customer accounts.

* Non-performing direct credit facilities transferred to off statement of financial position amounted to JD 257.9 million as of 31 December 2023 (JD 42.4 million as of 31 December 2022) 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 2023							
			Direct Credit Facilities at Amortized Cost					
	Due from Banks	Other Financial Assets at amortized Cost	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%)	99 168	14 824	133 948	988 841	1 959	6 006	42 541	**1 287 287**
Base case (45%)	105 877	18 471	135 008	997 417	1 975	8 267	43 866	**1 310 881**
Downside (35%)	130 662	33 946	138 812	1 029 972	2 050	16 219	48 909	**1 400 570**

	31 December 2022							
			Direct Credit Facilities at Amortized Cost					
	Due from Banks	Other Financial Assets at amortized Cost	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**

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

	31 December	
	2023	**2022**
	JD '000	JD '000
Upside (30%)	129 158	129 544
Base case (40%)	130 007	132 934
Downside (30%)	132 356	142 715

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 2023						
		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	**60 141**	**72 416**	**312 186**	**35**	**-**	**444 778**	**14 736**
Interest and commission suspended during the year	13 588	12 363	49 422	-	-	75 373	**3 726**
Interest and commission in suspense settled (written off or transferred to off statement of financial position)	(4 177)	(10 612)	(99 572)	-	-	(114 361)	**(111)**
Intrest and commission settled (transferd to revenues)	(2 940)	(1 362)	(663)	-	-	(4 965)	**(1 376)**
Adjustments during the year	-	(158)	158	-	-	-	**-**
Translation adjustments	(460)	(714)	(1 309)	1	-	(2 482)	**(249)**
Balance at the End of the Year	**66 152**	**71 933**	**260 222**	**36**	**-**	**398 343**	**16 726**

	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 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	**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**

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

	Inside Jordan	Outside Jordan	**31 December 2023**	31 December 2022	**ECL 31 December 2023**
Economic Sector	JD '000	JD '000	**JD '000**	JD '000	**JD '000**
Consumer Banking	1 246 131	1 330 286	**2 576 417**	2 502 602	**130 457**
Industry and Mining	764 260	1 532 268	**2 296 528**	2 385 225	**186 665**
Constructions	267 242	715 745	**982 987**	942 194	**288 029**
Real Estate	92 415	435 904	**528 319**	521 218	**26 333**
Trade	851 238	1 334 483	**2 185 721**	2 044 633	**189 633**
Agriculture	121 223	19 797	**141 020**	113 859	**23 917**
Tourism and Hotels	177 211	81 523	**258 734**	263 763	**18 435**
Transportation	30 129	127 470	**157 599**	77 430	**21 075**
Shares	-	24 800	**24 800**	28 003	**588**
General Service	480 736	1 026 141	**1 506 877**	1 356 326	**388 549**
Banks and Financial Institutions	27 762	105 456	**133 218**	148 733	**1 998**
Government and Public Sector	164 350	875 175	**1 039 525**	1 032 236	**10 598**
Net Direct Credit Facilities at Amortized Cost	**4 222 697**	**7 609 048**	**11 831 745**	**11 416 222**	**1 286 277**

Direct Credit Facilities at Amortized Cost

The following is the distribution of credit exposures for direct credit facilities at amortized cost according to the Bank's Internal Rating.

	31 December 2023							31 December 2022
	Stage 1		Stage 2		Stage 3	**Total**		**Total**
	JD '000	JD '000	JD '000	JD '000	JD '000	**JD '000**	**JD '000**	**JD '000**
	Individual	Collective	Individual	Collective	Individual	**Individual**	**Collective**	
Low risk / performing	1 050 025	208 781	-	-	-	**1 050 025**	**208 781**	**1 262 376**
Acceptable risk / performing	7 244 861	2 295 174	1 356 420	76 037	-	**8 601 281**	**2 371 211**	**10 602 692**
Non-performing:								
- Substandard	-	-	-	-	25 899	**25 899**	**-**	**12 783**
- Doubtful	-	-	-	-	190 753	**190 753**	**-**	**86 227**
- Problematic	-	-	-	-	1 068 415	**1 068 415**	**-**	**1 214 993**
Total	**8 294 886**	**2 503 955**	**1 356 420**	**76 037**	**1 285 067**	**10 936 373**	**2 579 992**	**13 179 071**

The movement on total balances of direct credit facilities at amortized cost is as follows:

	31 December 2023							31 December 2022
	Stage 1		Stage 2		Stage 3	**Total**		**Total**
	JD '000	JD '000	JD '000	JD '000	JD '000	**JD '000**	**JD '000**	**JD '000**
	Individual	Collective	Individual	Collective	Individual	**Individual**	**Collective**	
Balance at the beginning of the year	7 707 679	2 431 577	1 634 061	91 751	1 314 003	**10 655 743**	**2 523 328**	**13 125 297**
New balances (additions)	2 705 091	478 077	144 271	10 263	137 842	**2 987 204**	**488 340**	**3 134 069**
Repaid balances (excluding write offs)	(2 098 176)	(383 860)	(243 178)	(28 963)	(56 621)	**(2 397 975)**	**(412 823)**	**(2 581 480)**
Transfers to stage 1	223 701	7 505	(223 679)	(6 475)	(1 052)	**(1 030)**	**1 030**	**-**
Transfers to stage 2	(243 453)	(15 099)	246 389	17 248	(5 085)	**(2 149)**	**2 149**	**-**
Transfers to stage 3	(10 130)	(7 916)	(198 205)	(7 784)	224 035	**15 700**	**(15 700)**	**-**
Written off balances or transferred to off statement of financial position	-	-	-	-	(313 042)	**(313 042)**	**-**	**(95 125)**
Adjustments during the year	-	-	-	-	-	**-**	**-**	**-**
Translation Adjustments	10 174	(6 329)	(3 239)	(3)	(15 013)	**(8 078)**	**(6 332)**	**(403 690)**
Total	**8 294 886**	**2 503 955**	**1 356 420**	**76 037**	**1 285 067**	**10 936 373**	**2 579 992**	**13 179 071**

The movement of ECL charges on direct credit facilities at amortized cost is as follows:

	31 December 2023							31 December 2022
	Stage 1		Stage 2		Stage 3	**Total**		**Total**
	JD '000	JD '000	JD '000	JD '000	JD '000	**JD '000**	**JD '000**	**JD '000**
	Individual	Collective	Individual	Collective	Individual	**Individual**	**Collective**	
Balance at the beginning of the year	32 561	13 504	426 329	16 713	828 964	**1 287 854**	**30 217**	**1 283 630**
ECL charges during the year	58 893	4 505	133 641	883	37 625	**230 159**	**5 388**	**230 760**
Recoveries (excluding write offs)	(24 139)	(1 315)	(44 194)	(8 958)	(33 262)	**(101 595)**	**(10 273)**	**(98 931)**
Transfers to stage 1	19 946	7 768	(12 500)	(22)	(15 192)	**(7 746)**	**7 746**	**-**
Transfers to stage 2	(810)	(74)	4 318	407	(3 841)	**(333)**	**333**	**-**
Transfers to stage 3	(138)	(58)	(170 823)	(789)	171 808	**847**	**(847)**	**-**
Impact on year end ECL caused by transfers between stages during the year	-	-	(2 342)	1 475	17 900	**15 558**	**1 475**	**12 436**
Written off balances or transferred to off statement of financial position	-	-	-	-	(198 681)	**(198 681)**	**-**	**(65 515)**
Adjustments during the year	62	-	(270)	-	43 627	**43 419**	**-**	**8 147**
Translation Adjustments	(597)	(445)	(4 231)	(630)	(11 341)	**(16 169)**	**(1 075)**	**(52 456)**
Total	**85 778**	**23 885**	**329 928**	**9 079**	**837 607**	**1 253 313**	**32 964**	**1 318 071**

Direct Credit Facilities at Amortized Cost - Consumer Banking

The following is the distribution of credit exposures for direct credit facilities - CB at amortized cost according to the Bank's Internal Rating.

	31 December 2023				31 December 2022
	Stage 1 Collective	Stage 2 Collective	Stage 3	**Total**	**Total**
	JD '000	JD '000	JD '000	**JD '000**	**JD '000**
Low risk / performing	208 781	-	-	**208 781**	**205 873**
Acceptable risk / performing	2 295 174	76 037	-	**2 371 211**	**2 317 455**
Non-performing :					
- Substandard	-	-	20 998	**20 998**	**12 220**
- Doubtful	-	-	20 090	**20 090**	**16 651**
- Problematic	-	-	151 946	**151 946**	**145 870**
Total	**2 503 955**	**76 037**	**193 034**	**2 773 026**	**2 698 069**

-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 2023				31 December 2022
	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	2 431 577	91 751	174 741	**2 698 069**	**2 572 821**
New balances (additions)	478 077	10 263	35 368	**523 708**	**606 226**
Repaid balances (excluding write offs)	(383 860)	(28 963)	(13 560)	**(426 383)**	**(414 353)**
Transfers to stage 1	7 505	(6 475)	(1 030)	**-**	**-**
Transfers to stage 2	(15 099)	17 248	(2 149)	**-**	**-**
Transfers to stage 3	(7 916)	(7 784)	15 700	**-**	**-**
Written off balances or transferred to off statement of financial position	-	-	(13 550)	**(13 550)**	**(7 816)**
Adjustments during the year	-	-	-	**-**	**-**
Translation Adjustments	(6 329)	(3)	(2 486)	**(8 818)**	**(58 809)**
Total	**2 503 955**	**76 037**	**193 034**	**2 773 026**	**2 698 069**

The movement of ECL charges on direct credit facilities at amortized cost - consumer banking is as follows:

	31 December 2023				31 December 2022
	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	13 504	16 713	105 109	**135 326**	**141 243**
ECL charges during the year	4 505	883	15 300	**20 688**	**14 997**
Recoveries (excluding write offs)	(1 315)	(8 958)	(7 967)	**(18 240)**	**(14 217)**
Transfers to stage 1	7 768	(22)	(7 746)	**-**	**-**
Transfers to stage 2	(74)	407	(333)	**-**	**-**
Transfers to stage 3	(58)	(789)	847	**-**	**-**
Impact on year end ECL caused by transfers between stages during the year	-	1 475	3 782	**5 257**	**2 652**
Written off balances or transferred to off statement of financial position	-	-	(9 373)	**(9 373)**	**(5 266)**
Adjustments during the year			273	**273**	**23**
Translation Adjustments	(445)	(630)	(2 399)	**(3 474)**	**(4 106)**
Total	**23 885**	**9 079**	**97 493**	**130 457**	**135 326**

Direct Credit Facilities at Amortized Cost - Small & Medium Enterprises

The following is the distribution of credit exposures for direct credit facilities at amortized cost - SMEs according to the Bank's Internal Rating.

	31 December 2023				31 December 2022
	Stage 1	Stage 2	Stage 3	**Total**	**Total**
	JD '000	JD '000	JD '000	**JD '000**	**JD '000**
Low risk / performing	101 447	-	-	**101 447**	**115 127**
Acceptable risk / performing	652 902	159 981	-	**812 883**	**813 177**
Non-performing :					
- Substandard	-	-	4 901	**4 901**	**269**
- Doubtful	-	-	10 600	**10 600**	**3 745**
- Problematic	-	-	164 984	**164 984**	**211 270**
Total	**754 349**	**159 981**	**180 485**	**1 094 815**	**1 143 588**

- 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 2023				31 December 2022
	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	672 909	255 395	215 284	**1 143 588**	**1 221 437**
New balances (additions)	221 573	23 771	13 032	**258 376**	**265 595**
Repaid balances (excluding write offs)	(180 527)	(39 932)	(22 524)	**(242 983)**	**(273 784)**
Transfers to stage 1	72 835	(72 813)	(22)	**-**	**-**
Transfers to stage 2	(28 104)	28 104	-	**-**	**-**
Transfers to stage 3	(5 260)	(32 184)	37 444	**-**	**-**
Written off balances or transferred to off statement of financial position	-	-	(59 321)	**(59 321)**	**(24 050)**
Adjustments during the year	-	-	-	**-**	**-**
Translation Adjustments	923	(2 360)	(3 408)	**(4 845)**	**(45 610)**
Total	**754 349**	**159 981**	**180 485**	**1 094 815**	**1 143 588**

The movement of ECL charges on direct credit facilities at amortized cost - Small & Medium Enterprises is as follows:

	31 December 2023				31 December 2022
	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	34 707	135 735	**173 083**	**162 975**
ECL charges during the year	2 800	20 347	6 616	**29 763**	**25 641**
Recoveries (excluding write offs)	(1 097)	(3 303)	(7 293)	**(11 693)**	**(8 840)**
Transfers to stage 1	719	(719)	-	**-**	**-**
Transfers to stage 2	(166)	166	-	**-**	**-**
Transfers to stage 3	(40)	(6 205)	6 245	**-**	**-**
Impact on year end ECL caused by transfers between stages during the year	-	(880)	8 620	**7 740**	**4 318**
Written off balances or transferred to off statement of financial position	-	-	(48 709)	**(48 709)**	**(10 632)**
Adjustments during the year	(349)	(90)	(12 367)	**(12 806)**	**9 192**
Translation Adjustments	(9)	(721)	(520)	**(1 250)**	**(9 571)**
Total	**4 499**	**43 302**	**88 327**	**136 128**	**173 083**

Direct Credit Facilities at Amortized Cost - Large Corporates

The following is the distribution of credit exposures for direct credit facilities at amortized cost - LCs according to the Bank's Internal Rating.

	31 December 2023				31 December 2022
	Stage 1	Stage 2	Stage 3	**Total**	**Total**
	JD '000	JD '000	JD '000	**JD '000**	**JD '000**
Low risk / performing	283 243	-	-	**283 243**	**344 997**
Acceptable risk / performing	6 218 937	1 051 273	-	**7 270 210**	**6 881 233**
Non-performing:					
- Substandard	-	-	-	**-**	**294**
- Doubtful	-	-	160 063	**160 063**	**65 831**
- Problematic	-	-	749 633	**749 633**	**855 648**
Total	**6 502 180**	**1 051 273**	**909 696**	**8 463 149**	**8 148 003**

- 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 2023				31 December 2022
	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	5 852 742	1 373 488	921 773	**8 148 003**	**8 200 942**
New balances (additions)	2 163 456	120 500	89 442	**2 373 398**	**1 769 200**
Repaid balances (excluding write offs)	(1 596 708)	(199 939)	(20 135)	**(1 816 782)**	**(1 503 291)**
Transfers to stage 1	150 866	(150 866)	-	**-**	**-**
Transfers to stage 2	(72 054)	74 990	(2 936)	**-**	**-**
Transfers to stage 3	(4 870)	(166 021)	170 891	**-**	**-**
Written off balances or transferred to off statement of financial position	-	-	(240 171)	**(240 171)**	**(63 259)**
Adjustments during the year	-	-	-	**-**	**-**
Translation Adjustments	8 748	(879)	(9 168)	**(1 299)**	**(255 589)**
Total	**6 502 180**	**1 051 273**	**909 696**	**8 463 149**	**8 148 003**

The movement of ECL charges on direct credit facilities at amortized cost - Large Corporates is as follows:

	31 December 2023				31 December 2022
	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	23 814	391 491	585 950	**1 001 255**	**973 773**
ECL charges during the year	51 889	104 519	15 709	**172 117**	**184 067**
Recoveries (excluding write offs)	(14 955)	(40 832)	(17 680)	**(73 467)**	**(72 680)**
Transfers to stage 1	19 227	(11 781)	(7 446)	**-**	**-**
Transfers to stage 2	(613)	4 121	(3 508)	**-**	**-**
Transfers to stage 3	(98)	(164 618)	164 716	**-**	**-**
Impact on year end ECL caused by transfers between stages during the year	-	(1 462)	5 498	**4 036**	**5 466**
Written off balances or transferred to off statement of financial position	-	-	(140 599)	**(140 599)**	**(49 617)**
Adjustments during the year	658	(180)	55 799	**56 277**	**(1 068)**
Translation Adjustments	(623)	(3 432)	(8 468)	**(12 523)**	(38 686)
Total	**79 299**	**277 826**	**649 971**	**1 007 096**	**1 001 255**

Direct Credit Facilities at Amortized Cost - Banks & Financial Institutions

	31 December 2023				31 December 2022
	Stage 1	Stage 2	Stage 3	**Total**	**Total**
	JD '000	JD '000	JD '000	**JD '000**	**JD '000**
Low risk / performing	60 406	-	-	**60 406**	**67 768**
Acceptable risk / performing	72 994	-	-	**72 994**	**81 370**
Non-performing :					
- Problematic	-	-	1 852	**1 852**	**2 205**
Total	**133 400**	**-**	**1 852**	**135 252**	**151 343**

- 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 2023				31 December 2022
	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	149 138	-	2 205	**151 343**	**182 594**
New balances (additions)	57 760	-	-	**57 760**	**241 226**
Repaid balances (excluding write offs)	(74 001)	-	(402)	**(74 403)**	**(253 403)**
Translation Adjustments	503	-	49	**552**	**(19 074)**
Total	**133 400**	**-**	**1 852**	**135 252**	**151 343**

The movement of ECL charges on direct credit facilities at amortized cost - Banks & Financial Institutions is as follows:

	31 December 2023				31 December 2022
	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	405	-	2 170	**2 575**	**3 295**
ECL charges during the year	489	-	-	**489**	**1 022**
Recoveries (excluding write offs)	(712)	-	(322)	**(1 034)**	**(1 765)**
Adjustments during the year	-	-	(78)	**(78)**	**-**
Translation Adjustments	-	-	46	**46**	**23**
Total	**182**	**-**	**1 816**	**1 998**	**2 575**

Direct Credit Facilities at Amortized Cost - Government & Public Sector

The following is the distribution of credit exposures for direct credit facilities at amortized cost - Gov &PS according to the Bank's Internal Rating.

	31 December 2023				31 December 2022
	Stage 1	Stage 2	Stage 3	**Total**	**Total**
	JD '000	JD '000	JD '000	**JD '000**	**JD '000**
Low risk / performing	604 929	-	-	**604 929**	**528 611**
Acceptable risk / performing	300 028	145 166	-	**445 194**	**509 457**
Total	**904 957**	**145 166**	**-**	**1 050 123**	**1 038 068**

-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 2023				31 December 2022
	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	1 032 890	5 178	-	**1 038 068**	**947 503**
New balances (Additions)	262 302	-	-	**262 302**	**251 822**
Repaid balances (excluding write offs)	(246 940)	(3 307)	-	**(250 247)**	**(136 649)**
Transfers to stage 2	(143 295)	143 295	-	**-**	**-**
Translation Adjustments	-	-	-	**-**	(24 608)
Total	**904 957**	**145 166**	**-**	**1 050 123**	**1 038 068**

The movement of ECL charges on direct credit facilities at amortized cost - Government & Public Sector is as follows:

	31 December 2023				31 December 2022
	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	5 701	131	-	**5 832**	**2 344**
ECL charges during the year	3 715	8 775	-	**12 490**	**5 033**
Recoveries (excluding write offs)	(7 375)	(59)	-	**(7 434)**	**(1 429)**
Transfers to stage 2	(31)	31	-	**-**	**-**
Adjustments during the year	(247)	-	-	**(247)**	**-**
Translation Adjustments	35	(78)	-	**(43)**	**(116)**
Total	**1 798**	**8 800**	**-**	**10 598**	**5 832**

Direct Credit Facilities at Amortized Cost - Real Estate

The following is the distribution of credit exposures for direct credit facilities at amortized cost - RE according to the Bank's Internal Rating.

	31 December 2023				31 December 2022
	Stage 1	Stage 2	Stage 3	**Total**	**Total**
	JD '000	JD '000	JD '000	**JD '000**	**JD '000**
Low risk / performing	-	-	-	**-**	**-**
Acceptable risk / performing	1 089 544	32 978	-	**1 122 522**	**1 082 730**
Non-performing:					
- Substandard	-	-	8 768	**8 768**	**6 302**
- Doubtful	-	-	8 294	**8 294**	**6 382**
- Problematic	-	-	38 038	**38 038**	**32 608**
Total	**1 089 544**	**32 978**	**55 100**	**1 177 622**	**1 128 022**

-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 - Real Estate is as follows:

	31 December 2023				31 December 2022
	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	1 033 669	49 061	45 292	**1 128 022**	**1 054 341**
New balances (Additions)	163 864	706	12 332	**176 902**	**183 404**
Repaid balances (excluding write offs)	(99 869)	(18 944)	(4 252)	**(123 065)**	**(109 297)**
Transfers to stage 1	3 816	(3 175)	(641)	**-**	**-**
Transfers to stage 2	(6 946)	7 823	(877)	**-**	**-**
Transfers to stage 3	(1 848)	(2 556)	4 404	**-**	**-**
Written off balances or transferred to off statement of financial position	-	-	(111)	**(111)**	**(133)**
Translation Adjustments	(3 142)	63	(1 047)	**(4 126)**	**(293)**
Total	**1 089 544**	**32 978**	**55 100**	**1 177 622**	**1 128 022**

The movement of ECL charges on direct credit facilities at amortized cost - Real Estate is as follows:

	31 December 2023				31 December 2022
	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	1 893	6 503	19 748	**28 144**	**26 918**
ECL charges during the year	344	283	5 806	**6 433**	**2 818**
Recoveries (excluding write offs)	(661)	(4 692)	(1 922)	**(7 275)**	**(4 018)**
Transfers to stage 1	3 858	(11)	(3 847)	**-**	**-**
Transfers to stage 2	(20)	56	(36)	**-**	**-**
Transfers to stage 3	(4)	(154)	158	**-**	**-**
Impact on year end ECL caused by transfers between stages during the year	-	337	(68)	**269**	**361**
Adjustments during the year	-	-	-	**-**	**2 088**
Translation Adjustments	(12)	(302)	(501)	**(815)**	**(23)**
Total	**5 398**	**2 020**	**19 338**	**26 756**	**28 144**

13. Other Financial Assets at Amortized Cost

The details of this item are as follows:

	31 December 2023	31 December 2022
	JD '000	JD '000
Treasury bills	1 531 037	1 762 747
Government bonds and bonds guaranteed by the government	3 305 339	3 373 328
Corporate bonds	301 689	308 190
Less: Net ECL Charges	(23 158)	(12 448)
Total	**5 114 907**	**5 431 817**

Analysis of bonds based on interest nature:

	31 December 2023	31 December 2022
	JD '000	JD '000
Floating interest rate	95 277	120 542
Fixed interest rate	5 042 788	5 323 723
Total	**5 138 065**	**5 444 265**
Less: Net ECL Charges	(23 158)	(12 448)
Grand Total	**5 114 907**	**5 431 817**

Analysis of financial assets based on market quotation:

Financial assets quoted in the market:	31 December 2023	31 December 2022
	JD '000	JD '000
Treasury bills	1 300 949	864 832
Government bonds and bonds guaranteed by the government	482 460	522 632
Corporate bonds	242 452	234 754
Total	**2 025 861**	**1 622 218**

Financial assets unquoted in the market:	31 December 2023	31 December 2022
	JD '000	JD '000
Treasury bills	230 088	897 915
Government bonds and bonds guaranteed by the government	2 822 879	2 850 696
Corporate bonds	59 237	73 436
Total	**3 112 204**	**3 822 047**
Less: Net ECL Charges	(23 158)	(12 448)
Grand Total	**5 114 907**	**5 431 817**

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 2023				31 December 2022
	Stage 1	Stage 2	Stage 3	**Total**	**Total**
	JD '000	JD '000	JD '000	**JD '000**	**JD '000**
Low risk / performing (1-2)	5 076 619	-	-	**5 076 619**	**5 412 100**
Acceptable risk / performing (3-7)	54 354	7 092	-	**61 446**	**32 165**
Total	**5 130 973**	**7 092**	**-**	**5 138 065**	**5 444 265**

-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 2023				31 December 2022
	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	**5 433 415**	**10 850**	**-**	**5 444 265**	**5 830 930**
New investments (Additions)	5 356 175	-	-	**5 356 175**	**4 288 423**
Matured investments	(5 568 619)	(3 727)	-	**(5 572 346)**	**(4 416 357)**
Translation Adjustments	(89 998)	(31)	-	**(90 029)**	**(258 731)**
Total	**5 130 973**	**7 092**	**-**	**5 138 065**	**5 444 265**

The movement of ECL charges on other financial assets at amortized cost is as follows:

	31 December 2023				31 December 2022
	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	**9 146**	**3 302**	**-**	**12 448**	**8 851**
ECL charges during the year	9 167	3 887	-	**13 054**	**5 213**
Recoveries from matured investments	(2 247)	(97)	-	**(2 344)**	**(1 616)**
Balance at the End of the Year	**16 066**	**7 092**	**-**	**23 158**	**12 448**

There were no other financial assets at amortized cost sold during the two years ended 31 December 2023 and 2022)

14. Investment in Subsidiaries and Associates

The details of this item are as follows:

The Bank's investments in subsidiaries and associates:	31 December 2023		31 December 2022		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	287 546	100	429 390	U.K.	Banking	2006
Arab Bank Australia Limited	100	57 109	100	57 109	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	1 386	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	48 119	Tunisia	Banking	1982
Arab Bank Syria	51.29	611	51.29	611	Syria	Banking	2005
Al-Nisr Al Arabi plc	68	15 429	50	11 250	Jordan	Insurance	2006
Oman Arab Bank	49	174 802	49	174 802	Oman	Banking	1984
Arab National Bank	40	161 534	40	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		27 768			
Total		**879 008**		**1 016 673**			

* During the year 2023, an impairment provision in the amount of JOD 142 million has been booked in the statement of profit and loss

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 2022	**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**
Additions	-	2 115	4 671	10 676	152	879	18 493
Disposals	-	(4 835)	(1 085)	(897)	(67)	(890)	(7 774)
Adjustments during the year	-	-	-	-	-	-	-
Translation adjustments	144	(5 102)	(2 896)	(4 440)	(180)	(2 874)	(15 348)
Balance as of 31 December 2023	**61 822**	**172 755**	**168 017**	**112 887**	**6 915**	**23 010**	**545 406**
Accumulated Depreciation :							
Balance as of 1 January 2022	**-**	**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**
Depreciation charge for the year	-	4 381	8 021	10 815	318	1 855	25 390
Disposals	-	(4 689)	(1 012)	(861)	(67)	(848)	(7 477)
Adjustments during the year	-	-	-	-	-	-	-
Translation adjustments	-	(2 949)	(2 502)	(3 692)	(154)	(2 826)	(12 123)
Balance as of 31 December 2023	**-**	**93 612**	**134 394**	**87 623**	**6 469**	**19 181**	**341 279**
Net Book Value as of 31 December 2023	**61 822**	**79 143**	**33 623**	**25 264**	**446**	**3 829**	**204 127**
Net Book Value as of 31 December 2022	**61 678**	**83 708**	**37 440**	**26 187**	**638**	**4 895**	**214 546**

The cost of the fully depreciated fixed assets amounted to JD 208.9 million as of 31 December 2023 (JD 208.3 million as of 31 December 2022).

16. Other Assets

The details of this item are as follows:

	31 December 2023	2022
	JD '000	JD '000
Accrued interest receivable	146 533	151 863
Prepaid expenses	13 229	11 118
Foreclosed assets *	102 219	101 006
Intangible assets **	11 837	14 472
Right of Use Assets ***	40 524	37 280
Other miscellaneous assets ****	175 345	69 001
Total	**489 687**	**384 740**

* The Central Bank of Jordan instructions require the disposal of these assets during a maximum period of two years from the date of foreclosure, and allows the extension of this period for an additional two years upon obtaining the approval of the Central Bank of Jordan.

**** This item includes an amount of JD 82 million that represent an investment in a new subsidiary in Iraq.

The details of movement on foreclosed assets are as follows:

	31 December 2023			
	Land	Buildings	Others	Total
	JD '000	**JD '000**	**JD '000**	**JD '000**
Balance at the beginning of the year	45 060	55 946	-	101 006
Additions	8 767	6 131	-	14 898
Disposals	(5 913)	(6 368)	-	(12 281)
Provision for impairment and impairment loss	(1 082)	8	-	(1 074)
Translation Adjustment	(386)	56	-	(330)
Balance at the End of the Year	**46 446**	**55 773**	**-**	**102 219**

	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**

**** The movement on intangible assets (softwares) was as follows:**

	31 December	
	2023	**2022**
	JD '000	JD '000
Balance at the beginning of the year	**14 472**	**14 878**
Additions	6 257	8 213
Adjustments during the year and translation adjustments	(479)	106
Amortization during the year	(8 413)	(8 725)
Balance at the End of the Year	**11 837**	**14 472**

***** The details of movement of right of use assets are as follows :**

	2023	**2022**
	JD '000	JD '000
Balance at the beginning of the year	**37 280**	**42 595**
Additions	14 087	4 863
Depreciation	(10 843)	(10 178)
Balance at the end of the year	**40 524**	**37 280**

17. Deferred Tax Assets

The details of this item are as follows:

Items attributable to deferred tax assets are as follows

	31 December 2023					
	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	504 288	213 669	(310 173)	94	407 878	111 940
End-of-Service indemnity	40 685	10 375	(11 517)	-	39 543	11 411
Interest in suspense	87 823	20 186	(62 271)	-	45 738	9 884
Revaluation of OCI investments	19 519	-	(2 664)	-	16 855	8 810
Others	18 707	62 946	(18 102)	(259)	63 292	15 202
Total	**671 022**	**307 176**	**(404 727)**	**(165)**	**573 306**	**157 247**

	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
Revaluation of OCI investments	7 797	11 722	-	-	19 519	9 240
Others	30 617	2 248	(14 171)	13	18 707	7 596
Total	**618 161**	**271 533**	**(218 619)**	**(53)**	**671 022**	**182 140**

The details of movement on deferred tax assets are as follows:

	2023	2022
	JD '000	JD '000
Balance at the beginning of the year	**182 140**	**159 012**
Additions during the year	93 484	90 074
Amortized during the year	(118 337)	(66 962)
Adjustments during the year and translation adjustments	(40)	16
Balance at the End of the Year	**157 247**	**182 140**

18. Banks and Financial Institutions Deposits

The details of this item are as follows:

	31 December 2023			31 December 2022		
	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	5 024	85 576	90 600	2 484	85 207	87 691
Time deposits	4 804	1 722 926	1 727 730	35 943	1 784 632	1 820 575
Total	**9 828**	**1 808 502**	**1 818 330**	**38 427**	**1 869 839**	**1 908 266**

19. Customer Deposits

The details of this item are as follows:

	31 December 2023				
		Corporates			
	Consumer Banking	Small and medium	Large	Government and public sector	Total
	JD '000	JD '000	JD '000	JD '000	JD '000
Current and demand	4 880 425	1 059 627	1 420 645	86 313	7 447 010
Savings	2 115 549	4 619	6 156	20	2 126 344
Time and notice	5 692 898	772 269	2 697 016	911 324	10 073 507
Certificates of deposit	205 790	-	158	-	205 948
Total	**12 894 662**	**1 836 515**	**4 123 975**	**997 657**	**19 852 809**

	31 December 2022				
		Corporates			
	Consumer Banking	Small and medium	Large	Government and public sector	Total
	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**

- Government of Jordan and Jordanian Public Sector deposits amounted to JD 341.1 million, or 1.7% of total customer deposits as of 31 December 2023 (JD 547.6 million, or 2.8% of total customer deposits as of 31 December 2022).
- Non-interest bearing deposits amounted to JD 6438.7 million, or 32.4% of total customer deposits as of 31 December 2023 (JD 6706.9 million, or 34.7% of total customer deposits as of 31 December 2022).
- Blocked deposits amounted to JD 42.8 million, or 0.22% of total customer deposits as of 31 December 2023 (JD 39.8 million, or 0.21% of total customer deposits as of 31 December 2022).
- Dormant deposits amounted to JD 233 million, or 1.2% of total customer deposits as of 31 December 2023 (JD 208.7 million, or 1.1% of total customer deposits as of 31 December 2022).

20. Cash Margin

The details of this item are as follows:

	31 December	
	2023	**2022**
	JD '000	JD '000
Against direct credit facilities at amortized cost	724 361	720 308
Against indirect credit facilities	859 425	696 566
Against margin trading	1 407	1 727
Other cash margins	1 148	1 065
Total	**1 586 341**	**1 419 666**

21. Borrowed Funds

The details of this item are as follows:

	31 December	
	2023	**2022**
	JD '000	JD '000
From central banks	154 233	115 167
From banks and financial institutions	130 876	176 623
Total	**285 109**	**291 790**

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

	31 December	
	2023	**2022**
	JD '000	JD '000
Floating interest rate	142 529	187 021
Fixed interest rate	142 580	104 769
Total	**285 109**	**291 790**

* During 2013, Arab Bank 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 2023 amounted to JD 1.6 million (JD 2 million as of 31 December 2022).

* During 2014, Arab Bank 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 2023 amounted to JD 252 thousand (JD 644 thousand as of 31 December 2022).

* Untill December 31, 2023, Arab Bank 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 JD 130.8 million as of 31 December 2023 (JD 85.2 million as of 31 December 2022).

* During 2016, Arab Bank 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 2023 amounted to JD 2.3 million (JD 2.7 million as of 31 December 2022).

* During 2017, Arab Bank 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 2023 amounted to JD 7.7 million (JD 5.7 million as of 31 December 2022).

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 2023 amounted to JD 11.5 million (JD 18.9 million as of 31 December 2022).

** 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 (7.178 Spread + CAS + SOFR) 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 2023 amounted to JD 25.8 million (JD 38.7 million as of 31 December 2022)

** During 2019, Arab Bank withdrew the second installment in the amount of JD 49.5 million for the duration of 7 years with a floating interest rate of (7.289 Spread + CAS + SOFR) 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 2022 and the last one will be on 16 March 2026. the Balance of the loan as of 31 December 2023 amounted to JD 24.7 million (JD 34.7 million as of 31 December 2022)

** During 2020, Arab Bank withdrew the third installment in the amount of JD 114.8 million for the duration of 7 years with a floating interest rate of (7.49 Spread + CAS + SOFR) 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 2023 and the last one will be on 15 March 2027. the Balance of the loan as of 31 December 2023 amounted to JD 80.3 million (JD 103.3 million as of 31 December 2022)

22. Provision for Income Tax

The details of this item are as follows:

	31 December	
	2023	**2022**
	JD '000	JD '000
Balance at the beginning of the year	**117 037**	**85 130**
Income tax charge	125 832	135 296
Income tax paid	(116 363)	(103 389)
Balance at the End of the Year	**126 506**	**117 037**

- Income tax expense charged to the statement of income consists of the following:

	31 December	
	2023	**2022**
	JD '000	JD '000
Income tax charge for the year	125 832	135 296
Deferred tax assets for the year	(93 484)	(87 414)
Amortization of deferred tax assets	117 907	66 962
Deferred tax liabilities for the year	295	480
Amortization of deferred tax liabilities	-	-
Total	**150 550**	**115 324**

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 2023 and 2022.

Arab Bank PLC effective tax rate was 28.6% as of 31 December 2023 and 26% as of 31 December 2022.

The branches of Arab bank Plc have reached a recent tax settlements ranging between 2022 as for Arab Bank United Arab Emirates and 2020 as for Arab Bank Palestine as of 31 December 2023.

23. Other Provisions

The details of this item are as follows:

	2023					
	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	81 795	21 806	(15 999)	-	(5 454)	82 148
Legal cases	3 662	1 861	(175)	(768)	(170)	4 410
Other	58 991	2 677	(14)	(2)	3 111	64 763
Total	**144 448**	**26 344**	**(16 188)**	**(770)**	**(2 513)**	**151 321**

	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**

24. Other Liabilities

The details of this item are as follows:

	31 December	
	2023	**2022**
	JD '000	JD '000
Accrued interest payable	156 755	108 185
Notes payable	80 525	92 464
Interest and commission received in advance	44 786	48 621
Accrued expenses	38 459	34 940
Dividends payable to shareholders	12 416	12 335
Lease Contracts Liabilites	38 586	36 057
Provision for impairment - ECL of the indirect credit facilities*	45 366	88 564
Other miscellaneous liabilities	177 087	209 084
Total	**593 980**	**630 250**

Indirect Credit Facilities

The following is the distribution of credit exposures for indirect credit facilities at amortized cost according to the Bank's Internal Rating.

	31 December 2023				**31 December 2022**
	Stage 1	Stage 2	Stage 3	**Total**	**Total**
	JD '000	JD '000	JD '000	**JD '000**	**JD '000**
Low risk / performing (1-2)	889 568	-	-	**889 568**	**732 942**
Acceptable risk / performing (3-7)	8 806 845	134 607	-	**8 941 452**	**8 431 199**
Non-performing (8-10)	-	-	49 519	**49 519**	**75 176**
Total	**9 696 413**	**134 607**	**49 519**	**9 880 539**	**9 239 317**

-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 2023				31 December 2022
	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	**9 004 721**	**159 420**	**75 176**	**9 239 317**	**9 765 135**
New balances (additions)	3 411 598	64 856	18 853	**3 495 307**	**2 945 027**
Matured balances	(2 675 968)	(128 919)	(48 781)	**(2 853 668)**	**(3 264 892)**
Transfers to stage 1	39 700	(39 531)	(169)	-	-
Transfers to stage 2	(76 759)	76 809	(50)	-	-
Transfers to stage 3	(982)	(3 556)	4 538	-	-
Translation Adjustments	(5 897)	5 528	(48)	**(417)**	**(205 953)**
Total	**9 696 413**	**134 607**	**49 519**	**9 880 539**	**9 239 317**

The movement of ECL charges on indirect credit facilities is as follows:

	31 December 2023				31 December 2022
	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	**8 717**	**7 064**	**72 783**	**88 564**	**72 778**
ECL charges during the year	12 720	1 272	1 560	**15 552**	**19 555**
Recoveries (excluding write offs)	(7 347)	(6 230)	(1 182)	**(14 759)**	**(12 334)**
Transfers to stage 1	86	(86)	-	-	-
Transfers to stage 2	(196)	196	-	-	-
Transfers to stage 3	-	(2)	2	-	-
Impact on year end ECL caused by transfers between stages during the year	-	(30)	-	**(30)**	**662**
Written off balances	-	-	-	-	-
Adjustments during the year	(48)	82	(43 647)	**(43 613)**	**8 872**
Translation Adjustments	(248)	(208)	108	**(348)**	**(969)**
Total	**13 684**	**2 058**	**29 624**	**45 366**	**88 564**

25. Deferred Tax Liabilities

Items attributable to deferred tax liabilities are as follows:

	31 December 2023					
	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	14 944	1 359	(5)	(40)	**16 258**	3 653
Total	**14 944**	**1 359**	**(5)**	**(40)**	**16 258**	**3 653**

	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**

- The details of movement on deferred tax liabilities are as follows:

	2023	2022
	JD '000	JD '000
Balance at the beginning of the year	**3 356**	**2 894**
Additions during the year	305	480
Amortized during the year	(1)	-
Adjustments during the year and Translation Adjustments	(7)	(18)
Balance at the End of the Year	**3 653**	**3 356**

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 2023 and 2022 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 2023 and 2022.

27. Statutory Reserve

The statutory reserve amounted to JD 640.8 million as at 31 December 2023 and 2022 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 2023 and 2022. 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 2023 and 2022. 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 2023 and 2022, these amounts are for branches outside Jordan

31. Foreign Currency Translation Reserve

The details of this item are as follows:

	31 December	
	2023	2022
	JD '000	JD '000
Balance at the beginning of the year	(91 725)	(13 816)
Additions (disposals) during the year transferred to other comprehensive income	1 974	(77 909)
Balance at the end of the year	**(89 751)**	**(91 725)**

32. Investment Revaluation Reserve

The details of this item are as follows:

	31 December	
	2023	**2022**
	JD '000	JD '000
Balance at the beginning of the year	(246 204)	(238 493)
Change in fair value during the year	(5 016)	(7 711)
Balance at the end of the year	**(251 220)**	**(246 204)**

33. Retained Earnings

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

	31 December	
	2023	**2022**
	JD '000	JD '000
Balance at the beginning of the year	819 369	619 994
Profit for the year	375 817	327 535
Dividends paid *	(160 200)	(128 160)
Balance at the end of the year	**1 034 986**	**819 369**

* Arab Bank plc Board of Directors recommended a 30% of par value as cash dividend, equivalent to JOD 192.2 million, for the year 2023. 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 30 March 2023 approved the recommendation of the Bank's Board of Directors to distribute 25% of par value as cash dividends equivalent to JD 160.2 million for the year 2022).

34. Perpetual Tier 1 Capital Bonds

Arab Bank plc has issued series of unsecured perpetual Tier 1 bonds, illustrated as below:

- On 10 October 2023, Arab Bank plc - Jordan branches issued perpetual Tier 1 bonds in the amount of USD 250 million (JOD 177.3 million). These bonds carry a fixed coupon rate of 8% per annum payable semi-annually and treated as deduction from equity. Interest is non-cumulative and payable at Bank's discretion.

  These bonds have been listed in London Stock Exchange - International securities market and perpetual bonds market

- These bonds are classified as equity within the additional Tier 1 of the regulatory capital 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 and according to issuance terms but subject to the prior consent of the regulatory authority. 10 April 2029 will be the first repricing date.

35 - INTEREST INCOME

The details of this item are as follows:

	2023	**2022**
	JD '000	JD '000
Direct credit facilities at amortized cost *	973 925	744 470
Central Banks	311 861	119 728
Banks and financial institutions deposits	127 613	41 534
Financial assets at fair value through profit or loss	3 614	2 006
Other financial assets at amortized cost	279 302	247 900
Total	**1 696 315**	**1 155 638**

* The details of interest income earned on direct credit facilities at amortized cost are as follows:

	2023					
	Consumer Banking	Corporates: Small and Medium	Corporates: Large	Banks and Financial Institutions	Government and Public Sector	**Total**
	JD '000	JD '000	JD '000	JD '000	JD '000	**JD '000**
Discounted bills	612	2 708	14 860	6 037	-	**24 217**
Overdrafts	1 303	38 909	142 618	1	10 598	**193 429**
Loans and advances	125 299	48 443	431 682	2 515	59 065	**667 004**
Real estate loans	73 421	55	17	-	-	**73 493**
Credit cards	15 782	-	-	-	-	**15 782**
Total	**216 417**	**90 115**	**589 177**	**8 553**	**69 663**	**973 925**

	2022					
	Consumer Banking	Corporates: Small and Medium	Corporates: Large	Banks and Financial Institutions	Government and Public Sector	**Total**
	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**

36. Interest Expense

The details of this item are as follows:

	2023	**2022**
	JD '000	JD '000
Customer deposits *	532 673	333 822
Banks' and financial institutions' deposits	94 722	35 212
Cash margins	46 521	26 188
Borrowed funds	11 490	7 352
Deposit insurance fees	11 822	15 820
Total	**697 228**	**418 394**

* The details of interest expense paid on customer deposits are as follows:

	2023				
	Consumer Banking	Corporates: Small and Medium	Corporates: Large	Government and Public Sector	**Total**
	JD '000	JD '000	JD '000	JD '000	**JD '000**
Current and demand	27 693	643	14 292	597	**43 225**
Savings	3 111	7	4	-	**3 122**
Time and notice	231 532	37 356	116 974	72 857	**458 719**
Certificates of deposit	27 593	-	14	-	**27 607**
Total	**289 929**	**38 006**	**131 284**	**73 454**	**532 673**

	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**

37. Net Commission Income

The details of this item are as follows:

	2023	**2022**
	JD '000	JD '000
Commission income:		
Direct credit facilities at amortized cost	63 429	55 753
Indirect credit facilities	52 987	56 763
Other	88 658	77 087
Less: Commission expense	(47 665)	(38 354)
Net Commission Income	**157 409**	**151 249**

38. Gains from Financial Assets at Fair Value Through Profit or Loss

The details of this item are as follows:

	2023			
	Realized Gains	Unrealized Gains	Dividends	Total
	JD '000	JD '000	JD '000	JD '000
Treasury bills and bonds	803	1 426	-	2 229
Total	**803**	**1 426**	**-**	**2 229**

	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**

39. Dividends from Subsidiares and Associates

The details of this item are as follows:

	2023	**2022**
	JD '000	JD '000
Islamic International Arab Bank plc	24 000	40 000
Arab National Leasing Company L.L.C	3 000	3 000
Al-Nisr Al Arabi Insurance Company plc	1 250	1 500
Al-Arabi Investment Group Company L.L.C	700	3 690
Total Dividends from Subsidiaries	**28 950**	**48 190**
Arab National Bank	107 777	91 782
Other	434	-
Total Dividends from Associates	**108 211**	**91 782**
Total Dividends from Subsidiaries and Associates	**137 161**	**139 972**

40. Other Revenue

The details of this item are as follows:

	2023	2022
	JD '000	JD '000
Revenue from customer services	7 827	6 848
Safe box rent	868	899
Gains (losses) from derivatives	163	(15)
Miscellaneous revenue	8 594	15 976
Total	**17 452**	**23 708**

41. Employees' Expenses

The details of this item are as follows:

	2023	2022
	JD '000	JD '000
Salaries and benefits	174 226	170 981
Social security	13 754	12 454
Savings fund	1 496	1 514
Indemnity compensation	2 624	1 468
Medical	9 168	9 050
Training	1 709	2 616
Allowances	45 248	39 965
Other	4 701	4 702
Total	**252 926**	**242 750**

42. Other Expenses

The details of this item are as follows:

	2023	2022
	JD '000	JD '000
Occupancy	45 669	40 491
Office	55 821	48 395
Services	34 033	28 854
Fees	9 025	8 482
Information technology	36 000	31 676
Other administrative expenses	41 421	36 742
Total	**221 969**	**194 640**

43. Financial Derivatives

- The details of movement on financial derivatives are as follows:

	31 December 2023						
				Notional amounts by maturity			
	Positive Fair Value	Negative Fair Value	Total Notional Amount	Within 3 Months	From 3 Months to 1 Year	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	15 564	12 323	1 703 060	141 002	155 347	64 334	1 342 377
Foreign currency forward contracts	9 721	6 730	6 308 399	5 093 323	1 053 998	161 078	-
Derivatives held for trading	**25 285**	**19 053**	**8 011 459**	**5 234 325**	**1 209 345**	**225 412**	**1 342 377**
Interest rate swaps	31 271	30 247	767 597	7 737	187 679	378 083	194 098
Foreign currency forward contracts	-	-	-	-	-	-	-
Derivatives held for fair value hedge	**31 271**	**30 247**	**767 597**	**7 737**	**187 679**	**378 083**	**194 098**
Interest rate swaps	-	-	-	-	-	-	-
Foreign currency forward contracts	-	-	-	-	-	-	-
Derivatives held for cash flow hedge	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total	**56 556**	**49 300**	**8 779 056**	**5 242 062**	**1 397 024**	**603 495**	**1 536 475**

	31 December 2022						
	Positive Fair Value	Negative Fair Value	Total Notional Amount	Notional amounts by maturity			
				Within 3 Months	From 3 Months to 1 Year	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**

The notional amount represents the value of the transactions at year-end and does not refer to market risk or credit risk.

44 . 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	
	2023	2022	2023	2022	**2023**	**2022**
	JD '000	JD '000	JD '000	JD '000	**JD '000**	**JD '000**
Revenue	489 932	424 142	873 711	672 362	**1 363 643**	**1 096 504**
Assets	11 013 091	10 555 081	17 773 913	17 258 825	**28 787 004**	**27 813 906**
Capital expenditures	16 152	20 201	8 598	14 837	**24 750**	**35 038**

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 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.

In addition to the above, the bank is working on pillars according to which it leads its digital and innovation strategies, the most important of which are artificial intelligence and proactive analysis.

Information about the Bank’s Business Segments

	2023					
	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	599 298	635 040	(200 006)	184 344	144 967	1 363 643
Net inter-segment interest income	(129 501)	(296 316)	396 078	29 739	-	-
Less:						
Provision for impairment -ECL	122 825	30 630	(123)	7 828	-	161 160
Other provisions	8 939	3 628	2 874	10 133	-	25 574
Direct administrative expenses	45 795	8 583	5 879	142 302	-	202 559
Result of operations of segments	**292 238**	**295 883**	**187 442**	**53 820**	**144 967**	**974 350**
Indirect expenses on segments	151 334	47 400	37 667	68 436	143 146	447 983
Profit for the year before income tax	**140 904**	**248 483**	**149 775**	**(14 616)**	**1 821**	**526 367**
Income tax expense	40 252	71 070	42 838	(4 131)	521	150 550
Profit (loss) for the year	**100 652**	**177 413**	**106 937**	**(10 485)**	**1 300**	**375 817**
Depreciation and amortization	3 754	1 010	156	28 883	-	33 803
Other Information						
Segment assets	9 531 177	14 812 815	756 439	2 321 606	485 959	27 907 996
Inter-segment assets	-	-	9 318 399	903 004	3 126 123	-
Investments in associates and subsidiaries	-	-	-	-	879 008	879 008
Total Assets	**9 531 177**	**14 812 815**	**10 074 838**	**3 224 610**	**4 491 090**	**28 787 004**
Segment liabilities	8 472 144	2 524 322	10 074 838	3 224 610	171 435	24 467 349
Shareholders' equity	-	-	-	-	4 319 655	4 319 655
Inter-segment liabilities	1 059 033	12 288 493	-	-	-	-
Total Liabilities and Shareholders' Equity	**9 531 177**	**14 812 815**	**10 074 838**	**3 224 610**	**4 491 090**	**28 787 004**

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 segment	**239 991**	**170 841**	**104 828**	**85 892**	**129 422**	**730 974**
Less: 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**

46. 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

The war in Gaza during the fourth quarter of 2023 led to the destruction of many economic facilities inside the Strip, noting that the group does not have any credit exposure there.

This is in addition to the impact on many economic and commercial sectors in the West Bank as a result of the restrictions and closures happening every now and then. This led to higher potential risks to the Group's operations in Palestine and while it is still difficult and early to predict the actual impact, management is closely monitoring the situation and actively managing the potential impacts in accordance with best practices and regulatory requirements.

Management believes that there are no doubts about the Group's ability to continue its business in Palestine in the future.

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 (47 - F) 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 (50) shows the distribution of the undiscounted liabilities according to the residual maturity.

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 (48) 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 (49) 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 (51) 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.

47 - 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	
	2023	**2022**
	JD '000	JD '000
Credit risk exposures relating to items on statement of financial position:		
Balances with central banks	6 697 177	5 792 435
Balances with banks and financial institutions	2 669 739	2 584 482
Deposits with banks and financial institutions	96 925	41 920
Financial assets at fair value through profit or loss	9 514	25 046
Direct credit facilities at amortized cost	**11 831 745**	**11 416 222**
Consumer banking	2 576 417	2 502 602
Small and medium corporate	886 754	898 089
Large corporate	7 195 831	6 834 562
Banks and financial institutions	133 218	148 733
Government and public sector	1 039 525	1 032 236
Other financial assets at amortized cost	5 114 907	5 431 817
Financial derivatives - positive fair value	56 556	62 185
Other assets	159 762	162 981
Total credit exposure related to items on statement of financial position	**26 636 325**	**25 517 088**
Credit risk exposures relating to items off the statement of financial position		
Total items off the statement of financial position	**9 835 173**	**9 150 753**
Grand total for credit exposure	**36 471 498**	**34 667 841**

The table above shows the maximum limit of the bank credit risk as of 31 December 2023 and 2022 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	6 809 976	-	-	-
Balances with banks and financial institutions	2 670 115	-	-	-
Deposits with banks and financial institutions	96 960	-	-	-
Financial assets at fair value through profit or loss	9 514	-	-	-
Direct credit facilities at amortized cost	**13 516 365**	**655 393**	**80 115**	**2 723 745**
Consumer Banking	2 773 026	208 133	8	1 057 335
Small and Medium Corporates	1 094 815	87 029	17 267	320 869
Large Corporates	8 463 149	218 330	62 840	1 345 541
Banks and Financial Institutions	135 252	-	-	-
Government and Public Sector	1 050 123	141 901	-	
Other financial assets at amortized cost	5 138 065	-	-	-
Financial derivatives - positive fair value	56 556	-	-	-
Other assets	159 762	-	-	-
Total	**28 457 313**	**655 393**	**80 115**	**2 723 745**
Credit exposures relating to items off statement of financial position:				
Total	**9 880 539**	**879 546**	**7 576**	**95 681**
Grand Total	**38 337 852**	**1 534 939**	**87 691**	**2 819 426**
Grand Total as of 31 December 2022	**36 618 215**	**1 386 128**	**131 970**	**2 788 514**

31 December 2023

Listed securities	Vehicles and equipment	Other	Total	Net Exposure	Expected Credit Loss
JD '000	JD '000	JD '000	JD '000	JD '000	JD '000
-	-	-	-	6 809 976	112 799
-	-	-	-	2 670 115	376
-	-	-	-	96 960	35
-	-	-	-	9 514	-
265 200	**270 579**	**4 505 787**	**8 500 819**	**5 015 546**	**1 286 277**
4 809	53 635	372 755	1 696 675	1 076 351	130 457
2 431	9 376	435 645	872 617	222 198	136 128
257 960	207 568	3 291 195	5 383 434	3 079 715	1 007 096
-	-	-	-	135 252	1 998
-	-	406 192	548 093	502 030	10 598
-	-	-	-	5 138 065	23 158
-	-	-	-	56 556	-
-	-	-	-	159 762	-
265 200	**270 579**	**4 505 787**	**8 500 819**	**19 956 494**	**1 422 645**
1 791	**15 044**	**1 318 952**	**2 318 590**	**7 561 949**	**45 366**
266 991	**285 623**	**5 824 739**	**10 819 409**	**27 518 443**	**1 468 011**
311 376	**286 671**	**6 219 430**	**11 124 089**	**25 494 126**	**1 505 596**

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	**1 285 067**	**8 203**	**-**
Consumer Banking	193 034	7	-
Small and Medium Corporates	180 485	-	-
Large Corporates	909 696	8 196	-
Banks and Financial Institutions	1 852	-	-
Government and Public Sector	-	-	-
Other financial assets at amortized cost	-	-	-
Financial derivatives - positive fair value	-	-	-
Other assets	-	-	-
Total	**1 285 067**	**8 203**	**-**
Credit exposures relating to items off statement of financial position:			
Total	**49 519**	**1 412**	**-**
Grand Total	**1 334 586**	**9 615**	**-**
Grand Total as of 31 December 2022	**1 389 179**	**11 210**	**204**

						31 December 2023
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
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
135 286	**89**	**17 237**	**266 380**	**427 195**	**857 872**	**837 607**
21 179	-	1 862	9 309	32 357	160 677	97 493
27 650	18	332	14 326	42 326	138 159	88 327
86 457	71	15 043	242 745	352 512	557 184	649 971
-	-	-	-	-	1 852	1 816
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
135 286	**89**	**17 237**	**266 380**	**427 195**	**857 872**	**837 607**
633	**-**	**650**	**10 304**	**12 999**	**36 520**	**29 624**
135 919	**89**	**17 887**	**276 684**	**440 194**	**894 392**	**867 231**
112 192	**291**	**4 936**	**105 651**	**234 484**	**1 154 695**	**901 747**

- Reclassified Credit Exposures :

	31 December 2023					
	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	550 393	-	-	-	-	-
Balances with banks and financial institutions	-	-	-	-	-	-
Deposits with banks and financial institutions	-	-	-	-	-	-
Direct credit facilities at amortized cost	1 432 457	(172 506)	1 285 067	217 898	45 392	1.7%
Other financial assets at amortized cost	7 092	-	-	-	-	-
Total	**1 989 942**	**(172 506)**	**1 285 067**	**217 898**	**45 392**	**1.4%**
Credit exposures relating to items off statement of financial position:						
Total	**134 607**	**33 722**	**49 519**	**4 319**	**38 041**	**21%**
Grand Total	**2 124 549**	**(138 784)**	**1 334 586**	**222 217**	**83 433**	**2.4%**
Grand Total as of 31 December 2022	**2 441 454**	**(263 004)**	**1 389 179**	**87 221**	**(175 783)**	**-4.6%**

- Reclassified Expected Credit Losses :

	31 December 2023					
	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	112 097	-	-	-	-	-
Balances with banks and financial institutions	-	-	-	-	-	-
Deposits with banks and financial institutions	-	-	-	-	-	-
Direct credit facilities at amortized cost	339 007	(179 409)	837 607	152 775	(26 634)	-2.3%
Other financial assets at amortized cost	7 092		-	-		-
Total	**458 196**	**(179 409)**	**837 607**	**152 775**	**(26 634)**	**-2.1%**
Credit exposures relating to items off statement of financial position:						
Total	**2 058**	**108**	**29 624**	**2**	**110**	**0.3%**
Grand Total	**460 254**	**(179 301)**	**867 231**	**152 777**	**(26 524)**	**-2.0%**
Grand Total as of 31 December 2022	**538 883**	**(45 752)**	**901 747**	**38 461**	**(7 291)**	**-0.5%**

- Expected Credit Losses for Reclassified Credit Exposures:

	31 December 2023						
	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	(172 506)	217 898	45 392	(181 347)	1 071	170 675	(9 601)
Other financial assets at amortized cost		-			-	-	
Total	**(172 506)**	**217 898**	**45 392**	**(181 347)**	**1 071**	**170 675**	**(9 601)**
Credit exposures relating to items off statement of financial position:							
Total	**33 722**	**4 319**	**38 041**	**78**	**-**	**2**	**80**
Grand Total	**(138 784)**	**222 217**	**83 433**	**(181 269)**	**1 071**	**170 677**	**(9 521)**
Grand Total as of 31 December 2022	**(263 004)**	**87 221**	**(175 783)**	**(43 571)**	**(354)**	**49 732**	**5 807**

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 2023		
	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-	-	210 213	210 213
BBB+ to B-	-	31 813	31 813
Below B-	-	-	-
Unrated	-	57 919	57 919
Government and public sector	9 514	4 814 962	4 824 476
Total	**9 514**	**5 114 907**	**5 124 421**

	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**

E. The following is the distribution of credit exposures for direct credit facilities at amortized cost according to the Bank's Internal Rating.

Internal Credit Rating system	31 December 2023					
	Total Exposure	Expected Credit Loss	Propability of Default %		Exposure at Default	Average of Loss Given Default
			From	To		
	JD '000	JD '000			JD '000	
1-6	9 352 793	250 708	-	19	9 352 590	44.30 - 0
7	317 323	164 994	*24	*24	312 745	39 - 30.59
8	25 899	11 765	100	100	24 612	-
9	190 753	84 771	100	100	155 620	-
10	1 068 415	741 071	100	100	711 273	-
Unrated	2 561 182	32 968	0.8	3.5	2 561 182	54.63
Total	**13 516 365**	**1 286 277**	**-**	**-**	**13 118 022**	**-**

*For Consumer direct credit facilities at amortized cost; it is at the minimum of 3.5% and the maximum of 57%.

Internal Credit Rating system	Total Exposure	Expected Credit Loss	31 December 2022 Propability of Default %		Exposure at Default	Average of Loss Given Default
			From	To		
	JD '000	JD '000			JD '000	
1-6	8 871 607	282 931	-	19	8 871 377	44.30 - 0
7	472 577	175 921	*24	*24	442 593	39 - 30.59
8	12 783	7 397	100	100	11 928	-
9	86 227	64 511	100	100	75 617	-
10	1 214 993	757 056	100	100	811 894	-
Unrated	2 520 884	30 255	0.8	3.5	2 520 884	54.63
Total	**13 179 071**	**1 318 071**	**-**	**-**	**12 734 293**	**-**

*For Consumer direct credit facilities at amortized cost; it is at the minimum of 3.5% and the maximum of 57%.

F. Credit exposure categorized by geographical distribution:

	31 December 2023						
	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	3 450 702	3 245 463	1 012	-	-	-	**6 697 177**
Balances and deposits with banks and financial institutions	137 338	410 821	277 397	1 453 841	480 753	6 514	**2 766 664**
Financial assets at fair value through profit or loss	-	9 514	-	-	-	-	**9 514**
Direct credit facilities at amortized cost	**4 222 697**	**7 202 263**	**277 053**	**115 415**	**14 213**	**104**	**11 831 745**
Consumer banking	1 246 131	1 329 611	58	436	181	-	**2 576 417**
Small and medium corporates	453 997	432 481	-	172	-	104	**886 754**
Large corporates	2 330 457	4 501 601	255 363	94 378	14 032	-	**7 195 831**
Banks and financial institutions	27 762	85 027	-	20 429	-	-	**133 218**
Government and public sector	164 350	853 543	21 632	-	-	-	**1 039 525**
Other financial assets at amortized cost	2 592 586	2 444 893	56 656	-	20 772	-	**5 114 907**
Financial derivatives - positive fair value	1 686	54 870	-	-	-	-	**56 556**
Other assets	48 555	105 679	5 352	-	176	-	**159 762**
Total	**10 453 564**	**13 473 503**	**617 470**	**1 569 256**	**515 914**	**6 618**	**26 636 325**
Total - as of 31 December 2022	**10 002 008**	**13 203 592**	**549 254**	**1 455 480**	**294 955**	**11 799**	**25 517 088**

* Excluding Arab Countries.

F. Credit exposure categorized by geographical distribution and stagings according to IFRS 9:

	31 December 2023					
	Stage 1		Stage 2		Stage 3	**Total**
	(Individual)	(Collective)	(Individual)	(Collective)		
	JD '000	JD '000	JD '000	JD '000	JD '000	**JD '000**
Jordan	8 662 529	1 215 615	554 933	19 327	1 160	**10 453 564**
Other Arab Countries	11 204 280	1 263 577	908 122	44 787	52 737	**13 473 503**
Asia*	617 412	58	-	-	-	**617 470**
Europe	1 568 820	436	-	-	-	**1 569 256**
America	515 733	181	-	-	-	**515 914**
Rest of the World	6 618	-	-	-	-	**6 618**
Total	**22 575 392**	**2 479 867**	**1 463 055**	**64 114**	**53 897**	**26 636 325**
Total as of 31 December 2022	**21 308 540**	**2 417 801**	**1 647 996**	**72 274**	**70 477**	**25 517 088**

* Excluding Arab Countries.

G. 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	2 576 417	2 296 528	982 987	528 319	2 185 721
Other financial assets at amortized cost	-	74 090	-	4 970	-
Financial derivatives - positive fair value	-	83	-	-	3 056
Other assets	8 257	24 514	5 165	1 813	11 382
Total	**2 584 674**	**2 395 215**	**988 152**	**535 102**	**2 200 159**
Total as of 31 December 2022	**2 518 428**	**2 477 729**	**947 559**	**528 404**	**2 062 253**

								31 December 2023
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
	-	-	-	-	-	-	13 507 153	13 507 153
	-	-	-	-	-	2 766 664	-	2 766 664
	-	-	-	-	-	-	9 514	9 514
	141 020	258 734	157 599	24 800	1 506 877	133 218	1 039 525	11 831 745
	-	-	-	-	21 133	199 752	4 814 962	5 114 907
	-	-	9	-	42	51 586	1 780	56 556
	255	359	935	-	34 925	23 540	48 617	159 762
	141 275	**259 093**	**158 543**	**24 800**	**1 562 977**	**3 174 760**	**19 421 551**	**33 446 301**
	114 454	**264 893**	**77 781**	**28 003**	**1 453 103**	**3 030 052**	**12 014 429**	**25 517 088**

G. Credit exposure categorized by economic sector and stagings according to IFRS 9:

	31 December 2023					
	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	8 257	2 479 867	-	64 114	32 436	**2 584 674**
Industry and mining	2 153 261	-	236 254	-	5 700	**2 395 215**
Constructions	822 685	-	156 510	-	8 957	**988 152**
Real estate	473 313	-	60 482	-	1 307	**535 102**
Trade	1 965 088	-	232 728	-	2 343	**2 200 159**
Agriculture	103 526	-	37 576	-	173	**141 275**
Tourism and hotels	119 572	-	139 314	-	207	**259 093**
Transportation	143 314	-	14 952	-	277	**158 543**
Shares	24 800	-	-	-	-	**24 800**
General service	1 549 903	-	10 577	-	2 497	**1 562 977**
Banks and financial institutions	3 174 760	-	-	-	-	**3 174 760**
Government and public sector	12 036 913	-	574 662	-	-	**12 611 575**
Total	**22 575 392**	**2 479 867**	**1 463 055**	**64 114**	**53 897**	**26 636 325**
Total as of 31 December 2022	**21 308 540**	**2 417 801**	**1 647 996**	**72 274**	**70 477**	**25 517 088**

48. Market Risk

Assuming market prices as at December 31, 2023 and 2022 change by 5%, the impact on statement of income and shareholders equity will be as follows:

	31 December 2023			31 December 2022		
	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	35 716	-	**35 716**	27 738	-	**27 738**
Foreign exchange rate sensitivity	1 343	21 439	**22 782**	4 209	27 572	**31 781**
Equity instruments price sensitivity	-	6 418	**6 418**	-	6 383	**6 383**
Total	**37 059**	**27 857**	**64 916**	**31 947**	**33 955**	**65 902**

49. Interest Rate Risk

Exposure to interest rate volatility as of 31 December 2023 (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	-	-	-	-	-	-	452 022	452 022
Mandatory cash reserve	-	-	-	-	-	-	992 277	992 277
Balances with central banks	4 931 970	-	-	-	-	-	772 930	5 704 900
Balances and deposits with banks and financial institutions	1 526 357	1 143 381	63 160	-	33 766	-	-	2 766 664
Financial assets at fair value through profit or loss	4 553	4 896	-	65	-	-	-	9 514
Direct credit facilities at amortized cost	3 581 547	3 083 048	1 730 231	1 345 936	650 339	1 440 644	-	11 831 745
Financial assets at fair value through other comprehensive income	-	-	-	-	-	-	128 350	128 350
Other financial assets at amortized cost	633 910	630 404	753 706	706 999	1 521 003	868 885	-	5 114 907
Investment in subsidiaries and associates	-	-	-	-	-	-	879 008	879 008
Fixed assets	-	-	-	-	-	-	204 127	204 127
Other assets and financial derivatives - positive fair value	107 576	24 764	33 050	-	21 059	20 632	339 162	546 243
Deferred tax assets	-	-	-	-	-	-	157 247	157 247
Total assets	**10 785 913**	**4 886 493**	**2 580 147**	**2 053 000**	**2 226 167**	**2 330 161**	**3 925 123**	**28 787 004**
Liabilities								
Banks' and financial institutions' deposits	645 605	1 072 847	5 724	3 554	-	-	90 600	1 818 330
Customer deposits	6 540 615	2 938 455	1 459 224	1 997 992	425 791	52 076	6 438 656	19 852 809
Cash margin	789 012	307 504	127 106	188 784	46 744	12 829	114 362	1 586 341
Borrowed funds	239 541	13 496	25 461	5 919	692	-	-	285 109
Provision for income tax	-	-	-	-	-	-	126 506	126 506
Other Provisions	-	-	-	-	-	-	151 321	151 321
Other liabilities and financial derivatives - negative fair value	32 193	103 549	37 710	4 074	16 687	19 773	429 294	643 280
Deferred tax liabilities	-	-	-	-	-	-	3 653	3 653
Total liabilities	**8 246 966**	**4 435 851**	**1 655 225**	**2 200 323**	**489 914**	**84 678**	**7 354 392**	**24 467 349**
Gap	**2 538 947**	**450 642**	**924 922**	**(147 323)**	**1 736 253**	**2 245 483**	**(3 429 269)**	**4 319 655**

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	3 823 007	2 458 885	2 129 921	1 108 704	534 581	1 361 124	-	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	**8 897 989**	**5 362 399**	**3 293 753**	**2 265 458**	**1 712 485**	**2 181 811**	**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	**1 206 323**	**1 175 024**	**1 999 471**	**(203 617)**	**1 230 231**	**2 060 470**	**(3 538 127)**	**3 929 775**

50. Liquidity Risk

The below is the distribution of the liabilities (undiscounted) according to the residual maturity as of 31 December 2023:

	Within 1 Month	After 1 Month and till 3 Months	After 3 Months and till 6 Months	After 6 Months and till 1 Year	After 1 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	645 605	1 072 935	5 724	3 548	-	382	90 600	1 818 794
Customer deposits	5 857 305	2 554 476	1 481 523	2 087 929	609 239	35 304	7 447 010	20 072 786
Cash margin	789 229	307 607	127 160	189 050	46 744	16 638	114 363	1 590 791
Borrowed funds	239 541	13 496	25 461	5 920	692	3 958	-	289 068
Provision for income tax	-	-	-	-	-	-	126 506	126 506
Other provisions	-	-	-	-	-	-	151 321	151 321
Financial derivatives - negative fair value	11 370	327	1 105	38	16 687	19 773	-	49 300
Other liabilities	27 668	103 222	36 605	4 036	-	-	422 449	593 980
Deferred tax liabilities	-	-	-	-	-	-	3 653	3 653
Total Liabilities	**7 570 718**	**4 052 063**	**1 677 578**	**2 290 521**	**673 362**	**76 055**	**8 355 902**	**24 696 199**
Total assets according to expected maturities	**8 774 550**	**2 914 531**	**2 137 222**	**1 907 486**	**3 085 684**	**5 102 032**	**4 865 499**	**28 787 004**

The below is the distribution of the liabilities (undiscounted) according to the residual maturity as of 31 December 2022:

	Within 1 Month	After 1 Month and till 3 Months	After 3 Months and till 6 Months	After 6 Months and till 1 Year	After 1 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**

51. Net Foreign Currency Positions

The details of this item are as follows:	31 December 2023		31 December 2022	
	Base Currency in Thousand	Equivalent in JD '000	Base Currency in Thousand	Equivalent in JD '000
USD	(116 486)	(82 614)	1 788	1 268
GBP	2 142	1 933	(10 621)	(9 068)
EUR	21 745	17 019	(4 126)	(3 108)
JPY	368 613	1 854	42 794	227
Other currencies *	-	34 944	-	(73 495)
Total		**(26 864)**		**(84 176)**

* Various foreign currencies translated to Jordanian Dinars.

- Details of the bank's total assets and liabilities as per the main currencies as of 31 December 2023 are as follows:

	USD	GBP	EUR	JPY
	JD '000	JD '000	JD '000	JD '000
Total Assets	8 454 076	173 922	898 877	76 671
Total Liabilities	8 157 494	171 569	488 541	8 445
Total Owners' Equity	844 589	31	287 934	-
Net Foreign currency forward contracts	465 393	(389)	(105 383)	(66 372)
Net open position	**(82 614)**	**1 933**	**17 019**	**1 854**
Net open position as of 31 December 2022	**1 268**	**(9 068)**	**(3 108)**	**227**

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 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
	2023	**2022**				
Financial assets at fair value	**JD '000**	**JD '000**				
Financial assets at fair value through profit or loss:						
Treasuring bills and Bonds	9 514	25 046	Level 1	Quoted Shares	Not Applicable	Not Applicable
Total Financial Assets at Fair Value through Profit or Loss	**9 514**	**25 046**				
Financial derivatives - positive fair value	56 556	62 185	Level 2	Through Comparison of similar financial instruments	Not Applicable	Not Applicable
Financial assets at fair value through other comprehensive income:						
Quoted shares	75 432	75 166	Level 1	Quoted Shares	Not Applicable	Not Applicable
Unquoted shares	52 918	52 493	Level 2	Through using the index sector in the market	Not Applicable	Not Applicable
Total financial assets at fair value through other comprehensive income	**128 350**	**127 659**				
Total Financial Assets at Fair Value	**194 420**	**214 890**				
Financial Liabilities at Fair Value						
Financial derivatives - negative fair value	49 300	56 254	Level 2	Through Comparison of similar financial instruments	Not Applicable	Not Applicable
Total Financial Liabilities at Fair Value	**49 300**	**56 254**				

There were no transfers between Level 1 and 2, during 2023 & 2022.

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 2023		31 December 2022		
	Book value	Fair value	Book value	Fair value	Fair Value Hierarchy
	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	5 603 602	5 610 054	4 575 589	4 580 133	Level 2 & 3
Balances and Deposits with banks and financial institutions	2 766 664	2 770 277	2 626 402	2 631 245	Level 2 & 3
Direct credit facilities at amortized cost	11 831 745	11 888 311	11 416 222	11 488 427	Level 2 & 3
Other Financial assets at amortized cost	5 114 907	5 166 976	5 431 817	5 477 688	Level 1 & 2
Total financial assets not calculated at fair value	**25 316 918**	**25 435 618**	**24 050 030**	**24 177 493**	
Financial liabilities not calculated at fair value					
Banks' and financial institutions' deposits	1 818 330	1 826 306	1 908 266	1 914 220	Level 2 & 3
Customer deposits	19 852 809	19 960 843	19 313 064	19 379 169	Level 2 & 3
Cash margin	1 586 341	1 595 156	1 419 666	1 426 601	Level 2 & 3
Borrowed funds	285 109	288 155	291 790	294 819	Level 2 & 3
Total financial liabilities not calculated at fair value	**23 542 589**	**23 670 460**	**22 932 786**	**23 014 809**	

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.

53. 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 2023:

	UP to One Year	More than One Year	Total
	JD '000	JD '000	JD '000
Assets			
Cash at vaults	452 022	-	452 022
Mandatory cash reserve	992 277	-	992 277
Balances with central banks	5 704 900	-	5 704 900
Balances and deposits with banks and financial institutions	2 732 898	33 766	2 766 664
Financial assets at fair value through profit or loss	9 514	-	9 514
Direct credit facilities at amortized cost	6 190 744	5 641 001	11 831 745
Financial assets at fair value through other comprehensive income	-	128 350	128 350
Other financial assets at amortized cost	2 643 650	2 471 257	5 114 907
Investment in subsidiaries and associates	-	879 008	879 008
Fixed assets	25 390	178 737	204 127
Other assets and financial derivatives - positive fair value	504 551	41 692	546 243
Deferred tax assets	157 247	-	157 247
Total Assets	**19 413 193**	**9 373 811**	**28 787 004**
Liabilities			
Banks' and financial institutions' deposits	1 818 330	-	1 818 330
Customer deposits	19 256 958	595 851	19 852 809
Cash margin	1 526 566	59 775	1 586 341
Borrowed funds	26 006	259 103	285 109
Provision for income tax	126 506	-	126 506
Other provisions	151 321	-	151 321
Other liabilities and financial derivatives - negative fair value	606 823	36 457	643 280
Deferred tax liabilities	3 653	-	3 653
Total Liabilities	**23 516 163**	**951 186**	**24 467 349**
Net	**(4 102 970)**	**8 422 625**	**4 319 655**

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**

54. 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 2023			
	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	1 090 051	72 934	-	1 162 985
Acceptances	271 274	33 326	-	304 600
Letters of guarantee:				
- Payment guarantees	817 695	44 576	115 160	977 431
- Performance guarantees	1 629 266	893 216	160 516	2 682 998
- Other guarantees	1 186 848	383 313	130 949	1 701 110
Unutilized credit facilities	2 925 836	125 579	-	3 051 415
Total	**7 920 970**	**1 552 944**	**406 625**	**9 880 539**

	31 December 2023			
	JD '000	JD '000	JD '000	**JD '000**
Procurement contracts	9 994	4 243	709	**14 946**
Total	**9 994**	**4 243**	**709**	**14 946**

	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**

55. 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	
	2023	**2022**
	JD '000	JD '000
Common Equity Tier 1	3 839 651	3 659 116
Regulatory Adjustments (Deductions from Common Equity Tier 1)	(973 960)	(1 057 266)
Additional Tier 1	177 305	-
Supplementary Capital	249 020	173 460
Regulatory Adjustments (Deductions from Supplementary Capital)	(5 777)	(5 609)
Regulatory Capital	**3 286 239**	**2 769 701**
Risk-weighted assets (RWA)	**18 825 664**	**17 825 302**
Common Equity Tier 1 Ratio	**%15.22**	**%14.60**
Tier 1 Capital Ratio	**%16.16**	**%14.60**
Capital Adequacy Ratio	**%17.46**	**%15.54**

- 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 246% as of 31 December 2023 and 219% as of 31 December 2022 (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 2023			
	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	1 292 028	19 569	163 501	244 791
Associates companies	81 262	-	4 744	63 841
Major shareholders and members of the Board of Directors	-	127 970	357 088	57 354
Total	**1 373 290**	**147 539**	**525 333**	**365 986**

	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**

"Direct credit facilities granted to key management personnel amounted to JD 0.9 million and indirect credit facilities amounted to JD 4 thousands as of 31December 2023 (Direct credit facilities JD 1.1 million and indirect credit facilities JD 4 thousand as of 31 December 2022)
Top management deposits amounted to JD 3.7 million as of 31 December 2023 (JD 3.4 million as of 31 December 2022)
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:

	2023		2022	
	Interest Income	Interest Expense	Interest Income	Interest Expense
	JD '000	JD '000	JD '000	JD '000
Subsidiaries and sister companies	60 892	5 238	22 213	1 417
Associated companies	3 853	1 071	1 772	562
Total	**64 745**	**6 309**	**23 985**	**1 979**

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 34.4 million for the year ended on 31 December 2023 (JD 32.7 million for the year ended on 31 December 2022).

57. Assets under Management

There are no assets under management as of 31 December 2023 and 2022 -

58. Cash and Cash Equivalent

The details of this item are as follows:

	31 December	
	2023	2022
	JD '000	JD '000
Cash and balances with central banks maturing within 3 months	7 261 998	6 412 577
Add: Balances with banks and financial institutions maturing within 3 months	2 670 115	2 584 894
Less: Banks and financial institutions deposits maturing within 3 months	1 809 052	1 903 035
Total	**8 123 061**	**7 094 436**

59. LEGAL CASES

There are lawsuits filed against the Bank totaling almost JD 178 million as of 31 December 2023 (JD 161.3 million as of 31 December 2022). 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.

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Independent Auditor's Report

AM/6631

To the Shareholders of
Arab Bank PLC
Amman – The Hashemite Kingdom of Jordan

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Arab Bank and its foreign branches (the "Bank"), which comprise the statement of financial position as at December 31, 2023, and the statement of profit or loss, statement of comprehensive income, statement of changes in owners' equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as at December 31, 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS Accounting 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' Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to our audit of the Bank's financial statements in Jordan, and we have fulfilled our other ethical responsibilities. 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. 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.

Key Audit Matter	How our audit addressed the key audit matter
1. Allowance for Credit Losses on Credit Facilities	
As described in Notes 12 to the financial statements, the Bank had net direct credit facilities of JOD 11.8 Billion as of December 31, 2023, representing 41% of total assets. The determination of the Bank's expected credit losses for credit facilities measured at amortized cost is a material and complex estimate requiring significant management judgement in the evaluation of credit quality and the estimation of inherent losses in the portfolio. The financial statement risk arises from several aspects requiring substantial judgement of management, such as the estimation of probabilities of default and loss given defaults for various stages, the determination of significant increase in credit risk (SICR) and credit-impairment status (default), the use of different modelling techniques. In calculating expected credit losses, the bank considered credit quality indicators for each loan and portfolio, stratifies loans and advances by risk grade and estimates losses for each loan based upon their nature and risk profile. Post-model adjustments are applied to address risks that are not specifically considered by the ECL models. The basis and calculation of the post model adjustments require significant judgement including the consideration of the risk of management override. Auditing these complex judgements and assumptions involves especially challenging auditor judgement due to the nature and extent of audit evidence and effort required to address these matters and therefore this item is considered to be a key audit matter.	We established an audit approach, which includes both testing the design and assessed the operating effectiveness of certain relevant internal controls, over the determination of expected credit losses and risk-based substantive audit procedures. Our procedures over internal controls focused on obtaining an understanding and testing the design and implementation over the process controls around the ECL methodology governance, completeness and accuracy of loan data used in the expected loss models, management review of outcomes, the assignment of borrowers' risk classification, consistency of application of accounting policies and the process for calculating allowances. The primary substantive procedures which we performed, with the support by our subject matter experts, to address this key audit matter included, but were not limited to, the following: • For a risk-based sample of individual loans, we performed a detailed credit review, assessed the appropriateness of information for evaluating the creditworthiness and staging classification of individual borrowers and challenged the assumptions underlying the expected credit loss allowance calculations, such as estimated future cash flows, collateral valuations and estimates of recovery. We assessed the consistency of the bank's application of its impairment allowances and governance controls, including assessing key management and committee meetings that form part of the approval process for loan impairment allowances.

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Key Audit Matter	How our audit addressed the key audit matter
	• For loans not tested individually, with the assistance of our subject matter experts, we assessed the methodology used to determine the expected credit losses, tested the inputs by agreeing these to supporting documentation, and reperformed the mathematical accuracy of the expected credit loss model on a sample basis. We also challenged key assumptions, reviewed the calculation methodology and trace a sample back to source data; • We evaluated key assumptions such as thresholds used to determine SICR and forward-looking macroeconomic scenarios including the related weighting and assessed the staging assessment for a sample of accounts; • We evaluated post-model adjustments and management overlays in the context of key model and data limitations identified by the Bank in order to assess these adjustments, and challenged their rationale; • We have reviewed the methodology followed for incorporation of the forward- looking information into the impairment calculations by involving our specialist to challenge the multiple economic scenarios chosen including the related weighting applied and reconciled the macroeconomic indicators with the respective sources used; and • We assessed the disclosures in the financial statements relating to this matter against the requirements of IFRSs.

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Key Audit Matters	How our audit addressed the key audit matter
2. IT systems and controls over financial reporting We identified IT systems and controls over the Bank's financial reporting as an area of focus due to the extensive volume and variety of transactions which are processed daily by the Bank and rely on the effective operation of automated and IT dependent manual controls. There is a risk that automated accounting procedures and related internal controls are not accurately designed and operating effectively. In particular, the incorporated relevant controls are essential to limit the potential for fraud and error as a result of change to an application or underlying data.	Our audit approach relies on automated controls and therefore the following procedures were designed to test access and control over IT systems: We obtained an understanding of the applications relevant to financial reporting and the infrastructure supporting these applications. We tested IT general controls relevant to automated controls and computer-generated information covering access security, program changes, data center and network operations. We examined computer generated information used in financial reports from relevant applications and key controls over their report logics. We performed testing on the key automated controls on significant IT systems relevant to business processes.

Other Matters

1. The financial statements of the Bank for the year ended December 31, 2022 were audited by another auditor who expressed an unmodified opinion on those statements on February 12, 2023.

2. The accompanying financial statements are a translation of the original financial statements, which are in the Arabic language, to which reference should be made.

Other Information

Management is responsible for the other information. The other information comprises the other information in the annual report but does not include the financial statements and the independent auditors' report thereon. that the other information 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 do not express any form of assurance or 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.

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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 exist. 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.

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- 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.

- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Bank to express an opinion on the financial statements. We are responsible for the direction, supervision, and implementation of the Bank's 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 procedures.

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 with the financial statements. We recommend that the General Assembly of the Shareholders approve these financial statements.

Deloitte & Touche

Deloitte & Touche (M.E) - Jordan

Amman – Jordan
February 4, 2024

Deloitte & Touche (M.E.)
ديلويت آند توش (الشرق الأوسط)
010105

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 2024.

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 2023.

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 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

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. The Bank established the Credit Committee in 2010, the IT Governance Committee in 2017 and the Compliance Committee in 2018.

This Corporate Governance Code is based on the Instructions of Corporate Governance for Banks issued by the Central Bank of Jordan no. (2/2023) 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 legislations organizing operations and the marketplace.

Article (1): Commitment to Corporate Governance

There is a consistent set of relationships between the Bank, its Board of Directors, the stakeholders 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, as 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, and Arab Bank updated its Corporate Governance Code on 30/4/2023 after the issuance of the Corporate Governance Regulations no. (2/2023) issued by Central Bank of Jordan. 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) **Stakeholders:** any person/group/organization that has interest or concern in the Bank such as depositors, shareholders, employees, debtors, customers or competent regulatory authorities.

c) **The Board:** the Board of Directors of the Bank.

d) **An Independent Director:** a member of the Board apart from major shareholders - and who is not under control of any of them - and who has financial or banking qualifications and who satisfies the conditions set out in Article (4/e) of this Code.

e) **An Administrator:** a member of the Board whether in his personal capacity or as a representative of a legal entity, the Chief Executive Officer or any employee in the Bank.

f) **Senior Executive Management:** includes the Chief Executive Officer, Deputies to the Chief Executive Officer, Chief Financial Officer, Chief Operations Officer, Chief Credit Officer, Chief Risk Officer, Head of Group Internal Audit, Head of Treasury, Head of Regulatory Compliance in addition to any other Bank employee who maintains a parallel functional level and an executive authority that is equal to the authority of any of the aforementioned and/or reports directly to the Chief Executive Officer.

g) **Fit and proper / Suitability:** certain requirements and standards relating to honesty, integrity, reputation, competence and qualifications in accordance with the requirements contained in this Code to be present in those nominated to be members of the bank's board and the Senior Executive Management.

h) **Major Shareholder:** The person holding not less than (5%) of the Bank's share capital whether directly or indirectly.

i) **Consulting Position:** the position whose occupant has a contract or agreement with the Bank to provide temporary consulting services, or who does so under an annual contract.

j) **External Auditor:** includes the audit office, partners in the audit office, and audit team members.

k) **Audit Office:** the office through which the audit team practices the profession and is registered with the Companies Control Department at the Ministry of Industry, Trade and Supply (or the relevant competent authority in the countries in which the Bank operates) as a civil company to practice the profession in accordance with the legislations in force.

l) **The Partner in charge of the Audit:** the licensed partner in the Audit Office who is responsible for the audit task and for the report issued on behalf of the Audit Office, and who possesses the experience, academic qualifications, and professional certificate that qualify him/ her to sign off the Audit Report.

m) **Audit Team:** The audit team members who perform audit procedures under the supervision of the Partner in charge of the Audit. This does not include members of the additional service team outside the scope of the audit services.

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) Neither the Chairman nor any board member has the right to combine their position with any executive position or any position under which they participate in managing the daily work of the bank or any consulting position therein.

d) The diversity and integration of skills and experiences amongst board members shall be taken into account to provide a wide range of visions and viewpoints in line with the size of the Bank, the nature of its activity and strategy.

Article (4): Fit and Proper Criteria of Board Members

a) The Board of Directors shall approve an effective policy to ensure Suitability of its members provided that the said policy includes the minimum standards, requirements and conditions that a nominated 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 those criteria and continue as such.

b) The Chairman or Board members should meet the following criteria:

1. He/she shall not be less than twenty-five years of age.
2. He/she shall not 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. He/she shall not be the Bank's lawyer, legal advisor, auditor or a counselor to any other bank inside the Kingdom.
4. He/she shall hold a bachelor degree, at a minimum, in economics, finance, accounting or business administration or any other similar fields. The Nomination and Remuneration Committee has the right to consider similar fields (such as law and information technology) if coupled with banking business expertise or activities relating thereto in accordance with Paragraph (3/d) of this Code.
5. He/she shall not be a government employee or employee of any official public institution unless he/she is a representative of that entity.
6. He/she shall not 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 a representative of a legal entity.
7. He/she shall possess expertise of not less than 5 years in banking, finance, economic or other fields related to banking activities.
8. He/she does not have any relationship, including kinship up to the third degree, with the Chief Executive Officer of the Bank, and of the first degree, with any other member of the Senior Executive Management.

c) The Central Bank of Jordan's no- objection shall be obtained prior to the nomination of any person (and of the nomination of the representative of the legal entity including temporary representative of any government entity, public institution or public legal entity institution) to the board membership. The Bank shall attached in its no-objection request the Board's decision, the recommendation of the Nomination and Remuneration Committee, which includes its view of the added value that the nominated member will provide for the Board's responsibilities, the declaration and its attachment, the declaration of the Independent Member, the candidate's CV, all academic and experience certificates, no criminal record certificate, and a copy of the identification card (passport for non- Jordanians). The Chairman shall ensure that any critical information that may adversely affect the suitability of any Member thereof and of the representative of the legal entity is disclosed to the Central Bank of Jordan.

d) The Nomination and Remuneration Committee shall specify the necessary conditions that ensure the independence of the Director, which shall include, at a minimum, the following conditions:

1. He/she shall be a natural person.

2. He/she has not been employed by the Bank or any of its subsidiaries or worked as a consultant to the Bank or to any of its subsidiaries in the three years preceding the date of his/her nomination.

2. He/she is not a relative up to the second degree of any of the other members of the Board or any member of board of directors/management committees of the Bank's subsidiaries or any of the Bank's Major Shareholders.

3. He/she is not a relative of any of the Senior Executive Management members of the Bank or any of the senior executive management members of any of the subsidiaries of the Bank up to the second degree and is not a relative to the Chief Executive Officer up to the third degree.

4. He/she 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 nomination.

5. He/she is not a Major Shareholder in the Bank or an associate of a Major Shareholder in the Bank, nor should his shareholding constitute, along with his associate shareholder, a major shareholding, nor is he a major shareholder of one any of the Bank's subsidiaries.

6. He/she has not been a member of the Board of Directors of the Bank or any of its subsidiaries or their management committee for more than eight combined years for the aforementioned memberships, and if any member has lost his/ her independence pursuant to this item, the Bank has the right to follow a cooling- off period of at least four consecutive years and in the event of having sufficient justifications, obtain the Central Bank of Jordan no-objection to consider him/her as an independent member.

7. Neither he/she nor his/her spouse or any of his relatives of the first degree, or through any other company in which he/she is a board member or owner or a major shareholder or a senior executive management member, have obtained credit facilities from the Bank in excess of 5% of the Bank's regulatory share capital, nor is a guarantor of a facility in an amount in excess of the said percentage.

e. The Board shall have the right, if it deems it necessary and for clear and specific justifications, to appoint a consultant, which shall be within the tasks scope consistent with the nature of the consultant's work, and shall not include supervisory or executive tasks in any way, and shall be within a specific timeframe and shall not negatively affect the Board's role of overseeing the Bank's business in line with its responsibilities as stipulated in the legislations, including the Banking Law. The Central Bank of Jordan's no-objection should be obtained for this appointment.

Article (5): The Board of Directors' Responsibilities

First: The Board of Directors shall:-

a) Oversee the executive management and approve a policy for monitoring and reviewing its performance, to achieve the corporate goals and ensure the soundness of all Bank operations.

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) 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.

d) Identify the Bank's corporate values alongside setting and enforcing clear lines of responsibility and accountability throughout the Bank, as well as establish a corporate culture of high ethical standards and integrity and professional conduct of the Administrators of the Bank.

e) Bear the ultimate responsibility of carrying out the Central Bank of Jordan's requirements and those of other related regulatory authorities in relation to the Bank's business 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 over the activities of the Bank, including those outsourced, is always available.

f) Taking into account Article (9/c) of this Code, the Board, upon the recommendation of the Nomination and Remuneration Committee, shall approve the appointment, resignation or termination of service of the Chief Executive Officer, the Head of the Internal Audit Division and the Heads of the Compliance Division and the Risk Management Division.

g) Approve and continuously monitor the implementation of a 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, analyze, assess and monitor all kinds of risks to which the Bank may be exposed to.

h) Ensure an adequate and reliable information management system (MIS) covering all the activities of the Bank.

i) Ensure that the Bank's credit policy includes a corporate governance evaluation for its customers of public shareholding companies whereby the risk is evaluated by weakness and strength points according to their corporate governance level.

j) Set an environmental and social policy, The policy shall include the Bank's disclosures of the initiatives it conducts in this regard within its annual report and/or sustainability report. Such initiatives shall at least be:

- Social initiatives in protecting the environment, health and education.
- Social initiatives to fight poverty and unemployment.
- Encouragement of micro and medium finance.
- Participation in initiatives of added economic value to the society.

k) Adopt sufficient measures to ensure clear separation of powers between Major Shareholders on the one part and the executive management of the Bank on the other.

l) Approve the Bank's overall Organizational Chart.

m) Approve the strategies and general policies of the. Approve a corporate governance code at the Group level taking into account the regulations issued in this regard by regulatory authorities in the countries in which the subsidiaries operate.

n) Determine the banking operations, which require the approval of the Board of Directors while not expanding the scope that require the Board's approval in order not to prejudice the supervisory role of the Board. The Board shall not be granted any executive authorities including granting credit authorities to a single Board Member including the Chairman.

o) Approve the internal control systems of the Bank.

p) Ensure the constant independence of the external auditor.

q) Approve a succession policy and approve a policy for human resources and training.

r) Set and adopt a code of conduct for the Board of Directors, the Executive Management and the employees and review it annually.

s) Establish Board Committees and determine their responsibilities.

t) Appoint the Secretary of the Board, terminate his/her services, determine his/her responsibilities, compensations and remunerations. His/her responsibilities shall include: -

1. Attend all meetings of the Board and accurately record all deliberations, suggestions, objections, reservations, and voting methods on the draft Board resolutions.
2. Set the dates for the Board meetings in coordination with the Chairman.
3. Ensure that all Board members sign the meetings minutes and resolutions.
4. Follow-up on the implementation of the Board resolutions and following up on any topics postponed from previous meetings.
5. Maintain records and documents of board meetings.
6. Ensure that the draft resolutions intended to be issued by the Board are consistent with the applicable legislations.
7. Prepare for the General Assembly meetings.
8. Cooperate with the Board's Committees.
9. Submit the suitability attestations of the Board members to the Central Bank of Jordan.

u) Enable direct communication between members of the Board of Directors and its Committees with the Senior Executive Management and the Secretary of the Board and facilitate the performance of their responsibilities provided that the members of the Board do not influence the decisions of the Senior Executive Management except through deliberations conducted during the meetings of the Board or its Committees.

v) Undertake due diligence measures when deciding on any of the issues related to the Bank's business, and observe sound bases in the decisions taken in this regard in a manner that guarantees carrying out its duties at highest levels of professionalism.

w) Determine the highest limits of the authorities granted to the Credit Committee in relation to granting, adjusting, renewing, restructuring, scheduling, or settling the credit facilities whereby there are clear authorities for the Board.

Second: The Chairman of the Board, at a minimum, shall undertake the following responsibilities:-

a) Encourage a constructive relationship between the Board of Directors and the Bank's Senior Executive Management.

b) Encourage expression of views on issues discussed in general, and on those that raise different points of view amongst the Members and encourage discussion and voting on such issues.

c) Encourage thorough discussions of strategic and critical issues by the Board.

d) Ensure that the Board members are provided with the minutes of previous meetings and are signed, and ensure timely provision of board meetings' agendas provided that the said agendas contain sufficient information about the items that will be discussed in the meeting. The Secretary of the Board shall be responsible for providing the Board members with the documents.

e) Ensure that there exists a charter that sets out the Board of Directors' mandate and scope of work.

f) Ensure providing each Board Member, upon his election, with the laws that govern 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 duties of the Secretary of the Board.

g) Ensure providing each member with comprehensive summary of the Bank's activities upon his/her election or request.

h) Discussing with each new member, and in cooperation with the Bank's Legal Counsel / Head of Legal Affairs Division and the Secretary of the Board, the duties of the Board and in particular issues pertaining to the legal and regulatory requirements to clarify the responsibilities, authorities and other matters regarding the membership including the term of the membership, dates of the meetings, responsibilities of the Committees, the amount of remuneration and the ability to obtain an independent specialized opinion if the need arises.

i) 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. The corporate objectives, 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.

Third: 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.

b) Attend Board meetings, Board Committees and the General Assembly meetings.

c) Dedicate enough time to fulfill his/her duties as a member of the Board of Directors.

Fourth: The Board responsibilities with respect to disclosure and transparency are as follows:-

a) Develop a specific mechanism 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 its financial status during the year.
4. The Bank's website.
5. Shareholders' division.

b) Make sure to designate part of the Bank's website to clarify shareholders' rights and to encourage them to attend and vote at the General Assembly meetings. The documents of the General Assembly meetings, including the invitation and minutes of meetings shall also be published on the website.

c) Ensure that all financial and non-financial information that are of interest to the Stakeholders are published at the proper time.

d) Make sure that the corporate governance code is published on the Bank's website and 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.

e) 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 is aware of changes and updates on the related International Financial Reporting Standards.

f) Ensure that the Bank's annual and quarterly reports identify key financial and operational results that enable the shareholders to understand the financial position of the Bank.

g) Ensure that the annual report includes, at a minimum, the following information:

1. Summary of the organizational chart of the Bank;
2. Summary of the Board Committees' roles, and any authorities delegated to the Committees;
3. Useful information to Stakeholders as identified in the Bank's Corporate Governance Code;
4. Information about each Board member in terms of his/her qualifications, experience, shareholding, whether independent or not, membership in Board Committees, date of appointment, any other board memberships in the boards of other companies and remunerations in all forms obtained from the Bank for the previous year in addition to loans granted to the member by the Bank and any other transaction that undertaken between the Bank on the one part and the member or related parties on the other;
5. Information on the Risk Management Division, including its structure and nature of its operations and its development;

6. Number of Board's and Board Committees' 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 Bank's remuneration policy and full disclosure of all forms of remuneration to the Senior 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 the member did not receive any undeclared benefits from the Bank during his/her tenor, whether personally or for any relative related to him/her for the previous year.

Article (6): Board and Committees Meetings

a) The Board shall meet not less than 6 times per year.

b) With observance to the provisions of Article (7/Second/g/1) of this Code, the quorum for any committee meeting shall not be less than (3) members, including the committee Chairman. It is not permissible to nominate an alternate member in any committee meeting in the absence of any member.

c) With the observance to the provisions of Article (5/First/t/3) of this Code, the Board members shall have the right to attend its meetings and those of its committees by any means of conferencing (telephone or video) provided that the Chairman and the Board Secretary shall endorse the minutes of the board meeting and its legal quorum and the Committee Chairman and Secretary shall endorse the minutes of the Committee and its legal quorum.

d) The Senior Executive Management should provide the Members of the Board with the agenda of the meeting and all relevant documents prior to the meetings and the Chairman should ensure that

e) 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. The Bank shall duly and properly keep such minutes.

Article (7): Board Committees

First: Board Committees shall be formed by the Board from among its members. The Board shall approve a charter for each committee that includes as a minimum the committee composition, its responsibilities and authorities, frequency and quorum of its meetings, nomination of secretary thereof and defining his/her duties including recording all discussions, suggestions, objections, reservations and methods of voting accurately on the drafted committee decisions. These committees shall periodically submit reports to the Board of Directors. The formation of these Committees shall not exonerate the Board from its responsibilities.

Second: The Board shall form the following committees as a minimum, in which a member of the Board of Directors cannot be Chairman of more than one of these Committees (Corporate Governance, Audit, Nomination and Remuneration, Risk Management and Compliance Committees). Moreover, a member of the Board of Directors cannot be a chairman of more than two Board Committees. It is prohibited to delegate the authorities of any Board committee mentioned hereof to any other party, it is also prohibited from forming any committee that has any executive authorities, with the exception of the Credit Committee stipulated in this Code:

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 Chief Executive Officer may be invited to attend the meetings of the Committee.
2. At the invitation from the Committee's Chairman, the committee shall meet at least twice during the year.
3. Quorum of the meeting shall be deemed legal if attended by three members including the committee Chairman. The Committee members have the right to attend its meetings by any means of conferencing (telephone or video) provided that the Committee Chairman and the Board Secretary shall endorse the minutes of the meeting and the legal quorum.
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. The votes can be caste by any means of conferencing (telephone or video) when the personal presence of the member is not possible.
5. The Corporate Governance Committee shall undertake the following:
    a. Oversee the preparation of a corporate governance code and its approval from the Board. This code should be updated whenever necessary.
    b. Establish written work procedures to implement the regulations for Corporate Governance, review them and evaluate their implementation annually.

c. Ensure that the Bank complies with the corporate governance regulations issued by the regulatory authorities.

d. Review the regulators' observations regarding the implementation of corporate governance in the Bank and follow up on what has been done in this regard.

e. Verify that the observations contained in the report of the Internal Audit Department- or any other relevant party - have been corrected in relation to the Bank's compliance with the corporate governance code.

f. Inform the Central Bank of Jordan immediately upon the verification of any violations of the provisions and requirements of these instructions.

g. 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 members and also provided that the chairman of the Committee shall not be the chairman of any other Board Committee. The committee shall not include the Chairman of the Board. The Chief Executive Officer may be invited to attend the meetings of the Committee.

2. The Audit Committee members must have academic qualifications in the fields of accounting, finance or have professional certifications in these two areas. They must also have relevant experience in the fields of accountancy, finance, external audit, internal audit, or banking.

3. The Audit Committee shall meet periodically every three months as a minimum, 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 quorum for Audit Committee meeting shall not be less than (3) members, including the committee Chairman. The meeting may be attended by any means of communication (video or telephone) provided that the Chairman and the Secretary shall endorse the minutes of the meeting and the legal quorum.

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 video phone communication are allowed when the personal presence of the member is not possible.

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 including any other responsibilities that the committee intends to assign him, in addition to assessing the independence of the external auditor.

8. The Committee has the authority to obtain any information from executive management directly or through the Internal Audit Manager, and summon any executive to attend its meetings.

9. The Audit Committee shall meet, at least once a year and separately with each of the Bank's external auditor, the Internal Audit Division Manager and Compliance Manager without the presence of any other member from 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 of that and follow up the results and solving them objectively.

11. The Committee shall evaluate the performance of the Internal Audit Manager and determine his/her remuneration in accordance with the performance appraisal policy approved by the Board.

12. The Committee shall undertake the following:

    a) Verify the availability of sufficient resources and a sufficient number of qualified human staff for the Internal Audit Division and enrolling them in specialized training programs, including those in the field of corporate governance.

    b) Verify that the Internal Audit staff are rotated to the Bank audit activities every three years as a maximum. In the event of the inability to achieve this in certain areas, the Committee's approval shall be taken regarding the justifications for non-compliance, especially in specialized cases such as the information technology and cybersecurity audit.

    c) Verify that the Internal Audit staff are not assigned any executive tasks.

    d) The Committee shall ensure that all activities of the Bank are subject to audit -in accordance with the risk- based approach including outsourced activities.

e) The Committee shall verify that the Internal Audit Division complies with the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors (IIA), including conducting an independent external evaluation of the internal audit activity at least once every five years and providing the Central Bank of Jordan with a copy thereof.

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 members. The Chief Executive Officer may be invited to attend the committee's meetings.
2. The Committee shall meet at least twice during the year.
3. The quorum for Nomination and Remuneration Committee meeting shall not be less than (3) members, including the committee Chairman. The meeting may be attended by any means of communication (video or telephone) provided that the Chairman and the Secretary shall endorse the minutes of the meeting and the legal quorum.
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 any means of communication (video or telephone) are allowed when the personal presence of the member is not possible.
5. Duties and responsibilities of the Nomination and Remuneration Committee shall be as follows:

a) Studying the suitability of qualified candidates for the membership of the Board of Directors taking into consideration the candidates' qualifications and skills and submitting proper recommendation thereon to the Board. In case of re-nomination, the regular attendance of such candidate of Board and committees 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, taking into consideration the minimum conditions stipulated for in the Corporate Governance Code issued by the Bank, putting and periodically reviewing the methodology for examining the conditions of independence. The Central Bank of Jordan shall be provided with any updates on the independence of any of the independent members.

e) Annually assessing the performance of the Board as whole, and of its individual committees and members, while following the committee's defined and approved assessment basis that is built on an objective assessment standard. The results of this assessment shall be duly reported to the related regulatory authorities. The board members (other than those of the Nomination and Remuneration Committee) shall, on an annual basis, assess the performance of the Nomination and Remuneration Committee and its individual members.

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) Developing Performance Appraisal and Performance Incentives Policies for executives and that such policy are being periodically reviewed. These policies include a mechanism for determining the salaries, the compensation and benefit plan for the Chief Executive Officer and other senior executive managers. The committee does not have the right to delegate this task to the executive management, and this policy shall be approved by the Board.

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, at least, three Board members, the majority of whom, including the Chairman, should be independent members The Chief Executive Officer may be invited to attend the meetings of the Committee.
2. The Committee shall meet at least once every three months and whenever necessary.
3. The quorum for Risk Management Committee meeting shall not be less than (3) members, including the committee Chairman. The meeting may be attended by any means of communication (video or telephone) provided that the Chairman and the Secretary shall endorse the minutes of the meeting and the legal quorum.

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 any means of communication (video or telephone) are allowed when the personal presence of the member is not possible.

5. Duties and responsibilities of The Risk Management committee shall include:

   a) Ensuring the availability of a comprehensive risk management strategy for the Bank that includes the type and level of risk appetite for all Bank's activities.

   b) Verifying the availability of policies and tools for identifying, measuring, analyzing, assessing and controlling risks while reviewing such on an annual basis to ensure their effectiveness and amending them when necessary.

   c) Verifying the availability of a risk management system that ensures the accuracy and adequacy of the data used to identify, measure, analyze, assess and control the risks and losses that may result from them, and maintain the necessary capital to meet them.

   d) Ensuring the effectiveness of the risk management division's work procedures and assessing the extent to which the executive management abide by the approved policies and procedures.

   e) Ensuring the availability of risk management means that help in risk management, including but not limited to:

   - Risk self-assessment and developing risk indicators.

   - Preparing a historical database of losses, identifying the sources of such, and classifying them according to the type of risk.

   - The availability of the necessary equipment, appropriate automated systems and quantitative methods.

   f) Ensuring the availability of sufficient resources and enough qualified human staff for the Risk Management Division and enrolling the latter in specialized training programs.

   g) Assessing the performance of Risk Management Manager and determining his/her remunerations in accordance with the performance appraisal policy approved by the Board, after seeking the opinion of the Chief Executive Officer.

   h) Review the Group Risk Management structure and obtain the Board's approval.

   i) Annual review and approval of credit risk appetite limits for Arab Bank and lending limits authority for the Subsidiaries.

   j) Annual review and approval of group risk appetite for operational, market and liquidity risks.

   k) Reporting to the Board periodically on the risks to which the Bank is exposed to, including the exceeding of the accepted risk appetite levels and the procedures to treat them.

   l) To 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.

   m) Review the results of the Internal Capital Adequacy Assessment Process (ICAAP).

   n) Review the Recovery Plan according to the requirements of the Central Bank of Jordan.

   o) Oversee/review the performance of credit portfolios.

   p) Review the results of stress testing periodically.

   q) Oversee the development of the database necessary for risk management.

   r) Discuss risk management reports.

   s) Ensure that there is a business continuity plan and review it periodically.

   t) Ongoing monitoring of risk factors that might affect the risk profile of the Bank.

e. 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. The Chief Executive Officer may be invited to attend the meetings of the Committee.

2. The Committee shall meet at least once every three months and whenever necessary.

3. The quorum for Compliance Committee meeting shall not be less than (3) members, including the committee Chairman. The meeting may be attended by any means of communication (video or telephone) provided that the Chairman and the Secretary shall endorse the minutes of the meeting and the legal quorum.

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 any means of communication (video or telephone) are allowed when the personal presence of the member is not possible.

5. In addition to what is stated in the relevant legislation, the committee undertakes the following roles:

a) Ensuring the availability of the Bank's compliance policy and procedures issued pursuant thereto, in order to guarantee the establishment of a compliance function capable of performing its tasks effectively. The committee should conduct, at least once a year, an assessment of the effectiveness of the Bank's management for the risks of non-compliance.

b) Approving the annual plan and reviewing the periodic reports prepared by the Compliance Division, which include non-compliance risks assessment, violations, deficiencies and corrective measures taken.

c) Overseeing the implementation of the Bank's compliance policy, and making sure that the Bank's executive management resolves all compliance-related issues in an appropriate and effective manner.

d) The Committee shall supervise and monitor the operations of the Compliance Division and ensure that the Bank is in full compliance with the applicable legislations, regulatory requirements and international standards, including the recommendations of the Financial Action Task Force (FATF).

e) Assessing the performance of the Chief Compliance Officer and defining his/her remunerations in accordance with the performance appraisal policy approved by the board, after seeking the opinion of the Chief Executive Officer.

f) Ensuring the availability of sufficient resources and qualified human staff for the Compliance Division and enrolling the latter in specialized training programs.

f. 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, Chief Executive Officer.
2. The Committee shall meet whenever necessary.
3. The quorum for Corporate Strategy Committee meeting shall not be less than (3) members, including the committee Chairman. The meeting may be attended by any means of communication (video or telephone) provided that the Chairman and the Secretary shall endorse the minutes of the meeting and the legal quorum.
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 any means of communication (video or telephone) are allowed when the personal presence of the member is not possible.
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.

g. 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. The Chief Executive Officer may be invited to attend the meetings of the Committee.
2. The Committee shall meet whenever necessary.
3. The meeting shall be considered legal if attended by at least four members of the Board. The meeting may be attended by any means of communication (video or telephone) provided that the Chairman and the Secretary shall endorse the minutes of the meeting and the legal quorum.
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 video phone communication, and he has the right to vote and sign the minutes of the meeting, provided that this is duly documented.
5. The Board Credit Committee shall approve granting , modifying or renewing or structuring or scheduling or settling 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.

h. 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. The Chief

Executive Officer may be invited to attend the meetings of the Committee.

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, and documented meetings' minutes shall be kept.

4. The quorum for Corporate Strategy Committee meeting shall not be less than (3) members, including the committee Chairman. The meeting may be attended by any means of communication (video or telephone) provided that the Chairman and the Secretary shall endorse the minutes of the meeting and the legal quorum.

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 any means of communication (video or telephone) are allowed when the personal presence of the member is not possible.

6. The IT Governance Committee shall carry out its duties according to the IT Governance & Management Manual approved by the Board of Directors.

Article (8): The Executives Management's Responsibilities:

a) To execute and manage the Bank's activities in accordance with the strategies/ policies approved by the Board, systems, risk management, operations and controls necessary to manage all kinds of risks to which the Bank is exposed, ensuring that the levels of risk appetite approved by the Board are not exceeded, and to comply with all legislations in force and the Bank's internal policies.

b) To verify that there are comprehensive work procedures for all the Bank's activities in line with the legislations in force and the strategies/ policies approved by the Board, provided that these procedures are approved by the Chief Executive Officer (except for the supervisory departments since they must be approved by the relevant committee), and to ensure that these procedures are applied.

c) To prepare the financial statements.

d) To prepare the general organizational structure of the Bank and get it approved by the Board, and to prepare the sub-organizational structures of all units operating in the Bank and approving them by the Chief Executive Officer, except for the sub-organizational structures of the supervisory departments that are approved by the Board based on the recommendation of the relevant committee, provided that these structures indicate the hierarchical order and reflect the lines of authority and responsibility in a detailed and clear manner. The general organizational structure shall include, at a minimum, the following:

1. The Board and its committees.

2. The executive management and its committees.

3. Separate departments for risk management, compliance and internal audit, in a manner that enables them to carry out their tasks with complete independence without performing any executive activities. These departments are connected to the relevant committee with a solid line and connection to the relevant committee is shown in a dotted line with the Chief Executive Officer.

4. Units that do not perform executive activities such as the employees of credit review and middle office.

5. Subsidiaries and foreign branches.

e) To prepare an annual budget, approve it by the Board and periodically reporting performance reports to the Board showing the actual vs budget and explanation of any variances from the estimated and its reasons.

f) To refrain from doing any practices that could affect the independency and objectivity of the supervisory departments, since the cooperation of these departments with the Bank's various units and the executive management is essential to carry out their tasks. Supervisory departments are required to inform the senior executive management of any important issues that require immediate measures to be addressed if they are identified by any of these departments. This does not prevent these departments from informing the relevant committee about these matters.

g) To provide the regulator entity, the external and internal audit and any other relevant entities, at their request, with the required information and statements which are necessary to carry out their tasks in an optimal manner.

h) To prepare the Bank's Code of Conduct, approve it by the Board, and circulate it.

i) To develop the skills and ethical behavior of the Bank's employees to comply with the latest standards of ethics and code of conduct.

j) To verify that there are appropriate supervisory controls for each activity or operation, and to separate the procedures administratively and practically among the tasks of approval and execution.

k) In addition to the legislations in force, The Chief Executive Officer shall undertake the following:

   1. Develop the strategic direction of the Bank.

   2. Implement the Bank's strategies and policies.

3. Implement the Board's decisions.
4. Provide guidance for the implementation of short and long-term action plans.
5. Establish mechanisms to convey the Bank's vision, mission and strategy to the employees.
6. Inform the Board of all significant aspects of the Bank's operations.
7. Manage day-to-day operations of the Bank.
8. To approve a detailed job description of the tasks of each organizational unit (except for the supervisory departments that must be approved by the relevant committee).

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. Verify that the Chief Executive Officer enjoys integrity, technical competence and banking experience.
3. Approve the appointment/ transfer/ promote/ assign, accept the resignation of or terminate the services of any of the Senior Executive Management members.
4. Approve a succession plan for the Senior Executive Management and review the plan at least once a year.
5. Ensure that the Central Bank of Jordan is notified of 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:

1. Should not be a member of the Board of Directors of any other bank unless the other bank is a subsidiary of Arab Bank's.
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 (mostly in the field of the job for which he is nominated) or a related field, except the Chief Executive Officer which occupant should have a minimum of ten year experience in banking.
5. Not be a major shareholder and not to be related to the Chairman of the Board or any of the Board's members or any major shareholder in the Bank up to a third degree kinship in the case of the Chief Executive Officer and to a first degree in the case of any other member of the Senior Executive Management.

c) A "no objection" letter should be obtained from the Central Bank of Jordan on the resignation or termination of the Chief Executive Officer, the Head of Internal Audit, Head of Risk Management, Head of Compliance. The Central Bank has the right to call upon any of them to inquire about the reasons of resignation or termination of services.

d) A "no objection" letter should be obtained from the Central Bank of Jordan prior to the appointment/ transfer/ promote/ assign of any member of the Senior Executive Management, enclosing Board's resolution, the relevant committee's recommendation, the approved general organizational structure, signed attestation of the member, Curriculum Vitae, academic certificates, certificates of expertise, a no-criminal record certificate and a copy of the ID card (passport for non-Jordanians).

Article (10): Conflict of Interests

a) The Board shall adopt a policy to handle conflict of interests of all forms including those which may arise as a result of inter-group relationships, and the necessary measures shall be approved to ensure the adequacy of the controls and internal oversight to monitor the compliance to this policy and prevent violations thereof. This policy shall include, at a minimum, the following:

1. Avoid activities that may result in a conflict of the Bank's interest and the interest of any executive in the Bank of all forms.
2. Immediate disclosure upon the verification of any issue that resulted in or may result in a conflict of the Bank's interest and the interest of any Bank executive in the Bank of all forms.
3. The board member shall not disclose the confidential information of the Bank or use it to his/ her own interest or for the benefit of others, and the representative of the legal entity shall not disclose any confidential information circulated during the meetings of the Board or its committees to any person, including any executive of the legal entity.
4. The board member shall prioritize the Bank's interest in all business transactions conducted

with any other company in which he/she has a personal interest. In addition, he/she shall not use the Bank's commercial business opportunities for his/her own personal gain, and shall avoid conflict of interest and disclose to the Board in detail any conflict of interest, if any, the Board Member shall abstain from attending the meeting or participate in the decision taken therein, where such a matter is discussed, and to record this disclosure in the minutes of the meeting of the Board or its committees.

5. Examples of cases resulting in conflict of interests shall be, provided including conflicts that may arise between the interest of the Board member and the interest of the Bank, or between the interest of the member of the executive management and the interest of the Bank, or between the interest of any of the companies within the Group, subsidiaries or affiliates and the interest of the Bank.
6. Identify the Bank's related counterparties in accordance with the legislations in force and determine the conditions of transactions with those parties in a manner that ensures that the Bank's related counterparty does not get better conditions than the conditions applied by the Bank to another customer who does not have a relationship with the Bank, and this includes all the Bank's transactions with any of the companies within the Group.
7. Determine the nature of transactions with the related counterparties to include all types of transactions without being limited to credit facilities only.
8. The procedures followed by the Bank when identifying cases of non-compliance with the above policy.

b) The Board should approve a Code of Conduct that ensures that the Bank conducts its business with high integrity. This Code includes, at a minimum, cases where conflict of interests may arise, and shall verify that it has been circulated to all levels of management within the Bank.

c) The Internal Audit Division shall conduct a test at least once a year to ensure that all the transactions with related parties have been executed in accordance with the prevailing regulations and the Bank's internal policies and approved procedures. The reports and recommendations shall be submitted to the audit committee. The audit committee shall inform the Central Bank of Jordan upon verification of any violation of the internal policies in this regard.

d) The Board shall ensure that the Executive Management has high level integrity in conducting its work, avoids conflict of interests and objectively implements the approved policies and procedures.

e) The Board shall adopt controls for the transfer of information within various departments, that prevent its exploitation for personal gain.

Article (11): Evaluating the performance of the Directors

a) The Board shall ensure a mechanism to evaluate its performance and that of its committees and members provided that such mechanism shall, at least, include the following:

1. Identify Key Performance Indicators (KPIs) based on the plans and strategic goals and use them to measure the performance of the Board and its committees.
2. Communication between the Board and the shareholders and the regularity of such communication.
3. Regularity of the meetings of the Board of Directors with the senior executive management.
4. The member's attendance of the Board and committee meetings and their active participation, also comparing his/her performance with that of other Board members. Feedback from the members must be obtained to enhance the evaluation process.
5. The extent to which the member has developed his knowledge of the banking operation through his/her participation in training programs.

b) The Board shall annually evaluate the performance of the Chief Executive Officer according to an evaluation system set by the Nomination and Remuneration Committee and approved by the Board, which shall include key performance indicators. The criteria for evaluating the performance of the Chief Executive Officer shall include at a minimum, the administrative and financial operation of the Bank compared to the size of the risks and the achievement of the medium and long term goals and strategies of the Bank. Weighting should be assigned to each item of the evaluation. The Committee shall inform the Central Bank of Jordan of the results of the evaluation.

c) 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. Such system shall take into consideration key performance indicators that vary according to the nature of each department operations and their achievement of their goals. This system should include, at a minimum, the following:

1. To appropriately measure the extent of commitment to the framework of Risk Management, Compliance Department, Internal Controls and Regulatory requirements.

2. The total revenue and profitability shall not be the sole criteria for performance measurement. Other elements shall be considered to measure the performance of Executives such as, risks associated with core operations and the achievement of every department's goals and its annual plans, in addition, customer satisfaction should be measured when applicable.

d) The performance of the Internal Audit Department employees shall be evaluated by the Head of Internal Audit, in accordance with the performance evaluation policy approved by the Board.

Article (12): The Remuneration for the 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 Remuneration policy should include the following key points at a minimum:

1. To be structured to attract and retain highly qualified and experienced executives, and to motivate them and promote their performance.

2. The controls related to the compensation of the Chairman of the Board, its members and committees are provided for the tasks outlined as stipulated in this Code. These compensations may vary based on the evaluation of the Board/ committee/ members and the Bank's solvency and performance.

3. To be designed to ensure that the Executives are motivated to achieve the Bank's goals without causing high risks that may negatively affect the soundness and reputation of the Bank or expose it to legal risks.

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. A mechanism for deferring a reasonable portion of the bonus (excluding salaries) should be established. Where the proportion and deferral period determined based on the nature of the work, associated risks and the activities of the concerned Executive.

6. To define the form of the remuneration such as fees, salaries, allowances, bonuses, stock options or any other benefit, provided that the instructions issued by the Central Bank of Jordan in relation to Effective Interest Ownership are considered.

7. A process for clawing back deferred compensation granted to Executives should be established in the event that there are any performance issues or if the Bank is exposed to high risks as a result of the decisions undertake by him/her within his/her authority and could have been avoided.

8. Executives of supervisory departments should not be given remunerations based on the performance of the departments under their oversight.

Article (13): Internal Audit

(1) The Board of Directors shall:

a) Take the necessary measures to enhance the effectiveness of the Internal Audit by giving the necessary importance to the Internal Audit function and embedding it in the Bank. Ensure and enhance the independence of Internal Auditors, and ensure that they are well positioned in the Bank's organizational hierarchy, equip them with the necessary knowledge, skills and competencies necessary to perform their duties, and their right to access all records, information and to communicate with any executive in the Bank to enable them to perform their duties and prepare their reports without any interference.

b) Verify that the Internal Audit Department is under the direct supervision of the Audit Committee, and submit its reports directly to the Audit Committee with a copy to the Chief Executive Officer. With the approval of the Chairman of Audit Committee the Chief Executive Officer may assign to the Internal Audit Department additional assurance or advisory tasks, provided that this assignment does not affect the independence of the Internal Audit Department.

(2) The internal audit division shall carry out the following tasks as a minimum:

a) Verify the adequacy of the internal controls of the Bank's activities and its subsidiaries, to ensure compliance, and review any modifications made to the structure of these systems in addition to documenting them.

b) Prepare the Internal Audit Charter and have it approved by the Board based on the Audit Committee recommendation. The Charter shall include the duties, authorities and work methodology of the Internal Audit Department.

c) Prepare an audit plan that comprises the Bank's activities including the activities of other supervisory departments and outsourced activities, based on the level of risk associated with these activities. This plan shall be approved by the Audit Committee.

d) Review the compliance with the Corporate Governance Code, policies and charters on an annual basis. Prepare a detailed report on this review, and submit it to the Audit Committee with a copy sent to the Corporate Governance Committee.

e) Review the accuracy and comprehensiveness of the Stress Testing in accordance with the methodology approved by the Board.

f) Ensure the accuracy of the procedures followed for the Bank's internal capital adequacy assessment (ICAAP).

g) Auditing the financial and administrative matters.

h) Monitor violations and observations included in the reports of the Regulatory Authority and the external auditors, also ensure that appropriate controls are in place to prevent their recurrence.

i) Ensure the presence of necessary procedures for receiving, handling and keeping complaints of the Bank's customers, and the observations related to the accounting system, internal control, auditing processes, and submitting periodic reports thereof.

j) Keeping the audit reports and work papers, in an organized and secure manner as required by the prevailing regulations, to be reading accessible to the regulatory authority and the external auditor.

Article (14): Risk Management

a) The Board of Directors shall ensure the independence of the Risk Management Department and grant it necessary authorities to access information from various departments and to cooperate with other committees in order to carry out its duties.

b) The Board of Directors shall verify the handling of breaches to mitigate acceptable risk exposures, and holding Senior Executive Management accountable these breaches.

c) The Board of Directors shall verify that the Risk Management Department conducts periodical stress tests to measure the Bank's capacity to absorb shocks and deal with high risks situations. The Board shall also have a key role in approving the assumptions and scenarios used, and discuss the stress tests results and approve the measures to be taken based on the said results.

d) The Risk Management Department shall carry out the following tasks, as a minimum:

1. Implementing the Risk Management strategy in addition to developing policies and procedures to manage all types of risks.
2. Prepare a risk management policies that covers all Bank's operations, setting clear and limits for each type of risk. Ensure that all employees, benchmarks according to their administrative level, are fully informed and aware of this/ these policies, while reviewing them periodically. The Risk Management policies shall be approved by the Board.
3. Prepare a comprehensive document covering all Bank's acceptable risks and approving it by the board.
4. Reviewing the Risk Management framework before being approved by the Board.
5. Developing the internal Capital Adequacy Assessment Process document (ICAAP), review it periodically and ensure its implementation. whereby the document should be comprehensive, capable of identifying all risks considering the Bank's strategic plan and capital plan. The document should be approved by the Board.
6. Develop methodologies to identify, measure, analyze, assess and monitor all types of risks.
7. Verify the compatibility of the risk measurement methodologies with the applied management information systems.
8. Developing a business continuity plan and approving it by the Board, provided that it is checked periodically.
9. Ensure, prior to launching/ introducing any new (product/ service/ process/ system), that it aligns with the Bank's strategy, and that all risks involved, including operational/ information security/ cyber risks, have been identified. New controls, procedures or amendments should be made in accordance with the Bank's acceptable risk limits.
10. Provide necessary information about the Bank risks for use in the Bank's disclosures.
11. Submitting recommendations to the Risk Management Committee on risk exposures and any exception to the Risk Management Policy.
12. Monitor the compliance of the executive departments at the Bank with the levels of risk acceptable.
13. Reporting to the Board of Directors, through the Risk Management Committee, and with a copy to the Chief Executive Officer, on the actual risk exposures for all the Bank's operations compared to the accepted risk document, and to follow-up on the measures taken to remedy any negative deviations. The executive management has the right to request special reports, as needed, from the Bank's risk management department.

Article (15): Compliance

a) The Board shall ensure the independence of Compliance Department.

b) The Board shall approve the responsibilities of the Compliance Department, so that these responsibilities shall include as a minimum:

1. Develop a compliance policy to ensure the Bank's commitment to all relevant regulations, and ensuring that all the employees, each according to their administrative level, are fully informed and familiar with this policy. This policy should be approved by the Board.
2. Prepare an annual compliance plan, which should be endorsed by the Compliance Committee.
3. Monitor the compliance of all the administrative levels within the Bank with all regulatory requirements and legislations in force and international standards including the recommendations of the Financial Action Task Force (FATF).
4. Prepare regular reports that include an assessment for the risks of non-compliance, violations, deficiencies and the corrective measures taken. These reports should be submitted to Compliance Committee with a copy sent to the CEO.

Article (16): External Audit

a) The Bank is required to prepare an external audit policy, and have it approved by the Board, provided that it is amended when necessary. Such policy shall include as a minimum the following:

1. The mechanism of nomination and assignment of the auditing office.
2. The mechanism of setting fees of the auditing office.
3. The periodical alteration of the auditing office and team.
4. The independence requirements of the external audit stipulated in paragraph (D) of this article as a minimum.
5. The tasks of the auditing office and team.
6. The relation between the auditing committee and the auditing office and team.
7. Non-audit services that can be assigned to the audit office.
8. Criteria of selecting the audit office and the partner in charge, taking into account the following requirements as a minimum:

a) Audit office:

1. The number of partners in charge for auditing at the office should not be less than two partners.
2. The office or the international company, which the office is deemed a member of, should have adequate experience of no less than (10) years in auditing banks.

b) The partner in charge:

1. Should be of good conduct and behavior with sound professional reputation.
2. Should not be convicted in any felony or crime for any act considered against honor or duty of trust.
3. Should hold a valid certificate of practicing the profession of auditing, and is registered with the Jordanian Association of Certified Public Accountants according to the provisions of the law regulating the profession of legal accounting.
4. Should not be suspended from practicing the auditing profession within the last five years, or have been convicted of a final judgment because of professional fault or legal violation related to practicing the profession.
5. Must hold at a minimum a bachelor degree in the field of accounting or any of the fields relevant to the banking business.
6. Hold one of the professional certificates in the field of accounting or auditing from the Jordanian Association of Certified Public Accountants or the internationally acknowledged professional associations that is recognized by the Jordanian Association of Certified Public Accountants.
7. Have a practical experience in the field of auditing for a period of no less than (10) years, with at least (7) years of which being in the field of banks' auditing, and to be fully knowledgeable of banking business and their risks as well as the related legislations including the legislations issued by the Central Bank of Jordan.

b) The Bank shall ensure regular rotation of the external auditor every seven years as a maximum, provided that the external auditor shall not be changed during the contract period except after obtaining the approval of the Central Bank of Jordan and based on substantial reasons.

c) The previous office should not be re-elected before at least three years from the date of its last election with the bank.

d) The Audit Committee shall verify the independence of the external auditor during the contract period, beginning and continuing, so as to ensure absence of any conflict of interests between the Bank and the external auditor, and the Board shall ensure that and verify that the terms of contract with the external auditor include the following as a minimum:

1. The external auditor cannot be a member of the Bank's board or of the board of directors of any of its subsidiaries.
2. The external auditor cannot permanently carry out any technical, administrative or consultative tasks for the Bank or for any of its subsidiaries during the audit mission.
3. The external auditor cannot be a partner with any member of the Bank's board / senior executive management, or with any member of the Bank's subsidiaries' board/ senior executive management.
4. The partner in charge or any member of the auditing team shall not relate, up to the second degree, with any member of the board, any member of the Senior Executive Management of the Bank or any of its subsidiaries.
5. The external auditor cannot own, deal with or speculation in the shares of the Bank or any of the bank's subsidiaries, whether directly or indirectly.
6. The external auditor shall not combine auditing of the Bank's accounts and any of the external non-audit services assigned to the office.

e) The Audit Committee shall verify the qualifications and effectiveness of the external auditor and shall ensure that the letter of engagement clearly includes the scope of the audit, fees, contract period and any other conditions, taking into consideration the nature of the bank, the size of its business, the complexity of its operations and risks.

Article (17): General Provisions

a. The Chairman of the Board shall;

1. Send an invitation, well ahead of time, to the Central Bank of Jordan to attend the General Assembly meetings by nominating a representative.
2. Provide the Central Bank of Jordan with the General Assembly meetings minutes within no more than 5 days since the date of attesting the minutes by the General Companies Controller or its representative.

b. The Bank shall;

1. Inform the Central Bank of Jordan, at least 30 days prior to the General Assembly meeting date, of its desire to nominate the external auditor to be elected (or re- elected) by the General Assembly.
2. Verify that any major shareholder in the Bank is not related, including kinship up to the third degree, to the CEO and the first degree to any other member of the senior executive management.
3. Take into account the representation of women in the membership of the Board and in the Senior Executive Management.
4. Obtain a no-objection letter from the Central Bank of Jordan to nominate any member to the Board prior to the date of the meeting of the General Assembly of the Bank with a sufficient period of not less than one month, and it shall notify those who wish to be nominated that there must be a no-objection letter of the Central Bank of Jordan to that.
5. Provide the Central Bank of Jordan with its general organizational structure when making any amendment to it, with a clarification of that amendment.
6. Provide the Central Bank of Jordan with information on the board members, its committees and members of its Senior Executive Management once an amendment takes place.
7. Provide the Central Bank of Jordan with information on the Board members, Board of Directors and senior executive managements of its subsidiaries (including the subsidiaries thereof) inside and outside the Kingdom once an amendment takes place.
8. Provide the Central Bank of Jordan with the declarations of the current members of the Board and the declarations of the current members of the Senior Executive Management.

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 for four years end in 30/3/2026.

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 Public 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 - European Certified Compliance Professional Certification, Frankfurt School of Finance & Management, Germany 2020 - 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 Ibrahim Fahoum / Member
Risk Management Committee	- Mr. Shahm Munib Elias Al-Wir / Chairman - Social Security Corp. Represented by Mr. Mohammad Adnan Hasan Almadi / Member - Dr. Nabil Hani Jamil Alqaddumi / Member

Number of Board committees meetings during the year 2023 *

	Audit Committee **					Nomination & Remuneration Committee			Corporate Governance Committee		Corporate Strategy Committee ***			
	First	Second	Third	Forth	Fifth	First	Second	Third	First	Second	First	Second	Third	Forth
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	✓	✓	✓	✓	✓									
Mr. Wahbe Abdallah Wahbe Tamari											✓	✓		✓
Mr. Alaa Arif Saad Batayneh														
Mr. Omar Monther Ibrahim Fahoum	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓				
Mr. Nabil Hani Jamil Alqaddumi						✓	✓	✓			✓	✓	✓	✓
Mr. Majed Qustandi Elias Sifri											✓	✓	✓	✓
Mr. Sharif Mohdi Husni Saifi	✓	✓	✓	✓	✓						✓	✓	✓	✓
Mr. Shahm Munib Elias Al-Wir									✓	✓				

* Roles and responsibilities of the committees are in compliance with the Corporate Governance Code.
** The Bank's external auditors attended all meetings of the Audit Committee.
*** The Corporate Strategy Committee includes the Chief Executive Officer who attended all committee meetings.

	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	Sixth
													✓	✓	✓	✓	✓	✓
	✓	Till 30/4			✓	✓	✓	✓					✓	✓	✓	✓	✓	✓
									✓	✓	✓	✓						
	✓	✓	✓	✓														
													✓	✓	✓	✓	✓	✓
					✓	✓	✓	✓					✓	✓	✓	✓	✓	✓
	Since 30/4	✓	✓	✓														
					✓	✓	✓	✓										
									✓	✓	✓	✓						
	✓	✓	✓	✓					✓	✓	✓	✓	✓	✓		✓	✓	

Number of Board meetings during the year 2023

Board of Directors	Meetings of the Board of Directors								
	First	Second	Third	Forth	Fifth	Sixth	Seventh	Eighth	Ninth
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	✓	✓	✓	✓	✓	✓	✓	✓	✓
Dr. Nabil Hani Jamil Alqaddumi / Member	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mr. Majed Qustandi Elias Sifri / Member	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mr. Sharif Mohdi Husni Saifi / Member	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mr. Shahm Munib Elias Al-Wir / Member	✓	✓	✓	✓	✓	✓	✓	✓	✓

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 94TH ORDINARY GENERAL ASSEMBLY MEETING:

1. Reciting the resolutions of the previous 93rd General Assembly Ordinary Meeting.
2. Voting and approval of the report of the Board of Directors for the fiscal year 2023 and the future business plan of the Bank.
3. Voting and approval of the auditors' report for the fiscal year 2023 and voting on the financial statements and balance sheet of the Bank for the fiscal year 2023, and approval of the recommendation of the Board of Directors to pay dividends to shareholders at the rate of JOD 0.300 per share, i.e. 30% 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 2023.
5. Election of the Bank's auditors for the fiscal year 2024 and authorizing the Board of Directors to determine their remuneration.

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, Rafat Hotel St. Al Masyoon - Ramallah Palestine	Tel. 00970 (2) 2978100 Fax. 00970 (2) 2982444
Egypt	Plot 43 North 90 St. 5th Settlement - New Cairo Cairo	Tel. 0020 (2) 25877100 Fax. 0020 (2) 28133116
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
Qatar	P.O Box 172 Grand Hammed St.119 Old AL Ghanim Area no.6 Bailding No. 67 Doha – Qatar	Tel. 00974 44387777 Fax. 00974 44410774
Bahrain	PO Box 813, Building 540, Road 1706 - Block 317, Diplomatic Area Kingdom of Bahrain	Tel. 00973 17549000 Fax. 00973 17541116
Morocco	PO Box 13810 174 Mohamed V St. Casablanca	Tel. 00212 (5) 2222 3152 Fax. 00 212 (5) 2220 0233

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Country	Address	
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
Yemen	PO Box 475 & 1301 Zubairi St. Sana'a	Tel. 00967 (1) 276585/93 Fax. 00967 (1) 276583
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
Singapore	3 Fraser street, Duo Tower #10-21, Singapore 189352	Tel. 0065 65330055 Fax. 0065 65322150
China	Unit 4505-06, 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
Algeria	N°12 Val d'Hydra (Residence Chabani) Hydra - Alger Algeria	Tel. 00213 (21) 480002 Fax. 00213 (23) 471973
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
Oman Arab Bank	North Ghubra, P.O.Box 2240 PC 130 Sultanate of Oman	Tel. 00968 (24) 754000 Fax. 00968 (24) 797736

ADDRESSES OF ARAB BANK'S MAIN BRANCHES AND SUBSIDIARIES, AFFILIATES AND SISTER COMPANIES

Country	Address	
Islamic International Arab Bank	Wasfi Al-Tal St., Bldg. no. 20 P.O.Box 925802 Amman 11190 Jordan	Tel. 00962 (6) 5003300 Fax. 00962 (6) 5694914
Europe Arab Bank plc **United Kingdom**	35 Park Lane W1K 1RB	Tel. 0044 (20) 73158500 Fax. 0044 (20) 76007620
France	Paris 41 Avenue de Friedland 75008 Paris	Tel. 0033 (1) 45616000 Fax. 0033 (1) 42890978
Germany	Niedenau 61-63 Frankfurt am Main D-60325 Germany	Tel. 0049 (69) 242590 Fax. 0049 (69) 235471
Italy	Corso Matteotti 1A 20121 Milan	Tel. 0039 (2) 76398521 Fax. 0039 (2) 782172
Arab Tunisian Bank	9 Hedi Nouira Street, Tunis 1001	Tel. 00216 (71) 351155 Fax. 00216 (71) 342852
Arab Bank Australia Ltd.	Level 7, 20 Bridge Street Sydney NSW 2000 Australia	Tel. 0061 (2) 93778900 Fax. 0061 (2) 92215428
Arab Sudanese Bank Ltd.	Wahat El- Khartoum Towers P.O.Box 955 Khartoum - Sudan	Tel. 00249 (15) 6550001 Fax. 00249 (15) 6550004
Arab Bank - Syria	Mahdi Bin Baraka St., Abu Rummana P.O.Box 38 Damascus- Syria	Tel. 00963 (11) 9421 Fax. 00963 (11) 3348136
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
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

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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
Arab National Bank	P.O.Box 56921 Riyadh 11564 Saudi Arabia	Tel. 00966 (11) 4029000 Fax. 00966 (11) 4027747
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
Arabia Insurance Co.	Ain Al Mraiseh - 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