

Annual Report 2024

البنك العربي
ARAB BANK



Extended banking network... Comprehensive banking services

Established in 1930, Arab Bank headquartered in Amman, Jordan has one of the largest global Arab banking networks with over 600 branches. Arab Bank's extensive network covers key financial markets and centres such as London, Dubai, Singapore, Shanghai, Geneva, Paris, Sydney and Bahrain.

Across its global network, the bank provides a wide range of financial solutions through its main business lines, which entail Consumer Banking and Wealth Management, Corporate and Institutional Banking and Treasury, serving individuals, corporations and other financial institutions. As one of the leading banks in the MENA region, Arab Bank plays an integral role in financing vital infrastructure projects and strategic industries throughout the region.

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Key Financial Indicators

Gross Loans

\$38.3_{bn}

6%*

Deposits

\$52.2_{bn}

5%*

Return on Equity (attributable to shareholders)

8.8%

Total Equity

\$12.1_{bn}

7%

Net Operating Income

\$2.0_{bn}

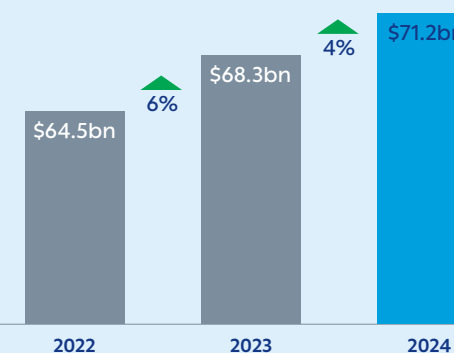
8%

Net Income

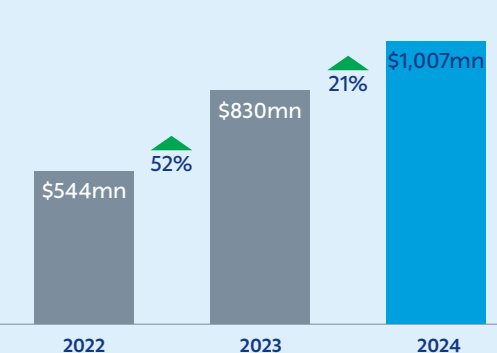
\$1,007_{mn}

21%

Assets



Net Income



* At constant currency percentage change vs 2023

Chairman's Message



Esteemed Shareholders of Arab Bank,

The global economy was resilient in 2024. Despite tight monetary policies and escalating geopolitical tensions, global growth remained stable. But economic performance varied widely across regions. Growth in the United States was robust, supported by strong consumer spending, while major European economies grew slowly. Furthermore, the economies of China and India grew strongly, while other emerging markets grew slowly. Moreover, the global economy achieved further progress in reducing inflation towards the targets of the major central banks, enabling them to start cutting short-term interest rates in the middle of the year. However, investor concerns about the high debt levels in some large economies raised long-term interest rates by the end of the year.

The Arab region faced significant challenges in 2024. The regional conflict led to sizable economic losses, mainly in oil-importing countries, which already face large financing needs. Increased uncertainty, higher shipping costs, along with a relative decline in tourism and investment flows, slowed down economic growth in these countries. In oil-exporting countries, the oil production cuts by (OPEC+) slowed down overall economic growth. However, growth in non-oil sectors sustained its strong momentum, which is driven by fundamental structural reforms and increased investment spending. Inflation slowed down noticeably in various Arab economies, particularly in those with currencies that are pegged to the US dollar. This led these economies to reduce interest rates in the second half of the year. Yet, inflation remained elevated in some Arab countries that experienced currency devaluations. As the year drew to a close, signs of de-escalation across the region raised hopes for tangible economic improvement.

In 2024, Arab Banks continued increasing their assets, while meeting the financing needs of various economic sectors, and providing financial services for the region's ambitious economic transformation programmes and related investments. Arab Banks also continued attracting deposits by enhancing their customers' trust. The banks have broadly maintained strong capital adequacy, notably increased their profitability, and maintained adequate levels of liquidity. At the same time, Arab Banks ensured good asset quality by adopting prudent lending policies that cushioned the impact of relatively higher interest rates. Digital transformation continued in 2024, with increased investment in FinTech solutions and digital banking services, which enhanced the efficiency of banking operations. There was also increased attention to sustainability and green finance, while supporting sustainable development and promoting the principles of transparency and good governance. These efforts align with programmes of the region's central banks that aim to ensure financial stability, consumer protection, and address emerging challenges.

Arab Bank continued to develop its services, strengthen its competitive capabilities, and expand its geographical presence in key markets

We reaffirm our commitment to implementing our comprehensive strategy, driven by our ambitious vision for the future

As part of its ambitious strategy to reinforce its leadership in the banking sector and its commitment to providing best-in-class banking solutions and enhancing the customer experience, Arab Bank continued to develop its services, strengthen its competitive capabilities, and expand its geographical presence in key markets throughout the year. These efforts culminated in outstanding financial results for 2024, most notably achieving record net profits exceeding \$1 billion, a 21% increase compared to the previous year. These results reflect the success of our strategy, which is based on diversifying our activities, funding sources, and revenue streams. In light of these strong achievements, the Board of Directors recommended a cash dividend distribution to shareholders of 40% for the 2024 financial year.

A key strategic achievement during the year was securing the final licence to operate in Iraq. This paved the way for the launch of our operations there in early 2025 through the Group's subsidiary, Arab Bank Iraq. Furthermore, to continue our strategy for growth and enhance wealth management and private banking services, Arab Bank (Switzerland), through (Banque Gonet & Cia SA), signed a merger agreement with (Swiss Bank ONE), acquiring a majority stake. This agreement is expected to be finalised in mid-2025. It marks another significant step in the Group's growth strategy in Switzerland, with this new banking group poised to play a prominent role in the Swiss wealth management industry.

Throughout the year, Arab Bank continued to strengthen its position as a leading financial institution, both locally and regionally, leveraging its extensive branch network and deep-rooted expertise in regional markets. We continued to develop our range of services and implement the latest digital solutions, supported by artificial intelligence, to deliver comprehensive and innovative banking and financing solutions tailored to the diverse needs of our corporate, institutional, and individual clients across various sectors.

We remained steadfast in our commitment to serving the communities where we operate, protecting the environment, and supporting sound governance practices. Arab Bank is deeply committed to sustainability and social responsibility, and these principles are fundamental to our business model. In 2024, we continued our community investments by supporting several vital areas, including health, poverty alleviation, education, environmental protection, orphan support, and women's empowerment. The Abdul Hameed Shoman Foundation, the bank's cultural and social arm, continued to support scientific research, cultural enrichment, and innovation, reflecting our deep commitment to providing added value to the communities we serve. This year, Arab Bank issued its first annual Sustainable Finance and Impact Report for 2024, this report marks an important step in Arab Bank's journey to expand its sustainable finance portfolio, positively contributing to the achievement of the UN Sustainable Development Goals (SDGs), focusing on green project categories related to climate change, and social project categories focused on job creation and unemployment reduction.

Sustainability and social responsibility are fundamental principles to Arab Bank's business model

As we embark on a new year in the life of our leading financial institution, we reaffirm our commitment to implementing our comprehensive strategy, driven by our ambitious vision for the future. We are determined to pursue our growth plans, strengthen our presence in promising markets, capitalise on opportunities presented by the evolving economic environment, and continue to develop our core business segments. Alongside this, we will enhance operational efficiency by adopting the latest FinTech solutions and artificial intelligence technologies. To achieve these goals, we will continue to invest in our human capital, attracting top talent, developing our employees, and equipping them with the necessary skills to meet the challenges of tomorrow.

Finally, I sincerely thank the Central Bank of Jordan for its pivotal role in maintaining stability and promoting the growth of the Jordanian banking sector. I also express my deep gratitude to our esteemed shareholders for their continued support and to our loyal customers for their invaluable trust, which is the foundation of all our successes.

My thanks also go to the entire Arab Bank team across all our areas of operation for their dedicated efforts and significant contributions. They are the cornerstone of our success and the driving force behind achieving our goals and moving towards an even more prosperous future.

Sabih Taher Masri
Chairman of the Board of Directors

Message from the Chief Executive Officer



Arab Bank Group had a strong performance in 2024, demonstrating robust growth across all our business lines

Esteemed Ladies and Gentlemen, Shareholders of Arab Bank,

Arab Bank Group had a strong performance in 2024, demonstrating robust growth across all our business lines. Our net income after tax and provisions increased by an impressive 21% to \$1,007.1 million, compared to \$829.6 million in 2023. This achievement underscores the strength of our financial position and the effectiveness of our extensive international network. We saw shareholders' equity reach \$12.1 billion, and operating profit grew by 8%, approaching the \$2 billion mark. After adjusting for currency fluctuations against the US dollar, our assets grew by 6% to reach \$71.2 billion. Our lending portfolio mirrored this growth, which also increased by 6% to \$38.3 billion, while customer deposits rose by 5% to \$52.2 billion.

These compelling results are a testament to our successful strategy, which is focused on diversifying income streams across our core businesses and key markets. This diversification is coupled with a disciplined approach to cost and risk management. The resulting strong growth in net operating profit was driven by increased net interest and commission income, achieved through improved lending, efficient liquidity management, diversified funding, and leveraging our extensive market presence.

Our key financial indicators remained strong, with a marked improvement in loan portfolio quality. Our non-performing loan coverage ratio comfortably exceeded 100%, even before considering collateral. We also maintained healthy liquidity levels, with a loan-to-deposit ratio of 73%. Furthermore, our capital base remains robust, predominantly comprised of common equity, with a capital adequacy ratio of 17.2% under Basel III regulations – well above the Central Bank of Jordan's minimum requirement.

Our digital transformation strategy continues to gain momentum. We are focused on enhancing operational efficiency by integrating digital technologies and AI tools within a structured, enterprise-wide programme. This commitment to digital innovation is reflected in our ongoing efforts to provide cutting-edge digital banking services that anticipate and meet our customers' evolving expectations and financial needs. A prime example is the launch of (Omnify) by Acabes for Financial Technologies, our technology arm. This innovative platform empowers businesses and non-financial entities to seamlessly offer financial solutions to their customers, providing a secure gateway to banking services and expanding their business reach.

Our strategic expansion in wealth management and private banking also saw significant progress. A key highlight was the merger agreement between Arab Bank (Switzerland), through (Banque Gonet & Cie SA), and (Swiss Bank ONE). Expected to be finalised in mid-2025, this merger will create a powerful new banking group poised to become a major player in the wealth management sector.

Our commitment to excellence has once again been recognised with prestigious international awards. For the second year running, (The Banker) magazine named Arab Bank (Bank of the Year in the Middle East for 2024). We also received the (Best Bank in the Middle East for 2024) award from (Global Finance) for an impressive ninth consecutive year. These accolades, among many others, reinforce our position as a leading financial institution.

Finally, I extend my deepest gratitude to our valued customers for their continued trust, which is the foundation of our success. I also express my sincere appreciation to all Arab Bank employees for their exceptional efforts and unwavering dedication.

Randa Mohammad El Sadek
Chief Executive Officer

The Group continued to implement its advanced digital strategy to provide digital banking services that meet customers' aspirations and financial needs

Net profits after taxes in USD millions

2024	1,007.1
2023	829.6

Main Business Activities

Corporate and Institutional Banking

Arab Bank's Corporate and Institutional Banking (CIB) division manages banking relationships with a diverse client base that includes companies, financial institutions, and government agencies, providing them with a wide range of banking and financial solutions tailored to their specific needs. CIB delivers these solutions through its extensive global branch network, electronic channels and advanced digital banking platforms, all designed to keep pace with the latest developments in the banking industry. This breadth and sophistication of services, combined with an in-depth expertise in local markets and an ambitious strategy for expanding its client base, solidify Arab Bank's position as a leading financial partner for businesses and institutions, both locally, regionally and internationally.

The division also strives to deliver a seamless and integrated banking experience, catering to the needs of its clients at every stage of their business lifecycle and across the different markets where the bank operates. This commitment ensures that clients receive consistent service levels across its network. CIB ensures a holistic banking experience by providing a comprehensive range of tailored financial solutions, incorporating products and services from across Arab Bank's diverse business lines.

CIB plays a key role in driving the bank's digital transformation and enhancing the customer experience of its corporate and institutional clients. The division provides advanced digital channels and effectively uses data analytics to optimise decision-making and strengthen the bank's competitive position. In addition to technological advancements, CIB recognises the critical importance of its human capital, constantly investing in the development and expansion of its teams' capabilities to meet the dynamic needs and banking requirements of its clients, ensuring they remain agile and responsive to the rapidly evolving banking landscape.

The Corporate and Institutional Banking Group plays a key role in driving the bank's digital transformation and enhancing the customer experience of its corporate and institutional clients globally

Consumer Banking and Wealth Management

Arab Bank is dedicated to elevating the standards of its consumer banking and wealth management solutions. This commitment is realised through a focus on developing a wide range of services and benefits delivered to clients through the bank's extensive branch network and direct banking channels, both locally and regionally.

Furthermore, Arab Bank prioritises enhancing customer engagement by leveraging cutting-edge technologies, advanced data analytics, and proactive communication to provide clients with valuable content and personalised recommendations that meet their aspirations and simplify their banking experience. This approach aligns with the bank's strategy of providing instant, tailored services that cater to each customer's unique needs and facilitate seamless experiences across all channels and platforms.

The adoption of advanced digital solutions to enhance the efficiency of our services and internal operations is a cornerstone of the bank's strategy. To that end, the bank maintains a steadfast focus on launching innovative initiatives to develop its direct banking services and multiple channels, ensuring that customers benefit from them to the fullest extent possible. We also place particular emphasis on providing our business partners with cutting-edge solutions to enhance their capabilities and enrich their offerings.

The Consumer Banking and Wealth Management strategy revolves around crafting comprehensive banking programmes that cater to individuals and families. These programmes offer a range of carefully chosen benefits, starting with the (Arabi Junior) programme for children and young people under 18. Then there is the (Shabab) programme, designed for customers up to the age of 25. Finally, programmes tailored to specific financial circumstances. These include the (Arabi Extra) programme, which meets the needs of salaried employees, the (Arabi Premium) programme for those with a mid-range income, and the (Elite) programme for high-income earners. These programmes are further supported by the bank's recently launched suite of Consumer Banking and Wealth Management products.

Arab Bank prioritises enhancing customer engagement by leveraging cutting-edge technologies, advanced data analytics, and proactive communication

As part of its long-term strategy, Arab Bank is focused on introducing competitive banking solutions and services at a regional level, with a particular emphasis on cross-border services available both at the bank's branches and through its various electronic banking channels. Said approach is in line with the bank's expanding network of branches within the region and beyond.

Arab Bank is dedicated to developing wealth management solutions tailored to its clients' diverse financial and investment goals. This dedication is achieved through prioritising the continuous measurement and close monitoring of customer service standards, reflecting the bank's commitment to maintaining its leading position, strengthening its competitive advantages, and enhancing customer satisfaction.

In addition to the above, Arab Bank continues to evolve its digital strategy, driven by innovation and advanced technological capabilities, with a particular focus on artificial intelligence and predictive analytics.

Treasury

Arab Bank's Treasury possesses extensive expertise in managing market and liquidity risk, providing expert advice and dealing services to Arab Bank's customers worldwide. Through its state-of-the-art systems, Treasury remains fully abreast of the latest market developments and regulatory standards, ensuring its readiness to meet the bank's and its customers' needs effectively.

Arab Bank's Treasury is a key driver of the bank's success, shouldering a range of strategic responsibilities aimed at achieving its financial and operational objectives, including:

- Efficiently managing liquidity within established limits, ensuring its continuous availability and adequacy for all business segments.
- Proactively managing market risk within the defined risk appetite.
- Maximising revenue generation through the effective management of market and liquidity risks.
- Executing bond trading and open market operations in collaboration with a network of experts.
- Providing foreign exchange services and selling derivatives and financial products to customers.
- Offering advice and support to relevant departments within the bank on liquidity management and market risk.

Arab Bank's Treasury focuses on managing liquidity efficiently and effectively while maintaining low levels of market and credit risk—an approach which aligns with the bank's objective of preserving high liquidity levels at all times and across all its operating regions, irrespective of market conditions. Beyond simply securing surplus liquidity, the Treasury's role also encompasses its prudent investment through various channels, including:

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

Advanced data analytics and proactive communications aim to ensure customers receive useful content that meets their aspirations and facilitate their banking transactions. These efforts are part of the bank's strategy, which focuses on providing personalised, instant services that meet the needs of each customer and ensure seamless experiences across all channels and platforms.

Arab Bank believes in the importance of protecting not only its interests but also those of its clients from market volatility, particularly around foreign exchange and interest rate risks. Based on this conviction and through its extensive branch network, the bank's Treasury offers a comprehensive range of products and services tailored to meet the needs of all its clients, whether they are exporters, importers, or savers. The bank also provides a variety of risk management tools to help clients navigate market fluctuations and achieve their financial goals.

Arab Bank's Treasury is a key driver of the bank's success. It shoulders a range of strategic responsibilities to achieve the bank's financial and operational objectives

Our Network and Employees

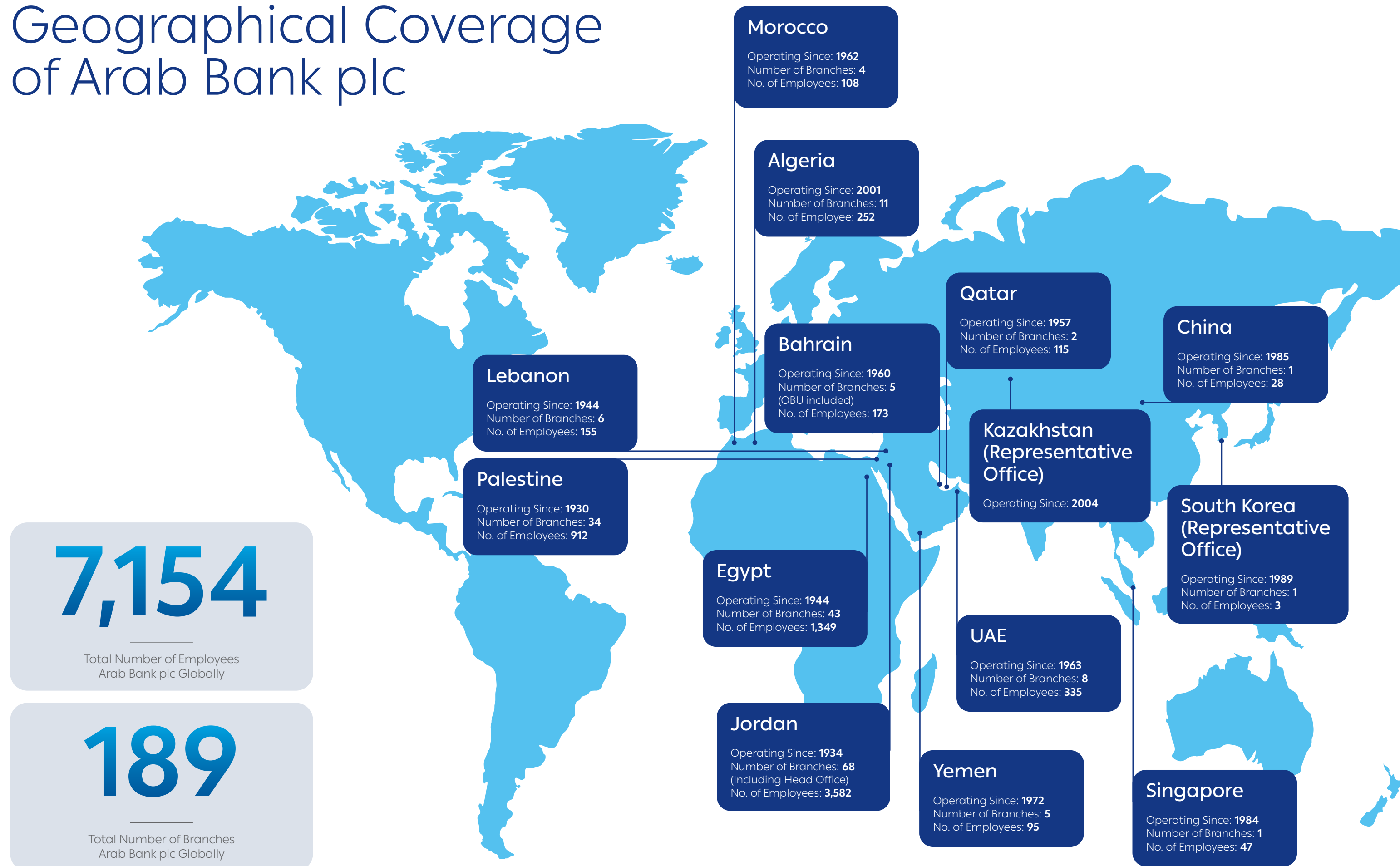
Arab Bank plc has a significant global presence, operating through an extensive network of branches, subsidiaries, and affiliates located in key financial hubs worldwide.

Below is a detailed summary of the bank's branch distribution and employee numbers in Jordan as of the end of 2024:

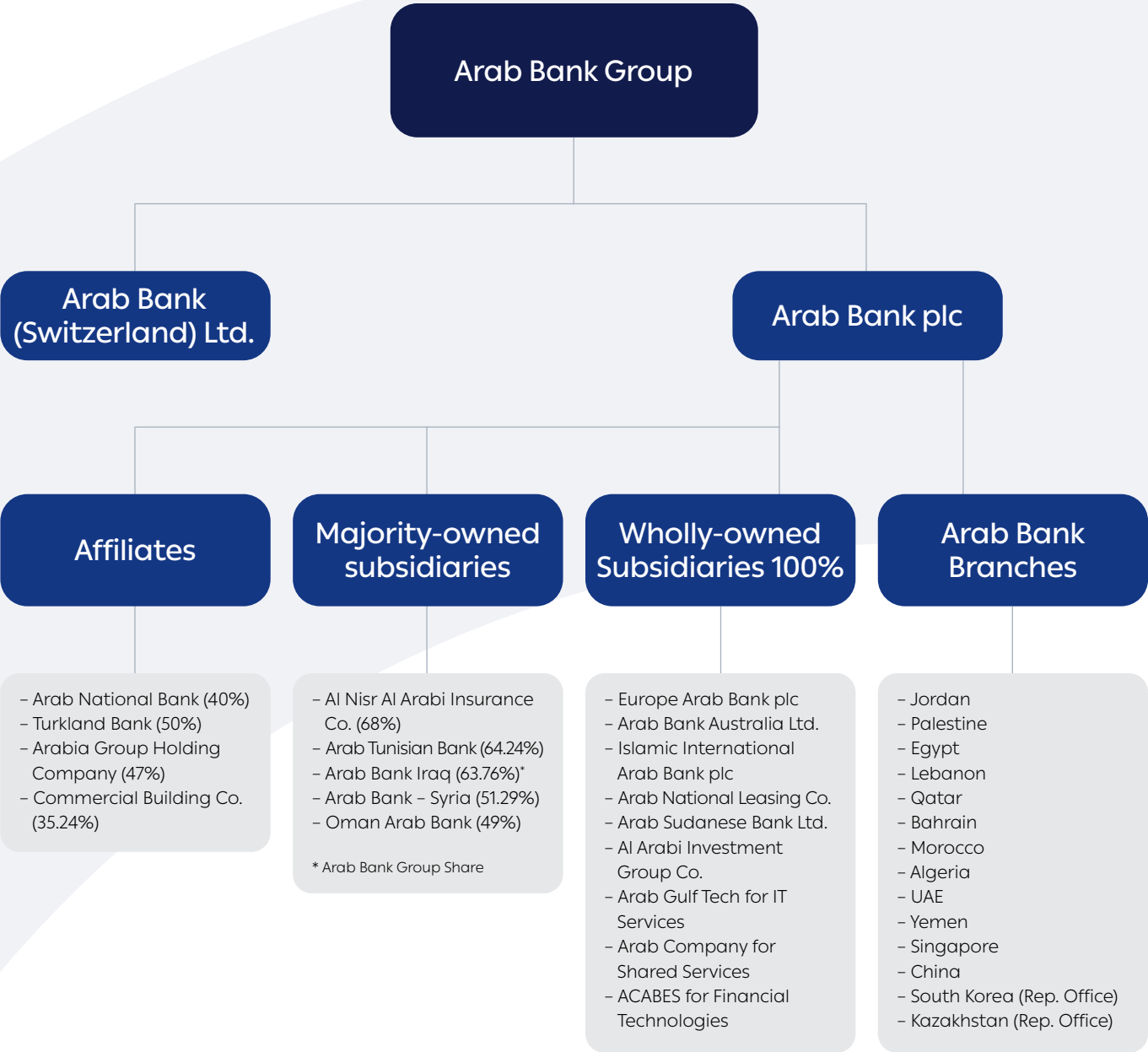
Governorate	Number of Branches	Number of Employees
Amman	48 (Including Head Office)	3,374
Zarqa	5	66
Irbid	3	42
Balqa'a	3	23
Ma'an	2	10
Aqaba	1	18
Mafraq	1	10
Karak	1	13
Tafeila	1	6
Ma'adaba	1	9
Ajloun	1	5
Jarash	1	6
Total	68	3,582



Geographical Coverage of Arab Bank plc



Arab Bank Group



Report on the total number of employees in the Arab Bank Group, including subsidiaries and sister companies

Company Name	No. of Employees
Arab Bank plc	7,154
Arab Bank (Switzerland) Ltd.	357
Oman Arab Bank SAOG	1,047
Islamic International Arab Bank	1,172
Europe Arab Bank plc	150
Arab Tunisian Bank	1,386
Arab Bank Australia Ltd.	94
Arab Sudanese Bank Ltd.	81
Arab Bank – Syria	294
Arab National Leasing Company	27
Al Arabi Investment Group Company	52
Al Nisr Al Arabi Insurance Company	245
Arab Bank Iraq	65
Arab Company for Shared Services FZ	115
Arab Gulf Tech for IT Services FZ	26
Acabes for Financial Technologies	233
Total	12,498

12,498

Total number of employees
in the Arab Bank Group

Capital Investment

The capital investment of Arab Bank plc amounted to JOD 202.5 million, representing net fixed assets of the bank as of the end of year 2024 in comparison to JOD 204.1 million as of the end of year 2023.

Subsidiaries and Sister Company

In addition to its direct presence in various markets, Arab Bank leverages its network of subsidiaries and an affiliate operating within the banking sector. This strategic approach enhances the bank's reach, diversifies its offerings, and expands its service portfolio. A brief overview of these entities and their activities follows:

Arab Bank (Switzerland) Ltd:

Established in 1962 under Swiss law, Arab Bank (Switzerland) Ltd. is an independent Swiss entity wholly-owned by the shareholders of Arab Bank plc. The company possesses extensive expertise in private banking and investment management. Its core focus lies in providing bespoke services to individuals and institutions, encompassing wealth management, investment advisory, and trade finance. Through its branches, subsidiaries, and digital channels, the Arab Bank Group offers clients in Switzerland a comprehensive suite of commercial and investment banking services.

The following table lists the main financial highlights of 2024 compared to 2023:

In CHF (thousands)	2024	2023
Capital	26,700	26,700
Total Shareholders' Equity	724,941	671,540
Total Assets	6,043,123	5,521,126
Cash and Quasi Cash	4,052,418	3,791,108
Direct Credit Facilities	1,764,778	1,460,228
Total External Sources of Funds (Customers' & Banks' Deposits)	5,129,816	4,649,615
Total Income	243,585	197,424
Net Profit/(Loss) Before Tax	69,036	79,279
Net Profit/(Loss) After Tax	56,151	64,681

Oman Arab Bank SAOG:

Oman Arab Bank SAOG was established in the Sultanate of Oman in 1984 as a closed joint-stock company. It has become one of the leading banks in the Omani banking sector, with a current share capital of approximately 167 million Omani rials. Arab Bank owns a 49% stake in this bank. Oman Arab Bank provides a wide range of commercial and investment banking services through its network of 50 branches across the Sultanate of Oman, as well as through various digital channels. Additionally, the bank offers Islamic banking services through its subsidiary, (Al Izz Islamic Bank).

The following table lists the main financial highlights of 2024 compared to 2023:

In OMR (millions)	2024	2023
Capital	166,941	166,941
Total Shareholders' Equity	560,177	508,889
Ownership Percentage	49%	49%
Arab Bank's Share of Net Profit/(Loss)	14,916	10,072
Total Assets	4,270,179	4,000,533
Cash and Quasi Cash	704,700	608,267
Direct Credit Facilities	3,446,695	3,274,724
Total External Sources of Funds (Customers' & Banks' Deposits)	3,598,559	3,389,645
Total Revenues	126,835	120,501
Net Profit/(Loss) Before Tax	36,140	24,233
Net Profit/(Loss) After Tax	30,440	20,555

Islamic International Arab Bank plc:

Islamic International Arab Bank plc is a wholly-owned subsidiary of Arab Bank plc. Established in Jordan in 1997 it has grown to become one of Jordan's leading Islamic banking institutions, with a current share capital of JOD 100 million. Islamic International Arab Bank plc provides its clients with a comprehensive range of Sharia-compliant banking products and services. These are delivered through a network of 46 branches located throughout the Kingdom, as well as via the bank's digital channels.

The following table lists the main financial highlights of 2024 compared to 2023:

In JOD (thousands)	2024	2023
Capital	100,000	100,000
Total Shareholders' Equity	298,900	273,672
Ownership Percentage	100%	100%
Arab Bank's Share of Net Profit/(Loss)	44,978	35,326
Total Assets	3,704,983	2,925,777
Cash and Quasi Cash	1,058,109	822,512
Direct Credit Facilities*	2,556,766	2,023,202
Total External Sources of Funds (Customers' & Banks' Deposits)	3,285,245	2,551,086
Total Revenues	113,553	93,059
Net Profit/(Loss) Before Tax	61,853	45,033
Net Profit/(Loss) After Tax	44,978	35,326

* Includes deferred sales receivables, other receivables, financings, and assets from Ijara Muntahia Bittamleek (lease to own) and Qard Hasan (benevolent loans). All items are presented net of any relevant deductions.

Europe Arab Bank plc:

Europe Arab Bank was established as a limited liability company based in London in 2006. It is a wholly-owned subsidiary of Arab Bank plc. The bank currently has a share capital of EUR 570 million and offers a diverse range of services, including corporate and individual banking, treasury operations, and other services to clients in the United Kingdom, and European Union countries – through its subsidiary in France – and its various digital channels. The bank has the right to open bank branches in any country within the European Union.

The following table lists the main financial highlights of 2024 compared to 2023:

In EUR (thousands)	2024	2023
Capital	569,982	569,982
Total Shareholders' Equity	312,905	299,033
Ownership Percentage	100%	100%
Arab Bank's Share of Net Profit/(Loss)	15,573	11,224
Total Assets	2,855,653	2,608,838
Cash and Quasi Cash	1,484,586	1,366,001
Direct Credit Facilities	1,314,790	1,155,965
Total External Sources of Funds (Customers' & Banks' Deposits)	2,468,501	2,235,775
Total Revenues	73,855	67,409
Net Profit/(Loss) Before Tax	18,573	13,200
Net Profit/(Loss) After Tax	15,573	11,224

Subsidiaries and Sister Company

Arab Tunisian Bank:

Arab Tunisian Bank was established in 1982 as an independent Tunisian company. Arab Bank plc holds a 64.24% stake in the bank. With a current share capital of TND 128 million, the bank plays an active role in supporting the Tunisian national economy and its institutions. It offers a full range of banking services through 111 branches located across Tunisia and its digital channels.

The following table lists the main financial highlights of 2024 compared to 2023:

In TND (thousands)	2024	2023
Capital	128,000	128,000
Total Shareholders' Equity	514,215	520,877
Ownership Percentage	64.24%	64.24%
Arab Bank's Share of (Profit/Loss)	1,956	2,872
Total Assets	8,322,986	7,611,755
Cash and Quasi Cash	2,530,984	1,944,519
Direct Credit Facilities	5,381,920	5,344,696
Total External Sources of Funds (Customers' & Banks' Deposits)	7,490,336	6,841,539
Total Revenues	381,823	327,146
Net Profit/(Loss) Before Tax	15,142	38,122
Net Profit/(Loss) After Tax	3,045	4,471

Arab Bank Australia Ltd:

Arab Bank Australia Ltd was established in Australia in 1994 as a wholly-owned subsidiary of Arab Bank plc. With a current share capital of AUD 119.3 million, the bank offers a full range of commercial banking services to individuals and businesses through four branches and various digital channels.

The following table lists the main financial highlights of 2024 compared to 2023:

In AUD (thousands)	2024	2023
Capital	119,314	119,314
Total Shareholders' Equity	177,346	171,653
Ownership Percentage	100%	100%
Arab Bank's Share of (Profit/Loss)	5,693	3,083
Total Assets	1,197,219	1,189,934
Cash and Quasi Cash	300,605	325,582
Direct Credit Facilities	870,197	839,250
Total External Sources of Funds (Customers' & Banks' Deposits)	997,779	994,043
Total Revenues	29,483	31,231
Net Profit/(Loss) Before Tax	2,899	4,442
Net Profit/(Loss) After Tax	5,693	3,083

Arab Sudanese Bank Ltd:

A wholly-owned subsidiary of Arab Bank plc, established in 2008. With a paid-up capital of USD 50 million, it offers its clients a variety of Sharia-compliant banking products and services through four branches.

The following table lists the main financial highlights of 2024 compared to 2023:

In SDG (thousands)	2024	2023
Capital	117,515	117,515
Total Shareholders' Equity	(135,922)	3,244,466
Ownership Percentage	100%	100%
Arab Bank's Share of Net Profit/(Loss)	(3,380,389)	(2,158,554)
Total Assets	69,475,274	72,082,277
Cash and Quasi Cash	36,778,380	39,908,204
Financings and Deferred Sales Receivables	31,346,869	31,346,869
Total External Sources of Funds (Customers' & Banks' Deposits)	67,161,759	67,452,658
Total Revenues	(2,215,651)	(486,662)
Net Profit/(Loss) Before Tax and Zakat	(3,380,389)	(2,121,475)
Net Profit/(Loss) After Tax and Zakat	(3,380,389)	(2,158,554)

Arab Bank – Syria:

Arab Bank–Syria was established in Damascus in 2005 as a bank licensed to conduct all commercial banking activities. Arab Bank plc holds a 51.29% stake in the bank, which currently has a share capital of SYP 5.05 billion. The bank provides its services through 12 branches located across Syria and through its digital channels.

The following table lists the main financial highlights of 2024 compared to 2023:

In SYP (millions)	2024	2023
Capital	5,050	5,050
Total Shareholders' Equity	714,232	669,020
Ownership Percentage	51.29%	51.29%
Arab Bank's Share of Net Profit/(Loss)	(4,978)	718
Total Assets	1,538,996	1,296,690
Cash and Quasi Cash	1,394,512	1,191,424
Direct Credit Facilities	87,910	64,053
Total External Sources of Funds (Customers' & Banks' Deposits)	791,481	592,439
Total Ordinary Revenues	53,959	48,791
Net Profit/(Loss) Before Tax	(5,842)	3,385
Net Profit/(Loss) After Tax	(9,705)	1,399

Subsidiaries and Sister Company

Arab National Leasing Company:

Arab National Leasing Company was established in 1996 as a limited liability company and is wholly-owned by Arab Bank plc. The company currently has a share capital of JOD 50 million and offers financial leasing services for all types of assets and products through its sole branch in Jordan.

The following table lists the main financial highlights of 2024 compared to 2023:

In JOD (thousands)	2024	2023 (Restated)
Capital	50,000	50,000
Total Shareholders' Equity	74,913	74,409
Ownership Percentage	100%	100%
Arab Bank's Share of		
Net Profit/(Loss)	3,504	3,402
Total Assets	92,420	102,685
Cash and Quasi Cash	12,080	–
Investment in Lease Contracts	74,779	96,388
Total External Sources of Funds (Customers' & Banks' Deposits)	5,000	5,000
Total Revenues	6,272	5,965
Net Profit/(Loss) Before Tax	4,864	4,346
Net Profit/(Loss) After Tax	3,504	3,402

Al Arabi Investment Group Company:

Al Arabi Investment Group Company was established in Jordan in 1996 and is considered one of the leading financial institutions in the field of investment banking in the region. The company offers brokerage, asset management, corporate finance, and research services through its branch in Jordan and its digital channels. With a share capital of JOD 14 million, the company is wholly-owned by Arab Bank plc.

The following table lists the main financial highlights of 2024 compared to 2023:

In JOD (thousands)	2024	2023
Capital	14,000	14,000
Total Shareholders' Equity	18,323	19,551
Ownership Percentage	100%	100%
Arab Bank's Share of		
Net Profit/(Loss)	985	708
Total Assets	24,350	23,717
Cash and quasi-cash	19,620	19,668
Direct Credit Facilities	–	–
Total External Sources of Funds (Customers' & Banks' Deposits)	5,068	–
Total Revenues	4,165	3,534
Net Profit/(Loss) Before Tax	1,274	834
Net Profit/(Loss) After Tax	985	708

Al Nisr Al Arabi Insurance Company:

Al Nisr Al Arabi Insurance Company was established in 1976 and is a member of the Arab Bank Group. It is considered one of the leading insurance companies in Jordan, offering a comprehensive range of insurance products through three branches. Arab Bank plc holds a 68% stake in the company, which currently has a share capital of JOD 10 million.

The following table lists the main financial highlights of 2024 compared to 2023:

In JOD (thousands)	2024	2023 (Restated)
Capital	10,000	10,000
Total Shareholders' Equity	53,956	45,858
Ownership Percentage	68%	68%
Arab Bank's Share of		
Net Profit/(Loss)	3,757	3,223
Total Assets	143,102	133,570
Cash and Quasi Cash	125,644	114,852
Total External Sources of Funds (Customers' & Banks' Deposits)	–	–
Total Revenues	1,200	1,119
Net Profit/(Loss) Before Tax	6,441	6,589
Net Profit/(Loss) After Tax	5,525	4,740

Acabes for Financial Technologies:

Acabes for Financial Technologies was established in 2021 with a capital of JOD 50,000 to serve as the technology arm of the Arab Bank Group in the field of financial technology. Acabes provides design, development, and management services for digital solutions to the Arab Bank Group and external parties, in addition to offering financial technology services to the Group's customers. The company currently operates through its headquarters in Jordan, a branch in Saudi Arabia and two subsidiaries in Tunisia and Egypt, with plans to expand into other regions. In 2024, the company's capital was increased to JOD 5 million.

The following table lists the main financial highlights of 2024 compared to 2023:

In JOD (thousands)	2024	2023
Capital	5,000	50
Total Shareholders' Equity	5,553	386
Ownership Percentage	100%	100%
Arab Bank's Share of		
Net Profit/(Loss)	218	292
Total Assets	10,114	3,373
Cash and Quasi Cash	8,074	551
Total Investments	–	–
Total External Sources of Funds (Customers' & Banks' Deposits)	–	–
Total Revenues	10,147	1,800
Net Profit/(Loss) Before Tax	243	310
Net Profit/(Loss) After Tax	218	292

Detailed Information on Subsidiaries and Sister Company

Entity	Type	Address	Type of Activity	Capital	No. of Employees	No. of Branches	Major Shareholders (5% or more of capital)				
							Name	No. of Shares as of 31/12/2023	%	No. of Shares as of 31/12/2024	%
Arab Bank (Switzerland) Ltd. * Includes Gonet & Cie SA Bank branches	Public Shareholding	10-12 Place de Longemalle P.O. Box 3575, CH 1211 Geneva 3 Switzerland Phone: +41 22 715 1211 Fax: +41 22 715 1311 www.arabbank.ch	Commercial Banking	26,700,000 CHF	357	6	Shareholders of Arab Bank (Switzerland) Ltd. are the same shareholders of Arab Bank plc, with an identical ownership structure. Arab Bank (Switzerland) Limited				
Oman Arab Bank	Omani Public Shareholding	North Ghubra, P.O.Box 2240 PC 130 Sultanate of Oman Phone: 00968 (24) 754 000 Fax: 00968 (24) 797 736 www.oman-arabbank.com	Commercial Banking	166,941,000 OMR	1,047	50	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%
Islamic International Arab Bank	Public Shareholding	Wasfi Al Tal St., Bldg. no. 20, P.O. Box 925802, Amman, 11190 Jordan Phone: +962 6 5003300 Fax: +962 6 5694914 www.iiabank.com.jo	Islamic Banking	100,000,000 JOD	1,172	46	Arab Bank plc	100,000,000	100%	100,000,000	100%
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	569,925,540 EUR	150	3	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%
Arab Tunisian Bank	Public Shareholding	9 Hadi Noura St, Tunis 1001 Phone: +216 71 351 155 Fax: +216 71 342 852 E-Mail: atbbank@atb.com.tn www.atb.com.tn	Commercial Banking	128,000,000 TND	1,386	111	Arab Bank plc	64,237,531	64.24%	64,237,531	64.24%
							Zarzari Complex	5,317,921	5.32%	5,241,115	5.24%
Arab Bank Australia Limited	Public Shareholding	Level 7, 20 Bridge Street, Sydney NSW 2000 Australia Phone: +61 2 9377 8900 Fax: +61 2 9221 5428 www.arabbank.com.au	Commercial Banking	119,314,274 AUD	94	4	Arab Bank plc	119,314,274	100%	119,314,274	100%
Arab Sudanese Bank Limited	Private Shareholding	Wahat El-Khartoum Towers, P.O. Box 955, Khartoum, Sudan Phone: +249 15 6550001 Fax: +249 15 6550004	Islamic Banking	50,000,000 USD	81	4	Arab Bank plc	5,000,000	100%	5,000,000	100%
Arab Bank – Syria	Public Shareholding	Damascus, Abu Rummana, Mahdi Bin Baraka St., PO Box 38 Damascus, Syria Phone: +963 11 9421 Fax: +963 11 3348136 www.arabbank-syria.sy	Commercial Banking	5,050,000,000 SYP	294	12	Arab Bank plc	25,899,385	51.29%	25,899,385	51.29%
							Alia Talal Zein	2,525,000	5%	2,525,000	5%
							Moh'd Kamel Sharabati	2,525,000	5%	2,525,000	5%
Arab National Leasing Co	Limited Liability	Amman, Madina Monawwara St., Arab Bank Bldg. no. 255, P.O. Box 940638, Amman, 11194, Jordan Phone: +962 6 5531640/49/50 Fax: +962 6 5529891 www.anl-jo.com	Financial Leasing	50,000,000 JOD	27	1	Arab Bank plc	50,000,000 JD/ Share	100%	50,000,000 JD/ Share	100%
Al Arabi Investment Group (AB Invest)	Limited Liability	Shmeisani, Esam Ajlouni St., Bldg. no. 3, PO Box 143156 Amman, 11814, Jordan Phone: +962 6 5522239 Fax: +962 6 5519064 www.ab-invest.net	Investment & Financial Services	14,000,000 JOD	52	1	Arab Bank plc	14,000,000 JD/ Share	100%	14,000,000 JD/ Share	100%

Detailed Information on Subsidiaries and Sister Company

Entity	Type	Address	Type of Activity	Capital	No. of Employees	No. of Branches	Major Shareholders (5% or more of capital)				
							Name	No. of Shares as of 31/12/2023	%	No. of Shares as of 31/12/2024	%
Al Nisr Al Arabi Insurance Co.	Public Shareholding	Shmeisani, Esam Ajlouni St., Bldg. no. 21, PO Box 9194 Amman 11191 Jordan Phone: +962 6 5685171 Fax: +962 6 5685890 www.al-nisr.com	Insurance Services	10,000,000 JOD	245	3	Arab Bank plc	6,800,766	68%	6,800,766	68%
							Yacoub Manaweel Yacoub Sabella	1,025,695	10.25%	1,029,752	10.29%
							Zaid Manaweel Yacoub Sabella	967,974	9.68%	968,536	9.68%
Arab Company for Shared Services FZ	Limited Liability	Dubai Outsource Zone Academic City – Manamah St. P.O. Box 11364 Dubai, UAE Phone: +971 4 4450555 Fax: +971 4 4495463	Financial Services for Arab Bank Branches	40,370,000 AED	115	1	Arab Bank plc	40,370 Shares	100%	40,370 Shares	100%
Arab Gulf Tech for IT Services FZ	Limited Liability	Dubai Outsource Zone Academic City – Manamah St. P.O.Box 500524 Dubai, UAE Phone: +971 4 4450555 Fax: +971 4 4495460	IT Services for Arab Bank Branches	1,500,000 USD	26	1	Arab Bank plc	5,509 Shares	100%	5,509 Shares	100%
Acabes for Financial Technologies	Private Shareholding	King Hussein Business Park, Bldg. no. 1 P.O. Box 950545 Amman 11195 Jordan. Phone: +962 (6) 5203640 www.acabesinternational.com	IT Services	5,000,000 JOD	233	4	Arab Bank plc	50,000	100%	5,000,000	100%
Arab Bank Iraq	Private Shareholding	Building no 8/235 Baghdad Karada St. outside Mahala/909/ St.18/ Building 147 Janadria - Bagdad Phone: +964 7850999999 Email:info@arabbankiraq.com.iq www.arabbankiraq.iq	Commercial Banking	250,000,000,000 IQD	65	1	Arab Bank plc	–	–	149.345 billion shares	59.74%
							Arab National Bank	–	–	50 billion shares	20%
							Esnad Co	–	–	25 billion shares	10%

Investments in subsidiaries as of 31/12/2024:

Company Name	Nature of Business	Ownership %	Country
Europe Arab Bank plc	Commercial Banking	100%	UK
Arab Bank Australia Ltd.	Commercial Banking	100%	Australia
Islamic International Arab Bank plc	Islamic Banking	100%	Jordan
Arab National Leasing Company LLC	Financial Leasing	100%	Jordan
Al Arabi Investment Group Company LLC	Financial Services and Investments	100%	Jordan
Arab Sudanese Bank Ltd	Islamic Banking	100%	Sudan
Acabes for Financial Technologies	Information Systems Services	100%	Jordan
Al Nisr Al Arabi Insurance Company PSC	Insurance Services	68%	Jordan
Arab Tunisian Bank	Commercial Banking	64.24%	Tunisia
Arab Bank Iraq	Commercial Banking	63.76%*	Iraq
Arab Bank – Syria	Commercial Banking	51.29%	Syria
Oman Arab Bank SAOG	Commercial Banking	49%	Oman

* Arab Bank Group's Share

Investments in affiliated companies as of 31/12/2024:

Company Name	Nature of Business	Ownership %	Country
Arab National Bank	Commercial Banking	40%	Saudi Arabia
Turkland Bank	Commercial Banking	50%	Turkey
Arabia Group Holding Limited	Holding Company	47%	UAE
Commercial Building Company	Real Estate Leasing	35.24%	Lebanon

Board of Directors



Sabih Taher Darwish Masri
Chairman

Date of Membership
27/3/1998

Date of birth
2/12/1937

Academic qualifications
- BSc in Chemical Engineering, University of Texas, Austin, USA, 1963

- Experience**
- 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 May 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

Key

● Non Executive ● Non Independent ● Independent



Khaled Sabih Taher Masri
Deputy Chairman

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

- Experience**
- President, ASTRA Group (since 1995)
 - Vice Chairman, Astra Industrial Group (since 2008)
 - Chairman, Ayla Oasis Development Co. (since 2003)
 - Board Member, Zara Holding (since 1994), and Vice Chairman (since 2005)
 - Board Member, Jordan Hotel and Tourism Co. (since 1997)
 - Board Member, Jordan Himmeh Mineral Co. (since 2000)
 - Board Member, Cairo Amman Bank (1995 – 2021), and Chairman (1999 – 2012)



Ministry of Finance, Saudi Arabia
Represented by Mr. Hisham Mohammed Mahmoud Attar

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

- Experience**
- 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)
 - Vice Chairman & Executive Committee Chairman / Avalon Pharma (since December 2023)
 - 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)



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

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

- Experience**
- Manager of Equity Support Directorate / Social Security Investment Fund (since October 2019)
 - Manager of Internal Audit Unit / Social Security Investment Fund (May 2003 – October. 2019)
 - Senior Internal Auditor / Central Bank of Jordan (January 1994 – May 2003)
 - Customer Relationship Officer / Arab Bank plc (February 1993 – December 1993)
 - External Auditor / Deloitte & Touche (September 1992 – February 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

Board of Directors



Wahbe Abdallah Wahbe Tamari
Member of the Board of Directors

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

Experience

- 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 till March 2024)
- 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 Directors of Immogroup S.A. – Luxembourg (since June 2011)
- Member of the Board of The Tamari Foundation – Switzerland (since 2012)
- Member of The Welfare Association (since 2006)
- Member of YPO EMIRATES GOLD – UAE (since 2021)



Omar Monther Ibrahim Fahoum
Member of the Board of Directors

Date of Membership
31/3/2022

Date of birth
17/1/1959

Academic qualifications

- BA in Business Administration / (Major Accounting) – University of Texas at Austin, 1980
- CPA / Texas State Board of Public Accounting, 1983

Experience

- 30 years of experience as a partner at Deloitte & Touche and the last 20 years as CEO of the firm. Experiences at 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 of YPO / the Jordan chapter (1998) and Bahrain chapter (2007)
- Regional Board Member / INJAZ (since 2007)
- Founding Chair of the regional chapter / 30% Club MENA (2015)
- Chairman / Amman Academy (2021 – 2022)



Nabil Hani Jamil Alqaddumi
Member of the Board of Directors

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

Experience

- 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)

Key

● Non Executive ● Non Independent ● Independent



Majed Qustandi Elias Sifri
Member of the Board of Directors

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

Experience

- 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)



Sharif Mohdi Husni Saifi
Member of the Board of Directors

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

Experience

- 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 – February 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)



Shahm Munib Elias Al-Wir
Member of the Board of Directors

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

Experience

- Partner / Foursan Group (since 2007)
- Board Member / The Medjool Village Co., Jordan (since March 2024)
- 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

Board of Directors



Alaa Arif Saad Batayneh
Member of the Board of Directors

Date of Membership
22/4/2015 till 15/9/2024

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

- Experience**
- General Manager / Alarif Consultancy (present)
 - Chairman of Jordan Petroleum Refinery Company plc (since October 2020), and Member of the Board of Directors (2014)
 - Member of the Board of Directors of Oman Arab Bank SAOC – Muscat, Oman (March 2024 – September 2024)
 - 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 – October 2012)
 - Minister of Transport (2011 – 2012)
 - Minister of Transport (2009 – 2011)
 - Minister of Public Works & Housing (February 2009 – December 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

Resigned Board Members during the year 2024

Mr. Alaa Arif Saad Batayneh resigned on 15/9/2024.

Senior Executives



Ms. Randa Mohammad Tawfiq El Sadek
Chief Executive Officer

Date of appointment
1/7/2010

Date of birth
14/11/1962

Academic qualifications
- 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)

- Deputy Chairman – 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 Management 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 August 2022)
- Executive Vice President / Head of Corporate and Institutional and Institutional Banking, Arab Bank plc (2018 – August 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 August 2022)
- Head of Consumer Banking Division – Arab Bank (2011 – August 2022)
- Head of Retail Banking Group, Banque Saudi Fransi, Saudi Arabia (2008 – 2011)
- 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)
- Manager, Budget & Financial Planning, ITISALAT ALSAUDIA (1988– 1990)
- 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. 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 August 2022)
- Chief Operating Officer, Arab Bank plc (Jordan), since (July 2014 – August 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

Board of Directors' Report

Senior Executives



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 – Syracuse University, Syracuse, USA, 1988
- 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 June 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 (Member of Citigroup), Poland (2000 – 2003)
- Unit Head, Corporate Banking, Corporate Finance & Project Finance, Vice President, Citibank Bahrain (1995 – 2000)
- Relationship Manager, Financial Institutions, Vice President, Citibank Bahrain (1989 – 1994)
- Marketing and Technical Support Engineer, Saudi Arabia (1984 – 1986)
- Project Management Engineer, Kuwait (1981 – 1984)
- Chairman of the Board of Directors, Al Nisr AlArabi Insurance Company, Jordan
- Member of the Board of Directors, Jordan Mortgage Refinance Company, Jordan



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 April 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. Ra'ed Omar Khaled Himmo

Senior Vice President – Treasury
Acting Head of Treasury as of 21/5/2024

Date of appointment
15/7/2009

Date of birth
27/4/1972

Academic qualifications

- BA, Business Administration, Mutah University – Jordan, 1996

Experience

- Senior Vice President/ Treasury, Arab Bank – Bahrain (2015 – present)
- Global Head of Treasury Structured Solutions Group, Arab Bank – Bahrain (2009 – Present)
- Regional Head of Structured Sales Advisory MENA, Standard Chartered Bank – Dubai (2008 – 2009)
- Regional Head of Structured Products MENA, Standard Chartered Bank – Dubai (2007 – 2008)
- Associate Director/ Institutional Sales, HSBC Bank Middle East – Dubai (2005 – 2007)
- Portfolio Manager, Arab Monetary Fund – Abu Dhabi (1999 – 2005)
- Dealer/ Money Markets, FX, Capital Markets, Bank of Jordan – Jordan (1996 – 1999)

Resigned Senior Executives

Mr. Antonio Mancuso-Marcello
EVP – Head of Treasury
Resigned 20/5/2024



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 October 2015
- Senior Vice President – Senior Credit Officer – Credit Group, Gulf, Egypt & Subsidiaries (2012 – October 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 (August 2006 – August 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 Abdallah 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 (September 2012)
- Head of Legal Department – Arab Countries July 2007 – September 2012
- Legal Counsel (April 2003 – July 2007)
- Advocate and Legal Consultant, The Housing Bank for Trade and Commerce (June 1993 – April 2003)
- Advocate, private law office (July 1991 – June 1993)
- Legal Trainee April (1989 – June 1991)

Senior Executives



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 April 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 November 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

Major Shareholders

Names of Major Shareholders of 5% and more

Shareholder's Name	Number of shares 31/12/2023	Ownership %	Number of shares 31/12/2024	Ownership %
Social Security Corporation	110,108,286	17.183%	110,108,286	17.183%

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

Shareholder name	Nationality	No. of Shares 31/12/2024	Percentage %	Ultimate Beneficial Owner	No. of pledged Shares	Percentage %	Pledgee
Social Security Corporation	Jordanian	110,108,286	17.183%	Same	None	None	None
Abdul Hameed Shoman Foundation CO.	Jordanian	32,023,026	4.997%	Abdul Hameed Shoman Foundation, Panama/ Private Interest Foundation, Foundation Council	None	None	None
Ministry of Finance, Saudi Arabia	Saudi	28,800,000	4.494%	Same / Government	None	None	None
Arab supply & Trading CO.	Saudi	28,043,226	4.376%	– Percentage of Ownership: – Ultimate Beneficial Owner:	Sabih Taher Darwish Masri 9% 0.416%	Khaled Sabih Taher Masri 90% 3.960%	Desert peak Company 1% None
Arab National Bank CO.	Saudi	21,939,984	3.423%	– Percentage of Ownership: – Ultimate Beneficial Owner:	Arab Bank plc 40% 1.369%	Rashed AlRashed & Bros Company 10% 0.342%	ALJabr Investment Company 5.65% 0.193%
Arcadia CO.	Bahraini	19,999,998	3.121%	ARKAAN Real Estate 100% PADICO 32.4% of ARKAAN Real Estate Rawan International Investment 19.58%, Massar International Investment and related parties 20.19%, Sabih Taher Darwish Masri 12.11%, Siraj Palestine Fund I LTD 14.39% – Ultimate Beneficial Owner 1% or More : None	None	None	None
AlMaseera International CO. E.C.	Bahraini	17,442,846	2.722%	– Percentage of Ownership: – Ultimate Beneficial Owner:	Sabih Taher Darwish Masri 40% 1.089%	Khalid Sabih Taher Masri 60% 1.633%	17,442,846 2.722%
Dar Al Handasa (Shair and Partners) CO.	Emirates	13,608,972	2.124%	Holding Limited Company owned by Mr. Talal Kamal Abdo Al Shair (28.5%) & others. – Ultimate Beneficial Owner 1% or More : None	None	None	None
Mohamed Abdel Hamid Abdul Majeed Shoman	Jordanian	10,634,022	1.659%	Same	None	None	None
Ministry of Economy and Finance / Qatar	Qatari	10,564,164	1.648%	Same / Government	None	None	None
Palestine Development and Investment LTD (PADICO)	Liberia	7,211,790	1.125%	Rawan International Investment 19.58%, Massar International Investment and related parties 20.19%, Sabih Taher Darwish Masri 12.11%, Siraj Palestine Fund I LTD 14.39% – Ultimate Beneficial Owner 1% or More : None	1,067,778 4,584,870	0.166% 0.715%	Ahli Bank Housing Bank
Mary Issa Elias Alousi	Jordanian	6,544,656	1.021%	Same	None	None	None
Ubhar Capital SAOC	Omani	6,494,220	1.013%	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	None	None	None

Summary of Performance Appraisal and Performance Incentives Policies

Arab Bank firmly believes that providing fair and effective rewards is fundamental to attracting and retaining the talent and expertise needed across all areas of its operations. To this end, the bank has adopted competitive policies and an incentive scheme based on the principle of rewarding outstanding performance according to clear and transparent criteria.

These policies aim to enhance the bank's long-term sustainable performance and ensure the actual realisation of revenue, especially future revenue that may involve uncertainties. Consequently, rewards are not granted solely based on the current year's performance but also consider the time required to achieve the long-term goals, the results of which may not be apparent in the same year. The policy emphasises the necessity of linking the value and timing of reward payments to the actual achievement of these future outcomes.

These policies are grounded in specific principles that link the value of rewards to the employees' performance, the performance of their respective departments and regions, and the overall performance of the bank.

In parallel, Arab Bank implements a comprehensive performance management system based on key performance indicators (KPIs), whereby rewards are granted based on performance and achievement levels, with careful consideration given to differentiating between various performance levels to recognise and retain outstanding employees at all management levels.

In addition, the employee's performance appraisal process at Arab Bank takes a holistic view, considering not only the individual achievements but also the employee's ability to work effectively as part of a team. The individual performance evaluation is directly linked to the achievements and results of the department, the wider business area, and the bank as a whole. When calculating performance rewards, the achievements of the employee's department and the overall achievements of the bank are taken into account, ensuring that individual performance is not the sole determinant of reward. In cases where an employee exceeds their objectives for the year, this performance is assessed based on objective and measurable criteria, including the extent to which the employee has employed innovative working methods that go beyond the traditional approaches.

In its policies concerning employee performance appraisal, incentives, and performance rewards, Arab Bank is committed to full compliance with the corporate governance guidelines issued by the Central Bank of Jordan and the relevant instructions of central banks and official bodies in the countries where the bank operates.

Arab Bank's remuneration policy places particular emphasis on the principle of not rewarding poor performance or accepting any achievements that may expose the bank to risk, whether in the short or long term. To ensure the optimal use of rewards, the bank implements tools that align with the governance guidelines to link rewards to achievement levels, with the possibility of applying deferral, malus, or clawback of rewards when necessary.

To ensure a balance between financial performance and risk levels, Arab Bank's performance evaluation considers the various types of risks associated with its core activities. This includes liquidity risk, the cost of capital, and the prevailing conditions in the regions where it operates, wherever these factors are applicable and measurable.

Furthermore, the bank's remuneration policy upholds objectivity and independence when assessing the performance of staff in control functions, such as risk management, compliance, internal control, and internal audit. Their performance is measured, and their rewards are determined independently of the departments they oversee.

The performance appraisal process at Arab Bank takes a holistic view, linking individual achievements to teamwork, departmental results, and the bank's overall success

The Bank's Competitive Position

Arab Bank's journey of achievement, spanning 94 years, continues to unfold as a compelling success story. The bank maintains its leading position as one of the most prominent, competitive, and diverse financial institutions in the Middle East and North Africa. This prominence stems from its established credibility and the trust it has cultivated among customers and shareholders, as well as its extensive global network of over 600 branches.

Despite the prevailing economic and geopolitical challenges impacting both the Middle East and the global landscape, Arab Bank has consistently reinforced its competitive edge. Central to this resilience is the bank's steadfast commitment to its core principles and values, its distinguished heritage, and its dedication to safeguarding the interests of its customers, shareholders, and employees. This unwavering approach is reflected in the bank's balanced strategy, which prioritises liquidity and the preservation of high capital adequacy ratios. This has enabled the bank to navigate challenging conditions and market volatility effectively, continuing to deliver robust financial performance and sustained profitability.

In line with its ambitious strategy and vision, in which digital transformation plays a key role, Arab Bank has kept pace with the latest technological and digital advancements in information technology. The bank consistently employs cutting-edge digital solutions to provide innovative financial and banking services to its diverse customer base. It also leverages its regional branch network to offer various cross-border banking services that cater to the needs of different sectors.

Government or International Organisations Regulations

In 2024, 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 November 2024
- (Ba1) with (Stable) outlook from Moody's, in May 2024
- (BB-) for Arab Bank plc with (Stable) outlook in September 2024, 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.

Regional Leadership:

In 2024, Arab Bank garnered numerous awards and accolades from prestigious international institutions. Some of the most notable recognitions include:

Global Finance:

- Best Bank in the Middle East (for the ninth consecutive year)
- Best SME Bank in the Middle East and Jordan
- Best Bank for Sustaining Communities in the Middle East
- Best Corporate / Institutional Digital Bank in the Middle East, Africa, Jordan, Egypt, UAE, Bahrain, Morocco, and Algeria
- Best Online Cash Management Services in the Middle East
- Best Mobile Banking App in the Middle East (Corporate)
- Best Integrated Consumer Banking Site in the Middle East and Jordan
- Best Bill Payment and Presentment in the Middle East and Jordan
- Best Consumer Digital Bank in Jordan and Egypt
- Best Bank in Jordan, Lebanon, and Yemen
- Best Bank for Cash Management in Jordan and Morocco

- Best Online Product Offerings in Jordan
- Best User Experience (UX) Design in Jordan
- Best Mobile Banking App in Jordan (Consumer)
- Best Mobile Banking Adaptive Site in Jordan
- Best Social Media Marketing and Services in Jordan
- Best in Lending in Jordan
- Best in Innovation in Jordan
- Best Open Banking APIs in Jordan
- The Safest Bank in Jordan
- Best Foreign Exchange Bank in Jordan
- Best Trade Finance Provider in Jordan
- Best Bank for Sustainable Finance in Jordan
- Best Embedded Finance Solution (Omnify)
- World's Best Financial Innovation Labs

The Banker (Owned by the Financial Times)

- Bank of the Year in the Middle East
- Bank of the Year in Jordan
- Bank of the Year in Palestine
- Award for "Open Banking" in the Innovation in Digital Banking Awards (Omnify)

Euromoney

- Jordan's Best Bank
- Jordan's Best Bank for Corporates
- Morocco's Best International Bank

EMEA Finance

- Best Trade Finance Services in the Middle East
- Best Transactional Bank for Financial Institutions in the Middle East

Global Trade Review

- Best Trade Finance Bank in Jordan

Meed

- Best Retail Bank in Jordan
- Best Digital Bank in Jordan
- Excellence in Client Services in Jordan

Forbes Global

- Listed Among Forbes Global 2000 For the World's Most Successful Companies



Market Share

Arab Bank Group enjoys a broad global presence, with operations in 28 countries worldwide. Its market share varies across these countries, reflecting differences in economic conditions and the nature of its banking activities.

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	24.7%	25.7%	21%
Palestine	22%	23.3%	18.3%
Sultanate of Oman (Oman Arab Bank Group)	9.6%	11.2%	11.6%
Republic of Tunisia (Arab Tunisian Bank)	6%	6.7%	6.5%
Bahrain	3.7%	2.8%	3%
Egypt	0.67%	0.80%	0.64%
Qatar	0.4%	0.5%	0.4%
UAE	0.5%	0.7%	0.7%

Arab Bank Group operates in the Kingdom of Saudi Arabia through Arab National Bank, which holds a market share of 6% for both assets, and credit facilities, and 7% for deposits.

These market shares were calculated based on the latest data published by the central banks in those countries. Arab Bank ranks first among banks operating in Jordan in terms of assets, deposits, and credit facilities.

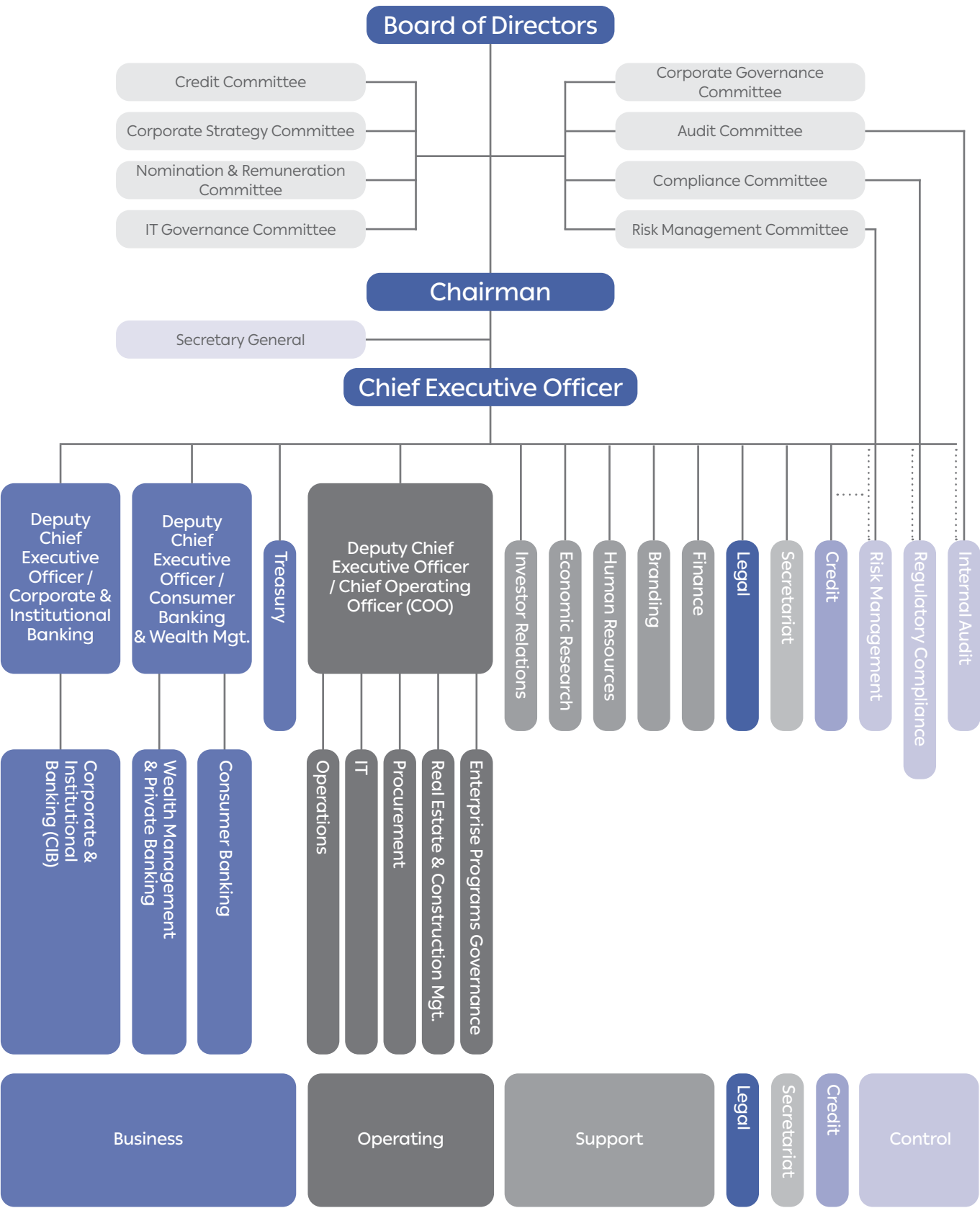
Major Suppliers and Clients

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

Patents and 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.

Arab Bank Organisation Chart / Head Office



Our Qualified Workforce

Educational Qualification	Arab Bank plc	Arab Bank (Switzerland) Ltd	Oman Arab Bank S.A.O.G.	Islamic International Arab Bank plc	Europe Arab Bank plc	Arab Tunisian Bank	Arab Bank Australia Ltd	Arab Sudanese Bank Ltd	Arab Bank – Syria	Arab National Leasing Company	Al Arabi Investment Group Company Llc	Al Nisr Al Arabi Insurance Company	Arab Bank Iraq	Arab Company for Shared Services FZ	Arab Gulf Tech for IT Services FZ	Acabes for Financial Technologies	Total
Doctorate	7	3	2	14	0	1	1	1	0	0	0	0	0	0	0	0	29
Master's Degree	675	91	83	137	51	309	13	11	28	6	11	14	6	29	3	1	1,468
Higher Education Diploma	27	45	124	5	0	324	4	0	3	0	1	1	0	0	0	0	534
Bachelor's Degree	5,472	115	358	805	72	295	41	61	199	16	34	206	55	81	21	232	8,063
Diploma	379	64	43	102	5	54	25	1	35	4	1	14	1	2	1	0	731
Secondary Education Certificate	349	37	389	46	22	253	9	4	19	0	2	3	1	1	1	0	1,136
Below Secondary Education Level	245	2	48	63	0	150	1	3	10	1	3	7	2	2	0	0	537
Total	7,154	357	1,047	1,172	150	1,386	94	81	294	27	52	245	65	115	26	233	12,498

Area	In house										External									
	Talent and Ruwad		Internal Trainers				In house/Training Partners				Technical		Soft		E-Learning		Certifications and Business Skills		Grand Total Per Area	
	Courses	Trainees	Technical		Soft		Technical		Soft		Courses	Trainees	Courses	Trainees	Courses	Trainees	Courses	Trainees	Courses	Trainees
			Courses	Trainees	Courses	Trainees	Courses	Trainees	Courses	Trainees										
Jordan	12	179	101	2,037	48	3,598	36	318	72	884	33	183	0	0	355	20,388	20	156	677	27,743
Palestine	0	0	3	16	1	14	2	3	3	3	22	148	1	4	34	4,992	2	8	68	5,188
Egypt	0	0	171	3,237	3	28	38	318	67	774	46	392	8	25	44	8,024	16	117	393	12,915
Morocco	0	0	0	0	0	0	1	1	0	0	6	12	0	0	19	695	2	2	28	710
Algeria	0	0	0	0	0	0	0	0	0	0	17	135	4	34	20	1,558	1	1	42	1,728
Lebanon	0	0	0	0	0	0	0	0	0	0	15	18	3	11	20	928	0	0	38	957
Yemen	0	0	0	0	0	0	0	0	0	0	9	11	0	0	8	581	5	7	22	599
Bahrain	0	0	0	0	0	0	1	14	0	0	87	275	36	106	38	968	21	36	183	1,399
UAE	0	0	175	239	0	0	1	4	38	84	16	23	7	9	20	2,028	4	6	261	2,393
Qatar	0	0	8	148	0	0	1	2	0	0	7	47	1	13	31	605	1	1	49	816
Total per Item	12	179	458	5,677	52	3,640	80	660	180	1,745	258	1,244	60	202	589	40,767	72	334	1,761	54,448



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 ERM Framework is based on leading best practices and is 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 prioritised by severity in the context of the 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 ERM components are functioning over time in light of substantial changes, and determine what revisions are needed.

Information, Communication, and Reporting: ERM 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 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, through its various committees, the Board 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 a three-lines-of-defence model for risk control and oversight, and each line has a distinct but interrelated role to ensure that the Bank as a whole manages risk effectively. The responsibilities of each line are outlined below:

- **First Line:** Strategic Business Lines and Country Internal Control Units. The Heads of the Strategic Business Lines manage risks within their specific areas, 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 ensuring that the Bank complies with applicable laws, rules, and regulations issued by local regulatory authorities, as well as adherence to 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 Internal Audit Standards and provides independent and objective assurance that the Bank's functions work in compliance with approved policies and procedures, and that all functions are committed to maintaining 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 outcomes 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 organisational 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. Refer to the Corporate Governance Code, attached in this report, Article No. (14.d) to view the responsibilities of the Risk Management Department.

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 regulatory authorities' requirements. The Group Risk Management Division includes the following departments: Credit Risk and Business Risk Review Department, Market and Liquidity Risk Department, Operational Risk Department, Enterprise Risk Department, Information Security Department, Business Continuity and Resilience Management Department, and the Insurance Department.

Credit Risk:

Credit risk is defined as the potential that a bank's borrower or counterparty will fail to meet its contractual obligations in accordance with the agreed terms. The credit risk department is responsible for the centralised reporting of credit risk, credit policy review, the International Financial Reporting Standard (IFRS9) Impairment Methodology, and the internal risk rating systems designed to enhance "probability of default" measurement. The department is also responsible for implementing Central Banks' and Basel Committee requirements related to credit risk and any amendments thereof.

The Business Risk Review department conducts comprehensive individual, portfolio, and business risk reviews to ensure that the Bank's various portfolios are aligned with 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 the sectoral nature of portfolios. In specific instances, such reviews are supported by tailored stress-testing scenarios.

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, achieved through industry, geographical, and customer tolerance limits. Periodic stress testing based on conservative scenarios, which are regularly reviewed, is a key tool in managing the credit portfolio.

Arab bank focuses on developing and enhancing credit staff competencies through specialised training programmes to ensure they are well equipped to effectively carry out their roles and responsibilities.

Moreover, Arab Bank places attention to environmental and social risks, as the credit risk department has developed and issued an environmental and social risk management policy that is considered as 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 support the Bank's direction and strategy in terms of sustainability and its priorities in the areas of Environmental, Social, and Governance (ESG).

Finally, through an ESG department specialised in sustainable finance, the bank aims to integrate environmental, social, governance, and sustainable finance standards into its strategy and main business.

Market and Liquidity Risk:

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 developing market and liquidity risk measurement tools, such as Value-at-Risk, stress testing, and other quantitative risk assessments (such as those related to Basel), 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.

Risks

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 managing 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 can expose the Bank to market risk: 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 for the active management of all the Group's portfolios 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 reviewed regularly 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 the 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 percentage of the Bank's overall investments and generally consists of direct investments in strategic alliances as well as seed investments in mutual funds originating 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 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 daily by local management and weekly by global management.

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:

- **Present Value One Basis Point (PV01)**
- **Net Interest Income 100 Basis Point (NII 100)**
- **Overall Net Open FX Position**
- **Value at Risk (VaR)**
- **Stress Testing**

Liquidity Risk:

Liquidity is defined 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 fulfil 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 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 and further boosts liquidity. Arab Bank's long-standing emphasis on maintaining a broad and stable liquidity base has protected the Bank from any negative effects of market volatility.

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

The Treasury Department is mandated to manage the overall liquidity and funding position of the Bank, with the Group Risk Management Department acting as an independent control function responsible for reviewing the liquidity risk framework, setting the risk appetite, and developing 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 modelled liquidity. Such information is received at the country level and consolidated at the 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 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 modelling, inter-group borrowing and lending analysis, loan-to-deposit ratios, large depositor concentration monitoring, Basel III liquidity ratios, and stress testing.

The Liquidity Stress Testing framework is one of the key tools for anticipating liquidity risk and evaluating the Group's short-term liquidity position. 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 relevant to the Bank's portfolio.

Arab Bank's comprehensive approach to measuring and managing liquidity gives the Group confidence in its ability to endure 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 banks operate and interact globally, 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 well-placed to face the future with confidence. Arab Bank's funding model has shown itself to be extremely resilient for many years and hence remains materially unchanged.

Operational Risk:

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people, and systems, or from external events. This definition includes legal risk, but excludes strategic and reputational risk. The Operational Risk Management Department implements a comprehensive framework to identify, assess, control / respond, monitor and report operational risks across the Bank's activities. This framework supports the continuous enhancement of internal control systems and aligns with the Board-approved Risk Appetite Statement.

Supporting Digital Transformation: As the Bank advances its digital transformation agenda, the Operational Risk Management Department plays a critical role in enabling the Bank's digital transformation journey by ensuring that innovation and technological advancements are implemented securely and effectively. As the Bank adopts new digital platforms, products, and services, new risks are introduced. Operational risk management facilitates comprehensive risk assessments to safeguards these initiatives against potential risks. This includes identifying and mitigating risks and ensuring that digital initiatives align with the Bank's risk appetite and regulatory requirements. By embedding robust risk management practices into the transformation process, the Bank ensures a seamless transition to digital operations while maintaining operational stability and stakeholders' trust.

Key Operational Risk Management Tools and Processes:

1. **Risk Assessments:** This include multiple types of assessments including Risk and Control Self-Assessment (RCSA) and fraud risk assessments, through which risks and controls are identified and assessed and mitigation actions are considered as needed.
2. **Key Risk Indicators (KRIs):** Proactive KRIs provide early warnings for potential operational risk exposures and enables proactive mitigation measures.
3. **Loss Data Collection:** Centralised tracking and analysis of operational loss data, including fraud-related incidents. The analysis ensures that the root cause of incidents is addressed and that appropriate corrective actions are implemented.
4. **Operational Risk Stress Testing:** Simulates potential operational risk scenarios to assess the impact on capital adequacy and operational resilience.

Through its enhanced operational risk management practices and ongoing digital transformation, the Bank continues to support effective risk management, process optimisation, and growth while maintaining risks within acceptable levels.

Risks

The Bank has enhanced Fraud Risk Management to effectively address emerging internal and external fraud risks. A fraud risk management policy and strategy are in place and a fraud risk management committee has been established. Advanced fraud prevention and detection systems using AI and machine learning have been implemented with real-time monitoring enhancing prevention and detection capabilities.

The Bank remains steadfast in its commitment to strengthening its fraud risk management framework, ensuring the protection of stakeholder interests while maintaining full compliance with evolving regulatory requirements.

The Bank conducts regular fraud awareness programmes for employees and customers and has a structured response framework for investigating and mitigating fraud incidents.

The Policy Center within **the operational risk department** oversees with the centralised management of the Bank's high-level policies, ensuring effective management of their entire lifecycle from development to final approval. These policies are created within a standardised framework that aligns with the Bank's strategic objectives, compliance adherence, consistency, and operational excellence. Those high-level policies are integrated into various operational processes, as well as the Bank's detailed policies and procedures.

To further optimise efficiency and governance, the Bank is advancing its capabilities with the implementation of policy management automation system. This innovative solution will streamline the entire policy lifecycle, providing a centralised digital repository for facilitating access and tracking of all policies.

The high-level policies of the Bank are periodically reviewed in order to reflect new updates and increase the effectiveness of the risk measurement and monitoring tools. The reviews include evolving regulatory requirements, address innovations such as new products, services, or operating models within the Bank.

Information Security Risk:

Information security risk is defined as any risk of financial loss, disruption or damage to the reputation of the bank from some sort of failure of its information technology systems. The information security team works across all Arab Bank Group and departments to enable and support business growth. The team has implemented an automated comprehensive framework to analysis global threat universe against Arab Bank ecosystem including third parties supply chain. This while also ensuring ongoing compliance and enabling technology adoption in all lines of businesses including the digital banking services enjoyed by our clients. The goal is to ensure Arab Bank assets (information, people, processes and technologies) are adequately protected from possible threats, whether internal or external, deliberate or accidental. Our strategy recognises the importance of information security in establishing and maintaining a trust relationship with our customers, business

partners, regulators, Bank employees, and other stakeholders. This is built to instil good security practices, raise information risk awareness, strengthen controls by ongoing preventative controls effectiveness enhancement, based on real-time intelligence of global incidents along with monitoring and incident response from the Arab Bank Group ecosystem.

Business Continuity and Resilience Risk

Business Continuity and Resilience Risk Management (BCRM) is defined as the risk of the bank's business being interrupted as a result of any negative events, emergencies, accidents or crises that impede the functioning of normal business activities.

BCRM is a holistic management process that identifies potential impacts which threaten an organisation and provides a framework for building resilience and the capability for an effective response that safeguards the interests of its key stakeholders, reputation, brand and value-creating activities.

The BCRM framework is designed to ensure the uninterrupted operation of the bank's critical services and the swift resumption of business critical activities during disruptions. Key initiatives over the year include:

Business Impact Analysis (BIA): Identification and prioritisation of critical services to meet stakeholder expectations during disruptions.

Risk Assessments (RA): Evaluation of risks associated with critical services and assessment of the effectiveness of existing controls.

Business Continuity Plans (BCP) / Disaster Recovery (DR) Testing: Routine and enhanced disaster recovery) testing across local, regional, and global levels to ensure readiness and operational continuity.

Disaster Recovery Readiness and Resilience: Development of resilient IT infrastructure and systems to maintain optimal performance in all disruption scenarios.

Disaster Recovery Monitoring: Implementation of robust monitoring mechanisms to enhance visibility and assurance over the DR setup.

Regional Backup/Disaster Recovery Arrangements: Establishment of regional and out-of-region contingency plans and resilient backup strategies to mitigate communication blackouts and disruptions.

ISO22301 Certification: Arab Bank is committed to establish and certify a Group level business continuity and resilience management system (BCRMS) which is compliant to ISO 22301 standard.

Crisis Simulations: Crisis simulation and response exercises are routinely conducted to enhance the organisation's preparedness and capability to effectively manage emerging events and crises.

Centralised Continuity Management system: Use of a centralised system to maintain and test continuity plans, ensuring swift resumption of critical operations.

Artificial Intelligence and BCRM Partnership:

This partnership represents a long-term, ongoing effort to integrate advanced technologies into BCRM operations, ensuring that the bank remains resilient in the face of emerging risks.

As a result of this collaboration an advanced playbooks for incident response, leveraging AI and machine learning to predict and response to emerging risks that could impact the bank's operations or disrupt services.

Third-Party Risk Management (TPRM):

A Third-Party Risk Management (TPRM) function has been established as part of the continuous development of the Business Continuity and Resilience Management programme and in line with the digital strategy and the attempt to cover the risks related to "Supply Chain and Third Party". TPRM is a critical aspect of modern businesses as banks and all organisations increasingly rely on external partners and vendors to provide products, services, and support.

TPRM will help the bank to identify, assess, and mitigate risks associated with their interactions with third-party organisations. Effective third-party risk management involves a comprehensive approach that includes identifying and categorising third-party relationships, assessing the level of risk posed by each relationship, and implementing appropriate controls and monitoring activities to manage those risks. By implementing a robust TPRM, we can reduce the risk of incidents that can cause harm to the business and ensure that third-party relationships align with the bank's risk tolerance and regulatory requirements.

Insurance Risk:

The insurance department oversees all the Bank's insurance operations using a centralised database at the local and Group levels. It 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 customised insurance coverage for products, portfolios, credit facilities, and financial transactions related to the Bank's clients. The Insurance Department is also responsible for the setup and maintenance of Bancassurance products and agreements.

Other Risks:

In addition to the risks outlined above, Arab Bank is exposed to other risks, including compliance risks related to regulatory and legal requirements, and strategic risks associated with achieving the bank's long-term objectives.

Compliance Risk (Adherence to Regulatory Requirements):

Arab Bank is committed to maintaining integrity in all its activities and operations, adhering to the highest ethical and professional standards, and complying with the letter and spirit of relevant regulations as necessary to ensure compliance with statutory, regulatory, and supervisory requirements. The Board of Directors exercises effective governance over the Compliance Programme and seeks to adopt innovative technological solutions for managing compliance risk, ensuring continuous reviews of compliance controls and procedures. These efforts are based on a well-established corporate culture that draws its values from the Bank's long-standing professional conduct. The Compliance Committee of the Board plays a key role in overseeing all aspects of compliance risk.

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 developing the necessary policies, procedures, and controls to identify and manage risks arising from financial crimes, including combating terrorism financing, money laundering, bribery and corruption, and violations of economic sanctions and embargo programs. These standards, controls, and measures established to combat financial crime represent the minimum requirements necessary to achieve regulatory objectives and protect the Bank's interests. They are reflective of applicable regulatory requirements and are aligned with leading best practices in the banking sector.

Compliance procedures and requirements are applied across all Arab Bank Branches and Subsidiaries, taking into account applicable local laws and regulations in each country. In instances in which local laws and regulations establish higher standards, these more stringent local laws and regulations are applied while ensuring the application of the highest degrees of integrity and compliance globally and locally.

The Bank also implements appropriate procedures to manage conduct risk, a key compliance aspect. These procedures address compliance risks, including conflicts of interest, protection of consumer rights, dealing with customers fairly and transparently, and privacy and data protection. Senior management lead by example encouraging a culture of compliance. Accordingly, all employees are expected to comply with applicable laws, policies, and the Bank Code of Conduct, which serves as an ethical compass guiding their daily actions. Employees and third parties are required to promptly report any actual or potential irregularity or misconduct within the Bank.

Arab Bank endeavours to protect customers' interests and to treat them fairly by applying a customer-centric approach in developing and marketing products and services. To reinforce a culture of dealing with customers transparently and with integrity, the Bank ensures effective communication and continuous employee training.

Risks

Arab Bank gives great importance to customer complaints, recognising that it is one of the key indicators of the level of service quality and performance of its products and services offered to customers. Specialised units within the Compliance Function manage and address customer complaints at Arab Bank plc branches in Jordan, Algeria, Bahrain, Egypt, Palestine, Qatar, the United Arab Emirates, Yemen, Morocco, Singapore, and China, in addition to Islamic International Arab Bank in line with regulatory requirements in these countries. These units are equipped with qualified and trained personnel capable of handling customer complaints and identifying and addressing root causes. In the remaining branches of the Bank, customer complaints are managed by the Service Excellence Unit under the Consumer Banking Division. All customer complaints are handled professionally and per the Bank's policies and procedures ensuring the timely handling of complaints and inquiries with the relevant departments and divisions and the prompt undertaking of appropriate actions. This ensures complaints are properly addressed and radical solutions are implemented to avoid recurrence. The Bank addressed all customer complaints received during 2024 per approved policies and procedures, adhering to the highest standards of fairness and transparency.

Arab Bank implements a Compliance Programme that employs a range of advanced technological solutions and data-driven methodologies to enhance the efficiency and effectiveness of compliance risk management, regulatory and conduct risk management, privacy and data protection, and combating financial crime. With the steadfast support and commitment of 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 Programme 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 potential adverse impacts on the bank's earnings, capital, reputation, or standing due to changes in the environment in which the bank operates, or from adverse strategic decisions, inadequate implementation of strategic plans, or failure to respond to industry, economic, or technological changes.

The bank has a comprehensive Strategic Risk Management Framework, which includes a robust risk assessment process to identify, monitor, and mitigate emerging strategic risks. This framework ensures alignment with the bank's long-term strategic objectives while maintaining resilience in an evolving financial landscape.

Strategic risk arises from factors that influence the bank's direction and goals. Understanding and addressing these factors is vital to achieving sustainable growth and maintaining a competitive advantage. Key drivers of strategic risk include:

- **Governance:** Effective oversight and decision-making processes.
- **Strategic Planning:** Alignment between strategy and operational capabilities.
- **Execution:** Quality and timeliness of implementing strategic initiatives.
- **Environmental Dynamics:** Responsiveness to market, regulatory, and technological changes.

By proactively managing these drivers, the bank minimises overall risk exposure, enhances decision-making, and strengthens its ability to adapt to the dynamic financial environment, ensuring long-term sustainability and competitive positioning.

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 that includes multiple scenarios covering credit, market, liquidity, and operational risk events. Periodic reporting to Senior Management and banking regulators further ensures that our capital is managed effectively.

Accomplishments 2024

The world continued to face unprecedented economic and social challenges locally, regionally, and globally during 2024. These challenges had economic and social repercussions on countries, regions, and economies around the world.

Arab Bank Group achieved strong results during the year with a net income after tax, amounting to USD 1,007.1 million compared to USD 829.6 million in 2023 reflecting a robust 21% growth. The Group's equity position also remained strong, standing at USD 12.1 billion at year-end, further underscoring its financial stability and resilience. The Group's performance was driven by growth across various business segments and geographic markets. Operating profit increased by 8% to reach approximately USD 2 billion. At constant currency, total assets grew by 6% to USD 71.2 billion, loans increased by 6% to USD 38.3 billion, compared to USD 37.1 billion in 2023, and customer deposits grew by 5% to reach USD 52.2 billion, compared to USD 50.6 billion in 2023.

The Group's strong results during the year 2024, reflect well diversified growth in core banking income across several segments and markets, driven by both interest and non-interest income contribution as a result of revenue diversification, growth in lending and efficient management of liquidity and funding sources, benefiting from its presence in the GCC and international markets.

Liquidity and asset quality remain solid, where loan-to-deposit ratio stood at 73% and credit provisions held against non-performing loans continue to exceed 100%. Arab Bank Group maintains a strong capital base that is predominantly composed of common equity with a capital adequacy ratio of 17.2%.

The Group continues to enhance operational efficiency by deploying digital technologies and artificial intelligence tools within an institutional framework across all business units, while continuing to implement its digital strategy to provide digital banking services that meet the aspirations and financial needs of its customers.

Corporate and Institutional Banking
The Corporate and Institutional Banking (CIB) division achieved robust financial performance in 2024, with positive growth across various business sectors despite regional challenges.

The division's success was driven by the strength and resilience of its balance sheet, supported by the strategic expansion of its regional network and growth in its customer base, which contributed to sustainable revenue generation. Arab Bank's international network and integrated regional services continue to serve as a cornerstone for clients looking to expand their businesses and geographical reach across global markets.

During 2024, the CIB division implemented several internal initiatives aimed at streamlining workflows across its various sectors and restructuring communication mechanisms between corporate clients and the bank. These initiatives focused on enhancing operational efficiency, accuracy, transaction speed and reducing direct operating costs. In collaboration with Credit Management, the Group launched a new system for managing credit applications at bank branches in the GCC countries to improve the lending experience for corporate clients. This system enables specialised departments to submit customer applications and credit studies electronically for review and approval by the relevant committees, contributing to faster decision-making and increased efficiency. Plans are currently underway to expand the scope of the system to include Arab Bank's regional branches.

In line with Arab Bank's strategic objective to accelerate digital transformation, 2024 saw the launch of innovative products within the suite of transaction banking solutions in Jordan and across the Bank's regional branch network. These include providing electronic collection services for businesses and cheque and cash deposit services directly from their premises, eliminating the need to visit a branch. These solutions reflect CIB's commitment to providing comprehensive banking solutions that meet the evolving needs of its clients.

In the field of SMEs banking, the bank continues to offer tailored SME lending solutions in Jordan, Palestine, and Egypt enhancing access to finance and supporting the bank's SME clients in thriving and expanding their businesses. In Palestine, the extension of the bank's Point of Sale (POS) services further empowers SME operations and supports their day-to-day activities.

Accomplishments 2024

Consumer Banking and Wealth Management
Throughout 2024, Arab Bank reinforced its leadership in innovation and its commitment to the principles of sustainability through integrated banking solutions that meet its customers' needs. Thanks to its extensive branch network, the bank has achieved remarkable milestones in the retail banking and wealth management sector

Notably, the bank successfully expanded the scope of its (Arabi Cross Border) programme, which allows expatriate customers to carry out various banking transactions. These include opening accounts at any Arab Bank branch across the region and making instant money transfers through the (Arabi Access) service available on the (Arabi Mobile) application. This expansion has encompassed all customer segments, who can now benefit from these services through the bank's integrated regional network.

The bank has further expanded its money transfer capabilities by offering tailored banking solutions through its leading money transfer services within Arab Bank's regional network. These services include (RemitEx) and (Visa Direct), which enable near-instant transfers to various countries using recipients' IBAN account numbers or Visa card numbers. Additionally, the (Arabi Rails) service allows customers in key markets such as Jordan, the UAE, Palestine, and Egypt to transfer money quickly and securely, with the option to transact in local currencies.

Arab Bank's focus has not just been on expanding services; it has also been developing them and making them easier for customers to access. In Palestine, the bank launched the (iBURAQ) instant payment service, a significant step that provides customers with more integrated financial solutions. Similarly, Arab Bank has strengthened its presence in Saudi Arabia by linking (Arabi Rails) with the (TeleMoney) platform of Arab National Bank, facilitating local clearing and instant transfers in the local currency for customers. These initiatives demonstrate the bank's ongoing commitment to enhancing the customer experience and leveraging strategic partnerships to expand its service network further.

The Wealth Management and Private Banking division further solidified its position as a trusted partner for clients seeking comprehensive investment solutions. The bank offered access to a wide array of investment services and products, including global and regional mutual funds, structured products, precious metals accounts, and brokerage and asset management services through AB Invest. Experienced Wealth Relationship Managers provided personalised guidance to help customers preserve and grow their wealth, aligning financial solutions with their long-term goals. Expansion plans are underway to extend these services across Palestine, Qatar, Bahrain, and the UAE, with an emphasis on diversifying product offerings to meet the needs of a wide range of customers.

As a continuation of the bank's growth strategy and its efforts to enhance Wealth Management and Private Banking services, Gonet – part of Arab Bank Switzerland has signed a merger agreement with Swiss ONE Bank. The merger is expected to take effect by the middle of 2025. This deal marks a new milestone in Arab Bank Switzerland growth strategy, strengthening its position in the Wealth Management sector and further expanding its Private Banking and Asset Management business.

Digital transformation remained at the heart of Arab Bank's strategy in 2024. New features and enhancements on (Arabi Mobile) application empowered customers to manage their financial needs with ease. Instant credit card issuance was introduced in Egypt, allowing customers to apply and issue cards seamlessly through (Arabi Mobile). Digital deposit products such as (e-Fixed) and (e-Flexi) were rolled out in UAE, and Bahrain, giving depositors convenient and secure options to grow their savings.

For loan products, Consumer Banking and Wealth Management focused on digitisation and the extensive use of artificial intelligence solutions. The bank developed credit behaviour assessment models using machine learning algorithms and statistical logic to accurately identify creditworthy customers and make sound credit decisions regarding suitable facilities. These models were initially applied to instant personal loans in Jordan and contributed to increasing credit application approval rates and expanding financial inclusion without compromising the bank's acceptable risk levels. Achievements also included the launch of instant personal loans in the UAE, in addition to adding a digital pre-approval feature to the (BAETI) service available on phones, smart devices, and the (Arabi Mobile) application.

In its continuous pursuit of providing optimal customer experiences, the bank introduced a range of features to enhance convenience, such as International Bank Account Number (IBAN) validation, updating phone number data using biometric technologies for customer identification, and options for saving prepaid bills in Jordan. The bank also developed its interactive personal assistant, (Al Arabi), using artificial intelligence technologies to enable customer service staff to process customer voice notes and provide more personalised and seamless support services.

As for the area of payments and cards, Arab Bank launched American Express cards in Jordan to keep pace with the evolving needs of its customers and enable them to benefit from a wide range of rewards and premium global services. The bank also launched seasonal marketing campaigns that included cashback offers and attractive discounts from a select group of leading global merchants. This helped enhance customer engagement with their cards and increase usage rates. To ensure the best banking experiences for all its customers, the bank introduced dedicated enhancements to premium customer cards, allowing them to enjoy exclusive privileges and exceptional services.

Innovations also extended to travel services tailored to meet customer needs, with Arab Bank introducing the (Travel and Leisure) service in Jordan through the (Arabi Mobile) application. This service enables customers in Jordan to digitally plan and book their flights on Royal Jordanian Airlines and access fast-track services through (Tikram) offers, reflecting the bank's commitment to providing seamless, customer-centric travel solutions.

Regarding payment services offered to merchants, the bank launched these services in Egypt and worked on their development to achieve a high level of competitiveness in the Egyptian market. This included enabling the acceptance of various types of local and international cards on point-of-sale (POS) devices, enhancing services for businesses of all sizes, and providing easier and more secure payment methods.

In support of SMEs in Jordan, Arab Bank launched the region's first digital onboarding platform for sole proprietorships, (Arabi Next), to streamline account opening and support the growth of small businesses. The bank also introduced a comprehensive suite of Visa cards tailored for SMEs, including credit and debit cards with specialised benefits to meet unique business needs.

Sustainability was a key focus for Arab Bank in 2024, as demonstrated by the launch of a range of environmental initiatives in Jordan. The (Green Car Loan) campaign encouraged the adoption of electric vehicles by offering financing and covering the first instalment. A 0% interest instalment plan for solar energy systems and sustainable products was also introduced in partnership with select merchants. In addition, the bank's focus extended beyond promoting the acquisition of environmentally friendly products to encompass the reduction of plastic waste and operating costs. This included transitioning to biodegradable materials for (Shabab) programme cards and extending the validity periods of debit cards. Similarly, the (Arabi e-Mart) platform expanded its range of environmentally friendly products. Retail customers were also enabled to use digital point-of-sale (Soft POS) devices to conduct purchase transactions without the need for paper. These initiatives reflect the bank's commitment to its declared Environmental, Social, and Governance (ESG) strategy.

These diverse achievements underscore Arab Bank's leading position in providing best-in-class banking experiences for customers. The bank is committed to the highest standards of sustainability and operational excellence. The bank continues its journey of innovation and development, leveraging cutting-edge technologies and strategic partnerships to deliver integrated solutions that meet the needs of its clients across the region.

Treasury
In the Treasury sector, Arab Bank continued to strengthen and diversify its funding base, concluding the year with an even more robust liquidity position. The Treasury Department maintained its focus on growth, investing in human capital, providing exceptional customer service, and expanding its operational scope. As a result, Arab Bank successfully maintained low-risk positions while achieving steady profit growth throughout the year.

Financial markets in 2024 experienced ongoing volatility amid declining interest rates in several countries. Thanks to its prudent management of financial positions, the Treasury was able to shield the bank from any negative repercussions of this volatility and adapt to the evolving economic environment and changing interest rate conditions.

The Treasury also continued its efforts in 2024 to support and enhance the bank's Environmental, Social, and Governance (ESG) strategy through effective investment in sustainable bonds. These efforts underscore the bank's commitment to sustainable finance and supporting projects and activities with a positive environmental impact, which is in line with Arab Bank's overarching strategy in this regard.

Starting in 2021, the bank initiated the establishment of several financial technology companies to serve as the technological arm of the Arab Bank Group. Tasked with designing, developing, and managing innovative digital solutions for both Group companies and external clients, the initiative led to the creation of Acabes for Financial Technology PSC in Jordan in 2021, followed by Acabes International Pvt. Ltd in India in 2022.

By 2024, the expansion continued with the opening of an operational branch for Acabes for Financial Technology in Saudi Arabia and the establishment of two subsidiaries in Tunisia and Egypt, alongside ongoing efforts to extend operations into additional regions.

The Acabes Group team comprises over 500 specialists across various fields, including UX/UI design, full-stack development, and cybersecurity, alongside expertise in modern technologies and advanced market trends. This talent pool drives the development of digital platforms for Arab Bank, its subsidiaries, and affiliates while attracting top talent from across the region. Additionally, Acabes in Jordan and Palestine expanded the scope of services offered by the Arabi e-Mart, e-commerce platform and the Arabi Shopix platform, which specialises in e-commerce support solutions. The group also launched Omnify, a pioneering solution in delivering innovative digital banking suite of services (Banking-as-a-Service) for non-financial companies, providing open banking services, embedded finance solutions, virtual IBAN accounts, and BIN sponsorship for card issuance.

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 2024.

Time Series Data for Major Financial Indicators

Time Series Data for Major Financial Indicators (2020 – 2024):

	Values in JOD Millions for the Bank & in USD Millions for the Group				
	2024	2023	2022	2021	2020
Arab Bank plc: Net Profit after Tax	543.2	375.8	327.5	156.1	21.8
Arab Bank Group: Net Profit after tax	1,007.1	829.6	544.3	314.5	195.3
Arab Bank plc: Shareholder's Equity	4,629.3	4,319.7	3,929.8	3,816.0	3,852.6
Arab Bank Group: Owner's Equity	12,134.9	11,356.9	10,402.5	10,321.4	9,388.8
Distributed Dividends					
Total Dividends (in JOD millions)	256.3	192.24	160.20	128.16	76.9
Dividends (%)	40%	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)	4.5	4.56	4.88	4.89	4.12

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 2024. The financial statements were prepared in accordance with the International Financial Reporting Standards (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 2024
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%
AI – Arabi Investment Group L.L.C	100.00%
Arab Sudanese Bank Limited	100.00%
Arab Tunisian Bank	64.24%
Oman Arab Bank	49.00%
Arab Bank Syria	51.29%
Arab Bank Iraq	63.77%
AI 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 subsidiary so as to obtain benefits from its activities. Transactions are eliminated between Arab Bank plc, the subsidiaries and 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 2024 amounted USD 1007.1 million compared to USD 829.6 million for the year ended 31 December 2023. Total revenues of the Group stood at USD 3,395 million compared to USD 3,150.3 million in 2023 recording an increase of 8%, expected credit losses for financial assets amounted to USD 490.7 million.

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

In USD (Thousands)	2024	2023	Variance	%
Revenue				
Net interest income	2,145,286	2,037,210	108,076	5%
Net commission income	453,068	425,113	27,955	7%
Other	796,653	687,947	108,706	16%
Total Income	3,395,007	3,150,270	244,737	8%
Expenses				
Employees Expenses	786,204	717,674	68,530	10%
Other Expenses	672,563	623,173	49,390	8%
Provision for impairment – ECL	490,730	592,282	(101,552)	(17%)
Total Expenses	1,949,497	1,933,129	16,368	1%
Profit For the year before Tax	1,445,510	1,217,141	228,369	19%
Income tax	438,420	387,505	50,915	13%
Profit for the year	1,007,090	829,636	177,454	21%

Financial Performance

Consolidated Statement of Comprehensive Income

Arab Bank Group's comprehensive income for the year ended 31 December 2024 amounted USD 837 million compared to USD 944.6 million for the year ended 31 December 2023, the following schedule shows the principal components of the Group's consolidated statement of comprehensive income:

In USD (thousands)	2024	2023
Profit for the year	1,007,090	829,636
Add: Other comprehensive income items – after tax		
Items that will be subsequently transferred to the consolidated statement of Profit or Loss		
Exchange differences arising from the translation of foreign operations	(130,851)	81,750
Revaluation gain on bonds at fair value through other comprehensive income	387	5,480
Items that will not be subsequently transferred to the consolidated statement of Profit or Loss		
(Loss) gain from revaluation on equity instruments at fair value through other comprehensive income	(35,172)	25,928
(Loss) gain from sale of financial assets at fair value through other comprehensive income	(4,473)	1,776
Total comprehensive income for the year	836,981	944,570

Consolidated Statement of Financial Position

Arab Bank Group assets reached USD 71.2 billion as at 31 December 2024, Customer deposits amounted USD 52.2 billion. Investment portfolio has reached USD 13.1 billion, Credit facilities amounted USD 34.4 billion forming 48% of total assets while Shareholders' equity reached USD 12.1 billion.

The following schedule compares the principal components of the Group's consolidated statement of financial position:

In USD (thousands)	2024	2023	Variance	%
Assets				
Cash and due from banks	17,093,945	17,728,747	(634,802)	(4%)
Investment Portfolio	13,148,916	11,190,451	1,958,465	18%
Direct credit facilities at amortised cost	34,383,335	33,158,248	1,225,087	4%
Other	6,604,325	6,196,525	407,800	7%
Total Assets	71,230,521	68,273,971	2,956,550	4%
Liabilities				
Due to banks	4,203,546	3,805,511	398,035	10%
Due to customers	52,165,279	50,624,740	1,540,539	3%
Other	2,726,797	2,486,869	239,928	10%
Shareholders' Equity	12,134,899	11,356,851	778,048	7%
Total Liabilities and Shareholders' Equity	71,230,521	68,273,971	2,956,550	4%

Arab Bank plc

Statement of Profit or Loss

Arab Bank plc's net income for the year ended 31 December 2024 amounted JOD 543.2 million compared to JOD 375.8 million for the year ended 31 December 2023. Total revenues of the Bank stood at JOD 1,443.3 million compared to JOD 1,363.6 million in 2023 recording an increase of 6%, expected credit losses for financial assets amounted JOD 193 million.

The following schedule compares the principal components of the Arab Bank plc's Statement of Profit or Loss:

In JOD (thousands)	2024	2023	Variance	%
Revenue				
Net interest income	1,040,433	999,087	41,346	4%
Net commission income	156,171	157,409	(1,238)	(1%)
Other	246,699	207,147	39,552	19%
Total Income	1,443,303	1,363,643	79,660	6%
Expenses				
Employees Expenses	261,193	252,926	8,267	3%
Other Expenses	282,794	423,190	(140,396)	(33%)
Provision for impairment – ECL	193,018	161,160	31,858	20%
Total Expenses	737,005	837,276	(100,271)	(12%)
Profit For the year before Tax	706,298	526,367	179,931	34%
Income tax	163,119	150,550	12,569	8%
Profit for the year	543,179	375,817	167,362	45%

Statement of Comprehensive Income

Arab Bank plc's comprehensive income for the year ended 31 December 2024 amounted JOD 511.1 million compared to JOD 372.8 million for the year ended 31 December 2023.

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

In JOD (thousands)	2024	2023
Profit for the year	543,179	375,817
Add: Other comprehensive income items – after tax		
Items that will be subsequently transferred to the statement of profit or loss		
Exchange differences arising on the translation of foreign operations	(30,673)	1,974
Items that will not be subsequently transferred to the statement of profit or loss		
Revaluation loss on equity instruments at fair value through other comprehensive income	(1,442)	(5,016)
Total Comprehensive Income for the Year	511,064	372,775

Financial Performance

Statement of Financial Position

Arab Bank plc assets reached JOD 29.8 billion as at 31 December 2024. Customer deposits amounted JOD 22.1 billion and investment portfolio has reached JOD 5.7 billion. Credit facilities amount to JOD 12.3 billion forming 41% of total assets while shareholder's equity reached JOD 4.6 billion.

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

In JOD (thousands)	2024	2023	Variance	%
Assets				
Cash and due from banks	9,948,827	9,915,863	32,964	0%
Investment Portfolio	5,655,472	5,252,771	402,701	8%
Direct credit facilities at amortised cost	12,316,565	11,831,745	484,820	4%
Other	1,895,513	1,786,625	108,888	6%
Total Assets	29,816,377	28,787,004	1,029,373	4%
Liabilities				
Due to banks	2,062,344	2,103,439	(41,095)	(2%)
Due to customers	22,086,043	21,439,150	646,893	3%
Other	1,038,707	924,760	113,947	12%
Shareholders' Equity	4,629,283	4,319,655	309,628	7%
Total Liabilities and Shareholders' Equity	29,816,377	28,787,004	1,029,373	4%

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 2024 and 2023 in accordance with Basel III:

Arab Bank Group

Capital Adequacy Ratio as at December 31, 2024 and 2023 in accordance with Basel III requirements

In USD (Thousands)	2024	2023
Risk-weighted assets (RWA)	47,974,210	44,684,580
Common Equity Tier 1	10,665,927	10,121,289
Regulatory Adjustments (Deductions from Common Equity Tier 1)	(3,641,396)	(3,366,915)
Additional Tier 1	542,990	498,642
Regulatory Adjustments (Deductions from Additional Tier 1)	-	(6,234)
Supplementary Capital	663,851	590,782
Regulatory Capital	8,231,372	7,837,564
Common Equity Tier 1 Ratio	14.64%	15.12%
Tier 1 Capital Ratio	15.77%	16.22%
Capital Adequacy Ratio	17.16%	17.54%

Arab Bank Plc

Capital Adequacy Ratio as at December 31, 2024 and 2023 in accordance with Basel III requirements

In JOD (Thousands)	2024	2023
Risk-weighted assets (RWA)	20,416,172	18,825,664
Common Equity Tier 1	4,085,199	3,839,651
Regulatory Adjustments (Deductions from Common Equity Tier 1)	(985,547)	(973,960)
Additional Tier 1	177,305	177,305
Regulatory Adjustments (Deductions from Additional Tier 1)	(20,179)	-
Supplementary Capital	265,167	249,020
Regulatory Adjustments (Deductions from Supplementary Capital)	(5,568)	(5,777)
Regulatory Capital	3,516,377	3,286,239
Common Equity Tier 1 Ratio	15.18%	15.22%
Tier 1 Capital Ratio	15.95%	16.16%
Capital Adequacy Ratio	17.22%	17.46%

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 40% of the shares par value, or JOD 256.3 million for the year 2024 Compared to 30% of the shares par value or JOD 192.2 million in 2023 as shown in the table below:

In JOD (Millions)	2024	2023
Income available for appropriation	543.2	375.8
Statutory Reserve	-	-
Voluntary Reserve	-	-
General Reserve	-	-
General banking risk reserve	-	-
Proposed Cash dividends	256.3	192.2
Retained earnings	286.9	183.6
Total Appropriation	543.2	375.8

Financial Ratios related to Arab Bank Group:

	2024	2023
Shareholders' equity / Total Assets	17.0%	16.6%
Loans / Deposits	65.9%	65.5%
Liquidity Ratio (cash and quasi cash)	42.7%	42.7%
Cost / Income	57.4%	61.4%
Cost / Income (excluding provisions for impairment)	43.0%	42.6%
Common Equity Tier 1 Ratio – Basel III	14.64%	15.12%
Tier 1 Capital Ratio – Basel III	15.77%	16.22%
Capital Adequacy Ratio – Basel III	17.16%	17.54%
Return on Equity	8.8%	7.8%
Return on Assets	1.4%	1.2%
Net interest and commission income / total Assets	3.6%	3.6%
EPS (USD)	1.47	1.23

Financial Performance

Financial Ratios related to Arab Bank Plc:

	2024	2023
Shareholders' equity / Total Assets	15.5%	15.0%
Loans / Deposits	55.8%	55.2%
Liquidity ratio (cash and quasi cash)	52.5%	52.9%
Cost / Income	51.1%	61.4%
Cost / income (excluding provisions for impairment)	37.7%	39.2%
Common Equity Tier 1 Ratio – Basel III	15.18%	15.22%
Tier 1 Capital Ratio – Basel III	15.95%	16.16%
Capital Adequacy Ratio – Basel III	17.22%	17.46%
Return on equity	12%	9.1%
Return on Assets	1.8%	1.3%
Net interest and commission income / Total Assets	4.0%	4.0%



Future Outlook and Plans for 2025

Arab Bank has formulated a comprehensive strategic plan for 2025 and beyond based on an in-depth analysis of local and international market conditions. This plan takes into account the ongoing developments and transformations in various global markets, which are expected to have both direct and indirect impacts on the bank's operations.

Despite current economic and geopolitical challenges, Arab Bank affirms its commitment to advancing its ambitious strategic vision for growth. This will be achieved through developing its core businesses, pursuing measured expansion into new markets and sectors, and enhancing internal operational models, with a focus on investing in digital transformation and innovation.

The bank will also continue to strengthen its presence in its local markets and capitalise on growth opportunities in GCC markets, leveraging its extensive network to serve its expanding customer base. As part of this strategy, the bank will commence operations in the Iraqi market through (Arab Bank Iraq), enabling it to extend its services to this promising market.

Similarly, the bank will continue to enrich its wealth management segment with a comprehensive suite of products and services that meet the aspirations of its client base and deliver added value. This will run in parallel with ongoing efforts to implement its digital transformation strategy by developing an advanced digital platform and adopting innovative business models (such as BaaS and Reflect), leveraging the expertise of Acabes for Financial Technologies, the bank's technology arm. The bank places significant importance on artificial intelligence applications, particularly generative AI. It is actively developing them through comprehensive institutional initiatives, alongside its efforts to enhance its operational model to reduce costs, increase productivity, and improve customer experience.

Through its human capital investment strategy, the bank will continue to attract, retain, and develop top talent, equipping them with the necessary skills to meet future demands. Arab Bank remains committed to sustainability standards by comprehensively integrating environmental, social, and governance (ESG) criteria across all its activities and operations. This commitment is demonstrated through various initiatives, including establishing a sustainable finance framework, adopting environmentally friendly practices, supporting social development programmes, promoting diversity and inclusion, and implementing a robust governance model.

The bank will continue to monitor and assess developments at both global and regional levels, taking proactive measures to maintain its leading position and uphold the values that have contributed to its distinction and success. These values include:

Excellence: Arab Bank reaffirms its unwavering commitment to enhancing customer satisfaction, delivering optimal returns to shareholders, and improving operational efficiency.

Liquidity: Maintaining high liquidity levels remains a fundamental principle for the bank and a crucial factor in supporting operations and protecting the interests of shareholders and customers across all the bank's operational regions.

Capital Adequacy: Arab Bank consistently maintains robust capital adequacy ratios that exceed the regulatory requirements set by the Basel Committee, the Central Bank of Jordan, and relevant regulatory authorities in the countries where it operates.

Risk Management: The bank's management firmly believes in operating within calculated risks and refraining from any activity that cannot be fully understood, accurately assessed, or effectively mitigated.

Arab Bank's objectives for 2025 revolve around strengthening its financial position by achieving measured and sustainable growth in its core businesses, enhancing customer experience through innovative service offerings, improving operational efficiency, and refining credit management and risk management mechanisms. The bank will continue to adopt a prudent and proactive approach that will reinforce its leading position locally and regionally, and strengthens its ability to navigate challenges and adapt to any unforeseen economic circumstances or developments in the markets where it operates.

Corporate and Institutional Banking
The Corporate and Institutional Banking division aims to expand its market share and strengthen client relationships through various strategic initiatives, most notably by enhancing its data analytics capabilities.

By leveraging artificial intelligence and machine learning technologies, the Group aims to achieve further growth in existing and new business sectors and refine decision-making processes for greater efficacy. These initiatives also include offering innovative lending products and cutting-edge digital solutions that align with the latest developments in digital banking.

The CIB division remains committed to embedding environmental, social and governance (ESG) principles across its operations and advancing sustainable finance. The Group's dedication to responsible banking practices reflects its drive to foster long-term economic growth, social progress and environmental sustainability.

Consumer Banking and Wealth Management
As part of its strategy to solidify its position in the banking sector and deliver best-in-class services, Arab Bank continues to develop its offerings, enhance its competitiveness, and expand its presence across key markets. This includes providing optimal credit solutions through innovative digital and traditional channels to meet the evolving needs of its customers.

The Consumer Banking and Wealth Management division prioritises elevating customer engagement and delivering exceptional banking experiences as one of its strategic priorities. It leverages emerging technologies and innovative solutions based on artificial intelligence and machine learning to personalise banking services, proactively anticipate and meet customer needs, recommend suitable products and services, and provide instant transaction capabilities. These technologies contribute to personalising communication and interaction with customers, taking into account individual preferences and fulfilling their needs promptly.

Arab Bank is also developing customer-centric solutions using generative AI to provide seamless services and exceptional experiences across its various banking channels and digital platforms.

Consumer Banking will continue to promote its cards as the preferred choice for customers, supported by a diverse range of benefits, a rewarding loyalty programme, and special offers tailored to customers' lifestyles, all provided through an extensive network of business partners. In line with the bank's digital strategy, which focuses on providing new and unique digital services that meet customer needs and expectations, the division will continue to introduce new services and products.

The division plans to develop its investment products and services further, making them accessible to a broader customer base across various segments through diverse investment solutions tailored to their needs. The Arab Bank European Real Estate Investment Fund, expected to launch in 2025, represents a significant addition to the bank's investment portfolio. Developed by the Investment Product Development unit, the fund will be complemented by the anticipated introduction of a new (Private Banking) segment designed to meet the unique needs of high-net-worth individuals.

Wealth management services will continue to be offered to customers across various segments through our certified Wealth Relationship Managers and the (Arabi Wealth) application for smart devices. Regional expansion plans in target countries such as Palestine, Qatar, and the United Arab Emirates are expected to be completed in the first quarter of 2025.

In the coming year, the bank also plans to continue its efforts to enhance products and services aimed at corporates and SMEs, with the goal of developing their capabilities, bolstering the bank's market share, and increasing revenue from this sector. These efforts will result in smoother banking experiences for these businesses, thanks to simplified loan procedures and the introduction of new value-added services to support their growth. This vision is complemented by digital data analytics, artificial intelligence, and machine learning, which form the foundation for the future of consumer banking. These technologies empower the bank to enhance communication with customers and provide personalised offers and services tailored to their preferences, contributing to improved customer retention and satisfaction.

The Consumer Banking and Wealth Management division will continue to focus on the bank's regional presence, starting with enhancing remittance services in GCC countries and within the bank's subsidiaries as part of the (Arabi Cross Border) programme.

The programme will be developed into a group-wide initiative to foster collaboration between various Arab Bank entities and provide seamless services to non-resident customers across all group entities, including Arab Bank Iraq.

Treasury
For 2025, the Treasury is adopting an ambitious plan focused on enhancing the bank's profitability amidst a volatile economic environment and declining interest rates. This involves expanding the deployment of innovative digital and technological solutions to deliver an exceptional banking experience to Arab Bank's customers across its growing branch network in collaboration with the Consumer and Corporate Banking divisions.

This investment will enhance the bank's operational efficiency, keep pace with rapid developments in global financial markets, provide accurate real-time information for informed decision-making, enable effective data analysis, and improve customer service.

External Auditors' Compensation in Jordan and Abroad

In JOD Thousands	2024	2023
Fees for quarterly and annual audits and reviews including other related audit reports	1,842	1,614

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

Service	Fees	
	External Auditor	In JOD Thousands
Validate the use of Proceed of Perpetual Bonds	Deloitte & Touche	46

Ownership of Shares

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. of shares/ Perpetual Tier Bonds owned by companies controlled by them	
Name	Position	Nationality	Number of shares		Company Name	31/12/2024	31/12/2023
			31/12/2024	31/12/2023			
Mr. Sabih Taher Darwish Masri	Chairman	Jordanian	1,007,370	1,007,370	ARAB SUPPLY & TRADING CO	28,043,226 Shares	28,043,226 Shares
						20,000 Bonds	20,000 Bonds
					ALMASEERA INTERNATIONAL CO.E.C.	17,442,846 Shares	17,442,846 Shares
					AYLA OASIS DEVELOPMENT CO	10,000 Bonds	10,000 Bonds
Mr. Khaled Sabih Taher Masri	Deputy Chairman	Jordanian	10,008	10,008	ARAB SUPPLY & TRADING CO	28,043,226 Shares	28,043,226 Shares
						20,000 Bonds	20,000 Bonds
					ALMASEERA INTERNATIONAL CO.E.C.	17,442,846 Shares	17,442,846 Shares
					THE VEGETABLE OIL INDUSTRIES CO. LTD	2,524,464 Shares	2,524,464 Shares
						1,000 Bonds	1,000 Bonds
					JORDAN VEGETABLE OIL INDUSTRIAL CO.	143,064 Shares	143,064 Shares
					AYLA OASIS DEVELOPMENT CO	10,000 Bonds	10,000 Bonds
Messrs. Ministry of Finance, Saudi Arabia	Member	Saudi	28,800,000	28,800,000	None	None	None
Represented by Mr. Hisham Mohammed M. Attar			None	None	None	None	None
Messrs. Social Security Corporation	Member	Jordanian	110,108,286	110,108,286	None	None	None
Represented by Mr. Mohammad Adnan Hasan AlMadi			None	None	None	None	None
Mr. Wahbe Abdallah Wahbe Tamari	Member	Lebanese	18,000	18,000	WATAMAR HOLDING Co. S.A.L.	2,885,742 Shares	2,885,742 Shares
Mr. Omar Monther Ibrahim Fahoum	Member	Jordanian	10,512	10,512	None	None	None
Dr. Nabil Hani Jamil Al Qaddumi	Member	Kuwait	419,184	10,008	None	None	None
Mr. Majed Qustandi Elias Sifri	Member	Canadian	10,008	10,008	None	None	None
Mr. Sharif Mohdi Husni Saifi	Member	Jordanian	587,682	587,682	None	None	None
Mr. Shahm Munib Elias Al-Wir	Member	Jordanian	83,592	35,028	None	None	None

Number of Arab Bank Shares Owned by Members of the Board of Directors whose membership has ended on 15/9/2024 and the companies controlled by them in comparison with last year

Name	Position	Nationality	Number of shares		No. of shares/ Perpetual Tier 1 Bonds owned by companies controlled by them	
			31/12/2024	31/12/2023		
Mr. Alaa Arif Saad Batayneh	Member	Jordanian	104,022	104,022	None	None

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

Name	Relationship	Nationality	Number of shares		No. of shares/ Perpetual Tier 1 Bonds owned by companies controlled by them	
			31/12/2024	31/12/2023	31/12/2024	31/12/2023
Mr. Sabih Taher Darwish Masri	Spouse	–	None	None	None	None
	Minors	–	None	None	None	None
Mr. Khaled Sabih Taher Masri	Spouse	–	None	None	None	None
	Minors	–	None	None	None	None
Messrs. Ministry of Finance, Saudi Arabia						
Member						
Represented by Mr. Hisham Mohammed M. Attar						
	–	–	–	–	–	–
	–	–	–	–	–	–
Messrs. Social Security Corporation						
Member						
Represented by Mr. Mohammad Adnan Hasan AlMadi						
	–	–	–	–	–	–
	–	–	–	–	–	–
Mr. Wahbe Abdallah Wahbe Tamari	Spouse	–	None	None	None	None
	Minors	–	None	None	None	None
Mr. Omar Monther Ibrahim Fahoum	Spouse	–	None	None	None	None
	Minors	–	None	None	None	None
Dr. Nabil Hani Jamil Al Qaddumi	Spouse	–	None	None	None	None
	Minors	–	None	None	None	None
Mr. Majed Qustandi Elias Sifri	Spouse	–	None	None	None	None
	Minors	–	None	None	None	None
Mr. Sharif Mohdi Husni Saifi	Spouse	–	None	None	None	None
	Minors	–	None	None	None	None
Mr. Shahm Munib Elias Al-Wir	Spouse	–	None	None	None	None
	Minors	–	None	None	None	None

Number of Arab Bank Shares Owned by the Relatives of the Board of Directors whose Membership has ended on 15/9/2024 and the companies controlled by them in comparison with last year

Name	Relationship	Nationality	Number of shares		No. of shares/ Perpetual Tier 1 Bonds owned by companies controlled by them	
			31/12/2024	31/12/2023	31/12/2024	31/12/2023
Mr. Alaa Arif Saad Batayneh	Spouse	–	None	None	None	None
	Minors	–	None	None	None	None

Ownership of Shares

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

Name	Position	Nationality	Number of shares		No. of shares/ Perpetual Tier 1 Bonds owned by companies controlled by them	
			31/12/2024	31/12/2023	31/12/2024	31/12/2023
Ms. Randa Mohammad Tawfiq El Sadek	Chief Executive Officer	Jordanian	34,020	34,020	None	None
Mr. Mohammed Ahmed Khaled Masri	Deputy CEO – Corporate & Institutional Banking	Jordanian	25,434	None	None	None
Mr. Naim Rasim Kamel Al Hussaini	Deputy CEO – Consumer banking and Wealth Management	Saudi	None	None	None	None
Mr. Eric Jacques Modave	Deputy CEO – Chief Operating Officer	Belgian	12,006	12,006	None	None
Mr. Ziyad Anwar Abdul Rahman Akrouk	EVP Head of Group Risk	Jordanian	10,206	10,206	None	None
Mr. Mohamed Abdul Fattah Hamad Al Ghanamah	EVP Chief Credit Officer	Jordanian	53,244	53,244	None	None
Mr. Ra'ed Omar Khaled Himmo	SVP Acting Head of Treasury	Jordanian	None	None	None	None
Mr. Walid Muhi Eddin Mohammad Al Samhourì	EVP Jordan Country Head	Jordanian	None	None	None	None
Mr. Firas Jaser Jamil Zayyad	EVP Chief Financial Officer	Jordanian	972	972	None	None
Mr. Basem Ali Abdallah Al Imam	Board Secretary Head of Legal Affairs	Jordanian	1,080	1,080	None	None
Ms. Rabab Jamil Said Abbadi	EVP Head of Human Resources	Jordanian	None	None	None	None
Mr. Michael Alexander Matossian	EVP Chief Compliance Officer	American	1,440	1,440	None	None
Mr. Fadi Joseph Badih Zoueìn	EVP Head of Internal Audit	Lebanese	None	None	None	None

Number of Arab Bank Shares Owned by the Resigned Senior Executives during the year 2024 and the companies controlled by them in comparison with last year

Name	Position	Nationality	Number of shares		No. of shares/ Perpetual Tier 1 Bonds owned by companies controlled by them	
			31/12/2024	31/12/2023	31/12/2024	31/12/2023
Mr. Antonio Mancuso Marcello Until 20/5/2024	EVP Head Of Treasury	British	22,050	None	None	None

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

Name	Relationship	Nationality	Number of shares		No. of shares/ Perpetual Tier 1 Bonds owned by companies controlled by them	
			31/12/2024	31/12/2023	31/12/2024	31/12/2023
Ms. Randa Mohammad Tawfiq El Sadek	Spouse	–	None	None	None	None
	Minors	–	None	None	None	None
Mr. Mohammed Ahmed Khaled Masri	Spouse	–	None	None	None	None
	Minors	–	None	None	None	None
Mr. Naim Rasim Kamel Al Hussaini	Spouse	–	None	None	None	None
	Minors	–	None	None	None	None
Mr. Eric Jacques Modave	Spouse	–	None	None	None	None
	Minors	–	None	None	None	None
Mr. Ziyad Anwar Abdul Rahman Akrouk Mrs. Jumana Shuja' Mohammad Al-Asad	Spouse	Jordanian	18,882	18,882	None	None
	Minors	–	None	None	None	None
Mr. Mohamed Abdul Fattah Hamad Ghanamah	Spouse	–	None	None	None	None
	Minors	–	None	None	None	None
Mr. Ra'ed Omar Khaled Himmo	Spouse	–	None	None	None	None
	Minors	–	None	None	None	None
Mr. Walid Muhi Eddin Mohammad Al Samhourì Mrs. Rima Mohammad Abdulkareem Shwaika	Spouse	Jordanian	90	90	None	None
	Minors	–	None	None	None	None
Mr. Firas Jaser Jamil Zayyad	Spouse	–	None	None	None	None
	Minors	–	None	None	None	None
Mr. Basem Ali Abdallah Al Imam	Spouse	–	None	None	None	None
	Minors	–	None	None	None	None
Ms. Rabab Jamil Said Abbadi	Spouse	–	None	None	None	None
	Minors	–	None	None	None	None
Mr. Michael Alexander Matossian	Spouse	–	None	None	None	None
	Minors	–	None	None	None	None
Mr. Fadi Joseph Badih Zoueìn	Spouse	–	None	None	None	None
	Minors	–	None	None	None	None

Number of Arab Bank Shares Owned by the Relatives of Resigned Senior Executives during the year 2024 and the companies controlled by them in comparison with last year

Name	Relationship	Nationality	Number of shares		No. of shares/ Perpetual Tier 1 Bonds owned by companies controlled by them	
			31/12/2024	31/12/2023	31/12/2024	31/12/2023
Antonio Mancuso Marcello Until 20/5/2024	Spouse	None	None	None	None	None
	Minors	None	None	None	None	None

Compensations and Benefits

Remuneration and Benefits paid to the Board of Directors in 2024 (Amounts in Jordanian Dinar)

Member Name	Title	Annual Salary	Annual Transportation Allowance	Annual Remuneration for Attendance Board & Committees Meetings	Annual Board Remuneration 2023	Total
Mr. Sabih Taher Darwish Masri	Chairman	-	24,000	57,500	5,000	86,500
Mr. Khaled Sabih Taher Masri	Deputy Chairman	-	24,000	67,500	5,000	96,500
Messrs Ministry of Finance, Saudi Arabia Represented by Mr. Hisham Mohammed Mahmoud Attar	Member	-	24,000	57,500	3,333	84,833
Messrs Social Security Corporation Represented by Mr. Mohammad Adnan Hasan AlMadi	Member	-	24,000	62,500	5,000	91,500
Mr. Wahbe Abdallah Wahbe Tamari	Member	-	24,000	50,000	4,444	78,444
Mr. Omar Monther Ibrahim Fahoum	Member	-	24,000	67,500	5,000	96,500
Dr. Nabil Hani Jamil Alqaddumi	Member	-	24,000	65,000	5,000	94,000
Mr. Majed Qustandi Elias Sifri	Member	-	24,000	52,500	5,000	81,500
Mr. Sharif Mohdi Husni Saifi	Member	-	24,000	75,000	5,000	104,000
Mr. Shahm Munib Elias Al-Wir	Member	-	24,000	72,500	5,000	101,500
Mr. Alaa Arif Saad Batayneh Until 15/9/2024	Member	-	17,000	35,000	5,000	57,000

Executive Management Compensation and Benefits in 2024

Name	Position	Annual Salary	Annual Transportation Allowance	Amounts in Jordanian Dinar			Total
				Annual Travel Expenses (does not include accommodation and tickets)	Performance Bonus paid during 2024		
Ms. Randa Mohammad Tawfiq El Sadek	Chief Executive Officer	705,472	-	-	461,266		1,166,738
Mr. Mohammed Ahmed Khaled Masri	Deputy CEO – Corporate & Institutional Banking	596,608	-	-	164,178		760,786
Mr. Naim Rasim Kamel Al Hussaini	Deputy CEO – Consumer Banking and Wealth Management	454,832	-	-	124,408		579,240
Mr. Eric Jacques Modave	Deputy CEO – Chief Operating Officer	317,944	-	-	77,146		395,090
Mr. Ziyad Anwar Abdul Rahman Akrouk	EVP – Head of Group Risk Management	512,416	-	-	59,435		571,851
Mr. Mohammad Abdel Fattah Hamad Al Ghanamah	EVP – Chief Credit Officer	365,264	-	-	55,402		420,666
Mr. Ra'ed Omar Khaled Himmo	SVP – Acting Head of Treasury effective 21/5/2024	162,720	-	-	34,934		197,654
Mr. Walid Muhi Eddin Mohammad Al Samhouri	EVP – Jordan Country Head	403,184	-	-	110,844		514,028
Mr. Firas Jaser Jamil Zayyad	EVP – Chief Financial Officer	330,080	-	-	90,748		420,828
Mr. Basem Ali Abdallah Al Imam, Lawyer	Board Secretary – Head of Legal Affairs	298,256	-	-	69,608		367,864
Ms. Rabab Jamil Said Abbadi	EVP – Head of Human Resources	246,480	-	-	43,035		289,515
Mr. Michael Alexander Matossian	EVP – Chief Compliance Officer	513,816	-	-	84,479		598,295
Mr. Fadi Joseph Badih Zouein	EVP – Head of Internal Audit	349,248	-	-	61,743		410,991

* Mr. Ra'ed Himmo has received the amounts (salaries JOD 102,770 and Performance Bonus JOD 32,225) from the period (1/1/2024 to 20/5/2024) in his old position (Bahrain Country Treasurer).

Donations and Grants

Arab Bank's donations during year 2024

Project / Entity	JOD
Abdul Hameed Shoman Foundation	11,193,973
King Hussein Cancer Foundation	1,301,223
King's Academy	744,450
The Queen Rania Foundation for Education and Development	744,444
Scholarships for Employees' Children	290,403
Association of Banks in Jordan – Supporting the Ministry of Social Development Initiative	191,303
University of Jordan	150,000
Himmetna Charitable Ghour Al-Mazraa' public medical center at Karak Governorate	100,000
Tkiyet Um Ali	89,814
Jordan River Foundation	26,815
El-Hassan Youth Award	15,000
SOS Children Villages	15,000
Jordan Strategies Forum Association	7,000
Other	110,053
Total	14,979,478

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:

	31 December 2024			
	JD'000			
	Deposits owed from Related Parties	Direct Credit Facilities at Amortised Cost	Deposits owed to Related Parties	LCs, LGs, Unutilised Credit Facilities and Acceptances
Sister and subsidiary companies	1,370,889	18,942	100,265	215,562
Associates companies	143,427	–	10,448	68,334
Major shareholders and members of the Board of Directors	–	137,753	444,537	119,431
Total	1,514,316	156,695	555,250	403,327
	31 December 2023			
	JD'000			
	Deposits owed from Related Parties	Direct Credit Facilities at Amortised Cost	Deposits owed to Related Parties	LCs, LGs, Unutilised 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

The details of transactions with related parties are as follows:

	2024		2023	
	JD'000		JD'000	
	Interest Income	Interest Expense	Interest Income	Interest Expense
Sister and subsidiary companies	74,839	8,764	60,892	5,238
Associates companies	4,941	1,099	3,853	1,071
Total	79,780	9,863	64,745	6,309

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

	31 December 2024								
	JD '000								
	Granted to BOD Members			Granted to Related Parties			Total		
	Direct Credit Facilities	Indirect Credit Facilities	Total	Direct Credit Facilities	Indirect Credit Facilities	Total	Direct Credit Facilities	Indirect Credit Facilities	Total
Mr. Sabih Taher Darweesh Masri & Mr. Khaled Sabih Taher Masri	1	1	2	77,076	106,545	183,621	77,077	106,546	183,623
Mr. Wahbe Abdullah Wahbe Tamari	705	–	705	57,212	–	57,212	57,917	–	57,917
Mr. Omar Monther Ibrahim Fahoum	4	–	4	–	–	–	4	–	4
Mr. Majed Qustandi Elias Sifri	4	–	4	151	274	425	155	274	429
Mr. Mohammed Adnan Hasan Al-Madi	1	–	1	–	–	–	1	–	1
Mr. Sharif Mohdi Husni Saifi	3	–	3	2,596	12,611	15,207	2,599	12,611	15,210
Total	718	1	719	137,035	119,430	256,465	137,753	119,431	257,184

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

Environmental Protection

Arab Bank adopts a comprehensive framework for managing sustainable finance, encompassing robust policies and standards for managing environmental and social risks associated with financing activities. This commitment is embodied in the bank's Environmental and Social Risk Policy (ESRP) and Sustainable Finance Framework, which adhere to international best practices to support responsible investment and lending activities.

Through its Sustainable Finance Framework, Arab Bank directs part of its investments towards projects that promote environmental and social sustainability, with a focus on reducing carbon emissions and contributing to building a low-carbon economy. This framework is the cornerstone for issuing a wide range of sustainable finance instruments, including green bonds that finance environmentally friendly projects, social bonds that support social development projects, sustainability bonds that combine these two objectives.

For more information, please refer to the Arab Bank Sustainable Finance Report 2024 and the External Review Report through the ESG Disclosures section on the bank's website.

In 2024, the bank continued its efforts towards enhancing sustainability by launching a series of consumer banking initiatives to increase operational efficiency and raise environmental awareness among its customers. These initiatives included offering green car loans with special facilities to encourage customers to purchase environmentally friendly cars and launching the (Go Green) campaign to raise awareness of the importance of sustainability and encourage customers to make environmentally responsible choices in their daily lives. Environmentally friendly products were also promoted on the (Arabi E-mart) platform, along with the transition to issuing cards made of biodegradable materials to contribute to reducing plastic waste.

Arab Bank continues its relentless efforts to enhance the customer experience through innovative services and solutions that facilitate their banking transactions across its digital platforms. By providing an advanced technological infrastructure, the bank seeks to achieve a comprehensive digital transformation in all its operations and procedures, ensuring the provision of seamless, secure, and efficient banking services to all customers.

Based on the bank's commitment to reducing the environmental impact of its operations and supporting the principles of environmental sustainability, the bank launched an initiative in 2024 aimed at promoting sustainability practices in the work environment and encouraging environmentally friendly behaviours among employees. This initiative succeeded in reducing the consumption of single-use plastic water bottles in its Head Office (HO) and Group Shared Operations (GSO) buildings in Jordan, as well as providing more sustainable options. Arab Bank also enhanced environmental sustainability by continuing to expand the programme to recycle paper used in its internal operations, where it succeeded in recycling 67,000 kilograms of paper in 2024. In addition, the Operations Department launched a project to review and update the lists of archives and retention periods for various bank documents while continuing to implement the electronic archiving system, which enhances the bank's goal of transitioning to a paperless work environment.

The bank adopts a policy of integrating environmentally friendly systems in its new branches and using innovative solutions in its existing branches wherever possible. In this context, the bank is working to replace all lighting units in its buildings with energy-saving units, which significantly contributes to reducing electricity consumption. With regard to indirect energy, the bank continues its endeavour to reduce the environmental impact associated with energy consumption by covering the increase in consumption resulting from the expansion in the previous two years through renewable energy sources.

As part of its efforts to rationalise electricity consumption and reduce harmful emissions, the bank has adopted a modern Variable Refrigerant Flow (VRF) air conditioning system in its new premises, replacing the traditional air conditioning system, which significantly contributes to reducing electricity consumption. The bank also began implementing an open-plan office policy, replacing internal partitions with glass partitions that allow natural light to pass through enhancing productivity and reducing the need for artificial lighting. In addition, old lighting units have been replaced with energy-efficient ones, and a new approach to managing and operating the maintenance system has been adopted, further contributing to energy conservation.

Arab Bank also launched a project to implement a coloured waste container system to enhance waste management services. This project is a key step in promoting proper waste separation and encouraging recycling. It contributes to reducing pollution in recyclable materials and converting them into fertiliser; thus enhancing the efficiency of these processes. The use of coloured containers also raises environmental awareness and encourages employees and customers to adopt responsible waste disposal habits and actively participate in protecting the environment.

The bank continues its efforts to rationalise fuel consumption by installing GPS tracking systems in its vehicles to reduce fuel consumption and harmful emissions. To enhance its efforts in this regard, the bank is expanding its fleet to include electric cars. It has begun implementing this initiative in Palestine and the UAE, where it has achieved positive results in significantly reducing fuel consumption and emissions, encouraging the generalisation of this experience in other regions.

Regarding environmental initiatives and activities, Arab Bank supported several initiatives focused on environmental protection in Jordan. The bank contributed to the Aleppo pine planting project in the Dibeen Forest Reserve, with the participation of its employees, and also supported a campaign to plant 400 forest trees in the Mount Nebo area within the framework of the forest tree planting project in Madaba Governorate, launched in cooperation with the Ministry of Agriculture and civil society institutions, to increase the green area in the governorate.

Arab Bank also launched the (Art of Recycling) initiative in cooperation with the Children's Museum Jordan. The initiative aimed at raising awareness among children on the importance of environmental conservation, and reinforcing recycling habits to reduce negative impact on the environment, through recycled art.

In Palestine, the bank supported the establishment of waiting stations in vital areas in Nablus to provide protection and safety for citizens from various weather factors. The bank also contributed to the rehabilitation of a vital area in the Dura Hebron municipality, with the participation of volunteers from the bank in planting and painting activities. This is in addition to participating in the (Adopt a Street) initiative in Ramallah Governorate to carry out cleaning, painting, and planting work with the participation of bank volunteers. The bank also carried out several volunteer activities to plant trees in several locations and public parks.

In Bahrain, Arab Bank organised a beach clean-up campaign in coordination with the Muharraq Municipality. This initiative aims to spread environmental awareness and promote the preservation of the natural environment in the Kingdom of Bahrain. Arab Bank also supported the national afforestation campaign (Forever Green) within the national afforestation strategy in cooperation with The National Initiative for Agricultural Development (NIAD).

Arab Bank continues its relentless efforts to enhance sustainability practices through innovative services and solutions that simplify banking transactions and support digital transformation



Sustainability and Corporate Social Responsibility

Sustainability at Arab Bank

Arab Bank's journey in sustainability began with its founding in 1930 and has evolved as an extension of the bank's goals and ongoing contributions towards empowering and supporting the communities in which it operates, ultimately leading to the achievement of sustainable development. In 2010, the bank translated this approach into practical steps, launching the Sustainability programme and establishing a dedicated department to take charge of developing and implementing its strategy in this field, as well as preparing periodic reports that document its performance and highlight its achievements.

With the growing global awareness of the importance of sustainability and the increasing interest in environmental, social, and governance (ESG) standards, Arab Bank developed its approach in this regard in 2022, moving from working according to general principles to adopting an integrated strategy that guides its efforts and defines its related priorities. In 2023, the bank launched an ESG Strategy after it was approved by its Board of Directors. This strategy covers a wide range of environmental, social, and governance issues, with a focus on addressing climate change challenges through initiatives to reduce the bank's carbon footprint, invest in sustainable practices, and promote green financing. The strategy also focuses on its social dimension; which is supporting inclusive economic growth, promoting community development, providing decent work opportunities, and ensuring fair and inclusive employment practices.

The launch of the bank's ESG Strategy was accompanied by the establishment of an effective ESG governance structure overseen by the bank's Board of Directors through the Risk Management Committee, which is responsible for guiding the bank's efforts in this area. The Risk Management Committee is supported by the ESG Steering Committee, which consists of the Executive Management headed by the bank's Chief Executive Officer, who is responsible for guiding and approving the overall implementation of the ESG strategy. Within the ESG operating model, the ESG Office is responsible for implementing the bank's strategy in coordination with various departments through the (ESG Champions Program). This programme has been designed to empower and engage leaders across the bank and integrate sustainability principles into the bank's daily operations and strategic decisions. Coordinators are nominated from various departments and countries in which the bank operates, and are tasked with promoting awareness and applying best practices within their departments and their target markets, and at all levels within the bank. This integrated structure ensures that the bank's commitments to environmental, social, and governance principles are integrated into all its operations.

Sustainable Finance

Arab Bank's efforts in the field of sustainable finance focus on financing projects and initiatives with positive impacts on the environment or social issues in the communities in which it operates as part of its endeavours to contribute to building a more sustainable economy. To achieve this goal, the bank adopts a systematic policy and clear standards for managing sustainable finance, ensuring a comprehensive approach to managing environmental and social risks. This commitment is evident in the Environmental and Social Risk Policy (ESRP) and the bank's Sustainable Finance Framework, which are designed following international best practices to ensure adherence to responsible investment and lending. This policy also contributes to enhancing the bank's ability to monitor, assess, and manage risks in a systematic and unified manner, ensuring the highest levels of efficiency across all its operations.

In line with the bank's Sustainable Finance Framework, launched in 2022, which directs a portion of its investments towards projects that enhance environmental and social sustainability, Arab Bank has developed a comprehensive due diligence process and toolkit for assessing sustainable finance viability. This tool is used by Deal teams to identify and recommend transactions that meet sustainability criteria. These proposed transactions undergo a thorough evaluation and approval process by the Sustainable Finance department to classify them as sustainable deals, paving the way for their inclusion in the Sustainable Finance Register, which is periodically reviewed and audited by the Sustainable Finance Working Group (SuFin).

Following the bank's issuance of perpetual bonds in 2023 under Tier 1 capital, valued at 250 million US dollars through a private placement, Arab Bank established the Sustainable Finance Register which included 12 pioneering projects in environmental sustainability in several countries, along with financing loans for small and medium-sized enterprises. These investments have resulted in tangible environmental results, most notably financing 487 megawatts of renewable energy and contributing to avoiding the emission of 155,528 tons of greenhouse gases that cause global warming.

The bank's ESG Strategy covers a wide range of environmental, social, and governance issues, with a focus on addressing climate change challenges

Sustainability Reports

In line with its commitment to transparency and communication with stakeholders and relevant parties, the bank has been issuing annual Sustainability Report since 2010 in accordance with the Global Reporting Initiative (GRI) Standards. The report enables the bank to measure its performance in the economic, environmental, and social fields and understand this performance comprehensively, enabling it to manage change more effectively, set strategic sustainability goals, and measure progress towards achieving them in accordance with international best practices.

Since 2023, the bank has shifted from publishing sustainability reports in its general concept to adopting reports that are more focused on ESG standards. These reports reflect the bank's commitment to responsible investment and measure its impact in terms of managing environmental, social, and governance risks. This includes developing a comprehensive framework for managing these aspects, with specific performance indicators set to measure their direct impact and connection to the bank's business.

The ESG Report issued in 2024 is the 14th report in the bank's series of annual sustainability reports. In this report, the bank expanded the scope of coverage to include its operations in Palestine and Egypt, in addition to its operations in Jordan.

In October 2024, the bank issued its first Sustainable Finance and Impact Report, a qualitative addition to the group of sustainability disclosures published by the bank. The report provides a detailed presentation of the bank's sustainable bond issuances and is scheduled to be updated annually to keep pace with any changes in the use of proceeds.

Arab Bank, through its various sustainability-focused initiatives in Jordan, supported more than 1,600,000 beneficiaries in 2024

(Together) Corporate Social Responsibility Programme

In 2010, the bank launched a comprehensive corporate social responsibility programme named (Together). This programme empowers employees, customers, and NGOs to contribute to sustainable community development by facilitating their participation in diverse initiatives and activities that address critical social issues and align with the bank's strategic approach to sustainability.

Based on assessing community needs and priorities and the bank's capacity to generate a lasting positive impact, (Together) programme focuses on supporting various community causes. These include vital areas such as health, poverty alleviation, environmental protection, education, orphan support, and women empowerment. In 2024, Arab Bank's CSR and community investment initiatives in Jordan reached approximately 1,600,000 beneficiaries.

The (Together) programme strategy employs three mechanisms to engage employees, customers, and NGOs within a framework of community collaboration:

Employee participation in volunteering activities: The bank offers its employees volunteering opportunities, encouraging them to donate their time, effort, and expertise to initiatives aligned with the bank's vision and the six key areas of the (Together) programme. The impact of these volunteering efforts is measured through key performance indicators, managed via an integrated administrative system that enhances the programme's impact and monitors its achievements and outcomes. In 2024, employees and their families volunteering participation in Jordan totalled 1,107 instances, amounting to an estimated 3,830 volunteer hours across 84 activities.

Collaboration with NGOs: The bank places great importance on collaborating with leading NGOs possessing expertise and knowledge in the areas addressed by the programme. This collaboration involves developing and implementing various community programmes and initiatives based on key performance indicators and specific outcomes that align with the bank's strategic sustainability objectives. Within this collaborative framework, the bank implements a capacity-building programme for these organisations aimed at developing the functional, technical, and behavioural competencies of their staff, thereby enhancing their role and positive impact on society. In 2024, the bank provided 11 training courses for employees of participating NGOs, which were delivered by certified trainers from within the bank, leveraging their skills and expertise. A total of 220 employees from NGOs benefited from these courses, totalling 1,329 training hours.

Facilitating customer donations through banking channels for the benefit of NGOs: Arab Bank's (Together) programme encourages and enables customers to support NGOs within (Together) programme through direct financial contributions to the programme's key areas of focus. The bank offers convenient donation mechanisms across various banking channels, including online banking, ATMs, and the branch network, in addition to the Together Platinum credit card and the (eFAWATEERcom) service. Customer donations through these channels to support participating NGOs exceeded JOD 2,125,000.

Sustainability and Corporate Social Responsibility



Below are some of the bank's key community contributions under the (Together) programme:

Health

To enhance the efficiency of the healthcare sector, Arab Bank, in collaboration with several NGOs, implemented a range of initiatives. The bank sponsored the King Hussein Cancer Foundation (KHCF) (Back to School) programme, which benefited approximately 400 children undergoing treatment at the King Hussein Cancer Center. This programme enabled them to continue their education during treatment with the support of 13 volunteers who provided tutoring classes to the children. The bank also sponsored the King Hussein Award for Cancer Research, which promotes scientific research in cancer across the Arab world, honouring leaders, researchers, and scientists in various related disciplines. In cooperation with the KHCF and the Jordan Breast Cancer Programme, the bank organised an awareness campaign on the importance of early detection of breast cancer, in addition to another campaign to raise awareness about men's health and prevalent diseases.

The bank also sponsored the Healthy Schools Programme in collaboration with the Royal Health Awareness Society, supporting six schools in improving their health environments. It also supported the Mental Health Programme in six other schools, aiming to train educators to understand students' psychological development stages and identify early signs of potential mental health challenges.

The bank's activities in the health sector included supporting the Air Ambulance Centre's services for airlifting injured and sick individuals. The bank also organised four blood donation campaigns, through which employees donated 240 units of blood to the Jordanian National Blood Bank.

Recognising the importance of sports in promoting health, the bank continued its sponsorship of the children's race in the Amman International Marathon, encouraging children to engage in various sports, particularly running.

The bank also continued sponsoring the (My School is My Joy) campaign as part of its commitment to supporting and serving

local communities. This campaign, launched in coordination with the Central Traffic Department, aims to enhance road safety by educating students on essential traffic rules, such as safe road crossings and avoiding hazardous situations.

Arab Bank also supported the rehabilitation and development project of the Ghor Al-Mazra'a Health Centre, covering a total area of 1,916 square meters, in collaboration with the (Himmetna) initiative. This project aims to improve the quality of healthcare services provided and alleviate the financial burden on patients by facilitating access to essential health services and bringing them closer to densely populated areas. The centre serves approximately 50,000 citizens.

As part of its efforts to support the health sector in Palestine, Arab Bank donated essential medical equipment to government hospitals and centres to enhance the quality of healthcare services provided to citizens and meet their basic needs, in addition to implementing other developmental health initiatives. The bank donated medical equipment to the Ministry of Health in the Ramallah and Jericho governorates. It also donated equipment to the Ajja Municipality to equip an emergency and first aid centre in the Jenin Governorate, helping to alleviate the suffering of patients who have to travel between governorates for treatment. This is in addition to donating an electrocardiogram (ECG) machine to the internal clinic of Al-Istiqlal University to provide healthcare services to students. The bank also donated to the Rafidia Surgical Hospital in Nablus to comprehensively maintain the hospital's elevators. A blood donation campaign was organised for bank employees in cooperation with the Central Blood Bank, resulting in the donation of 45 units of blood for patients in public hospitals. The bank also organised a recreational activity for cancer patients at An-Najah National University Hospital.

In Egypt, the bank donated to the Medical Emergency Response Fund to alleviate the suffering of patients, reduce waiting lists for urgent medical interventions, and provide high-quality medical services to all patients. The bank also donated to equip two surgery clinics at the Baheya Hospital in Sheikh Zayed, enabling women to undergo necessary diagnostic examinations for breast cancer and facilitating follow-up care if the disease is detected.

In cooperation with Baheya Foundation, the bank organised an awareness campaign for early breast cancer detection and also held a handicrafts exhibition to support breast cancer survivors. The bank also organised a blood donation campaign for its employees in cooperation with Qasr Al Ainy Hospital, resulting in the donation of 35 units of blood for patients in public hospitals.

In Bahrain, several bank employees visited the Children's Paediatric Oncology Unit at the Salmaniya Medical Complex to provide psychological support to children undergoing treatment there.

Poverty Alleviation

Arab Bank continues its support for programmes that uplift underprivileged communities and combat hunger in Jordan. The bank supported 102 vulnerable families across the Kingdom, providing them with monthly food parcels for an entire year through the (Family Support) programme in collaboration with Tkiyet Um Ali. The bank employees also participated in preparing over 4,500 warm Iftar meals distributed to families in need during Ramadan. Furthermore, the bank supported the Home Renovation Programme aimed at improving the living conditions of underprivileged families.

During Ramadan, Arab Bank sponsored several charitable Iftars in collaboration with the Children's Museum, the Jordan River Foundation, the Haya Cultural Centre, and the Clothing Bank. The bank also supported various food parcel distribution programmes in collaboration with the Ministry of Digital Economy and Entrepreneurship, the Royal Jordanian Air Force Women's Club, and the Crown Prince Foundation. Arab Bank also joined other Jordanian banks in supporting the Ministry of Social Development through the Association of Banks in Jordan, contributing to the Ministry's annual initiative to aid vulnerable families during Ramadan.

The bank supported the Child and Family Programme with the Jordan River Foundation, which aims to raise awareness and knowledge about child safety and protection and improve the living conditions of families in need across the Kingdom's governorates.

In Palestine, the bank donated 1,225 food parcels distributed during Ramadan in cooperation with the Ministry of Social Development to assist underprivileged families. The bank volunteers also participated in preparing these food parcels. In addition, the bank sponsored several charitable Iftars events during Ramadan in collaboration with Beit Al-Ajddad and the Women's Union Association. The bank also organised a recreational activity for children with special needs at Al-Nahda Women's Association in Ramallah, which included distributing Eid clothing.

In Egypt, the bank donated to the Central Bank of Egypt and the Tahya Misr Fund to provide Ramadan food parcels to families in need. The bank also contributed to the (Sukuk Al-Adhahi) initiative in cooperation with the Egyptian Ministry of Endowments.

Environmental Protection

Arab Bank's contributions to environmental protection are featured under the section covering the bank's environmental initiatives, page 72.

Education

As part of its commitment to youth empowerment, Arab Bank has collaborated with various institutions to implement diverse educational and training initiatives. Bank staff have volunteered their time to support programmes run by INJAZ in schools and universities. The bank also sponsored the Financial Entrepreneurship Programme for students at 11 universities across Jordan to equip them with the necessary knowledge and skills in this field, fostering a creative and entrepreneurial mindset, the development of robust business plans and strategies, and an understanding of project finance and investment attraction. In addition, the bank participated in the Careers Day at financial sector organised in collaboration with INJAZ, the Central Bank of Jordan, the Ministry of Education, and the Association of Banks in Jordan.

During 2024, the bank continued its support for the (Sunbulah) initiative in public schools, implemented by the Al-Jude for Scientific Care Foundation in partnership with the Ministry of Education. This initiative fosters a culture of creativity among teachers and students, enhances the school environment, and addresses challenges by fostering simple, creative solutions and collaboration between teachers, students, schools, and the community.

The bank also collaborated with the Haya Cultural Centre to design and launch the (My Digital Money Box) programme, which aims to promote financial literacy creatively and introduce students to modern technological concepts.

Arab Bank and the Abdul Hameed Shoman Foundation, continued to support the National Financial Literacy Programme launched by the Central Bank of Jordan. This programme aims to raise financial awareness and knowledge among school students, encouraging them to develop smart saving habits and make informed financial decisions. It also bridges the gap between financial knowledge and practice by introducing students in grades 7 to 12 to fundamental economic and financial concepts. Arab Bank continued to support the Queen Rania Foundation's (Read) school library project. This project focuses on building a reading culture in Jordan by upgrading school libraries and providing appropriate and



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engaging books and stories for primary students. It also supported the (Iqrati) programme, which encourages parents to adopt effective reading habits with their children.

The bank also supported the (Madrasati) initiative by sponsoring four schools as part of the (Masahati) programme, aiming to create a better learning environment and an interactive creative space for students and teachers through extracurricular activities. The bank supported the (Proud to be a Teacher) programme as well, which provides teachers with personal and practical training, boosting their sense of pride and competence. Several bank employees participated in a career day with the Madrasati initiative, delivering informative sessions to public school students about future career options.

Support was also provided to the Queen Rania Teacher Academy by sponsoring the (Teach Like a Champion 2.0) programme and online courses via the Edraak platform. The bank also supported the (Community Connection) programme with the Children's Museum Jordan, including initiatives for Ramadan, Water Month, Arab Financial Inclusion Day, Arab Child Month, and Arabic Language Month. Moreover, it supported the Jordan Science and Arts Festival launched by the museum in Amman and the (Bel Arabi) festival, which promotes the Arabic language and enriches Arabic content for children, as well as Arabic scientific and artistic content. The bank renewed its support for the (My Beautiful Environment) project, part of the Queen Rania Award for Excellence in Education. It aims to create a clean, healthy, organised, beautiful, stimulating learning environment.

Several Arab Bank volunteers participated in activities at the Knowledge Path Library at the Abdul Hameed Shoman Foundation, which benefited children supported by Tkiyet Um Ali and the Clothing Bank. The bank organised a recreational and educational activity for children from Tkiyet Um Ali in partnership with the Orenda Tribe. Likewise, Arab Bank supported the (Litazho Madarsna) campaign with the Crown Prince Foundation to maintain and beautify schools, contributing to a suitable learning environment for students.

Likewise, the bank conducted several financial literacy courses for youth in collaboration with the Crown Prince Foundation to raise financial awareness.

Arab Bank supported the University of Jordan in establishing the Arab Bank Cyber Security Lab at the King Abdullah II School of Information Technology. This specialised centre will provide practical training on the latest cyber security technologies. The bank also supported upgrading classrooms at the university's Faculty of Business to create a modern learning environment that produces highly skilled graduates who can meet the job market's evolving demands.

In Palestine, the (Schools' Renovation) programme agreement was renewed for the tenth consecutive year in collaboration with INJAZ and the Ministry of Education. This includes renovating seven additional public schools. Bank employees volunteered for INJAZ-implemented programmes, and bank volunteers trained university students to establish an electrical solutions company, providing six months of training. Arab Bank continued supporting the (School Bags) initiative with the Ministry of Social Development. For the sixth consecutive year, the bank distributed 3,300 school bags with stationery to students for the new academic year across five governorates.

In Egypt, the bank supported ElSewedy University of Technology in establishing an information technology lab, providing students with opportunities to gain experience in technology and innovation and prepare for the challenges and opportunities in this growing sector. The bank also organised financial literacy awareness sessions for university students and NGOs employees to enhance financial awareness and empower youth in Egypt.

In Bahrain, Arab Bank organised a six-month training programme for university graduates to prepare them for careers in the banking sector. This programme is part of the bank's strategic initiatives to support the development of Bahraini youth for the labour market. The bank also supported new graduates at the graduation ceremony of the Bahrain Institute of Banking and Finance.

Orphan Support

Arab Bank has supported several initiatives aimed at improving the living conditions and building the capabilities of orphans. The bank supported university education for 30 orphans above the care age in cooperation with the Al-Aman Fund for the Future of Orphans, bringing the total number of students benefiting from the bank's support to 86.

These initiatives also included sponsoring a children's house at the SOS Children's Village in Amman and supporting the (Orphans' Day) programme with the Clothing Bank, which provided suitable clothing to 1,200 orphans throughout the year under the Jordanian Hashemite Charity Organisation.

In Palestine, the bank renewed its support for the SOS Children's Villages Association by sponsoring two houses in the village, providing care and a decent life for children without parental care.

Women Empowerment

Arab Bank has supported various initiatives empowering women and reinforcing their pivotal economic and social role in achieving sustainable development. Arab Bank renewed its support for the Women and Youth's Economic Empowerment project in cooperation with the Dar Abu Abdullah Association, empowering 14 women and seven youth through the association's programmes by financing 21 greenhouses using hydroponics technology. This donation aims to create a sustainable impact on the beneficiaries by covering the direct costs of one agricultural cycle, thus generating financial profits, which can then be allocated to financing future agricultural cycles and creating a sustainable income for the beneficiaries.

The bank also renewed its cooperation with the Jordan River Foundation by supporting the (Women's Empowerment) programme, which aims to train and employ 18 women in the (Jordan River designs), programme and the (Al Karma Kitchen), both affiliated with the foundation.

Other Initiatives

As part of its strategic collaboration with the Union of Arab Banks, Arab Bank sponsored several conferences and forums organised by the Union. These included: (Implementing Environmental, Social, and Governance (ESG) Standards and Climate Risks in Financial Services Forum) in Jordan; (Sustainable Development Requirements and the Role of Banks Conference) in Qatar; (The International Arab Banking Summit for 2024 "IABS 2024") in Turkey; (Challenges Facing Arab Banks in Complying to International Laws and Regulations, and Meeting Correspondent Banks Requirements) in Iraq; and (Arab Economic Security in Light of Geopolitical Changes Forum) in Lebanon. In addition, the bank sponsored several conferences and forums held in Egypt, including the (Chief Risk Officers (CROs) in Arab Banks Forum), (International Women's Day 2024 conference) entitled (Closing Gender Gaps in Financial Sector), and the annual forum for compliance managers titled (Enhancing Compliance with Anti-Money Laundering and Combating Terrorism Financing Legislations and Controls and Ensuring the Protection of Banking Data).

Arab Bank also sponsored the second edition of (Tawasol 2024) forum, entitled (A Dialogue on Realities and Aspirations), organised by the Crown Prince Foundation at the King Hussein Business Park, under the patronage and presence of His Royal Highness Crown Prince Al Hussein bin Abdullah II, the Crown Prince. The forum was widely attended, with participation from decision-makers and young activists engaging in interactive dialogues aimed at exchanging ideas and visions on important national issues that address the reality and aspirations of youth and Jordanian society.

Arab Bank also participated as a strategic sponsor of the second (Digital Business and Digital Economy Conference and Forum 2024), held at the Business School of the University of Jordan. Over 300 researchers and experts specialising in business and digital economics from within and outside Jordan attended the conference. They gathered to discuss key themes and explore the dimensions shaping the future of digital business and economics.

Likewise, the bank participated as an exclusive platinum sponsor from the financial institutions category for the activities of the first European Union-Jordan Business Forum under the title (Digital and Green Jordan: Pioneering the Future of Business), held at the Four Seasons Hotel Amman, under the patronage of His Royal Highness Crown Prince of Jordan, Al Hussein bin Abdullah II. The forum was organised by the Jordan Europe Business Association (JEBA) in cooperation with the Ministry of Investment, the embassy of the European Union in Jordan, and the Crown Prince Foundation. It was attended by prominent European and local investors, in addition to many business owners and CEOs.



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Arab Bank provided its main sponsorship for (The 62nd ACI World Congress and 47th ICA Conference & Exhibition), held at the Hyatt Regency Ayla in Aqaba. Organised by the Financial Markets Association (ACI) – Jordan, the conference was widely attended by prominent international, Arab, and Jordanian analysts and experts specialising in financial trading.

The bank also participated as a platinum sponsor of (The 57th Annual General Meeting of the Arab Air Carriers Organization "AACO"), held at the Kempinski Hotel Ishtar Dead Sea under the royal patronage of His Majesty King Abdullah II Ibn Al Hussein and at the invitation of Royal Jordanian Airlines, the national carrier of the Hashemite Kingdom of Jordan. The meeting witnessed broad participation from the Chief Executives of AACO member airlines, in addition to representatives of partner airlines and industry partners, including aircraft and engine manufacturers, information technology companies, and others involved in the aviation industry at the regional and international levels.

Arab Bank participated in many initiatives and events that target young people, including several career days at the University of Jordan, Princess Sumaya University for Technology, Al-Zaytoonah University, the MadfoatCom Career Fair, and the career days at AlHussein Technical University and The Hashemite University.

Arab Bank provided platinum sponsorship for the activities of the MENA BAFT (Bank to Bank Forum) held in Dubai. The forum was widely attended by representatives of transaction banking, trade, payments and cash management, financial institutions, sales, relationship management and other sectors. It focused on various topics of interest to correspondent banks, including technology, digitisation, innovation, regulatory issues, economic developments, and compliance.

Arab Bank also expanded its strategic partnership with the Jordan Football Association to become the main sponsor of all national teams for men and women for three years, including Al-Nashama and Al-Nashmeyat as well as national teams across all age groups, Football for Schools, and local professional competitions.

In Palestine, Arab Bank participated as the main sponsor of the second Employment Conference (Towards a Green Economy), held at the Korean-Palestinian Center in Hebron and organised by the Hebron Governorate's three chambers of commerce. The event was attended by several ministers, government representatives, international and local community institutions, and a large gathering of business owners, entrepreneurs, and university students and graduates.

The Abdul Hameed Shoman Foundation

The Abdul Hameed Shoman Foundation was established in 1978 as a pioneering non-profit initiative by Arab Bank to support scientific research, cultural enlightenment, innovation, and encourage reading in Jordan and the Arab world.

In 2024, the Foundation continued its journey by strengthening its strategies based on its core values: Culture as a Right, Inclusivity, Leading Change, and a Creative and Learning Team.

The year 2024 saw the expansion of the Foundation's reach and services, with a new branch of its public library inaugurated in Ma'an, southern Jordan. The Foundation also honoured a group of distinguished scientists and writers and organised numerous cultural and scientific events, contributing to doubling the number of visitors and beneficiaries of its services. It also presented awards to support knowledge and culture, launched programmes to enhance Arabic digital cultural content, and developed its team to ensure it comprises individuals capable of achieving its vision.

In addition, the Foundation opened applications for the Abdul Hameed Shoman Award for Innovation and the Research Support Fund, encouraging a culture of reading and scientific research through various events and programmes. This provided a space for cultural dialogue and communication while keeping pace with technological advancements to enhance its societal role.

Scientific Research

Abdul Hameed Shoman Award for Arab Researchers

The Abdul Hameed Shoman Foundation continued its tradition of honouring outstanding researchers through the Abdul Hameed Shoman Award for Arab Researchers, the first Arab award dedicated to this field. In its 42nd cycle, which encompassed 11 topics within six scientific fields, 12 researchers from various Arab countries were honoured out of 542 applications received from 27 countries. The award ceremony was attended by a distinguished gathering of leading Arab researchers, scientists, and specialists. It was held under the patronage of Her Royal Highness Princess Sumaya bint El Hassan.

Abdul Hameed Shoman Research Support Fund

Within the framework of the Abdul Hameed Shoman Fund to support scientific research, which provides support to research projects implemented in Jordanian scientific institutions, the Foundation launched a new call for applications in 2024. In addition to the continued implementation of projects funded in previous cycles, 11 projects received substantial support.

The Foundation strengthened its partnership with the Senate to direct scientific research in Jordanian universities toward meeting the needs of government ministries and society by developing mechanisms to implement the national strategy for developing scientific research in the social sciences and humanities.

Furthermore, nine specialised training courses were organised for students and faculty members to enhance the research capabilities of the beneficiaries, who numbered approximately 162 participants in 2024.



(MIT-Jordan Abdul Hameed Shoman Foundation) Seed Fund in Jordan

The third and final cycle of the seed fund, dedicated to supporting visits by Jordanian researchers to the Massachusetts Institute of Technology (MIT), witnessed significant interest, with ten researchers applying.

Abdul Hameed Shoman Award for Children's Literature

The Abdul Hameed Shoman Award for Children's Literature, a pioneer in its field, continued to contribute to enriching Arabic literature for children. The Scientific Committee selected (Adventure Literature) (a short novel aimed at the 12-16 age group) as the theme for the 18th cycle, which saw considerable competition, with 572 eligible entries, including 81 from Jordan. Three writers (one male and two female) from Morocco, Algeria, and Egypt won the award. The Foundation celebrated their achievement in a ceremony held under the patronage of Her Royal Highness Princess Sumaya bint El Hassan.

Abdul Hameed Shoman Award for Creative Production for Children and Adolescents – Abde

The 2023-2024 cycle of the (Abde) award, which focuses on discovering and nurturing the creativity of the next generation, witnessed widespread interest. Applications were open in nine fields, attracting 1,468 children and youth from all governorates across the Kingdom. After a thorough evaluation process, 35 young creatives were selected and celebrated at a special ceremony held under the patronage of His Excellency the Minister of Culture.

Abdul Hameed Shoman Public Library

In its efforts to expand the reach of its services and cultural programmes, the library achieved significant milestones in 2024. Most notably, it inaugurated its new branch in Ma'an Governorate in partnership with the Greater Ma'an Municipality, bringing the total number of library branches to six.

The year 2024 witnessed remarkable growth across various statistical indicators. The number of visitors increased to 223,000, with 2,513 new memberships registered. The library lent out 54,554 physical books and 2,403 e-books. The total number of books available in the library reached 9,219, and databases were accessed 644 times. The library continued to implement its enrichment activities and programmes, which aim to enhance the capabilities and develop the skills of beneficiaries, holding 479 events.

The library organised the (Reading Marathon) event to celebrate National Reading Day, adopted in 2022 by a decision from the Prime Ministry in response to the Foundation's intensive efforts. The marathon resulted in over ten million pages being read, with children and adults participating in 12 governorates across dozens of locations. As part of its initiatives to encourage reading, the Abdul Hameed Shoman Foundation collaborated with the Ministry of Culture to form a specialised national team to formulate and develop the (Towards a Reading Jordan) strategy, which aims to motivate the local community to read.

In enriching Arabic digital content, the (Podcast X) continued its broadcasts. The library hosted 15 leading and influential figures to discuss their professional and personal experiences. It also broadcast two poetry evenings featuring prominent classical Arab poets and the opening episode of the second season.

Knowledge Path Library for Children and Young Adults

In 2024, the Knowledge Path library welcomed 59,601 children and young adults across its four branches, who borrowed 102,499 books across various subjects. Additionally, approximately 983 digital books were borrowed from the Knowledge Path e-library by users from different governorates across the Kingdom.

The library placed special emphasis on cultivating a love of reading by conducting 1,506 storytelling and cultural activities targeting various age groups up to 16 years old. Moreover, it

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hosted 18 authors from Jordan and abroad. In addition, 68 families participated in the (Reading House) programme, which aims to instil the habit of reading in a family setting. The reading clubs saw the participation of 509 children and young adults in 95 sessions throughout the year. The library also launched a reading competition titled (16 Before 16), in which 2,072 children and young adults from across the Kingdom participated. To encourage further engagement, the library organised ten summer and winter clubs with diverse activities in addition to the (Night at the Library) event.

As part of its contributions to national events, the Knowledge Path Library presented a comprehensive programme for children at the Amman International Book Fair. This programme included 92 cultural activities focused on building reading habits and emphasising the importance of books, attracting over 9,575 children to participate in an atmosphere filled with knowledge and creativity.

The library's efforts were not limited to reading activities; they also included enhancing the skills of children and young adults through various training courses, such as creative writing and innovation workshops, which attracted 460 participants. In collaboration with the education sector, the library visited 156 public and private schools and established partnerships with 19 schools near its branches, benefiting 660 students. Additionally, it conducted cultural activities attended by 3,562 students and provided tutoring and literacy classes.

The library continued its support for the Youth Model United Nations programme for the second year. It integrated 22 students from public schools into the programme as part of its efforts to empower the new generation culturally, socially, and creatively.

The Young Innovators Lab

The lab is a comprehensive initiative aimed at fostering a generation of young innovators. In early 2024, the Foundation held an exhibition in Amman for the projects of participants in its eighth cycle (2023), where six innovative projects were showcased. The Foundation also opened applications for the lab in 2024 and conducted training programmes and workshops for participants. 26 young innovators joined, completing six scientific projects.

Cultural Forum

The Abdul Hameed Shoman Cultural Forum continued its activities in 2024. As part of its (Monday Lecture) series, it presented 59 cultural events covering various topics and themes, including education, politics, the environment, the economy, health, arts, literature, and culture. The Forum also organised, in partnership with the Arab Thought Foundation in Beirut, an event titled (Spotlights on Arab Philosophy Today).

The Forum hosted dialogues with 37 Arab figures, figures from outside the Arab world, and 123 figures from Jordan. It also organised other events, most notably a local seminar titled (Cultural and Aesthetic Discourse in the Contemporary Jordanian Short Story 2001-2024), with the participation of 18 writers and researchers. The year saw the Forum host distinctive events that were well-received by the public, including poetry evenings, discussion panels, and several book launches.

In cooperation with the Sultan Bin Ali Al Owais Cultural Foundation – Dubai, the Forum organised a poetry gathering and a discussion panel on the revival of Arabic poetry, with the participation of 13 writers and researchers. The Forum also held two ceremonies honouring Dr. Musa Nazer and Dr. Victor Billeh for their scientific and professional careers as part of the (Guest of the Year) programme, attended by approximately 180 people.



Cinema

As part of the Foundation's efforts to promote cinematic culture, the Cinema Department continued to offer screenings of films from a selection of international and Arab cinema. It also organised discussions on global cinematic masterpieces and prepared analytical film reviews as part of its weekly programme every Tuesday, which saw 85 film screenings in 2024.

Moreover, 12 sessions were held within the Cinema Club programme, which fosters cinematic dialogue in an interactive environment through monthly discussion sessions. The club brings together film enthusiasts to discuss various cinematic topics. It hosted two Arab experts working in film criticism and sound engineering.

Three film weeks were also organised during the year, featuring a rich programme of screenings and distinctive cinematic experiences from veteran and emerging filmmakers.

The second edition of the (Movies Marathon) event was held, showcasing four consecutive films and a specialised cinematic competition. In 2024, efforts were also made to expand collaboration with cultural and educational institutions in Jordan through special film screenings at the Foundation and hosting film screenings in other locations. The Foundation was keen to establish agreements with film professors to encourage their students to attend the Foundation's cinematic and cultural events.

Cultural Days in Ma'an Governorate

Under the patronage of the Deputy Prime Minister and Minister of Local Administration, the Abdul Hameed Shoman Foundation organised its annual cultural programme, (Shoman Cultural Days), in Ma'an Governorate. With Iraqi poet and historian Sayyar Jamil as the guest of honour, the programme featured 80 distinctive events held across Qasabah Ma'an, Shobak, and Wadi Musa. These cultural days witnessed remarkable engagement from the local community and cultural enthusiasts, attracting over 5,000 participants of all ages.

The programme showcased the governorate's rich cultural heritage through a diverse array of cultural, artistic, and scientific activities, including lectures, workshops, and exhibitions. These activities fostered creativity and cultural exchange, facilitated by partnerships with 39 cultural and media entities that helped disseminate the events through television interviews and filmed reports.

Abdul Hameed Shoman Award for Innovation 2024

The Abdul Hameed Shoman Award for Innovation, which was presented biennially, was established to support individuals and groups whose ideas and projects contribute to finding creative solutions for societal, economic, and environmental challenges. The award promotes a culture of innovation and develops the entrepreneurship sector in Jordan, targeting various sectors, including technology, health, energy, the environment, and education. The emphasis is on projects that demonstrate practical applicability and the potential for a positive, sustainable impact. The award highlights the importance of scientific research as a cornerstone of innovation, underscoring the role of science in

improving the quality of life and driving sustainable development. This year's award witnessed broad participation, with 208 outstanding projects submitted, showcasing a remarkable diversity of ideas and fields. Ten projects were selected as winners based on stringent criteria, including creativity, societal impact, scientific quality, and economic feasibility.

Grants and Support Programme

Continuing its mission to support cultural and social creativity, in 2024, the Foundation provided financial support to pioneering cultural projects, including the Amman International Book Fair, the Jordanian Family Library, and the Royal Society of Fine Arts. The Foundation also continued its support for the Children's Mobile Library project, in collaboration with the Haya Cultural Centre and the Ministry of Culture, since its launch in 2007.

To celebrate ten years since the launch of its cultural grants programmes, the Foundation organised two events to enhance communication and coordination between cultural entities, exchange knowledge and expertise, and review the successes and challenges facing the cultural sector.

The Foundation's Digital Transformation

As part of its modern and integrated vision, the Foundation was keen to develop its electronic services comprehensively. This was achieved by launching innovative online services and updating existing ones, leveraging the latest technologies and best practices and taking into account user feedback. The Foundation also updated its technical infrastructure to ensure it aligns with its digital transformation goals and provides high-quality, accessible services for all.

The Foundation's Digital Communication

Recognising the importance of digital communication in reaching the widest possible audience, the Foundation continued its efforts in 2024 to enhance its digital presence. Through its communication channels, it reached over 93 million people and attracted more than 172,000 followers. Videos published by the Foundation on its digital platforms, which included purposeful content and introductions to its programmes and services, achieved over 60 million views, reflecting the Foundation's success in conveying its message to the public.

Human Resources Development

As part of the Foundation's efforts to develop the professional competencies of its team and enhance their knowledge and expertise, it provided 84 team members with the opportunity to enrol in 46 specialised training programmes. In addition, it actively participated in several local and international conferences and exhibitions, which contributed to enriching the Foundation's experience and leveraging the outstanding capabilities of its team.

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Statement of financial position

		31 December 2024	31 December 2023
	Notes	USD '000	USD '000
Assets			
Cash and balances with central banks – net	7	13,086,725	13,250,460
Balances with banks and financial institutions – net	8	3,748,388	4,204,480
Deposits with banks and financial institutions – net	9	258,832	273,807
Financial assets at fair value through profit or loss	10	74,222	55,012
Financial derivatives – positive fair value	42	207,788	217,629
Direct credit facilities at amortized cost – net	12	34,383,335	33,158,248
Financial assets at fair value through other comprehensive income – net	11	1,082,092	759,038
Other financial assets at amortized cost –net	13	11,992,602	10,376,401
Investments in associates	14	4,188,026	3,848,257
Fixed assets – net	15	538,503	523,638
Other assets – net	16	1,399,078	1,363,343
Deferred tax assets	17	270,930	243,658
Total Assets		71,230,521	68,273,971
Liabilities and Shareholders' Equity			
Banks' and financial institutions' deposits	18	3,718,723	3,295,702
Customers' deposits	19	49,775,767	47,811,253
Cash margin	20	2,389,512	2,813,487
Financial derivatives – negative fair value	42	156,123	197,538
Borrowed funds	21	484,823	509,809
Provision for income tax	22	416,942	337,202
Other provisions	23	242,704	244,694
Other liabilities	24	1,886,861	1,691,322
Deferred tax liabilities	25	24,167	16,113
Total Liabilities		59,095,622	56,917,120
Equity			
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	(451,377)	(323,174)
Investments revaluation reserve	32	(367,242)	(333,110)
Retained earnings	34	4,618,009	3,846,009
Total Equity Attributable to the Shareholders of the Bank		10,761,535	10,151,870
Perpetual tier 1 capital bonds	33	711,064	629,870
Non-controlling interests	34	662,300	575,111
Total Shareholders' Equity		12,134,899	11,356,851
Total Liabilities and Shareholders' Equity		71,230,521	68,273,971

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

	Notes	For the year ended 31 December	
		2024	2023
		USD '000	USD '000
Revenue			
Interest income	35	4,013,607	3,659,678
Less: interest expense	36	1,868,321	1,622,468
Net interest income		2,145,286	2,037,210
Net commission income	37	453,068	425,113
Net interest and commissions income		2,598,354	2,462,323
Foreign exchange differences		132,399	120,628
Gain from financial assets at fair value through profit or loss	38	6,098	4,613
Dividends on financial assets at fair value through other comprehensive income	11	7,877	8,657
Group's share of profits from associates	14	591,142	509,969
Other revenue – net	39	59,137	44,080
Total income		3,395,007	3,150,270
Expenses			
Employees' expenses	40	786,204	717,674
Other expenses	41	511,212	482,316
Depreciation and amortization	15, 16	117,551	95,784
Provision for impairment – Expected Credit Loss	6	490,730	592,282
Other provisions	23	43,800	45,073
Total expenses		1,949,497	1,933,129
Profit for the Year Before Income Tax		1,445,510	1,217,141
Less: Income tax expense	22	438,420	387,505
Profit for the Year		1,007,090	829,636
Attributable to:			
Bank's shareholders		969,126	800,695
Non-controlling interests	34	37,964	28,941
Total		1,007,090	829,636
Earnings per share attributable to the Bank's Shareholders – Basic and Diluted (US Dollars)	56	1.47	1.23

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

	For the year ended 31 December	
	2024	2023
	USD '000	USD '000
Profit for the year	1,007,090	829,636
Add: Other comprehensive income items – after tax		
Items that will be subsequently transferred to the consolidated statement of profit or loss		
Exchange differences arising from the translation of foreign operations	(130,851)	81,750
Revaluation gain on bonds at fair value through other comprehensive income	387	5,480
Items that will not be subsequently transferred to the consolidated statement of profit or loss		
(Loss) Gain from revaluation on equity instruments at fair value through other comprehensive income	(35,172)	25,928
(Loss) Gain from sale of financial assets at fair value through other comprehensive income	(4,473)	1,776
Total Other Comprehensive Income Items – after tax	(170,109)	114,934
Total comprehensive income for the year	836,981	944,570
Attributable to:		
– Bank's shareholders	802,476	909,763
– Non-controlling interests	34,505	34,807
Total	836,981	944,570

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

	Notes	Share Capital USD '000	Share Premium USD '000	Statutory Reserve USD '000	Voluntary Reserve USD '000	General Reserve USD '000	General Banking Risks Reserve USD '000	Reserves with Associates USD '000	Foreign Currency Translation Reserve USD '000	Investments Revaluation Reserve USD '000	Retained Earnings USD '000	Total Equity Attributable to the Shareholders of the Bank USD '000	Perpetual tier 1 capital bonds USD '000	Non-Controlling Interests USD '000	Total Share holders' Equity USD '000
For the year ended 31 December 2024															
Balance at the Beginning of the year (as presented)		926,615	1,225,747	926,615	977,315	1,211,927	153,030	1,540,896	(323,174)	(333,110)	3,846,009	10,151,870	629,870	575,111	11,356,851
Previous years adjustments related to associated companies		-	-	-	-	-	-	-	-	-	75,612	75,612	-	-	75,612
Restated Balance at the Beginning of the year		926,615	1,225,747	926,615	977,315	1,211,927	153,030	1,540,896	(323,174)	(333,110)	3,921,621	10,227,482	629,870	575,111	11,432,463
Profit for the year		-	-	-	-	-	-	-	-	-	969,126	969,126	-	37,964	1,007,090
Other comprehensive income for the year		-	-	-	-	-	-	-	(128,203)	(38,447)	-	(166,650)	-	(3,459)	(170,109)
Total Comprehensive Income for the Year		-	-	-	-	-	-	-	(128,203)	(38,447)	969,126	802,476	-	34,505	836,981
Transferred from Investments revaluation reserve to retained earnings		-	-	-	-	-	-	-	-	4,315	(4,315)	-	-	-	-
Investments revaluation reserve transferred to non-controlling interests		-	-	-	-	-	-	-	-	-	-	-	-	158	158
Dividends distribution	34	-	-	-	-	-	-	-	-	-	(277,402)	(277,402)	-	-	(277,402)
New Investment at subsidiaries – Net Issuance and dividends of perpetual tier 1 capital bonds	33	-	-	-	-	-	-	-	-	-	-	-	-	69,127	69,127
Contribution from shareholders, non-controlling interests and subsidiaries in issued perpetual tier 1 capital bonds	33	-	-	-	-	-	-	-	-	-	-	-	103,939	-	103,939
Interest paid on perpetual tier 1 capital bonds		-	-	-	-	-	-	-	-	-	-	-	(22,745)	(13,268)	(36,013)
- net of tax*		-	-	-	-	-	-	-	-	-	(26,839)	(26,839)	-	(12,193)	(39,032)
Adjustments during the year	34	-	-	-	-	-	-	-	-	-	35,818	35,818	-	8,860	44,678
Balance at the End of the Year		926,615	1,225,747	926,615	977,315	1,211,927	153,030	1,540,896	(451,377)	(367,242)	4,618,009	10,761,535	711,064	662,300	12,134,899
For the year ended 31 December 2023															
Balance at the Beginning of the year		926,615	1,225,747	926,615	977,315	1,211,927	153,030	1,540,896	(400,986)	(362,590)	3,289,293	9,487,862	360,527	554,067	10,402,456
Profit for the year		-	-	-	-	-	-	-	-	-	800,695	800,695	-	28,941	829,636
Other comprehensive income for the year		-	-	-	-	-	-	-	77,812	31,256	-	109,068	-	5,866	114,934
Total Comprehensive Income for the Year		-	-	-	-	-	-	-	77,812	31,256	800,695	909,763	-	34,807	944,570
Transferred from Investments revaluation reserve to retained earnings		-	-	-	-	-	-	-	-	(1,776)	1,776	-	-	-	-
Dividends distribution	34	-	-	-	-	-	-	-	-	-	(231,640)	(231,640)	-	(1,763)	(233,403)
New Investment at subsidiaries – Net Issuance of perpetual tier 1 capital bonds	6	-	-	-	-	-	-	-	-	-	-	-	-	2,190	2,190
Interest paid on perpetual tier 1 capital bonds	33	-	-	-	-	-	-	-	-	-	-	-	269 343	-	269,343
- net of tax*		-	-	-	-	-	-	-	-	-	(13,634)	(13,634)	-	(14,190)	(27,824)
Adjustments during the year		-	-	-	-	-	-	-	-	-	(481)	(481)	-	-	(481)
Balance at the End of the Year		926,615	1,225,747	926,615	977,315	1,211,927	153,030	1,540,896	(323,174)	(333,110)	3,846,009	10,151,870	629,870	575,111	11,356,851

- Retained earnings include restricted deferred tax assets in the amount of USD 257.1 million as of 31 December 2024 (USD 229.7 million as of 31 December 2023). Restricted retained earnings that cannot be distributed or otherwise utilized except only under certain circumstances, as a result of adopting of certain International Accounting Standards, amounted to USD 2.8 million as of 31 December 2024.
- The Bank cannot use a restricted amount of USD 367.2 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 total interest on perpetual tier 1 capital bonds is USD 46.9 million, paid net of tax in the amount of USD 7.9 million, for the year 2024.

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 cash flows

		For the year ended 31 December	
		2024	2023
	Notes	USD '000	USD '000
Cash Flows from Operating Activities			
Profit for the year before income tax		1,445,510	1,217,141
Adjustments for:			
Depreciation and amortization	15, 16	117,551	95,784
Depreciation of right of use assets	16	28,261	26,352
Expected Credit Losses on financial assets	6	490,730	592,282
Net accrued interest		205	104,350
Gain from sale of fixed assets		(217)	(337)
(Gain) from revaluation of financial assets at fair value through profit or loss	38	(2,649)	(3 481)
Dividends from financial assets at fair value through other comprehensive income	11	(7,877)	(8 657)
Group's share of profits from associates	14	(591,142)	(509 969)
Other provisions	23	43,800	45 073
Total		1,524,172	1,558,538
(Increase) decrease in assets:			
Balances and deposits with banks and financial institutions (maturing after 3 months)		15,065	336,850
Direct credit facilities at amortized cost		(1,660,242)	(1,914,382)
Financial assets at fair value through profit or loss		(16,561)	20,722
Other assets and financial derivatives		22,783	(209,079)
Increase (decrease) in liabilities:			
Bank and financial institutions deposits (maturing after 3 months)		93 872	(13,191)
Customers' deposits		1,964,514	2,523,882
Cash margin		(423,975)	351,987
Other liabilities and financial derivatives		190,115	14,614
Net Cash flows from Operating Activities before Income Tax		1,709,743	2,669,941
Income tax paid	22	(372,382)	(300,460)
Net Cash Flows from Operating Activities		1,337,361	2,369,481
Cash Flows from Investing Activities			
(Purchase) of financial assets at fair value through other comprehensive income		(362,204)	(13,558)
(Purchase) of other financial assets at amortized cost – net		(1,607,397)	(389,060)
(Increase) of investments in associates	14	(1,533)	(7,111)
Net cash flows paid to non-controlling interest to increase the Group's investment in subsidiaries		–	(5,892)
Dividends received from associates	14	309,127	256,208
Dividends from financial assets at fair value through other comprehensive income	11	7,877	8,657
(Purchase) of fixed assets – net	15	(94,413)	(66,750)
Proceeds from selling fixed assets		5,550	3,242
(Purchase) of intangible assets	16	(20,947)	(154,459)
Net Cash Flows (used in) from Investing Activities		(1,763,940)	(368,723)
Cash Flows from Financing Activities			
(Settlement) of borrowed funds		(24,986)	(12,559)
Increase in perpetual tier 1 capital bonds	33	67,926	269,343
Interest paid on perpetual tier 1 capital bonds		(39,032)	(27,824)
Dividends paid to shareholders	34	(277,628)	(231,588)
Dividends paid to non-controlling interests		–	(1,763)
Net Cash Flows (used in) Financing Activities		(273,720)	(4,391)
Net (decrease) increase in Cash and Cash Equivalents		(700,299)	1,996,367
Exchange differences – change in foreign exchange rates		(130,851)	81,750
Cash and cash equivalent at the beginning of the year		14,512,791	12,434,674
Cash and Cash Equivalent at the End of the Year	58	13,681,641	14,512,791
Operational cash flows from interest			
Interest Received		3,985,319	3,645,161
Interest Paid		1,839,828	1,503,601

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

Notes to the consolidated financial statements

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 121 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 30 January 2025 and are subject to the approval of the General Assembly.

2.1 Basis of Preparation

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

The consolidated financial statements were prepared following the historical cost basis except for financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and financial derivatives measured at fair value at the date of the consolidated financial statements.

The consolidated financial statements are presented in US dollars (USD). For each entity and branch in the Group, the Group determines its functional currency, and items included in the 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, 2023, except for the impact of adopting the new and revised IFRS Accounting Standards, which became effective for the financial period started on or after the 1st of January 2024 as mentioned in Note (3-1).

2.2 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
	2024	2023				
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
Arab Bank Iraq	63.77	–	2024	Banking	Iraq	IQD 250b
Al Nisr Al Arabi Insurance Company PLC	68.00	68.00	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.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. revenue and expenses of a subsidiary acquired or disposed of during the year are included in the statement of profit or loss 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.

Notes to the consolidated financial statements

2.2 Basis of Consolidation

All intra-group assets and liabilities, equity, revenue, 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 control, 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:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary.
- Derecognises the carrying amount of any non-controlling interests.
- Derecognises 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.

2.3. Going Concern basis

The Group applies the going concern basis in the preparation of consolidated financial statements based on reasonable assumptions and expectations.

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, 2024, have been adopted in these 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.

- Amendments to IFRS 16 Leases – Lease Liability in as Sale and Leaseback
- Amendments to IAS 1 Presentation of Financial Statements relating to classification of liabilities as current or non-current.
- Amendments to IAS 1 Presentation of Financial Statements – Non-current Liabilities with Covenants
- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures – Supplier Finance Arrangements
- IFRS S1 – General Requirements for Disclosure of Sustainability – related financial information*
- IFRS S2 – Climate Related Disclosures*
- * Provided that the regulatory authorities in the countries in which the Group operates approve its application, noting that no instructions have been issued regarding it until the date of the condensed interim consolidated financial statements.

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

The Group has not applied the new and revised IFRS Accounting Standards that have been issued but are not yet effective, management is in the process of assessing the impact of the new requirements.

New and revised IFRS Accounting Standards	Effective for annual periods beginning on or after
Amendments to the Sustainability Accounting Standards Board "SASB" standards to enhance their international applicability	January 1, 2025
Amendments to IAS 21 – Lack of Exchangeability	January 1, 2025
Amendments to IFRS 9 and IFRS 7 – Amendments to the Classification and Measurement of Financial Instruments	January 1, 2026
Annual Improvements to IFRS Accounting Standards – Volume 11	January 1, 2026
IFRS – 18 Presentation and Disclosures in Financial Statements	January 1, 2027
IFRS – 19 Subsidiaries without Public Accountability	January 1, 2027

- * The management anticipates adopting these new standards, interpretations, and amendments in the Group's consolidated financial statements during the initial application period. Furthermore, they expect that adopting these new standards, interpretations, and amendments will not have any significant impact on the Group's consolidated financial statements during the initial application period.

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 remeasured 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 (EIR) 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 statement of profit or loss 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).

Notes to the consolidated financial statements

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 comprehensive 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 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 Group 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 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 the consolidated statement of profit or loss when the inputs become observable, or when the instrument is derecognised.

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
- Fair value through other comprehensive income "FVOCI"
- Fair value through profit or loss "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 realised 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 Sole Payments of Principal and Interest '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.

Notes to the consolidated financial statements

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 definition of Equity under IAS 32 Financial Instruments: Presentation and are not held for trading. Such classification is determined on an instrument-by-instrument basis.

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

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

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

Financial guarantees, letters of credit and undrawn loan commitments

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

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

The premium received is recognized in the consolidated statement of profit or loss 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 derecognises a financial asset, such as a loan 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 derecognised when the rights to receive cash flows from the financial asset have expired. The Group also derecognises 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 derecognised 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.

Notes to the consolidated financial statements

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, on a frequent basis, 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 classifies its financial assets into Stage 1, Stage 2 and Stage 3, as described below:

- Stage 1: When financial assets are initially recognized, the Group recognizes an allowance based on 12m ECLs. 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's 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 has been validated by a third party to ensure the accuracy of the system's outputs in alignment with the historical data study of the Group's clients. It is worth mentioning that Moody's rating system complements the Group's internal credit rating system and provides a mechanism that complies with Basel regulations.

The risk rating of clients, whether using the Group's rating system or Moody's Risk Analyst system, is reviewed annually during the annual review of client facilities on an individual basis.

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 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 2024 and 2023 for Corporate Banking segment:

Scenario	Assigned weighted average	
	31 December 2024	31 December 2023
Baseline	45%	45%
Upside	20%	20%
Downside	35%	35%

The scenarios for the years 2024 and 2023 for Consumer Banking segment are as follows:

Scenario	Assigned weighted average	
	31 December 2024	31 December 2023
Baseline	40%	40%
Upside	30%	30%
Downside	30%	30%

The mechanism of the ECL calculations are outlined below and the key elements are, as follows:

- PD The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period.
- EAD The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.
- LGD The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realization of any collateral. It is usually expressed as a percentage of the EAD.

When estimating ECL, 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 12m ECL 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 12m ECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR. This calculation is made for each of the three scenarios, as explained above.
- Stage 2: When a financial asset has shown a significant increase in credit risk since origination, the Group records an allowance for the LTECLs. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.
- Stage 3: For financial assets which are considered credit-impaired, the Group recognizes the lifetime expected credit losses for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100% and with higher LGD than the first two stages.

Loan commitments and letter of credit

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

Financial guarantee contracts

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

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

Debt instruments measured at fair value through OCI

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

Credit cards and other revolving facilities

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

Notes to the consolidated financial statements

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 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 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 profit or loss consolidated statement.

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 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.

Notes to the consolidated financial statements

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 derecognised when disposed of or when no future benefits are expected from their use or disposal.

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

Impairment of non-financial assets

The 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 recorded 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 classified as indefinite or with definite useful life. Intangible assets with finite lives are amortized over the useful economic life, and amortization is recorded in the consolidated statement of profit or loss, using the straight-line method during a period not exceeding 5 years from the date of the purchase transaction. Meanwhile, intangible assets with indefinite useful lives are assessed for impairment at each reporting date, and impairment losses are recorded in the consolidated statement of profit or loss.

Internally generated intangible assets are not capitalized and are expensed in the consolidated statement of profit or loss.

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's 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 Group 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 cancelled (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 associate 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 statement of profit or loss 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.

Notes to the consolidated financial statements

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 realised 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 realised 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 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'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 Group 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 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.

Notes to the consolidated financial statements

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's risk management policy does not include hedges of items that result in the recognition of non-financial items, because the Group's 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 Group 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 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. 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 consolidated statement of profit or loss.

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 Group no longer expects the transaction to occur, that amount is immediately reclassified to consolidated statement of profit or loss.

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 consolidated statement of profit or loss.

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 Group 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 profit or loss. 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 realise 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 revenue, 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.

Notes to the consolidated financial statements

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 expense 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 statement of profit or loss.
- 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 depends on the results of the principal and interest payments test results and business model testing. The Group defines a business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgment that reflects all relevant evidence including how the asset's performance is evaluated and measured, the risks that affect the performance of the assets and how they are managed and how asset managers are compensated. The Group monitors financial assets measured at amortized cost or fair value through other comprehensive income that are derecognised prior to maturity to understand why they have been derecognised and whether the reasons are consistent with the objective of the business being retained. Monitoring is part of the Group's ongoing assessment of whether the business model under which the remaining financial assets are held is appropriate and, if not, whether there has been a change in the business model and therefore a future change to the classification of those assets is introduced.

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) financial 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 Group has followed the following criteria for determining the ECL calculation on a collective versus individual basis as follows:
- Retail Portfolio: on Collective Basis based on the product level (Loans, Housing Loans, Car Loans, and Credit Cards).
 - Corporate Portfolio: individual basis at customer/ facility level.
 - Financial Institutions: Individual Basis at Bank/ facility level.
 - Debt instruments measured at amortized cost: Individual level at Instrument level.

Assessment of Significant Increase in Credit Risk (SICR)

To assess whether the credit risk on a financial asset has increased significantly since origination, the Group compares the risk of default occurring over the expected life of the financial asset at the reporting date to the corresponding risk of default at origination, using key risk indicators that are used in the Group's existing risk management processes.

Our assessment of significant increases in credit risk will be performed periodically for each individual exposure based on three factors.

If any of the following factors indicates that a significant increase in credit risk has occurred, the instrument will be moved from Stage 1 to Stage 2:

1. We have established thresholds for significant increases in credit risk based on movement in the customer's internal credit grade and the related PDs relative to initial recognition.
2. Restructuring and/or Rescheduling on the customers' accounts/ facilities during the assessment period is considered as indicator for SICR.

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

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

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

Probability of Default (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 Group has to adopt the same by law.

The Group has set out the definition of default where a default is considered to have occurred when either or both of the two following events have taken place:

- The obligor is considered unlikely to pay its credit obligations in full
- The obligor is past due for 90 days or more on any material credit obligation.

Expected Life

When measuring ECL, the Group must consider the maximum contractual period over which the Group is exposed to credit risk. All contractual terms should be considered when determining the expected life, including prepayment options and extension and rollover options. For certain revolving credit facilities that do not have a fixed maturity, the expected life is estimated based on the period over which the Group is exposed to credit risk and where the credit losses would not be mitigated by management actions.

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.

Notes to the consolidated financial statements

6. Expected Credit Loss

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

	Notes	2024			
		Stage 1	Stage 2	Stage 3	Total
		USD '000	USD '000	USD '000	USD '000
Balances with central banks	7	1,316	68,600	–	69,916
Balances with banks and financial institutions	8	18	–	–	18
Deposits with banks and financial institutions	9	(42)	–	–	(42)
Direct credit facilities at amortized cost	12	124,773	221,090	89,292	435,155
Financial Assets at Fair Value through Other Comprehensive Income	11	(108)	–	–	(108)
Other Financial Assets at Amortized Cost.	13	(9,064)	260	–	(8,804)
Indirect Credit facilities	24	(9,121)	1,906	1,810	(5,405)
Total		107,772	291,856	91,102	490,730

	Notes	2023			
		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

7. Cash and Balances with Central Banks

The details of this item are as follows:

	31 December 2024	31 December 2023
	USD '000	USD '000
Cash in vaults	1,116,169	810,683
Balances with central banks:		
– Current accounts	3,714,242	3,923,958
– Time and notice	7,107,634	7,088,062
– Mandatory cash reserve	1,514,008	1,554,990
– Certificates of deposit	103,071	223,203
Total Balances with Central Banks	12,438,955	12,790,213
Total Cash and Balances with Central Banks	13,555,124	13,600,896
Less: Net Expected Credit loss	(468,399)	(350,436)
Net Cash and Balances with Central Banks	13,086,725	13,250,460

- 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 2024 and 31 December 2023.

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

	31 December 2024				31 December 2023
	Stage 1	Stage 2	Stage 3	Total	Total
	USD '000	USD '000	USD '000	USD '000	USD '000
Low risk / performing (1-2)	11,570,399	–	–	11,570,399	12,014,059
Acceptable risk / performing (3-7)	–	868,556	–	868,556	776,154
Total	11,570,399	868,556	–	12,438,955	12,790,213

- Probability of default at low risk 0.0% – 0.22%
- Probability of default at acceptable risk 0.22% – 50%

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

	31 December 2024				31 December 2023
	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	12,014,059	776,154	–	12,790,213	11,012,484
New balances	471,346	–	–	471,346	2,023,742
Repaid balances	(688,246)	(2,462)	–	(690,708)	(284,069)
Transfers to stage 2	(94,982)	94,982	–	–	–
Translation Adjustments	(131,778)	(118)	–	(131,896)	38,056
Balance at the end of the year	11,570,399	868,556	–	12,438,955	12,790,213

The movement of Expected Credit Loss charges on balances with central banks is as follows:

	31 December 2024				31 December 2023
	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	1,845	348,591	–	350,436	232,784
New Expected Credit Loss charges during the year	2,316	78,400	–	80,716	92,949
Recoveries	(1,000)	(9,000)	–	(10,800)	(300)
Adjustments during the year	–	47,760	–	47,760	25,000
Translation Adjustments	(24)	311	–	287	3
Balance at the end of the year	3,137	465,262	–	468,399	350,436

8. Balances with Banks and Financial Institutions

The details of this item are as follows:

Local banks and financial institutions

	31 December 2024	31 December 2023
	USD '000	USD '000
Current accounts	2,590	2,375
Time deposits maturing within 3 months	282,148	213,443
Total	284,738	215,818

Foreign Banks and financial institutions

	31 December 2024	31 December 2023
	USD '000	USD '000
Current accounts	1,387,677	2,079,488
Time deposits maturing within 3 months	2,068,378	1,912,117
Certificates of deposit maturing within 3 months	10,401	–
Total	3,466,456	3,991,605
Total Balances with Banks and Financial Institutions	3,751,194	4,207,423
Less: expected credit loss	(2,806)	(2,943)
Net balances with Banks and Financial Institutions Local and Abroad	3,748,388	4,204,480

There are no non interest bearing balances as of 31 December 2024 and 31 December 2023.

There are no restricted balances as of 31 December 2024 and 31 December 2023.

The classification of gross balances with banks and financial institutions according to the Group's internal credit rating is as follows:

	31 December 2024				31 December 2023
	Stage 1	Stage 2	Stage 3	Total	Total
	USD '000	USD '000	USD '000	USD '000	USD '000
Low risk / performing (1-2)	3,602,977	–	–	3,602,977	3,843,051
Acceptable risk / performing (3-7)	148,217	–	–	148,217	364,372
Total	3,751,194	–	–	3,751,194	4,207,423

- Probability of default at low risk 0.0% – 0.22%
- Probability of default at acceptable risk 0.22% – 5.8%

Notes to the consolidated financial statements

8. Balances with Banks and Financial Institutions

The movement on gross balances with banks and financial institutions is as follows:

	31 December 2024				31 December 2023
	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	4,207,423	-	-	4,207,423	4,010,774
New balances	165,779	-	-	165,779	459,191
Repaid balances	(509,379)	-	-	(509,379)	(444,367)
Translation Adjustments	(112,629)	-	-	(112,629)	181,825
Balance at the end of the year	3,751,194	-	-	3,751,194	4,207,423

The movement of Expected Credit Loss charges on balances with banks and financial institutions is as follows:

	31 December 2024				31 December 2023
	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	2,943	-	-	2,943	2,630
New Expected Credit loss during the year	894	-	-	894	817
Recoveries	(876)	-	-	(876)	(702)
Adjustments during the year	(21)	-	-	(21)	-
Translation Adjustments	(134)	-	-	(134)	198
Balance at the end of the year	2,806	-	-	2,806	2,943

9. Deposits with Banks and Financial Institutions

The details of this item are as follows:

Local banks and financial institutions

	31 December 2024	31 December 2023
	USD '000	USD '000
Time deposits maturing after 3 months and before 6 months	36,163	-
Time deposits maturing after 9 months and before one year	45,811	-
Time deposits maturing after one year	-	55,673
Total	81,974	55,673

Foreign Banks and financial institutions

	31 December 2024	31 December 2023
	USD '000	USD '000
Time deposits maturing after 3 months and before 6 months	117,905	140,232
Time deposits maturing after 6 months and before 9 months	22,251	-
Time deposits maturing after 9 months and before one year	37,503	3,816
Certificates of deposit maturing after 3 months and before 6 months	-	74,977
Total	177,659	219 025
Total Deposits with Banks and Financial Institutions	259,633	274,698
Less: Net Expected Credit loss	(801)	(891)
Net Deposits with banks and financial institutions Local and Abroad	258,832	273,807

There are no restricted deposits as of 31 December 2024 and 31 December 2023.

The classification of gross deposits with banks and financial institutions according to the Group's internal credit rating is as follows:

	31 December 2024				31 December 2023
	Stage 1	Stage 2	Stage 3	Total	Total
	USD '000	USD '000	USD '000	USD '000	USD '000
Low risk / performing (1-2)	249,522	-	-	249,522	274,698
Acceptable risk / performing (3-7)	10,111	-	-	10,111	-
Total	259,633	-	-	259,633	274,698

- Probability of default at low risk 0.0% – 0.22%
- Probability of default at acceptable risk 0.22% – 5.8%

The movement on gross deposits with banks and financial institutions is as follows:

	31 December 2024				31 December 2023
	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	274,698	-	-	274,698	611,548
New balances	68,473	-	-	68,473	80,779
Repaid balances	(73,690)	-	-	(73,690)	(471,098)
Translation Adjustments	(9,848)	-	-	(9,848)	53,469
Balance at the end of the year	259,633	-	-	259,633	274,698

The movement of Expected Credit Loss charges on deposits with banks and financial institutions is as follows:

	31 December 2024				31 December 2023
	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	891	-	-	891	1,242
New Expected Credit Loss during the year	32	-	-	32	56
Recoveries (excluding write offs)	(74)	-	-	(74)	(525)
Adjustments during the year	0	-	-	-	-
Translation Adjustments	(48)	-	-	(48)	118
Balance at the end of the year	801	-	-	801	891

10. Financial Assets at Fair Value through Profit or Loss

The details of this item are as follows:

	31 December 2024	31 December 2023
	USD '000	USD '000
Treasury bills and Government bonds	33,551	13,414
Corporate bonds	8,125	10,443
Corporate shares	7,198	9,557
Mutual funds	25,348	21,598
Total	74,222	55,012

	31 December 2024		
	Financial Assets designated as Fair Value	Financial Assets that must be measured at Fair Value	Total
	USD '000	USD '000	USD '000
Treasury bills and Government bonds	33,551	-	33,551
Corporate bonds	8,125	-	8,125
Corporate shares	-	7,198	7,198
Mutual funds	-	25,348	25,348
Total	41,676	32,546	74,222

	31 December 2023		
	Financial Assets designated as Fair Value	Financial Assets that must be measured at Fair Value	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

Notes to the consolidated financial statements

11. Financial Assets at Fair Value through Other Comprehensive Income

The details of this item are as follows:

	31 December 2024	31 December 2023
	USD '000	USD '000
Quoted shares	165,724	154,510
Un-quoted shares	222,747	194,589
Governmental bonds and bonds guaranteed by the government	507,350	302,481
Corporate bonds	186,706	108,002
Total Financial Assets at Fair Value through Other Comprehensive Income	1,082,527	759,582
Less: Net Expected Credit Loss	(435)	(544)
Net Financial Assets at Fair Value through Other Comprehensive Income	1,082,092	759,038

* Cash dividends from investments above amounted to USD 7.9 million for the year ended 31 December 2024 (USD 8.7 million for the year ended 31 December 2023).

The movement of total financial assets at other comprehensive income – Bonds are as follows:

	31 December 2024				31 December 2023
	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	410 483	-	-	410 483	401 298
New investments	348,660	-	-	348,660	52,532
Matured investments	(58,831)	-	-	(58,831)	(55,663)
Change in fair value	179	-	-	179	6,990
Translation Adjustments	(6,435)	-	-	(6,435)	5,326
Balance at the end of the year	694,056	-	-	694,056	410,483

The movement of Expected Credit Loss provision recorded on Financial Assets at other comprehensive income – Bonds are as follows:

	31 December 2024				31 December 2023
	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	544	-	-	544	536
New Expected Credit loss during the year	61	-	-	61	107
Recoveries	(169)	-	-	(169)	(46)
Translation Adjustments	(1)	-	-	(1)	(53)
Balance at the end of the year	435	-	-	435	544

	31 December 2024		
	Financial Assets designated as Fair value	Financial Assets that must be measured at Fair Value	Total
	USD '000	USD '000	USD '000
Quoted shares	-	165,724	165,724
Un-quoted shares	-	222,747	222,747
Governmental bonds and bonds guaranteed by the government through OCI	507,350	-	507,350
Corporate bonds through OCI	186,706	-	186,706
Less: Net Expected Credit Loss	(435)	-	(435)
Total	693,621	388,471	1,082,092

	31 December 2023		
	Financial Assets designated as Fair value	Financial Assets that must be measured at Fair Value	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 through OCI	302,481	-	302,481
Corporate bonds through OCI	108,002	-	108,002
Less: Net Expected Credit loss	(544)	-	(544)
Total	409,939	349,099	759,038

12. Direct Credit Facilities at Amortized Cost

The details of this item are as follows:

	31 December 2024					
	Corporates			Banks and Financial Institutions	Government and Public Sector	Total
	Consumer Banking	Small and Medium	Large	USD '000	USD '000	USD '000
	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
Discounted bills*	32,541	74,669	605,276	392,584	32,136	1,137,206
Overdrafts*	161,030	1,401,622	2,978,965	4,763	285,493	4,831,873
Loans and advances*	5,596,435	2,421,837	15,078,912	67,409	3,223,844	26,388,437
Real-estate loans	4,765,331	509,462	325,468	-	-	5,600,261
Credit cards	333,984	-	-	-	-	333,984
Total	10,889,321	4,407,590	18,988,621	464,756	3,541,473	38,291,761

Less: Interest and commission in suspense	133,469	147,192	543,870	262	-	824,793
Provision for impairment – Expected Credit Loss	372,504	511,208	2,177,860	3,466	18,595	3,083,633
Total	505,973	658,400	2,721,730	3,728	18,595	3,908,426

Net Direct Credit Facilities at Amortised Cost	10,383,348	3,749,190	16,266,891	461,028	3,522,878	34,383,335
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- * Net of interest and commission received in advance, which amounted to USD 218.4 million as of 31 December 2024.
- Rescheduled loans amounted to USD 960 million during the year ended 31 December 2024.
 - Restructured loans (transferred from non performing to watch list loans) amounted to USD 3.8 million during the year ended 31 December 2024.
 - Direct credit facilities granted to and guaranteed by the government of Jordan as of 31 December 2024 amounted to USD 260.9 million, or 0.68% of total direct credit facilities.
 - Non-performing direct credit facilities amounted to USD 2,787.3 million, or 7.3% of total direct credit facilities as of 31 December 2024.
 - Non-performing direct credit facilities net of interest and commission in suspense as of 31 December 2024 amounted to USD 2006 million or 5.4% of direct credit facilities, after deducting interest and commission in suspense.

	31 December 2023					
	Corporates			Banks and Financial Institutions	Government and Public Sector	Total
	Consumer Banking	Small and Medium	Large	USD '000	USD '000	USD '000
	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 – Expected Credit Loss	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
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- * 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.

Notes to the consolidated financial statements

The details of movement on the provision for impairment – Expected Credit loss as of 31 December 2024 are as follows:

	31 December 2024					
	Corporates			Banks and Financial Institutions	Government and Public Sector	Total
	Consumer Banking	Small and Medium	Large			
	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
Balance at the beginning of the year	274,161	416,169	2,288,380	3,399	23,046	3,005,155
Expected Credit Loss charges during the year	135,561	134,809	382,853	1,038	10,050	664,311
Recoveries	(46,372)	(24,022)	(188,137)	(927)	(14,830)	(274,288)
Transferred to Stage 1	(22,108)	(3,052)	(3,886)	–	1	(29,045)
Transferred to Stage 2	19,488	(12,555)	(77,916)	–	(1)	(70,984)
Transferred to Stage 3	2,620	15,607	81,802	–	–	100,029
Impact on year end Expected Credit Loss caused by transfers between stages during the year	12,252	8,385	24,495	–	–	45,132
Used from provision (written off or transferred to items off statement of financial position)	(4,927)	(11,859)	(284,145)	–	–	(300,931)
Adjustments during the year	7,776	(1,406)	(277)	(5)	553	6,641
Translation Adjustments	(5,947)	(10,868)	(45,309)	(39)	(224)	(62,387)
Balance at the End of the Year	372,504	511,208	2,177,860	3,466	18,595	3,083,633

	31 December 2023					
	Corporates			Banks and Financial Institutions	Government and Public Sector	Total
	Consumer Banking	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
Expected Credit Loss 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 Expected Credit Loss caused by transfers between stages during the year	7,518	11,054	9,800	–	–	28,372
Used from provision (written off or transferred to items off statement of financial position)	(30,588)	(75,727)	(235,062)	–	–	(341,377)
Adjustments 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

- 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 2024 and 2023.
- Impairment is assessed based on individual customer accounts.
- Non-performing direct credit facilities transferred to off consolidated statement of financial position amounted to USD 494.4 million as of 31 December 2024 (USD 440 million as of 31 December 2023) 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 Expected Credit Loss (Without Consumer banking):

	31 December 2024						
	Corporates				Banks and Financial Institutions	Government and Public Sector	Items off Statement of Financial Position
	Due from Banks	Financial Assets Bonds	Large	Small and Medium			
	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	Total USD '000
Upside (20%)	444,940	35,807	2,006,051	480,167	3,331	11,834	103,342
Base case (45%)	457,897	41,756	2,084,937	494,275	3,388	14,491	105,931
Downside (35%)	505,613	67,747	2,395,509	550,717	3,644	27,735	115,282

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

The following tables outline the impact of multiple scenarios on the Expected Credit Loss (Consumer banking):

	31 December 2024	31 December 2023
	USD '000	USD '000
Upside (30%)	347,792	271,432
Base case (45%)	362,344	273,214
Downside (30%)	410 762	278,152

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

Notes to the consolidated financial statements

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

	31 December 2024						The total includes interest and commission in suspense movement on real-estates loans
	Corporates						
	Consumer Banking	Small and Medium	Large	Banks and Financial Institutions	Government and Public Sector	Total	
	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	
Balance at the beginning of the year	120,716	149,872	645,656	50	-	916,294	33,959
Interest and commission suspended during the year	30,191	25,982	121,980	212	-	178,365	9,301
Interest and commission in suspense settled (written off or transferred to off consolidated statement of financial position)	(8,442)	(23,267)	(206,719)	-	-	(238,428)	(1,341)
Recoveries	(8,212)	(4,596)	(7,062)	-	-	(19,870)	(3,681)
Adjustments during the year	-	-	-	-	-	-	-
Translation adjustments	(784)	(799)	(9,985)	-	-	(11,568)	(84)
Balance at the End of the Year	133,469	147,192	543,870	262	-	824,793	38,154
	31 December 2023						The total includes interest and commission in suspense movement on real-estates loans
	Corporates						
	Consumer Banking	Small and Medium	Large	Banks and Financial Institutions	Government and Public Sector	Total	
	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 consolidated 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

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

Economic Sector	Inside Jordan	Outside Jordan	31 December 2024	31 December 2023	Expected Credit Loss
	USD '000	USD '000	USD '000	USD '000	31 December 2024
Consumer Banking	3,825,382	6,557,966	10,383,348	10,116,559	372,504
Industry and mining	1,525,234	3,519,196	5,044,430	4,732,437	742,123
Constructions	386,977	1,431,063	1,818,040	1,982,529	534,021
Real Estates	210,304	1,047,710	1,258,014	1,375,367	35,418
Trade	1,463,582	3,129,860	4,593,442	4,425,760	597,488
Agriculture	238,196	149,937	388,133	432,562	62,128
Tourism and Hotels	246,323	659,345	905,668	789,024	94,392
Transportations	72,519	503,477	575,996	395,149	41,808
Shares	1,461	31,480	32,941	34,968	15
General Services	811,275	4,588,142	5,399,417	5,431,021	581,675
Banks and Financial Institutions	159,164	301,864	461,028	258,170	3,466
Government and Public Sector	306,092	3,216,786	3,522,878	3,184,702	18,595
Net Direct Credit Facilities at amortized Cost	9,246,509	25,136,826	34,383,335	33,158,248	3,083,633

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 2024							31 December 2023
	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	5,159,408	1,379,592	-	-	-	5,159,408	1,379,592	6,412,483
Acceptable risk / performing	15,964,939	8,477,982	3,938,726	583,770	-	19,903,665	9,061,752	27,629,951
Non-performing:								
- Substandard	-	-	-	-	211,665	211,665	-	171,502
- Doubtful	-	-	-	-	334,357	334,357	-	517,101
- Loss	-	-	-	-	2,241,322	2,241,322	-	2,348,660
Total	21,124,347	9,857,574	3,938,726	583,770	2,787,344	27,850,417	10,441,344	37,079,697

Notes to the consolidated financial statements

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

	31 December 2024							31 December 2023
	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	20,163,622	9,893,411	3,773,712	211,689	3,037,263	26,974,597	10,105,100	35,440,277
Additions to facilities	6,889,412	1,824,871	710,137	78,567	229,465	7,829,014	1,903,438	10,527,906
Repaid balances	(5,208,563)	(1,361,478)	(783,778)	(56,395)	(196,822)	(6,189,163)	(1,417,873)	(8,621,128)
Transfers to stage 1	274,136	61,855	(274,135)	(57,521)	(4,335)	(4,334)	4,334	-
Transfers to stage 2	(773,729)	(412,770)	794,361	426,551	(34,413)	(13,781)	13,781	-
Transfers to stage 3	(25,984)	(31,139)	(268,905)	(16,652)	342,680	47,791	(47,791)	-
Written off balances or transferred to off consolidated statement of financial position	-	-	-	-	(539,359)	(539,359)	-	(517,674)
Translation adjustments	(194,547)	(117,176)	(12,666)	(2,469)	(47,135)	(254,348)	(119,645)	250,316
Total	21,124,347	9,857,574	3,938,726	583,770	2,787,344	27,850,417	10,441,344	37,079,697

The movement of Expected Credit Loss on direct credit facilities at amortized cost by stage is as follows:

	31 December 2024							31 December 2023
	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	228,939	47,206	714,187	18,707	1,996,116	2,939,242	65,913	2,812,528
Expected Credit Loss during the year	124,887	35,379	266,301	51,715	186,029	577,217	87,094	638,469
Recoveries	(30,594)	(4,899)	(88,150)	(16,475)	(134,170)	(252,914)	(21,374)	(184,109)
Transfers to stage 1	4,641	1,842	(4,641)	(1,603)	(239)	(239)	239	-
Transfers to stage 2	(11,272)	(23,396)	11,340	23,920	(592)	(524)	524	-
Transfers to stage 3	(306)	(554)	(97,171)	(2,829)	100,860	3,383	(3,383)	-
Impact on year end Expected Credit Loss caused by transfers between stages during the year	-	-	5,250	2,449	37,433	42,683	2,449	28,372
Written off balances or transferred to off consolidated statement of financial position	-	-	-	-	(300,931)	(300,931)	-	(341,377)
Adjustments during the year	(2,644)	519	4,481	1,139	3,146	4,983	1,658	67,578
Translation adjustments	(1,746)	(1,432)	(21,611)	(317)	(37,281)	(60,638)	(1,749)	(16,306)
Total	311,905	54,665	789,986	76,706	1,850,371	2,952,262	131,371	3,005,155

Direct Credit Facilities at Amortized Cost – Consumer Banking

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

	31 December 2024				31 December 2023
	Stage 1	Stage 2	Stage 3	Total	Total
	Collective	Collective	Individual	USD '000	USD '000
	USD '000	USD '000	USD '000	USD '000	USD '000
Low risk / performing	1,379,592	-	-	1,379,592	1,316,974
Acceptable risk / performing	8,477,982	583,770	-	9,061,752	8,788,126
Non-performing:					
- Substandard	-	-	41,916	41,916	44,142
- Doubtful	-	-	35,980	35,980	52,747
- Problematic	-	-	370,081	370,081	309,447
Total	9,857,574	583,770	447,977	10,889,321	10,511,436

- Probability of default at low risk 0.04% – 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 2024				31 December 2023
	Stage 1	Stage 2	Stage 3	Total	Total
	Collective	Collective	Individual	USD '000	USD '000
	USD '000	USD '000	USD '000	USD '000	USD '000
Balance at the beginning of the year	9,893,411	211,689	406,336	10,511,436	10,019,607
Additions to facilities	1,824,871	78,567	57,850	1,961,288	2,001,941
Settled balances	(1,361,478)	(56,395)	(28,348)	(1,446,221)	(1,491,956)
Transfers to stage 1	61,855	(57,521)	(4,334)	-	-
Transfers to stage 2	(412,770)	426,551	(13,781)	-	-
Transfers to stage 3	(31,139)	(16,652)	47,791	-	-
Written off balances or transferred to off consolidated statement of financial position	-	-	(13,369)	(13,369)	(43,829)
Translation Adjustments	(117,176)	(2,469)	(4,168)	(123,813)	25,673
Total	9,857,574	583,770	447,977	10,889,321	10,511,436

The movement of Expected Credit Loss on direct credit facilities at amortized cost – consumer banking is as follows:

	31 December 2024				31 December 2023
	Stage 1	Stage 2	Stage 3	Total	Total
	Collective	Collective	Individual	USD '000	USD '000
	USD '000	USD '000	USD '000	USD '000	USD '000
Balance at the beginning of the year	47,206	18,707	208,248	274,161	292,007
Expected Credit Loss during the year	35,379	51,715	48,467	135,561	40,534
Recoveries	(4,899)	(16,475)	(24,998)	(46,372)	(38,757)
Transfers to stage 1	1,842	(1,603)	(239)	-	-
Transfers to stage 2	(23,396)	23,920	(524)	-	-
Transfers to stage 3	(554)	(2,829)	3,383	-	-
Impact on year end Expected Credit Loss caused by transfers between stages as of year ended	-	2,449	9,803	12,252	7,518
Written off balances or transferred to off consolidated statement of financial position	-	-	(4,927)	(4,927)	(30,588)
Adjustments during the year	519	1,139	6,118	7,776	6,712
Translation Adjustments	(1,432)	(317)	(4,198)	(5,947)	(3,265)
Total	54,665	76,706	241,133	372,504	274,161

Notes to the consolidated financial statements

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 2024				31 December 2023
	Stage 1	Stage 2	Stage 3	Total	Total
	Individual	Individual	Individual	Total	Total
	USD '000	USD '000	USD '000	USD '000	USD '000
Low risk / performing	1,553,357	–	–	1,553,357	1,442,976
Acceptable risk / performing	1,724,452	593,695	–	2,318,147	2,134,976
Non-performing:					
– Substandard	–	–	33,510	33,510	29,889
– Doubtful	–	–	84,177	84,177	74,188
– Problematic	–	–	418,399	418,399	421,687
Total	3,277,809	593,695	536,086	4,407,590	4,103,716

- Probability of default at low risk 0.02% – 15.5%
- Probability of default at acceptable risk 15.5% – 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 2024				31 December 2023
	Stage 1	Stage 2	Stage 3	Total	Total
	Individual	Individual	Individual	Total	Total
	USD '000	USD '000	USD '000	USD '000	USD '000
Balance at the beginning of the year	3,071,799	506,153	525,764	4,103,716	4,111,197
Additions to facilities	861,783	89,121	30,564	981,468	720,056
Settled balances	(409,610)	(76,615)	(48,262)	(534,487)	(742,507)
Transfers to stage 1	22,180	(22,179)	(1)	–	–
Transfers to stage 2	(165,329)	175,308	(9,979)	–	–
Transfers to stage 3	(16,289)	(71,550)	87,839	–	–
Written off balances or transferred to off consolidated statement of financial position	–	–	(35,126)	(35,126)	(93,552)
Translation Adjustments	(86,725)	(6,543)	(14,713)	(107,981)	108,522
Total	3,277,809	593,695	536,086	4,407,590	4,103,716

The movement of Expected Credit Loss on direct credit facilities at amortized cost – Small & Medium Enterprises is as follows:

	31 December 2024				31 December 2023
	Stage 1	Stage 2	Stage 3	Total	Total
	Individual	Individual	Individual	Total	Total
	USD '000	USD '000	USD '000	USD '000	USD '000
Balance at the beginning of the year	17,652	85,974	312,543	416,169	421,493
Expected Credit Loss during the year	8,190	52,716	73,903	134,809	100,435
Recoveries	(2,229)	(4,923)	(16,870)	(24,022)	(21,750)
Transfers to stage 1	253	(253)	–	–	–
Transfers to stage 2	(3,155)	3,164	(9)	–	–
Transfers to stage 3	(150)	(15,466)	15,616	–	–
Impact on year end Expected Credit Loss caused by transfers between stages during the year	–	1,773	6,612	8,385	11,054
Written off balances or transferred to off consolidated statement of financial position	–	–	(11,859)	(11,859)	(75,727)
Adjustments during the year	(430)	(93)	(883)	(1,406)	(19,551)
Translation Adjustments	(553)	(1,907)	(8,408)	(10,868)	215
Total	19,578	120,985	370,645	511,208	416,169

Direct Credit Facilities at Amortized Cost – Large Corporates

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

	31 December 2024				31 December 2023
	Stage 1	Stage 2	Stage 3	Total	Total
	Individual	Individual	Individual	Total	Total
	USD '000	USD '000	USD '000	USD '000	USD '000
Low risk / performing	1,589,438	–	–	1,589,438	2,030,025
Acceptable risk / performing	12,480,841	3,118,330	–	15,599,171	14,863,349
Non-performing:					
– Substandard	–	–	136,239	136,239	97,471
– Doubtful	–	–	214,200	214,200	390,166
– Problematic	–	–	1,449,573	1,449,573	1,614,167
Total	14,070,279	3,118,330	1,800,012	18,988,621	18,995,178

- Probability of default at low risk 0.02% – 15.5%
- Probability of default at acceptable risk 15.5% – 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 2024				31 December 2023
	Stage 1	Stage 2	Stage 3	Total	Total
	Individual	Individual	Individual	Total	Total
	USD '000	USD '000	USD '000	USD '000	USD '000
Balance at the beginning of the year	13,865,504	3,027,870	2,101,804	18,995,178	17,924,459
Additions to facilities	4,337,261	608,957	141,051	5,087,269	6,574,694
Settled balances	(3,672,032)	(681,026)	(120,145)	(4,473,203)	(5,222,039)
Transfers to stage 1	250,173	(250,173)	–	–	–
Transfers to stage 2	(604,274)	614,927	(10,653)	–	–
Transfers to stage 3	(9,695)	(197,355)	207,050	–	–
Written off balances or transferred to off consolidated statement of financial position	–	–	(490,864)	(490,864)	(380,293)
Translation Adjustments	(96,658)	(4,870)	(28,231)	(129,759)	98,357
Total	14,070,279	3,118,330	1,800,012	18,988,621	18,995,178

The movement of Expected Credit Loss on direct credit facilities at amortized cost – Large Corporates is as follows:

	31 December 2024				31 December 2023
	Stage 1	Stage 2	Stage 3	Total	Total
	Individual	Individual	Individual	Total	Total
	USD '000	USD '000	USD '000	USD '000	USD '000
Balance at the beginning of the year	202,450	614,783	1,471,147	2,288,380	2,078,270
Expected Credit Loss during the year	114,572	204,622	63,659	382,853	478,726
Recoveries	(25,134)	(70,830)	(92,173)	(188,137)	(111,178)
Transfers to stage 1	4,379	(4,379)	–	–	–
Transfers to stage 2	(8,109)	8,168	(59)	–	–
Transfers to stage 3	(156)	(81,705)	81,861	–	–
Impact on year end Expected Credit Loss caused by transfers between stages during the year	–	3,477	21,018	24,495	9,800
Written off balances or transferred to off consolidated statement of financial position	–	–	(284,145)	(284,145)	(235,062)
Adjustments during the year	(2,634)	3,607	(1,250)	(277)	81,242
Translation Adjustments	(1,035)	(19,667)	(24,607)	(45,309)	(13,418)
Total	284,333	658,076	1,235,451	2,177,860	2,288,380

Notes to the consolidated financial statements

Direct Credit Facilities at Amortized Cost – Banks & Financial Institutions

The following is the distribution of credit exposures for direct credit facilities at amortized cost – Banks and Financial Institutions according to the Group's Internal Rating:

	31 December 2024				31 December 2023
	Stage 1	Stage 2	Stage 3	Total	Total
	Individual USD '000	Individual USD '000	Individual USD '000	USD '000	USD '000
Low risk / performing	215,800	–	–	215,800	85,340
Acceptable risk / performing	235,737	10,237	–	245,974	173,267
Non-performing:					
– Loss	–	–	2,982	2,982	3,012
Total	451,537	10,237	2,982	464,756	261,619

- Probability of default at low risk 0.02% – 15.5%
- Probability of default at acceptable risk 15.5% – 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 2024				31 December 2023
	Stage 1	Stage 2	Stage 3	Total	Total
	Individual USD '000	Individual USD '000	Individual USD '000	USD '000	USD '000
Balance at the beginning of the year	258,607	–	3,012	261,619	353,788
Additions to facilities	379,200	10,237	–	389,437	220,151
Settled balances	(180,449)	–	–	(180,449)	(321,092)
Translation Adjustments	(5,821)	–	(30)	(5,851)	8,772
Total	451,537	10,237	2,982	464,756	261,619

The movement of Expected Credit Loss on direct credit facilities at amortized cost – Banks & Financial Institutions is as follows:

	31 December 2024				31 December 2023
	Stage 1	Stage 2	Stage 3	Total	Total
	Individual USD '000	Individual USD '000	Individual USD '000	USD '000	USD '000
Balance at the beginning of the year	437	–	2,962	3,399	4,751
Expected Credit Loss during the year	1,028	10	–	1,038	866
Recoveries	(926)	–	(1)	(927)	(1,704)
Adjustments during the year	(5)	–	–	(5)	(602)
Translation Adjustments	(9)	–	(30)	(39)	88
Total	525	10	2,931	3,466	3,399

Direct Credit Facilities at Amortized Cost – Government & Public Sector

The following is the distribution of credit exposures for direct credit facilities at amortized – Government and Public Sector cost according to the Group's Internal Rating:

	31 December 2024				31 December 2023
	Stage 1	Stage 2	Stage 3	Total	Total
	Individual USD '000	Individual USD '000	Individual USD '000	USD '000	USD '000
Low risk / performing	1,800,813	–	–	1,800,813	1,537,168
Acceptable risk / performing	1,523,909	216,464	–	1,740,373	1,670,233
Non-performing:					
– Loss	–	–	287	287	347
Total	3,324,722	216,464	287	3,541,473	3,207,748

- Probability of default at low risk 0.02% – 5%
- Probability of default at acceptable risk 5% – 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 2024				31 December 2023
	Stage 1	Stage 2	Stage 3	Total	Total
	Individual USD '000	Individual USD '000	Individual USD '000	USD '000	USD '000
Balance at the beginning of the year	2,967,712	239,689	347	3,207,748	3,031,226
Additions to facilities	1,311,168	1,822	–	1,312,990	1,011,064
Settled balances	(946,472)	(26,137)	(67)	(972,676)	(843,534)
Transfers to stage 1	1,783	(1,783)	–	–	–
Transfers to stage 2	(4,126)	4,126	–	–	–
Translation Adjustments	(5,343)	(1,253)	7	(6,589)	8,992
Total	3,324,722	216,464	287	3,541,473	3,207,748

The movement of Expected Credit Loss on direct credit facilities at amortized cost – Government & Public Sector is as follows:

	31 December 2024				31 December 2023
	Stage 1	Stage 2	Stage 3	Total	Total
	Individual USD '000	Individual USD '000	Individual USD '000	USD '000	USD '000
Balance at the beginning of the year	8,400	13,430	1,216	23,046	16,007
Expected Credit Loss during the year	1,097	8,953	–	10,050	17,908
Recoveries	(2,305)	(12,397)	(128)	(14,830)	(10,720)
Transfers to stage 1	9	(9)	–	–	–
Transfers to stage 2	(8)	8	–	–	–
Transfers to stage 3	–	–	–	–	–
Adjustments during the year	425	967	(839)	553	(223)
Translation Adjustments	(149)	(37)	(38)	(224)	74
Total	7,469	10,915	211	18,595	23,046

Notes to the consolidated financial statements

Direct Credit Facilities at Amortized Cost – Real Estate

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

	31 December 2024				31 December 2023
	Stage 1	Stage 2	Stage 3	Total	Total
	USD '000	USD '000	USD '000	USD '000	USD '000
Low risk / performing	752,772	–	–	752,772	723,736
Acceptable risk / performing	4,342,026	345,469	–	4,687,495	4,478,405
Non-performing:					
– Substandard	–	–	19,266	19,266	21,515
– Doubtful	–	–	19,891	19,891	24,451
– Loss	–	–	120,837	120,837	98,571
Total	5,094,798	345,469	159,994	5,600,261	5,346,678

- Probability of default at low risk 0.04% – 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 – Real Estate is as follows:

	31 December 2024				31 December 2023
	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	4,999,861	202,280	144,537	5,346,678	5,033,637
Additions to facilities	676,197	16,866	8,554	701,617	817,113
Settled balances	(361,723)	(9,345)	(15,742)	(386,810)	(531,080)
Transfers to stage 1	38,398	(36,427)	(1,971)	–	–
Transfers to stage 2	(187,523)	195,161	(7,638)	–	–
Transfers to stage 3	(11,429)	(22,254)	33,683	–	–
Written off balances or transferred to off statement of financial position	–	–	(1,568)	(1,568)	(375)
Adjustments during the year	–	–	(27)	(27)	–
Translation Adjustments	(58,983)	(812)	166	(59,629)	27,383
Total	5,094,798	345,469	159,994	5,600,261	5,346,678

The movement of Expected Credit Loss on direct credit facilities at amortized cost – Real Estate is as follows:

	31 December 2024				31 December 2023
	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	16,687	12,600	48,156	77,443	70,514
Expected Credit Loss during the year	1,036	749	14,585	16,370	14,668
Recoveries	(5,123)	(984)	(10,481)	(16,588)	(8,527)
Transfers to stage 1	592	(576)	(16)	–	–
Transfers to stage 2	(2,512)	2,521	(9)	–	–
Transfers to stage 3	(323)	(3,306)	3,629	–	–
Impact on year end Expected Credit Loss caused by transfers between stages during the year	–	(141)	392	251	552
Written off balances or transferred to off statement of financial position	–	–	(227)	(227)	–
Adjustments during the year	(131)	82	(315)	(364)	1,301
Translation Adjustments	(66)	(12)	(232)	(310)	(1,065)
Total	10,160	10,933	55,482	76,575	77,443

13. Other financial assets at amortized cost

The details of this item are as follows:

	31 December 2024	31 December 2023
	USD '000	USD '000
Treasury bills	2,548,466	2,158,762
Government bonds and bonds guaranteed by the government	6,830,877	6,805,097
Corporate bonds	2,662,487	1,471,596
Less: Expected Credit Loss provision	(49,228)	(59,054)
Net Other financial assets at amortized cost	11,992,602	10,376,401

Analysis of bonds based on interest nature:

	31 December 2024	31 December 2023
	USD '000	USD '000
Floating interest rate	383,170	334,461
Fixed interest rate	11,658,660	10,100,994
Less: Expected Credit Loss provision	(49,228)	(59,054)
Net Other financial assets at amortized cost	11,992,602	10,376,401

Analysis of financial assets based on market quotation:

Financial assets quoted in the market:

	31 December 2024	31 December 2023
	USD '000	USD '000
Treasury bills	2,224,044	1,834,339
Government bonds and bonds guaranteed by the government	2,050,588	2,147,564
Corporate bonds	2,568,001	1,374,886
Total	6,842,633	5,356,789

Financial assets unquoted in the market:

	31 December 2024	31 December 2023
	USD '000	USD '000
Treasury bills	324,422	324,423
Government bonds and bonds guaranteed by the government	4,780,289	4,657,533
Corporate bonds	94,486	96,710
Total	5,199,197	5,078,666
Less: Expected Credit Loss provision	(49,228)	(59,054)
Net Other financial assets at amortized cost	11,992,602	10,376,401

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Other Financial Assets at Amortized Cost

The following is the distribution of credit exposures for other financial assets at amortized cost according to the Group's Internal Rating:

	31 December 2024				31 December 2023
	Stage 1	Stage 2	Stage 3	Total	Total
	USD '000	USD '000	USD '000	USD '000	USD '000
Low risk / performing	11,479,197	–	–	11,479,197	10,190,041
Acceptable risk / performing	524,258	38,375	–	562,633	245,414
Total	12,003,455	38,375	–	12,041,830	10,435,455

- Probability of default at low risk 0.0% – 1.25%
- Probability of default at acceptable risk 1.25% – 100%
- Probability of default at High risk 100%

The movement on total other financial assets at amortized cost is as follows:

	31 December 2024				31 December 2023
	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	10,407,736	27,719	–	10,435,455	10,046,521
New investments (Additions)	9,013,178	–	–	9,013,178	8,622,480
Matured investments	(7,121,401)	(9,125)	–	(7,130,526)	(8,169,429)
Transfers to stage 1	–	–	–	–	–
Transfers to stage 2	(19,947)	19,947	–	–	–
Transfers to stage 3	–	–	–	–	–
Translation Adjustments	(276,111)	(166)	–	(276,277)	(64,117)
Total	12,003,455	38,375	–	12,041,830	10,435,455

The movement of Expected Credit Loss charges on other financial assets at amortized cost is as follows:

	31 December 2024				31 December 2023
	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	34,146	24,908	–	59,054	44,046
Expected Credit Loss charges during the year	6,048	368	–	6,416	19,763
Recoveries from matured investments	(15,112)	(108)	–	(15,220)	(4,629)
Transfers to stage 1	–	–	–	–	–
Transfers to stage 2	(343)	343	–	–	–
Transfers to stage 3	–	–	–	–	–
Adjustments during the year	(409)	(120)	–	(529)	265
Translation Adjustments	(457)	(36)	–	(493)	(391)
Total	23,873	25,355	–	49,228	59,054

During the year ended 31 December 2024 certain financial assets at amortized cost amounted to USD 10.1 million were sold (USD 2 million during the year ended 31 December 2023).

14. Investments in Associates

The details of this item are as follows:

	31 December 2024						
	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	4,109,937	Saudi Arabia	4,650,667	2024	Banking	1979
Arabia Group Holding Limited (Abu Dhabi)*	47.27	46,538	UAE	Unquoted	2023	Insurance Real Estate Operating Lease	2022
Commercial buildings	35.39	2,044	Lebanon	Unquoted	2023		1966
Other Associates at Arab Bank Switzerland	Various	17,382	Various			Various	
Other Associates (Mostly owned by Arab Tunisian Bank)**	Various	12,125	Various			Various	
Total		4,188,026					

	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 Real Estate Operating Lease	1972
Commercial buildings	35.39	2,906	Lebanon	Unquoted	2022		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					

* During the year 2024 the shares of Arab Bank have been transferred from Arabia Insurance Company in Lebanon (Acquired since 1972) to Arabia Group Holding Limited in Abu Dhabi without any additional cost. This change has resulted in no adjustment on the value of Arab Bank investment, noting that Arabia Group Holding Limited in Abu Dhabi has been incorporated since 2022.

** It represents mostly the investments in Arab Tunisian Lease in the amount of USD 8.7 million, Arabia Sicaf in the amount of USD 1.8 million and Arab Tunisian Invest in the amount of USD 0.9 million as of 31 December 2024. (As of 31 December 2023 these investments amounted to USD 9 million in Arab Tunisian Lease, USD 1.7 million in Arabia Sicaf and USD 0.7 million in Arab Tunisian Invest).

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

	2024	2023
	USD '000	USD '000
Balance at the beginning of the year	3,848,257	3,558,864
Purchase of investments in associates	1,533	7,111
Group's share of profits for the year	591,142	509,969
Dividends received	(309,127)	(256,208)
Translation Adjustment	(1,530)	(9,694)
Group's share of other changes in equity	57,751	38,215
Balance at the end of the year	4,188,026	3,848,257
Group's share of taxes	132,730	113,468

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

	31 December 2024	31 December 2023
	USD '000	USD '000
Arab National Bank	586,604	505,773
Arabia Group Holding Limited (Abu Dhabi)*	2,903	2,930
Other	1,635	1,266
Total	591,142	509,969

The Group's share of associates are as follows:

	31 December 2024			31 December 2023		
	Arab National Bank	Others	Total	Arab National Bank	Others	Total
	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
Total Assets	25,633,486	262,357	25,895,843	23,539,553	377,930	23,917,483
Total Liabilities	21,523,549	184,268	21,707,817	19,763,553	305,673	20,069,226
Total Revenue	998,273	102,230	1,100,503	915,359	62,780	978,139
Total Expenses	411,669	97,692	509,361	409,586	58,584	468,170
Net Profit	586,604	4,538	591,142	505,773	4,196	509,969

15. Fixed Assets

The details of this item are as follows:

Historical Cost:

	Land	Buildings	Furniture, Fixtures and Equipment	Computers and communication Equipment	Motor Vehicles	Other	Total
	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
Balance as of 1 January 2023	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 as of 31 December 2023	117,332	397,462	323,027	361,936	15,459	120,695	1,335,911
Additions	7,644	3,121	15,080	49,649	504	18,415	94,413
Disposals	(34)	(5,040)	(3,764)	(7,808)	(468)	(12,482)	(29,596)
Translation Adjustments	(161)	(4,926)	(1,249)	(4,715)	(205)	(1,668)	(12,924)
Balance at 31 December 2024	124,781	390,617	333,094	399,062	15,290	124,960	1,387,804

Accumulated Depreciation:

Balance as of 1 January 2023	-	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 as of 31 December 2023	-	191,736	260,623	259,599	13,451	86,864	812,273
Depreciation charge for the year	-	10,323	16,500	36,013	875	6,213	69,924
Disposals	-	(86)	(3,631)	(7,732)	(429)	(12,385)	(24,263)
Translation adjustments	-	(2,439)	(894)	(3,100)	(161)	(2,039)	(8,633)
Balance at 31 December 2024	-	199,534	272,598	284,780	13,736	78,653	849,301
Net Book Value as of 31 December 2024	124,781	191,083	60,496	114,282	1,554	46,307	538,503
Net Book Value as of 31 December 2023	117,332	205,726	62,404	102,337	2,008	33,831	523,638

* The cost of fully depreciated fixed assets amounted to USD 597.4 million as of 31 December 2024 (USD 571.7 million as of 31 December 2023).

Notes to the consolidated financial statements

16. Other Assets

The details of this item are as follows:

	31 December 2024	31 December 2023
	USD '000	USD '000
Accrued interest receivable	435,466	407,178
Prepaid expenses	103,824	68,708
Foreclosed assets *	296,962	178,868
Intangible assets – Others **	164,895	201,643
Right of use assets ****	99,042	108,483
Other miscellaneous assets	298,889	398,463
Total	1,399,078	1,363,343

* 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:

	2024			
	Land	Buildings	Other	Total
	USD '000	USD '000	USD '000	USD '000
Balance at the beginning of the year	84,896	93,701	271	178,868
Additions	102,796	32,568	–	135,364
Disposals	(2,257)	(6,670)	–	(8,927)
Provision for impairment and impairment losses	(1,203)	(1,671)	–	(2,874)
Translation adjustments	(1,329)	(4,140)	–	(5,469)
Balance at the end of the year	182,903	113,788	271	296,962

	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 impairment 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

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

	31 December 2024		31 December 2023	
	Software	Others ***	Total	Total
	USD '000	USD '000	USD '000	USD '000
Balance at the beginning of the year	25,514	176,129	201,643	73,404
Additions	20,947	–	20,947	154,459
Disposals	–	–	–	–
Amortization charge for the year	(16,136)	(31,491)	(47,627)	(25,967)
Adjustment during the year and translation adjustments	(915)	(9,153)	(10,068)	(253)
Balance at the End of the Year	29,410	135,485	164,895	201,643

*** This item includes the amount of USD 98.3 million in intangible assets resulting from Arab Bank Group acquisition of a subsidiary; whereby the Group has completed during first nine months of the year 2023 all the legal procedures required to acquire a 90% stake in Gonet & Cie SA.

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

	2024	2023
	USD '000	USD '000
Balance at the beginning of the year	108,483	87,697
Additions	18,820	47,138
Depreciation	(28,261)	(26,352)
Balance at the End of the Year	99,042	108,483

17. Deferred Tax Assets

The details of this item are as follows:

Items attributable to deferred tax assets are as follows:

	2024					
	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	601,284	383,149	(360,537)	(703)	623,193	181,014
End-of-Service indemnity	60,852	22,975	(25,935)	–	57,892	17,071
Interest in suspense net of tax	69,312	14,967	(27,628)	112	56,763	13,007
Revaluation of financial assets at fair value through other comprehensive income	55,846	6,340	(2,524)	(1,080)	58,582	13,812
Other	149,673	82,305	(18,454)	(15,035)	198,489	46,026
Total	936,967	509,736	(435,078)	(16,706)	994,919	270,930

	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 net of tax	126,383	34,605	(91,676)	–	69,312	15,287
Revaluation of financial assets at fair value through other comprehensive income	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

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:

	2024	2023
	USD '000	USD '000
Balance at the beginning of the year	243,658	279,945
Additions during the year	164,280	135,517
Amortized during the year	(133,974)	(173,334)
Adjustments during the year and translation adjustments	(3,034)	1,530
Balance at the end of the year	270,930	243,658

18. Banks and Financial Institutions Deposits

The details of this item are as follows:

	31 December 2024			31 December 2023		
	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	–	569,741	569,741	–	776,566	776,566
Time deposits	11,155	3,137,827	3,148,982	6,774	2,512,362	2,519,136
Total	11,155	3,707,568	3,718,723	6,774	3,288,928	3,295,702

Notes to the consolidated financial statements

19. Customers' Deposits

The details of this item are as follows:

	31 December 2024				
	Corporates			Government and Public Sector	Total
	Consumer Banking	Small and Medium	Large		
	USD '000	USD '000	USD '000	USD '000	USD '000
Current and demand	10,670,044	2,851,129	3,903,317	1,367,888	18,792,378
Savings	5,533,607	43,787	20,722	40,044	5,638,160
Time and notice	13,354,185	1,475,762	5,685,063	4,336,782	24,851,792
Certificates of deposit	237,090	15,232	163,853	77,262	493,437
Total	29,794,926	4,385,910	9,772,955	5,821,976	49,775,767

	31 December 2023				
	Corporates			Government and Public Sector	Total
	Consumer Banking	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

- Government of Jordan and Jordanian public sector deposits amounted to USD 1291.4 million, or 2.6 % of total customer deposits as of 31 December 2024 (USD 1018.2 million, or 2.1 % of total customer deposits as of 31 December 2023).
- Non-interest bearing deposits amounted to USD 15434.4 million, or 31 % of total customer deposits as of 31 December 2024 (USD 15260.9 million, or 31.9 % of total customer deposits as of 31 December 2023).
- Blocked deposits amounted to USD 450.6 million, or 0.9% of total customer deposits as of 31 December 2024 (USD 428.6 million, or 0.9% of total customer deposit as of 31 December 2023).
- Dormant deposits amounted to USD 514.7 million, or 1% of total customer deposits as of 31 December 2024 (USD 524.5 million or 1.1% of total customer deposits as of 31 December 2023).

20. Cash Margin

The details of this item are as follows:

	31 December 2024	31 December 2023
	USD '000	USD '000
Against direct credit facilities at amortized cost	1,655,176	2,166,024
Against indirect credit facilities	715,346	640,967
Against margin trading	1,918	1,983
Other cash margins	17,072	4,513
Total	2,389,512	2,813,487

21. Borrowed Funds

The details of this item are as follows:

	31 December 2024	31 December 2023
	USD '000	USD '000
From Central Banks *	261,992	217,469
From banks and financial institutions **	222,831	292,340
Total	484,823	509,809

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

	31 December 2024	31 December 2023
	USD '000	USD '000
Floating interest rate	168,647	213,491
Fixed interest rate	316,176	296,318
Total	484,823	509,809

- * 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 instalments in March and September of each year. The Balance of the loan as of 31 December 2024 amounted to USD 1.7 million (USD 2.3 million as of 31 December 2023).
- * 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 instalments in March and September of each year. The Balance of the loan as of 31 December 2024 amounted to USD 2.8 million (USD 3.2 million as of 31 December 2023).
- * 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 last instalment of the loan was paid on 15 September 2024. The Balance of the loan as of 31 December 2023 amounted to USD 355 thousand.
- * 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 instalments in May and November of each year. The Balance of the loan as of 31 December 2024 amounted to USD 10.9 million (USD 10.9 million as of 31 December 2023).
- * During 2021, Arab Bank granted loans against diminishing advances in response to the Central Bank of Jordan program 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 2024 amounted to USD 7.5 million (USD 16.2 million as of 31 December 2023).
- * Until 31 December 2024, 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 instalments, these advances amounted USD 236.7 million as of 31 December 2024 (USD 184.4 million as of 31 December 2023).
- * During 2024, Arab Bank signed a loan agreement with the Central Bank of Jordan amounting to USD 2.5 million, for the duration of 9.5 years of which 2 years are grace period 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 instalments in March and September of each year, the first instalment is due on 15 March 2026. The Balance of the loan as of 31 December 2024 amounted to USD 2.5 million.
- ** 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 instalment in the amount of USD 100 million for the duration of 7 years with a floating interest rate of (6.87125% Spread + CAS + SOFR) the interest is repaid in 2 instalments during the year, the loan is repaid semi-annually in March and September of each year, the first instalment started on 15 September 2020 and the last one will be on 15 September 2025. The Balance of the loan as of 31 December 2024 amounted to USD 18.2 million (USD 36.4 million as of 31 December 2023)
- ** During 2019, Arab Bank withdrew the second instalment in the amount of USD 69.8 million for the duration of 7 years with a floating interest rate of (6.98225% Spread + CAS + SOFR) the interest is repaid in 2 instalments during the year, the loan is repaid semi-annually in March and September of each year, the first instalment was on 15 September 2022 and the last one will be on 16 March 2026. The Balance of the loan as of 31 December 2024 amounted to USD 21 million (USD 35 million as of 31 December 2023)
- ** During 2020, Arab Bank withdrew the third instalment in the amount of USD 161.8 million for the duration of 7 years with a floating interest rate of (7.18325% Spread + CAS + SOFR) the interest is repaid in 2 instalments during the year, the loan is repaid semi-annually in March and September of each year, the first instalment was due on 15 September 2023 and the last one will be on 15 March 2027. The Balance of the loan as of 31 December 2024 amounted to USD 80.9 million (USD 113.2 million as of 31 December 2023)
- * Arab Bank refinanced USD 265.9 million as of 31 December 2024 against USD 227.3 million as of 31 December 2023 with interest rate ranging between 2% to 12%.
- ** During 2024 Arab National Leasing Co. signed loan agreement with Jordanian Mortgage Refinance Company for a duration of one year with a rate of 8.25%. The balance of the loan as of 31 December 2024 amounted to USD 7.1 million due in March 2025.
- ** During 2024, Oman Arab Bank signed a loan agreement with the Arab Fund for Economic and Social Development Fund (BADER Fund) amounting to USD 50 million, for the duration of 6 years of which 2 years are grace period with a floating interest rate of (0.25%+US Treasury Bills 10 years). The loan is settled semi-annually, with instalments in July and January of each year starting from the year 2026. The Balance of the loan as of 31 December 2024 amounted to USD 25 million.
- ** Arab Tunisian Bank borrowed amounts from banks and financial institutions, as well issued syndicated term loans, the balance amounted to USD 70.8 million as of 31 December 2024 (USD 100.8 million as of 31 December 2023) 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 2024	31 December 2023
	USD '000	USD '000
Loans maturing within one year	24,924	38,126
Loans maturing after 1 year and less than 3 years	27,727	19,892
Loans maturing after 3 years	18,099	42,737
Total	70,750	100,755

Notes to the consolidated financial statements

22. Provision for Income Tax

The details of this item are as follows:

	31 December 2024	31 December 2023
	USD '000	USD '000
Balance at the beginning of the year	337,202	293,029
Accrued income tax*	452,122	344,633
Income tax paid	(372,382)	(300,460)
Balance at the end of the year	416,942	337,202

* The above provision appears after accounting for the impact of the interest on Tier 1 capital bonds paid from retained earnings.

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

	31 December 2024	31 December 2023
	USD '000	USD '000
Accrued income tax for the year	452,122	344,633
Tax on interest paid on perpetual tier 1 capital bonds paid from retained earning	7,948	-
Deferred tax assets for the year	(163,806)	(135,123)
Amortization of deferred tax assets	133,398	172,728
Deferred tax liabilities for the year	17,427	5,675
Amortization of deferred tax liabilities	(8,669)	(408)
Total	438,420	387,505

- 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 2024 and 2023. Arab Bank Group effective tax rate was 30.3% as of 31 December 2024 and 31.8% as of 31 December 2023.
- The subsidiaries and branches of Arab Bank Group have reached recent tax settlements ranging between year 2023 such as Arab Bank United Arab Emirates and Arab Bank Palestine, and year 2022 such as Arab National Leasing Company.

23. Other Provisions

The details of this item are as follows:

	2024					
	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	124,865	29,506	(34,535)	-	(4,480)	115,356
Legal cases	9,802	7,776	(160)	(566)	(718)	16,134
Other	110,027	12,267	(2,260)	(5,183)	(3,637)	111,214
Total	244,694	49,549	(36,955)	(5,749)	(8,835)	242,704

	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

24. Other Liabilities

The details of this item are as follows:

	31 December 2024	31 December 2023
	USD '000	USD '000
Accrued interest payable	447,132	418,639
Notes payable	234,276	159,882
Interest and commission received in advance	94,414	68,370
Accrued expenses	255,942	232,408
Dividends payable to shareholders	17,281	17,507
Provision for impairment – Expected Credit Loss of the indirect credit facilities*	108,686	116,425
Lease liabilities	98,719	106,488
Other miscellaneous liabilities	630,411	571,603
Total	1,886,861	1,691,322

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 2024				31 December 2023
	Stage 1	Stage 2	Stage 3	Total	Total
	USD '000	USD '000	USD '000	USD '000	USD '000
Low risk / performing	1,043,176	-	-	1,043,176	1,125,924
Acceptable risk / performing	17,438,618	985,292	-	18,423,910	16,794,589
Non-performing	-	-	94,883	94,883	94,451
Total	18,481,794	985,292	94,883	19,561,969	18,014,964

- Probability of default at low risk 0.02% – 15.5%
- Probability of default at acceptable risk 15.5% – 24%
- Probability of default at high risk 100%

The movement on total indirect credit facilities is as follows:

	31 December 2024				31 December 2023
	Stage 1	Stage 2	Stage 3	Total	Total
	USD '000	USD '000	USD '000	USD '000	USD '000
Balance at beginning of the year	17,268,577	651,936	94,451	18,014,964	17,499,024
New balances (Additions)	9,888,662	294,409	4,983	10,188,054	6,077,272
Matured balances	(8,263,941)	(190,463)	(10,304)	(8,464,708)	(5,726,657)
Transfers to stage 1	57,152	(57,148)	(4)	-	-
Transfers to stage 2	(303,893)	304,049	(156)	-	-
Transfers to stage 3	(431)	(6,093)	6,524	-	-
Translation Adjustments	(164,332)	(11,398)	(611)	(176,341)	165,325
Total	18,481,794	985,292	94,883	19,561,969	18,014,964

The movement of Expected Credit Loss on indirect credit facilities is as follows:

	31 December 2024				31 December 2023
	Stage 1	Stage 2	Stage 3	Total	Total
	USD '000	USD '000	USD '000	USD '000	USD '000
Balance at beginning of the year	45,886	15,997	54,542	116,425	176,384
Expected Credit Loss charges during the year	3,221	1,959	4,891	10,071	24,093
Recoveries (excluding write offs)	(12,342)	(1,859)	(3,081)	(17,282)	(21,646)
Transfers to stage 1	502	(502)	-	-	-
Transfers to stage 2	(1,961)	1,961	-	-	-
Transfers to stage 3	-	(67)	67	-	-
Impact on year end Expected Credit Loss caused by transfers between stages during the year	-	1,806	-	1,806	(387)
Adjustments during the year	(449)	(83)	165	(367)	(61,839)
Translation Adjustments	(1,285)	(482)	(200)	(1,967)	(180)
Total	33,572	18,730	56,384	108,686	116,425

Notes to the consolidated financial statements

25. Deferred Tax Liabilities

Items attributable to deferred tax liabilities are as follows:

	2024					
	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	80,374	74,316	(1,014)	(3,661)	150,015	24,167
Total	80,374	74,316	(1,014)	(3,661)	150,015	24,167

	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

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

	2024	2023
	USD '000	USD '000
Balance at the beginning of the year	16,113	9,253
Additions during the year	17,480	5,689
Amortized during the year	(8,700)	(463)
Adjustments during the year and translation adjustments	(726)	1,634
Balance at the end of the year	24,167	16,113

26. Share Capital & Premium

- a. Share Capital amounted to USD 926.6 million as of 31 December 2024 and 2023 with an authorized capital of 640.8 million shares (at a par value of USD 1.41 per share).
- b. Share premium amounted to USD 1225.7 million as of 31 December 2024 and 2023.

27. Statutory Reserve

Statutory reserve amounted to USD 926.6 million as of 31 December 2024 and 2023, 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 2024 and 2023. 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 2024 and 2023. 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 2024 and 2023.

31. Foreign Currency Translation Reserve

The details of this item are as follows:

	31 December 2024	31 December 2023
	USD '000	USD '000
Balance at the beginning of the year	(323,174)	(400,986)
Changes during the year	(128,203)	77,812
Balance at the end of the year	(451,377)	(323,174)

32. Investment Revaluation Reserve

The details of this item are as follows:

	31 December 2024	31 December 2023
	USD '000	USD '000
Balance at the Beginning of the year	(333,110)	(362,590)
Change in fair value during the year	(38,447)	31,256
Net realised gains (losses) transferred to retained earnings	4,315	(1,776)
Balance at the End of the Year	(367,242)	(333,110)

33. Perpetual Tier 1 Capital Bonds

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

- On 4 June 2021, the Bank issued a 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.
- On 9 October 2024, the Bank distributed dividends to the shareholders by issuing Mandatory Convertible Bonds to shares amounted to USD 26 million at fixed rate of 6% per annum paid semi-annually. The share of Arab Bank plc amounted to USD 13 million is not disclosed in this item as a result of the elimination of balances and transactions between the Group companies, while the share of the non-controlling interest amounted to USD 13.27 million is disclosed, treated as deduction from equity, non-cumulative and payable at Bank's discretion.
- On 11 December 2024, Izz Islamic Bank (a subsidiary of the bank) issued additional Modaraba Sukuk non-guaranteed secondary and perpetual from the first level amounted to OMR 30 million (equivalent to USD 78 million) at an average profit of 6.5% per annum paid semi-annually, treated as deduction from equity, non-cumulative and payable at Bank's discretion. The investment of Islamic International Arab Bank amounted to USD 10 million is not disclosed in this item as a result of the elimination of balances and transactions between the Group companies.

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 2024	31 December 2023
	USD '000	USD '000
Balance at the Beginning of the year (as presented)	3,846,009	3,289,293
Previous years adjustments related to associates	75,612	–
Restated Balance at the Beginning of the year	3,921,621	3,289,293
Profit for the year attributable to Shareholders of the Bank	969,126	800,695
Investments revaluation reserve transferred to retained earnings	(4,315)	1,776
Dividends paid *	(277,402)	(231,640)
Interest paid on perpetual tier 1 capital bonds – net	(26,839)	(13,634)
Adjustments during the year	35,818	(481)
Balance at the end of the year	4,618,009	3,846,009

* The Board of Directors of Arab Bank PLC decided to recommend to the General Assembly of Shareholders the distribution of cash dividends for the year 2024 at a rate of 40% of the nominal value of the shares, amounting to a total of 361.4 million US Dollars, subject to the approval of the General Assembly of Shareholders. (The General Assembly of Shareholders of Arab Bank PLC, in its meeting held on 28 March 2024, approved the Board of Directors' recommendation to distribute cash dividends to shareholders for the year 2023 at a rate of 30% of the nominal value of the shares, equivalent to 271.1 million US Dollars).

Notes to the consolidated financial statements

The details of non-controlling interests are as follows:

	31 December 2024			31 December 2023		
	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)
		USD '000	USD '000		USD '000	USD '000
		%				
Arab Tunisian Bank	35.76	49,891	595	35.76	52,537	521
Arab Bank Syria	48.71	25,570	(349)	48.71	25,867	54
Al Nisr Al Arabi Insurance Company plc	32.00	20,666	2,139	32.00	9,390	1,138
Oman Arab Bank	51.00	495,310	40,323	51.00	480,379	27,228
Arab Bank Iraq	36.23	64,382	(4,744)	-	-	-
Other at Arab Bank Switzerland	-	6,481	-	-	6,938	-
Total		662,300	37,964		575,111	28,941

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

	2024					2023			
	Arab Tunisian Bank	Arab Bank Syria	Oman Arab Bank	Al Nisr Al Arabi Insurance Company plc	Arab Bank Iraq	Arab Tunisian Bank	Arab Bank Syria	Oman Arab Bank	Al Nisr Al Arabi Insurance Company plc
				USD '000					USD '000
Total Assets	2,614,017	113,437	11,091,375	195,621	209,767	2,480,246	103,223	10,390,994	195,841
Total Liabilities	2,452,513	60,792	10,120,179	131,040	32,113	2,310,521	49,966	9,449,074	166,497
Net Assets	161,504	52,645	971,196	64,581	177,654	169,725	53,257	941,920	29,344
Total Income	120,629	3,977	329,442	19,135		106,599	3,884	312,989	13,000
Total Expenses	118,964	4,693	250,378	12,450	13,096	105,142	3,773	259,600	9,444
Net Profit (Loss)	1,665	(716)	79,064	6,685	(13,096)	1,457	111	53,389	3,556

35. Interest Income

The details of this item are as follows:

	2024	2023
	USD '000	USD '000
Direct credit facilities at amortized cost *	2,587,390	2,419,669
Central banks	521,808	465,674
Banks and financial institutions	229,873	226,917
Financial assets at fair value through profit or loss	25,969	15,706
Financial assets at fair value through other comprehensive income	20,434	17,612
Other financial assets at amortized cost	628,133	514,100
Total	4,013,607	3,659,678

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

	2024					
	Corporates			Banks and Financial Institutions	Government and Public Sector	Total
	Consumer Banking	Small and Medium	Large			
	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
Discounted bills	1,598	6,486	44,465	16,140	6,179	74,868
Overdrafts	11,763	108,171	251,991	-	14,666	386,591
Loans and advances	409,831	135,822	1,035,753	4,048	156,244	1,741,698
Real estate loans	278,817	42,864	33,980	-	-	355,661
Credit cards	28,572	-	-	-	-	28,572
Total	730,581	293,343	1,366,189	20,188	177,089	2,587,390

	2023					
	Corporates			Banks and Financial Institutions	Government and Public Sector	Total
	Consumer Banking	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

36. Interest Expense

The details of this item are as follows:

	2024	2023
	USD '000	USD '000
Customers' deposits *	1,531,867	1,318,501
Banks' and financial institutions' deposits	186,307	180,536
Cash margins	98,021	68,502
Borrowed funds	25,505	29,884
Deposit insurance fees	26,621	25,045
Total	1,868,321	1,622,468

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

	31 December 2024				
	Corporates			Government and Public Sector	Total
	Consumer Banking	Small and Medium	Large		
	USD '000	USD '000	USD '000	USD '000	USD '000
Current and demand	41,432	3,529	45,193	48,562	138,716
Savings	71,450	783	196	255	72,684
Time and notice	619,902	74,764	291,206	275,069	1,260,941
Certificates of deposit	42,876	829	13,855	1,966	59,526
Total	775,660	79,905	350,450	325,852	1,531,867

	31 December 2023				
	Corporates			Government and Public Sector	Total
	Consumer Banking	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

37. Net Commission Income

The details of this item are as follows:

	2024	2023
	USD '000	USD '000
Commission income:		
- Direct credit facilities at amortized cost	116,480	119,291
- Indirect credit facilities	127,922	119,973
- Assets under management	65,062	50,245
- Other	274,548	248,513
Less: commission expense	(130,944)	(112,909)
Net Commission Income	453,068	425,113

Notes to the consolidated financial statements

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

The details of this item are as follows:

	2024			
	Realised Gains	Unrealised Gains (Losses)	Dividends	Total
	USD '000	USD '000	USD '000	USD '000
Treasury bills and bonds	3,449	338	–	3,787
Companies shares	–	2,257	–	2,257
Mutual funds	–	54	–	54
Total	3,449	2,649	–	6,098

	2023			
	Realised Gain	Unrealised 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

39. Other Revenue

The details of this item are as follows:

	2024	2023
	USD '000	USD '000
Revenue from customer services	15,682	14,810
Safe box rent	3,265	2,856
(Losses) from derivatives	(509)	(56)
Miscellaneous revenue	40,699	26,470
Total	59,137	44,080

40. Employees' Expenses

The details of this item are as follows:

	2024	2023
	USD '000	USD '000
Salaries and other benefits	566,033	514,571
Social security	53,601	50,082
Savings fund	8,913	8,394
Indemnity compensation	4,782	4,712
Medical	18,822	18,219
Training	4,971	4,606
Allowances	108,808	100,326
Other	20,274	16,764
Total	786,204	717,674

41. Other Expenses

	2024	2023
	USD '000	USD '000
Utilities and rent	108,232	107,691
Office	121,082	111,379
Services	80,138	76,404
Fees	25,571	23,727
Information technology	100,811	86,407
Other administrative expenses	75,378	76,708
Total	511,212	482,316

42. Financial Derivatives

The details of this item is as follows:

	31 December 2024						
	Positive Fair Value	Negative Fair Value	Total Notional Amount	Notional amounts by maturity			
				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	3,094	3,040	400,121	166,393	199,022	34,706	–
Interest rate swaps	36,890	31,215	2,403,772	43,338	295,246	743,226	1,321,962
Foreign currency forward contracts	81,248	49,802	12,841,123	9,457,591	3,191,712	191,820	–
Derivatives held for trading	121,232	84,057	15,645,016	9,667,322	3,685,980	969,752	1,321,962
Interest rate swaps	70,032	47,246	2,451,709	12,323	336,923	1,249,033	853,430
Foreign currency forward contracts	–	–	181,198	–	181,198	–	–
Derivatives held for fair value hedge	70,032	47,246	2,632,907	12,323	518,121	1,249,033	853,430
Interest rate swaps	16,182	24,627	1,124,592	–	–	70,813	1,053,779
Foreign currency forward contracts	342	193	47,452	11,355	36,097	–	–
Derivatives held for cash flow hedge	16,524	24,820	1,172,044	11,355	36,097	70,813	1,053,779
Total	207,788	156,123	19,449,967	9,691,000	4,240,198	2,289,598	3,229,171

	31 December 2023						
	Positive Fair Value	Negative Fair Value	Total Notional Amount	Notional amounts by maturity			
				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	11,664,748	3,671,850	233,266	–
Derivatives held for trading	130,655	143,042	18,158,075	11,995,526	3,975,773	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	12,059,709	4,382,536	1,200,112	2,524,811

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	
	2024	2023	2024	2023	2024	2023
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Revenues	904,777	810,130	2,490,230	2,340,140	3,395,007	3,150,270
Assets	20,657,660	19,833,386	50,572,861	48,440,585	71,230,521	68,273,971
Capital Expenditures	36,075	30,107	79,285	47,242	115,360	77,349

Notes to the consolidated financial statements

44. Business Segments

The Group has an integrated group of products and services dedicated to serve the Group's customers and constantly developed in response to the ongoing changes in the banking business environment, and related state-of-the-art tools.

The Groups 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 Groups' 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 offers a comprehensive suite of lending and financial solutions accessible 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. This broad and efficient offering positions Arab Bank as the preferred banking partner 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 while strategically acquiring new clients.

The CIB division caters to clients' needs over the different stages of their business cycle and across different markets, ensuring consistent service levels across its network. CIB is dedicated to offering an exceptional banking experience by providing a comprehensive range of tailored financial solutions, incorporating products and services from across Arab Bank's diverse business lines.

Digital transformation is pivotal in streamlining CIB operations and enhancing client experiences through electronic channels. The integration of data analytics supports informed decision-making, sustains competitiveness and ensures alignment with the evolving corporate and digital banking landscapes.

The success of CIB is underpinned by the quality and expertise of its staff. The division is proactive in monitoring the ever-changing business environment, constantly investing in the development and expansion of its teams' capabilities to meet the dynamic needs and banking requirements of its clients.

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, 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 Group within approved limits so that the business is always adequately funded
- To manage the market risk of the Group 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 Group's objective of being fully liquid at all times and under all circumstances, wherever the Group operates.

Treasury's role in managing the Group's liquidity and market risk is to ensure that the Group 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 Group'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

The retail banking sector provides a range of programmes specifically designed to meet the needs of different customer segments. These programmes extend from the "Arabi Junior" programme for children to the exclusive "Elite" programme, which serves our distinguished clients and is now available in our main markets. The group aims to continue developing its programmes to suit different customer segments while providing an appropriate relationship management model, as these programmes represent the core of our services in line with the increasing needs and expectations of customers.

This sector also aims to directly communicate with targeted customer segments to provide them with suitable and continuous immediate services through a network of branches and electronic channels such as online banking, mobile banking, direct call centres, ATMs, and SMS via mobile phones.

Information about the Group's Business Segments

	31 December 2024					
	Corporate and institutional Banking	Consumer Banking				
		Treasury	Elite	Retail Banking	Other	Total
	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
Total income	1,254,734	1,345,229	(279,039)	445,494	628,589	3,395,007
Net inter-segment interest income	(116,072)	(735,808)	698,359	153,521	–	–
Less: ECL expense on financial assets	328,309	60,980	87	101,354	–	490,730
Other provisions	23,588	4,461	3,424	12,327	–	43,800
Direct administrative expenses	135,935	30,800	41,984	334,855	9,844	553,418
Result of operations of segments	650,830	513,180	373,825	150,479	618,745	2,307,059
Indirect expenses on segments	376,163	123,564	157,490	204,332	–	861,549
Profit for the year before income tax	274,667	389,616	216,335	(53,853)	618,745	1,445,510
Income tax expense	83,305	118,170	65,614	(16,333)	187,664	438,420
Profit for the Year	191,362	271,446	150,721	(37,520)	431,081	1,007,090
Depreciation and amortization	35,308	39,885	3,316	39,042	–	117,551
Other information						
Segment assets	24,863,126	26,926,188	2,909,371	8,815,405	3,528,405	67,042,495
Inter-segment assets	–	–	14,727,966	2,597,883	5,986,214	–
Investment in associates	–	–	–	–	4,188,026	4,188,026
Total Assets	24,863,126	26,926,188	17,637,337	11,413,288	13,702,645	71,230,521
Segment liabilities	22,045,598	6,431,653	17,637,337	11,413,288	1,567,746	59,095,622
Shareholders' equity	–	–	–	–	12,134,899	12,134,899
Inter-segment liabilities	2,817,528	20,494,535	–	–	–	–
Total Liabilities and Shareholders' Equity	24,863,126	26,926,188	17,637,337	11,413,288	13,702,645	71,230,521

Notes to the consolidated financial statements

Information about the Group's Business Segments

	31 December 2023					
	Corporate and institutional Banking	Consumer Banking				
		Treasury	Elite	Retail Banking	Other	Total
	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	–	–
Expected Credit Loss 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
Shareholders' equity	–	–	–	–	11,356,851	11,356,851
Inter-segment liabilities	1,744,601	21,031,794	–	–	–	–
Total Liabilities and Shareholders' Equity	22,813,392	26,021,969	18,237,717	11,273,336	12,703,952	68,273,971

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 Group, and as the second level of control, Group Risk Management is responsible for ensuring that the Group has a robust system for the identification and management of risk. Its mandate is to:

- Reviewing the Group's risk management framework before it is approved by the board of directors.
- Implementing the risk management strategy and developing policies and procedures to manage all types of risks.
- Developing methodologies to identify, measure, monitor, and control each type of risk.
- Reporting to the board of directors through the Risk Management Committee and providing a copy to senior executive management, including information comparing the actual risk system of all the Group's activities with the Risk Profile and Risk Appetite document, and following up on the treatment of negative deviations.
- Enhancing and raising risk awareness based on best practices and leading standards specific to the banking sector.

a. Credit Risk Management

The group adopts a proactive and dynamic approach and applies a conservative strategy in managing this type of risk as a fundamental element to achieve its strategic goal of continuous improvement and maintaining the quality of assets and the composition of the credit portfolio. The group also relies on established credit standards characterised by conservatism and prudence, policies, procedures, methodologies, and general frameworks for risk management that take into account all developments in the banking and legislative environment, in addition to clear organisational structures and automated systems, as well as diligent follow-up and effective oversight. This enables the group to deal with potential risks and the challenges of a changing environment with a high level of confidence and determination. Credit management decisions are based on the group's business strategy and acceptable risk levels. It also focuses on diversification, which is the cornerstone for mitigating and diversifying risks at the individual customer level as well as at the sectoral and geographical levels.

b. Geographic Concentration Risk

The Group 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 as the group's ability to finance the increase in its assets and meet its obligations as they become due without incurring unacceptable losses. The group has established a robust and solid infrastructure of policies, procedures, and human resources to ensure that the group's obligations are met when due under all circumstances and without additional costs.

The group uses multiple methods to measure and analyse the liquidity of its financial position, which helps the group plan and manage its financial resources, as well as identify mismatches in assets and liabilities that could expose the group to liquidity risks. Note (53) illustrates the maturity dates of assets and liabilities, and Note (49) shows the distribution of liabilities (undiscounted) based on the remaining period to contractual maturity.

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 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. 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 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 equities investment portfolio represents a very small percent of the Group's overall investments.

3. 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. 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 Group 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 risk of loss resulting from inadequate or failed internal processes, people, and systems, or from external events. This definition includes legal risk but excludes strategic and reputational risk. Such risk is managed through a comprehensive framework, as part of the overall strengthening and continuous improvement of the controls within the Group.

Notes to the consolidated financial statements

46. Credit Risk

A. Gross exposure to credit risk (net of Expected Credit Loss provisions and interest in suspense and prior to collaterals and other risk mitigations):

	31 December 2024	31 December 2023
	USD '000	USD '000
Credit risk exposures relating to items on the consolidated statement of financial position:		
Balances with central banks	11,970,556	12,439,780
Balances with banks and financial institutions	3,748,388	4,204,480
Deposits with banks and financial institutions	258,832	273,807
Financial assets at fair value through profit or loss	41,676	23,857
Financial assets at fair value through other comprehensive income	693,621	409,939
Direct credit facilities at amortized cost	34,383,335	33,158,248
Consumer Banking	10,383,348	10,116,559
Small and Medium Corporate	3,749,190	3,537,675
Large Corporate	16,266,891	16,061,142
Banks and financial institutions	461,028	258,170
Government and public sector	3,522,878	3,184,702
Other financial assets at amortized cost	11,992,602	10,376,401
Financial derivatives – positive fair value	207,788	217,629
Other assets	539,290	475,886
Total Credit Exposure related to items on the consolidated statement of financial position:	63,836,088	61,580,024
Credit risk exposures relating to items off the consolidated statement of financial position:		
Total of indirect facilities	19,453,283	17,898,539
Grand Total for Credit Exposure	83,289,371	79,478,563

The table above shows the maximum limit of the bank credit risk as of 31 December 2024 and 2023 excluding collaterals and risks mitigations.

B. Fair value of collaterals obtained against total credit exposures:

	31 December 2024									
		Fair Value of Collaterals								
	Total Credit Risk Exposure	Cash	Banks accepted letters of guarantees	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	USD '000	USD '000	USD '000
Credit exposures relating to items on statement of financial position:										
Balances with central banks	12,438,955	–	–	–	–	–	–	–	12,438,955	468,399
Balances with banks and financial institutions	3,751,194	–	–	–	–	–	–	–	3,751,194	2,806
Deposits with banks and financial institutions	259,633	–	–	–	–	–	–	–	259,633	801
Financial assets at fair value through profit or loss	41,676	–	–	–	–	–	–	–	41,676	–
Financial assets at fair value through other comprehensive income	694,056	–	–	–	–	–	–	–	694,056	435
Direct credit facilities at amortized cost	38,291,761	1,338,242	269,679	6,466,113	1,095,464	496,274	7,940,206	17,605,978	20,685,783	3,083,633
Consumer Banking	10,889,321	378,659	2,781	1,803,689	173,175	223,897	1,065,729	3,647,930	7,241,391	372,504
Small and Medium Corporates	4,407,590	246,597	33,400	1,056,968	132,260	16,733	1,087,477	2,573,435	1,834,155	511,208
Large Corporates	18,988,621	441,818	189,343	3,593,763	790,029	255,644	4,578,285	9,848,882	9,139,739	2,177,860
Banks and Financial Institutions	464,756	–	168	–	–	–	1,613	1,781	462,975	3,466
Government and Public Sector	3,541,473	271,168	43,987	11,693	–	–	1,207,102	1,533,950	2,007,523	18,595
Other financial assets at amortized cost	12,041,830	–	–	–	–	–	–	–	12,041,830	49,228
Financial derivatives – positive fair value	207,788	–	–	–	–	–	–	–	207,788	–
Other assets	539,290	–	–	–	–	–	–	–	539,290	–
Total	68,266,183	1,338,242	269,679	6,466,113	1,095,464	496,274	7,940,206	17,605,978	50,660,205	3,605,302
Credit exposures relating to items off statement of financial position:										
Total	19,561,969	1,046,079	47,635	260,685	81,730	27,184	3,563,967	5,027,280	14,534,689	108,686
Grand Total	87,828,152	2,384,321	317,314	6,726,798	1,177,194	523,458	11,504,173	22,633,258	65,194,894	3,713,988
Grand Total as of 31 December 2023	83,930,305	3,218,193	450,493	7,072,780	1,277,362	541,660	10,784,616	23,345,104	60,585,201	3,535,448

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

	31 December 2024									
		Fair Value of Collaterals								
	Total Credit Risk Exposure	Cash	Banks accepted letters of guarantees	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	USD '000	USD '000	USD '000
Credit exposures relating to items on statement of financial position:										
Cash and balances with central banks	-	-	-	-	-	-	-	-	-	-
Balances with banks and financial institutions	-	-	-	-	-	-	-	-	-	-
Deposits with banks and financial institutions	-	-	-	-	-	-	-	-	-	-
Financial assets at fair value through profit or loss	-	-	-	-	-	-	-	-	-	-
Financial assets at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	-
Direct credit facilities at amortized cost	2,787,344	24,588	31,253	356,788	9,032	35,815	390,325	847,801	1,939,543	1,850,371
Consumer Banking	447,977	9,876	380	52,487	1,474	5,421	19,829	89,467	358,510	241,133
Small and Medium Corporates	536,086	4,619	1,363	133,769	951	1,229	51,174	193,105	342,981	370,645
Large Corporates	1,800,012	10,093	29,510	170,532	6,607	29,165	319,322	565,229	1,234,783	1,235,451
Banks and Financial Institutions	2,982	-	-	-	-	-	-	-	2,982	2,931
Government and Public Sector	287	-	-	-	-	-	-	-	287	211
Other financial assets at amortized cost	-	-	-	-	-	-	-	-	-	-
Financial derivatives – positive fair value	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-	-
Total	2,787,344	24,588	31,253	356,788	9,032	35,815	390,325	847,801	1,939,543	1,850,371
Credit exposures relating to items off statement of financial position:										
Total	94,883	2,903	-	2,902	-	1,528	15,192	22,525	72,358	56,384
Grand Total	2,882,227	27,491	31,253	2,902	9,032	37,343	405,517	870,326	2,011,901	1,906,755
Grand Total as of 31 December 2023	3,131,714	39,203	38,158	353,412	19,940	25,581	626,299	1102,593	2,029,121	2,050,658

D. 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 2024					
	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	868,556	94,982	-	-	94,982	10.9%
Balances with banks and financial institutions	-	-	-	-	-	-
Deposits with banks and financial institutions	-	-	-	-	-	-
Direct credit facilities at amortized cost	4,522,496	603,699	2,787,344	303,932	907,631	12.4%
Other financial assets at amortized cost	38,375	19,947	-	-	19,947	52.0%
Total	5,429,427	718,628	2,787,344	303,932	1,022,560	12.4%
Credit exposures relating to items off statement of financial position:						
Total	985,292	240,808	94,883	6,364	247,172	22.9%
Grand Total	6,414,719	959,436	2,882,227	310,296	1,269,732	13.7%
Grand Total as of 31 December 2023	5,441,210	(243,322)	3,131,714	414,228	170,906	2.0%

	31 December 2024					
	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	464,262	-	-	-	-	-
Balances with banks and financial institutions	-	-	-	-	-	-
Deposits with banks and financial institutions	-	-	-	-	-	-
Direct credit facilities at amortized cost	866,692	(70,984)	1,850,371	100,029	29,045	1.1%
Other financial assets at amortized cost	25,355	343	-	-	343	1.4%
Total	1,357,309	(70,641)	1,850,371	100,029	29,388	0.9%
Credit exposures relating to items off statement of financial position:						
Total	18,730	1,392	56,384	67	1,459	0.02
Grand Total	1,376,039	(69,249)	1,906,755	100,096	30,847	0.9%
Grand Total as of 31 December 2023	1,122,390	(274,728)	2,050,658	243,339	(31,389)	(1.0%)

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Expected Credit Losses for Reclassified Credit Exposures:

	31 December 2024						
	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	94,982	-	94,982	-	-	-	-
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	603,699	303,932	907,631	(85,222)	21,937	137,462	74,177
Other financial assets at amortized cost	19,947	-	19,947	343	-	-	343
Total	718,628	303,932	1,022,560	(84,879)	21,937	137,462	74,520
Credit exposures relating to items off statement of financial position:							
Total	240,808	6,364	247,172	3,198	-	67	3,265
Grand Total	959,436	310,296	1,269,732	(81,681)	21,937	137,529	77,785
Grand Total as of 31 December 2023	(243,322)	414,228	170,906	(276,221)	(33)	272,850	(3,404)

E. Classification of debt securities based on risk degree:

The table below analyses the credit exposure of the debt securities using the credit rating as per the global credit rating agencies:

Credit rating	31 December 2024			
	Financial Assets at Fair Value through P&L	Financial assets at fair value through other comprehensive income	Other financial assets at amortized cost	Total
	USD '000	USD '000	USD '000	USD '000
Private sector:				
AAA to A-	-	39,387	1,981,613	2,021,000
BBB+ to B-	4,363	79,428	465,552	549,343
Below B-	3,762	-	-	3,762
Unrated	-	67,456	205,103	272,559
Governments and public sector	33,551	507,350	9,340,334	9,881,235
Total	41,676	693,621	11,992,602	12,727,899
Credit rating	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
	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

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

	31 December 2024					
	Total Exposure	Expected Credit Loss	Probability of Default %		Exposure at Default	Average of Loss Given Default
			From	To		
Internal Credit Rating system						
1-6	24,079,987	787,956	-	15.5	24,078,138	0 – 67
7	983,086	313,935	24	24	946,058	0 – 58.73
8	211,665	69,249	100	100	204,154	-
9	334,357	146,918	100	100	241,410	-
10	2,241,322	1,634,204	100	100	1,560,469	-
Unrated	10,441,344	131,371	0.04	57	10,436,739	54.63
Total	38,291,761	3,083,633	-	-	37,466,968	-

	31 December 2023					
	Total Exposure	Expected Credit Loss	Probability of Default %		Exposure at Default	Average of Loss Given Default
			From	To		
Internal Credit Rating system						
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	57	10,064,906	54.63
Total	37,079,697	3,005,155	-	-	36,163,403	-

G. Credit exposure for assets categorized by geographical distribution:

	31 December 2024						
	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	6,078,609	4,773,929	1,425	1,103,710	-	12,883	11,970,556
Balances and deposits with banks and financial institutions	366,712	1,075,552	398,448	1,417,582	682,303	66,623	4,007,220
Financial assets at fair value through profit or loss	-	33,551	-	3,905	-	4,220	41,676
Financial assets at fair value through other comprehensive income	20,095	533,283	-	140,243	-	-	693,621
Direct credit facilities at amortized cost	9,246,509	21,201,995	734,243	2,243,361	12,502	944,725	34,383,335
Consumer Banking	3,825,382	5,845,371	4,887	329,863	264	377,581	10,383,348
Small and Medium Corporates	952,573	1,725,413	80,183	699,522	9,133	282,366	3,749,190
Large Corporates	4,003,298	10,199,067	649,173	1,127,470	3,105	284,778	16,266,891
Banks and Financial Institutions	159,164	215,358	-	86,506	-	-	461,028
Government and public Sector	306,092	3,216,786	-	-	-	-	3,522,878
Other financial assets at amortized cost	4,381,219	4,946,588	303,427	1,517,298	451,939	392,131	11,992,602
financial derivatives - positive fair value	1,688	80,265	795	122,323	133	2,584	207,788
Other assets	103,012	345,314	6,162	79,857	64	4,881	539,290
Total	20,197,844	32,990,477	1,444,500	6,628,279	1,146,941	1,428,047	63,836,088
Total - as of 31 December 2023	18,942,700	32,187,809	1,169,478	6,933,587	1,097,838	1,248,612	61,580,024

* Excluding Other Arab Countries

Notes to the consolidated financial statements

H. Credit exposure categorized by geographical distribution and staging according to IFRS 9:

	31 December 2024					
	Stage 1		Stage 2		Stage 3	Total
	(Individual) USD '000	(Collective) USD '000	(Individual) USD '000	(Collective) USD '000	USD '000	USD '000
Jordan	15,741,476	3,725,489	618,598	79,962	32,319	20,197,844
Other Arab Countries	24,200,832	5,392,280	2,880,859	397,968	118,538	32,990,477
Asia*	1,439,614	4,886	–	–	–	1,444,500
Europe	6,278,355	321,901	20,054	7,967	2	6,628,279
America	1,146,677	264	–	–	–	1,146,941
Rest of the World	1,037,094	356,513	11,499	18,145	4,796	1,428,047
Total	49,844,048	9,801,333	3,531,010	504,042	155,655	63,836,088
Total as of 31 December 2023	47,922,764	9,845,215	3,467,001	188,976	156,068	61,580,024

* Excluding Arab Countries.

I. Credit exposure categorized by economic sector

	31 December 2024												
	Corporates										Banks and Financial Institutions	Government and Public Sector	Total
	Consumer Banking	Industry and Mining	Constructions	Real Estate	Trade	Agriculture	Tourism and Hotels	Transportation	Shares	General Services			
	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
Balances with Central Banks		–	–	–	–	–	–	–	–	–	–	11,970,556	11,970,556
Balances and deposits with banks and financial institutions		–	–	–	–	–	–	–	–	–	4,007,220	–	4,007,220
Financial assets at fair value through profit or loss		8,125	–	–	–	–	–	–	–	–	–	33,551	41,676
Financial assets at fair value through other comprehensive income		–	–	3,737	–	–	–	995	–	77,382	104,157	507,350	693,621
Direct credit facilities at amortized cost	10,383,348	5,044,430	1,818,040	1,258,014	4,593,442	388,133	905,668	575,996	32,941	5,399,417	461,028	3,522,878	34,383,335
Other financial assets at amortized cost	–	115,327	–	7,001	–	–	–	–	–	476,065	2,053,875	9,340,334	11,992,602
Financial derivatives – positive fair value	–	109	–	–	2,331	76	–	128	–	19,088	185,974	82	207,788
Other assets	28,882	61,553	18,846	11,890	31,186	2,538	15,243	10,165	–	148,566	39,122	171,299	539,290
Total	10,412,230	5,229,544	1,836,886	1,280,642	4,626,959	390,747	920,911	587,284	32,941	6,120,518	6,851,376	25,546,050	63,836,088
Total as of 31 December 2023	10,142,790	4,918,085	2,009,783	1,398,693	4,462,714	433,628	797,365	405,249	37,049	5,880,332	6,103,653	24,990,683	61,580,024

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

	31 December 2024					
	Stage 1		Stage 2		Stage 3	Total
	(Individual) USD '000	(Collective) USD '000	(Individual) USD '000	(Collective) USD '000	USD '000	USD '000
Consumer Banking	28,882	9,801,333	–	504,042	77,973	10,412,230
Industry and Mining	4,654,119	–	569,847	–	5,578	5,229,544
Constructions	1,309,917	–	491,647	–	35,322	1,836,886
Real Estate	1,092,399	–	182,269	–	5,974	1,280,642
Trade	3,900,026	–	724,699	–	2,234	4,626,959
Agriculture	300,887	–	85,012	–	4,848	390,747
Tourism and Hotels	664,170	–	254,024	–	2,717	920,911
Transportation	507,905	–	76,766	–	2,613	587,284
Shares	32,941	–	–	–	–	32,941
General Service	5,587,331	–	514,868	–	18,319	6,120,518
Banks and Financial Institutions	6,841,360	–	10,015	–	1	6,851,376
Government and Public Sector	24,924,111	–	621,863	–	76	25,546,050
Total	49,844,048	9,801,333	3,531,010	504,042	155,655	63,836,088
Total as of 31 December 2023	47,922,764	9,845,215	3,467,001	188,976	156,068	61,580,024

47. Market Risk

Market Risk Sensitivity

Assuming market prices as at December 31, 2024 and 2023 change by 5%, the impact on statement of income and shareholders equity will be as follows:

	31 December 2024			31 December 2023		
	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	74,763	–	74,763	69,469	–	69,469
Foreign exchange rate sensitivity	3,072	82,851	85,923	7,852	85,352	93,204
Equity instruments price sensitivity	1,627	19,424	21,051	1,558	17,455	19,013
Total	79,462	102,275	181,737	78,879	102,807	181,686

Notes to the consolidated financial statements

48. Interest Rate Risk

Below is the Group Exposure to interest rate volatility as of 31 December 2024 (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
	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
Assets								
Cash at vaults	–	–	–	–	–	–	1,116,169	1,116,169
Mandatory cash reserve	–	–	–	–	–	–	1,514,008	1,514,008
Balances with central banks	7,394,853	–	–	–	–	–	3,061,695	10,456,548
Balances and deposits with banks and financial institutions	3,053,798	729,613	155,746	68,063	–	–	–	4,007,220
Financial assets at fair value through profit or loss	4,888	9,902	3,966	5,901	–	17,019	32,546	74,222
Direct credit facilities at amortized cost	7,996,092	6,544,395	4,303,981	2,884,076	4,208,243	8,446,548	–	34,383,335
Financial assets at fair value through other comprehensive income	46,414	70,644	28,447	92,838	137,896	317,382	388,471	1,082,092
Other financial assets at amortized cost	794,650	1,223,131	1,102,058	1,768,222	3,309,788	3,794,753	–	11,992,602
Investments in associates	–	–	–	–	–	–	4,188,026	4,188,026
Fixed assets	–	–	–	–	–	–	538,503	538,503
Other assets and financial derivatives – positive fair value	303,342	161,126	107,525	48,268	88,321	80,028	818,256	1,606,866
Deferred tax assets	–	–	–	–	–	–	270,930	270,930
Total Assets	19,594,037	8,738,811	5,701,723	4,867,368	7,744,248	12,655,730	11,928,604	71,230,521
Liabilities								
Banks and financial institutions' deposits	2,542,332	490,933	21,745	2,000	91,972	–	569,741	3,718,723
Customer deposits	13,750,089	5,980,838	3,651,009	7,726,388	2,313,188	919,807	15,434,448	49,775,767
Cash margin	624,046	529,533	197,012	391,632	151,781	57,214	438,294	2,389,512
Borrowed funds	200,639	151,453	32,127	17,822	42,067	40,715	–	484,823
Provision for income tax	–	–	–	–	–	–	416,942	416,942
Other provisions	–	–	–	–	–	–	242,704	242,704
Other liabilities and financial derivatives – negative fair value	261,093	69,836	127,673	32,377	109,343	63,352	1,379,310	2,042,984
Deferred tax liabilities	–	–	–	–	–	–	24,167	24,167
Total liabilities	17,378,199	7,222,593	4,029,566	8,170,219	2,708,351	1,081,088	18,505,606	59,095,622
Gap	2,215,838	1,516,218	1,672,157	(3,302,851)	5,035,897	11,574,642	(6,577,002)	12,134,899

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
	USD '000	USD '000	USD '000	USD '000	USD '000	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	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 OCI	–	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

Notes to the consolidated financial statements

49. Liquidity Risk

The below is the distribution of the liabilities (undiscounted) according to the residual maturity as of 31 December 2024:

	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
	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
Liabilities								
Banks and financial institutions' deposits	2,614,784	417,816	21,745	2,000	91,972	–	570,639	3,718,956
Customer deposits	11,347,223	5,387,649	3,474,759	7,090,344	1,875,305	729,072	20,322,525	50,226,877
Cash margin	526,415	636,469	199,160	395,521	336,849	57,214	247,303	2,398,931
Borrowed funds	8,256	34,769	18,467	32,225	240,131	170,321	–	504,169
Provision for income tax	–	–	–	–	–	–	416,942	416,942
Other Provisions	–	–	–	–	–	–	242,704	242,704
Financial derivatives								
– negative fair value	28,912	28,390	12,631	8,264	33,863	44,063	–	156,123
Other liabilities	238,281	204,675	112,282	25,228	75,546	16,788	1,214,061	1,886,861
Deferred tax liabilities	–	–	–	–	–	–	24,167	24,167
Total Liabilities	14,763,871	6,709,768	3,839,044	7,553,582	2,653,666	1,017,458	23,038,341	59,575,730
Total Assets according to expected maturities	15,191,503	5,167,326	4,395,442	4,532,502	9,933,466	18,336,072	13,676,990	71,233,301

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
	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
Liabilities								
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

50. Net Foreign Currency Positions

The details of this item are as follows:

	31 December 2024		31 December 2023	
	Base currency in thousands	Equivalent in USD 000	Base currency in thousands	Equivalent in USD 000
USD	1,661	1,661	(178,664)	(178,664)
GBP	(2,317)	(2,949)	12,424	15,812
EUR	23,746	26,205	(105,744)	(116,695)
JPY	425,508	3,016	404,769	2,869
CHF	(1,959)	(2,328)	(22,280)	(26,471)
Other currencies *	–	62,543	–	72,883
		88,148		(230,266)

* 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	16,426,690	704,328	1,512,639	121,929	58,716
Total liabilities	16,581,443	742,760	1,632,978	47,319	64,270
Total owner's equity	1,659,315	103	689	–	58
Net Foreign currency forward contract	1,815,729	35,586	147,233	(71,594)	3,284
Net Open Position	1,661	(2,949)	26,205	3,016	(2,328)
Net Open Position as of 31 December 2023	(178,664)	15,812	(116,695)	2,869	(26,471)

Notes to the consolidated financial statements

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 financial assets and financial liabilities are determined (valuation techniques and key inputs).

	Fair Value as at 31 December		Fair Value Hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
	2024	2023				
	USD '000	USD '000				
Financial assets / Financial liabilities						
Financial assets at fair value						
Financial assets at fair value through profit or loss						
Government Bonds and bills	33,551	13,414	Level 1	Quoted	Not Applicable	Not Applicable
Corporate bonds	8,125	10,443	Level 1	Quoted	Not Applicable	Not Applicable
Shares and mutual funds	32,546	31,155	Level 1 & 2	Quoted	Not Applicable	Not Applicable
Total Financial Assets at fair value through Profit or Loss	74,222	55,012				
Financial derivatives – positive fair value	207,788	217,629	Level 2	Through Comparison of similar financial instruments	Not Applicable	Not Applicable
Financial assets at fair value through other comprehensive income:						
Quoted shares	165,724	154,510	Level 1	Quoted Shares Through using the index sector in the market	Not Applicable	Not Applicable
Unquoted shares	222,747	194,589	Level 2 & 3		Not Applicable	Not Applicable
Governmental bonds and corporate bonds through OCI	693,621	409,939	Level 1 & 2	Quoted	Not Applicable	Not Applicable
Total Financial Assets at fair value through other comprehensive income	1,082,092	759,038				
Total Financial Assets at Fair Value	1,364,102	1,031,679				
Financial Liabilities at Fair Value						
Financial derivatives – negative fair value	156,123	197,538	Level 2	Through Comparison of similar financial instruments	Not Applicable	Not Applicable
Total Financial Liabilities at Fair Value	156,123	197,538				
There were no transfers between Level 1 and 2 during 2024 & 2023.						
	Fair Value as at 31 December					
	2024	2023				
	USD '000	USD '000				
Balance at the beginning of the year	194,589	197,111				
(Selling) purchase of shares – net	(28,158)	2,522				
	222,747	194,589				

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 2024		31 December 2023		Fair value
	Book value	Fair value	Book value	Fair value	
	USD '000	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	8,256,314	8,270,199	8,515,819	8,525,937	Level 2 & 3
Balances and Deposits with banks and Financial institutions	4,007,220	4,013,501	4,478,287	4,487,885	Level 2 & 3
Direct credit facilities at amortized cost	34,383,335	34,604,080	33,158,248	33,389,563	Level 2 & 3
Other Financial assets at amortized cost	11,992,602	12,142,262	10,376,401	10,492,219	Level 1 & 2
Total financial assets not calculated at fair value	58,639,471	59,030,042	56,528,755	56,895,604	
Financial liabilities not calculated at fair value					
Banks' and financial institutions' deposits	3,718,723	3,738,269	3,295,702	3,310,942	Level 2 & 3
Customer deposits	49,775,767	50,125,589	47,811,253	48,150,490	Level 2 & 3
Cash margin	2,389,512	2,407,934	2,813,487	2,827,902	Level 2 & 3
Borrowed funds	484,823	490,566	509,809	517,890	Level 2 & 3
Total financial liabilities not calculated at fair value	56,368,825	56,762,358	54,430,251	54,807,224	

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.

Notes to the consolidated financial statements

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 2024:

	Up to one year USD '000	More than one year USD '000	Total USD '000
Assets			
Cash at vaults	1,116,169	–	1,116,169
Mandatory cash reserve	1,514,008	–	1,514,008
Balances with central banks	10,456,548	–	10,456,548
Balances and deposits with banks and financial institutions	4,007,220	–	4,007,220
Financial assets at fair value through profit or loss	74,222	–	74,222
Direct credit facilities at amortized cost	14,914,165	19,469,170	34,383,335
Financial assets at fair value through other comprehensive income	497,132	584,960	1,082,092
Other financial assets at amortized cost	3,861,165	8,131,437	11,992,602
Investment in subsidiaries and associates	–	4,188,026	4,188,026
Fixed assets	69,924	468,579	538,503
Other assets and financial derivatives – positive fair value	1,420,943	185,923	1,606,866
Deferred tax assets	270,930	–	270,930
Total assets	38,202,426	33,028,095	71,230,521
Liabilities			
Banks' and financial institutions' deposits	3,626,751	91,972	3,718,723
Customer deposits	47,170,265	2,605,502	49,775,767
Cash margin	2,180,524	208,988	2,389,512
Borrowed funds	74,371	410,452	484,823
Provision for income tax	416,942	–	416,942
Other Provisions	242,704	–	242,704
Other liabilities and financial derivatives – negative fair value	1,872,724	170,260	2,042,984
Deferred tax liabilities	24,167	–	24,167
Total liabilities	55,608,448	3,487,174	59,095,622
Net	(17,406,022)	29,540,921	12,134,899

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 USD '000	More than one year USD '000	Total 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	55,012	–	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	39,611,755	28,662,216	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
Other Provisions	337,202	–	337,202
Provision for Income Tax	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	(13,274,942)	24,631,793	11,356,851

53. Contractual Maturity of the Contingent Accounts

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

	31 December 2024			
	Within 1 year USD '000	More than 1 year and up to 5 years USD '000	More than 5 years USD '000	Total USD '000
Letters of credit	2,961,204	183,050	9,649	3,153,903
Acceptances	658,388	5,140	–	663,528
Letters of guarantee:				
– Payment guarantees	872,920	195,051	157,265	1,225,236
– Performance guarantees	2,809,384	1,525,547	293,451	4,628,382
– Other guarantees	2,295,851	1,004,395	62,152	3,362,398
Unutilised credit facilities	6,078,497	427,665	22,360	6,528,522
Total	15,676,244	3,340,848	544,877	19,561,969
Constructions projects contracts	7,230	–	–	7,230
Procurement contracts	12,773	3,677	810	17,260
Total	20,003	3,677	810	24,490

	31 December 2023			
	Within 1 year USD '000	More than 1 year and up to 5 years USD '000	More than 5 years USD '000	Total 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
Unutilised 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

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 2024 USD '000	31 December 2023 USD '000
Common Equity Tier 1	10,665,927	10,121,289
Regulatory Adjustments (Deductions from Common Equity Tier 1)	(3,641,396)	(3,366,915)
Additional Tier 1	542,990	498,642
Regulatory Adjustments (Deductions from Additional Tier 1)	–	(6,234)
Supplementary Capital	663,851	590,782
Regulatory Capital	8,231,372	7,837,564
Risk-weighted assets (RWA)	47,974,210	44,684,580
Common Equity Tier 1 Ratio	14.64%	15.12%
Tier 1 Capital Ratio	15.77%	16.22%
Capital Adequacy Ratio	17.16%	17.54%

- 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 255% as of 31 December 2024 and 235% as of 31 December 2023 (According to Central Bank of Jordan instructions no. 5/2020 the minimum liquidity coverage ratio is 100%)

Notes to the consolidated financial statements

55. Transactions with Related Parties

The details of this item are as follows:

	31 December 2024			
	Deposits owed from related parties	Direct credit facilities at amortized cost	Deposits owed to related parties	LCs, LGs, Unutilised credit facilities and acceptances
	USD '000	USD '000	USD '000	USD '000
Associated companies	203,168	–	14,944	96,351
Major Shareholders and Members of the Board of Directors	–	207,716	754,570	168,398
Total	203,168	207,716	769,514	264,749

	31 December 2023			
	Deposits owed from related parties	Direct credit facilities at amortized cost	Deposits owed to related parties	LCs, LGs, Unutilised credit facilities and acceptances
	USD '000	USD '000	USD '000	USD '000
Associated companies	115,015	–	8,859	90,015
Major Shareholders and Member of the Board of Directors	–	199,068	603,203	80,869
Total	115,015	199,068	612,062	170,884

- 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:

	2024	
	Interest Income	Interest Expense
	USD '000	USD '000
Associated companies	9,938	8,403

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

- Direct credit facilities granted to key management personnel amounted to USD 1 million and indirect credit facilities amounted to USD 5.6 thousand as of 31 December 2024 (USD 1.2 million direct credit facilities and USD 5.6 thousand indirect credit facilities as of 31 December 2023).
- Deposits of key management personnel amounted to USD 6.3 million as of 31 December 2024 (USD 5.2 million as of 31 December 2023)
- 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 82.2 million for the year ended on 31 December 2024 (USD 81.1 million for the year ended on 31 December 2023).

56. Earnings Per Share

The details of this item are as follows:

	31 December 2024	31 December 2023
	USD '000	USD '000
Profit for the year attributable to Shareholders of the Bank	969,126	800,695
Less: Groups' share of interest on perpetual bonds	(26,839)	(13,634)
Net profit for the period attributable to the Bank's shareholders	942,287	787,061

	Thousand Shares	
Average number of shares	640,800	640,800

	USD / Share	
Earnings Per Share (Basic and diluted)	1.47	1.23

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 2024 amounted to USD 14520.9 million (USD 13715.9 million as of 31 December 2023). 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 2024	31 December 2023
	USD '000	USD '000
Cash and balances with central banks maturing within 3 months	13,555,124	13,600,896
Add: balances with banks and financial institutions maturing within 3 months	3,751,194	4,207,423
Less: banks and financial institutions deposits maturing within 3 months	3,624,677	3,295,528
Total	13,681,641	14,512,791

59. Legal Cases

There are lawsuits filed against the Group totalling USD 355.7 million as of 31 December 2024, (USD 343.4 million as of 31 December 2023). 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.



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Independent Auditor's Report

AM/006631

To the Shareholders of
Arab Bank Group
(A Public Shareholding Limited Company)
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 external branches (the "Group"), which comprise the consolidated statement of financial position as at December 31, 2024, 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 of December 31, 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Hashemite kingdom of Jordan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



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 note 12 to the consolidated financial statements, the Group had net direct credit facilities of USD 34.4 Billion as of December 31, 2024, representing 48% of total assets. The determination of the Group'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.	We established an audit approach, which includes both testing the design and assessing 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 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 group 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.	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: <ul style="list-style-type: none">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 group'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.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. We also challenged key assumptions, inspect the calculation methodology and traced a sample back to source data;



Key Audit Matter	How our audit addressed the key audit matter
	<ul style="list-style-type: none">• We evaluated key assumptions such as thresholds used to determine SICR and forward-looking macroeconomic scenarios including the related weighting.• We evaluated post-model adjustments and management overlays in the context of key model and data limitations identified by the Group 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.
2. It Systems and Controls Over Financial Reporting	<p>Our audit approach relies on automated controls and therefore the following procedures were designed to test access and control over IT systems:</p> <p>We obtained an understanding of the applications relevant to financial reporting and the infrastructure supporting these applications.</p> <p>We tested IT general controls relevant to automated controls and computer-generated information covering access security, program changes, data center and network operations.</p> <p>We examined computer generated information used in financial reports from relevant applications and key controls over their report logics.</p> <p>We performed testing on the key automated controls on significant IT systems relevant to business processes.</p>

We identified IT systems and controls over the Group's financial reporting as an area of focus due to the extensive volume and variety of transactions which are processed daily by the group 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.



Other Matters
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.
Information Other than the Financial Statements and Auditor's Report Thereon
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. 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.
If, upon reading the Chairman's report, the governance report, and the financial performance report and we find significant errors in them, we are obliged to report such errors to those charged with governance.

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 IFRS Accounting Standards as issued by the IASB, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.
In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.
Those charged with governance are responsible for overseeing the Group's financial reporting process.



Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it 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 are also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exist, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group "the Bank and its subsidiaries" as a basis for forming an opinion on the Group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes 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 Group maintains proper accounting records which are in agreement with the consolidated financial statements. We recommend that the General Assembly of Shareholders to approve these consolidated financial statements.

The engagement partner on the audit resulting in this independent auditor's report is:

Ahmad Fathi Shtawi

Deloitte & Touche (M.E) – Jordan
Amman – Jordan

February 9, 2025



Arab Bank plc

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Statement of financial position

		31 December 2024	31 December 2023
	Notes	JD '000	JD '000
Assets			
Cash and balances with central banks – net	7	7,295,619	7,149,199
Balances with banks and financial institutions – net	8	2,608,333	2,669,739
Deposits with banks and financial institutions – net	9	44,875	96,925
Financial assets at fair value through profit or loss	10	23,795	9,514
Financial derivatives – positive fair value	43	44,652	56,556
Direct credit facilities at amortized cost – net	12	12,316,565	11,831,745
Financial assets at fair value through other comprehensive income – net	11	180,511	128,350
Other financial assets at amortized cost – net	13	5,451,166	5,114,907
Investments in subsidiaries and associates	14	965,528	879,008
Fixed assets – net	15	202,493	204,127
Other assets – net	16	506,275	489,687
Deferred tax assets	17	176,565	157,247
Total Assets		29,816,377	28,787,004
Liabilities and Shareholders' Equity			
Banks' and financial institutions' deposits	18	1,791,406	1,818,330
Customer deposits	19	20,412,189	19,852,809
Cash margin	20	1,673,854	1,586,341
Financial derivatives – negative fair value	43	35,735	49,300
Borrowed funds	21	270,938	285,109
Provision for income tax	22	153,867	126,506
Other provisions	23	149,308	151,321
Other Liabilities	24	695,695	593,980
Deferred tax liabilities	25	4,102	3,653
Total Liabilities		25,187,094	24,467,349
Equity			
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	(120,424)	(89,751)
Investment revaluation reserve	32	(252,662)	(251,220)
Retained earnings	33	1,376,729	1,034,986
Total Equity Attributable to the Shareholders of the Bank		4,451,978	4,142,350
Perpetual tier 1 capital bonds	34	177,305	177,305
Total Shareholders' Equity		4,629,283	4,319,655
Total Liabilities and Shareholders' Equity		29,816,377	28,787,004

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

	Notes	For the Year Ended 31 December	
		2024	2023
		JD '000	JD '000
Revenues			
Interest income	35	1,838,867	1,696,315
Less: Interest expense	36	798,434	697,228
Net Interest Income		1,040,433	999,087
Net commission income	37	156,171	157,409
Net Interest and Commission Income		1,196,604	1,156,496
Foreign exchange differences		50,264	46,357
Gain from financial assets at fair value through profit or loss	38	1,616	2,229
Dividends from financial assets at fair value through other comprehensive income	11	3,265	3,948
Dividends from subsidiaries and associates	39	168,036	137,161
Other revenue	40	23,518	17,452
Total Income		1,443,303	1,363,643
Expenses			
Employees expenses	41	261,193	252,926
Other expenses	42	222,276	221,969
Depreciation and amortization	15, 16	33,623	33,803
Provision for impairment – Expected Credit Loss	6	193,018	161,160
Impairment of investments	14	–	141,844
Other provisions	23	26,895	25,574
Total Expenses		737,005	837,276
Profit for the year before Income Tax		706,298	526,367
Less: Income tax expense	22	163,119	150,550
Profit for the year		543,179	375,817

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

	Notes	For the Year Ended 31 December	
		2024	2023
		JD '000	JD '000
Profit for the year		543,179	375,817
Add: Other comprehensive income items – after tax			
Items that will be subsequently transferred to the statement of profit or loss			
Exchange differences arising on the translation of foreign operations	31	(30,673)	1,974
Items that will not be subsequently transferred to the statement of profit or loss			
Change in investments fair value reserve	32	(1,442)	(5,016)
Total Other Comprehensive Income Items – after tax		(32,115)	(3,042)
Total Comprehensive Income for the year		511,064	372,775

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

Statement of changes in Shareholders' Equity

	Notes	Share Capital JD '000	Share Premium JD '000	Statutory Reserve JD '000	Voluntary Reserve JD '000	General Reserve JD '000	General Banking Risk Reserve JD '000	Foreign Currency Translation Reserve JD '000	Investment Revaluation Reserve JD '000	Retained Earnings JD '000	Total Equity Attributable to the Shareholders of the Bank JD '000	Perpetual Tier 1 capital bonds JD '000	Total Shareholders Equity JD '000
For the Year Ended 31 December 2024													
Balance at the beginning of the year		640,800	859,626	640,800	614,920	583,695	108,494	(89,751)	(251,220)	1,034,986	4,142,350	177,305	4,319,655
Profit for the year		-	-	-	-	-	-	-	-	543,179	543,179	-	543,179
Other comprehensive income for the year		-	-	-	-	-	-	(30,673)	(1,442)	-	(32,115)	-	(32,115)
Total Comprehensive Income for the Year		-	-	-	-	-	-	(30,673)	(1,442)	543,179	511,064	-	511,064
Interest paid on perpetual tier 1 capital bonds – net of tax*	34	-	-	-	-	-	-	-	-	(9,196)	(9,196)	-	(9,196)
Dividends Distribution	33	-	-	-	-	-	-	-	-	(192,240)	(192,240)	-	(192,240)
Balance at the end of the year		640,800	859,626	640,800	614,920	583,695	108,494	(120,424)	(252,662)	1,376,729	4,451,978	177,305	4,629,283
For the year ended 31 December 2023													
Balance at the beginning of the year		640,800	859,626	640,800	614,920	583,695	108,494	(91,725)	(246,204)	819,369	3,929,775	-	3,929,775
Profit for the year		-	-	-	-	-	-	-	-	375,817	375,817	-	375,817
Other comprehensive income for the year		-	-	-	-	-	-	1,974	(5,016)	-	(3,042)	-	(3,042)
Total comprehensive income for the year		-	-	-	-	-	-	1,974	(5,016)	375,817	372,775	-	372,775
Issuance of perpetual tier 1 capital bonds		-	-	-	-	-	-	-	-	-	-	177,305	177,305
Dividends Distribution	33	-	-	-	-	-	-	-	-	(160,200)	(160,200)	-	(160,200)
Balance at the end of the year		640,800	859,626	640,800	614,920	583,695	108,494	(89,751)	(251,220)	1,034,986	4,142,350	177,305	4,319,655

- Retained earnings include restricted deferred tax assets in the amount of JD 168.2 million as of 31 December 2024 (JD 148.4 million as of 31 December 2023). Restricted retained earnings that cannot be distributed or otherwise utilized except only under certain circumstances, as a result of adopting of certain International Accounting Standards, amounted to JD 2 million as of 31 December 2024.
- 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 Bank can not use the restricted amount of JD 252.7 million which represents the negative balance of the investments revaluation reserve as of 31 December 2024 in accordance with the Jordan securities commission and Central Bank of Jordan.

* The total interest on perpetual tier 1 capital bonds is JD 14.8 million, paid net of tax in the amount of JD 5.6 million during the months of April and October in the year 2024 at an interest rate of 8%.

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

Statement of Cash Flows

	Notes	For the Year Ended 31 December	
		2024 JD '000	2023 JD '000
Cash Flows from Operating Activities			
Profit for the year before tax		706,298	526,367
Adjustments for:			
Depreciation and amortization	15,16	33,623	33,803
Depreciation right of use assets	16	10,426	10,843
Provision for impairment – Expected credit loss	6	193,018	161,160
Net accrued Interest		8,407	53,900
(Gain) from sale of fixed assets		(45)	(44)
(Gain) from revaluation of financial assets at fair value through profit or loss	38	(240)	(1,426)
Dividends from financial assets at fair value through other comprehensive income	11	(3,265)	(3,948)
Dividends from subsidiaries and associates	39	(158,995)	(137,161)
Impairment of investment	14	–	141,844
Other provisions	23	26,895	25,574
Total		816,122	810,912
(Increase) Decrease in Assets			
Deposits with banks and financial institutions (maturing after 3 months)		52,085	(55,040)
Direct credit facilities at amortized cost		(660,668)	(556,235)
Financial assets at fair value through profit or loss		(14,041)	16,958
Other assets and financial derivatives		(106,840)	(96,525)
(Decrease) Increase in Liabilities:			
Banks and financial institutions deposits (maturing after 3 months)		62,116	4,047
Customer deposits		559,380	539,745
Cash margin		87,513	166,675
Other liabilities and financial derivatives		91,626	(111 042)
Net Cash Flows From Operating Activities before Income Tax		887,293	719,495
Income tax paid	22	(150,898)	(116,363)
Net Cash Flows From Operating Activities		736,395	603,132
Cash Flows from Investing Activities			
(Purchase) of financial assets at fair value through other comprehensive income		(53,603)	(5,707)
(Purchase) Maturity of other financial assets at amortized cost – net	13	(320,991)	306,200
(Increase in) investments in subsidiaries and associates – net		(4,950)	(4,179)
Dividends from subsidiaries and associates – net	39	158,995	137,161
Dividends from financial assets at fair value through other comprehensive income	11	3,265	3,948
(Purchase) of fixed assets – net	15	(27,286)	(18,493)
Proceeds from sale of fixed assets		3,377	341
(Purchase) of intangible assets – net		(7,225)	(6,257)
Net Cash flows (Used in) From Investing Activities		(248,418)	413,014
Cash Flows from Financing Activities			
Settlement of borrowed funds		(14,171)	(6,681)
Dividends paid to shareholders	33	(192,403)	(160,119)
Increase in perpetual tier 1 capital bonds	34	–	177,305
Interest paid on perpetual tier 1 capital bonds	34	(14,833)	–
Net Cash flows (Used in) From Financing Activities		(221,407)	10,505
Net increase in Cash and Cash Equivalent		266,570	1,026,651
Exchange differences – change in foreign exchange rates		(30,673)	1,974
Cash and cash equivalent at the beginning of the year		8,123,061	7,094,436
Cash and Cash Equivalent at the End of the Year	58	8,358,958	8,123,061
Operational cash flows from interest			
Interest Received		1,834,998	1,701,645
Interest Paid		786,158	648,658

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

Notes to the Financial Statements

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 121 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 30 January 2025 and are subject to the approval of the General Assembly.

2.1 Basis of Preparation of the Financial Statements

The accompanying financial statements are prepared in accordance with the IFRS Accounting Standards as 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, where all figures are presented in thousand Jordanian Dinars.

2.2 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, 2023, 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 2024 as mentioned in Note (3-A).

2.3 Going Concern Basis

The Bank applies the going concern basis in the preparation of financial statements based on reasonable assumptions and expectations.

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, 2024, have been adopted in these 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.

- Amendments to IFRS 16 Leases – Lease Liability in as Sale and Leaseback
- Amendments to IAS 1 Presentation of Financial Statements relating to classification of liabilities as current or non-current.
- Amendments to IAS 1 Presentation of Financial Statements – Non-current Liabilities with Covenants
- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures – Supplier Finance Arrangements
- IFRS S1 – General Requirements for Disclosure of Sustainability – related financial information*
- IFRS S2 – Climate Related Disclosures*

* Provided that the regulatory authorities in the countries in which the Bank operates approve its application, noting that no instructions have been issued regarding it until the date of the financial statements.

Notes to the Financial Statements

3 Adoption of New and Revised Standards

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

The Bank has not applied the new and revised IFRS Accounting Standards that have been issued but are not yet effective, management is in the process of assessing the impact of the new requirements.

New and revised IFRS Accounting Standards	Effective for annual periods beginning on or after
Amendments to the Sustainability Accounting Standards Board "SASB" standards to enhance their international applicability	January 1, 2025
Amendments to IAS 21 – Lack of Exchangeability	January 1, 2025
Amendments to IFRS 9 and IFRS 7 – Amendments to the Classification and Measurement of Financial Instruments	January 1, 2026
Annual Improvements to IFRS Accounting Standards – Volume 11	January 1, 2026
IFRS – 18 Presentation and Disclosures in Financial Statements	January 1, 2027
IFRS – 19 Subsidiaries without Public Accountability	January 1, 2027

* The management anticipates adopting these new standards, interpretations, and amendments in the Bank’s financial statements during the initial application period. Furthermore, they expect that adopting these new standards, interpretations, and amendments will not have any significant impact on the Bank’s financial statements during the initial application period.

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 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 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 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 derecognised.

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
- Fair value through other comprehensive income 'FVOCI'
- Fair value through profit or loss '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

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 realised 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.

Notes to the Financial Statements

The Sole Payments of Principal and Interest "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 earned 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 profit or loss 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 derecognises 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 derecognised when the rights to receive cash flows from the financial asset have expired. The Bank also derecognises 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

Notes to the Financial Statements

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 derecognised 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 has been validated by a third party to ensure the accuracy of the system's outputs in alignment with the historical data study of the Bank's clients. It is worth mentioning that Moody's rating system complements the Bank's internal credit rating system and provides a mechanism that complies with Basel regulations.

The risk rating of clients, whether using the Bank's rating system or Moody's Risk Analyst system, is reviewed annually during the annual review of client facilities on an individual basis.

The calculation of ECL

The Bank calculates ECLs based on a three probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

During 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 2024 and 2023 for Corporate Banking segment:

Scenario	Assigned weighted average 31 December 2024	Assigned weighted average 31 December 2023
Baseline	45%	45%
Upside	20%	20%
Downside	35%	35%

The scenarios for the years 2024 and 2023 for Consumer Banking segment are as follows:

Scenario	Assigned weighted average 31 December 2024	Assigned weighted average 31 December 2023
Baseline	40%	40%
Upside	30%	30%
Downside	30%	30%

The mechanism of the ECL calculations are outlined below and the key elements are, as follows:

- PD The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period.
- EAD The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.
- LGD The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realization of any collateral. It is usually expressed as a percentage of the EAD.

When estimating ECL, 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.

Notes to the Financial Statements

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 profit or loss, 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 behaviour, 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 statement.

Notes to the Financial Statements

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 statement of profit or loss.

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 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 derecognised 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 profit or loss 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 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 classified as indefinite or with definite useful life. Intangible assets with finite lives are amortized over the useful economic life, and amortization is recorded in the statement of profit or loss, using the straight-line method during a period not exceeding 5 years from the date of the purchase transaction. Meanwhile, intangible assets with indefinite useful lives are assessed for impairment at each reporting date, and impairment losses are recorded in the statement of profit or loss.

Internally generated intangible assets are not capitalized and are expensed in the statement of profit or loss.

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 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 cancelled (wholly or partially) based on the Bank'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 Bank'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.

Notes to the Financial Statements

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 realised 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 realised 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 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 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.

Notes to the Financial Statements

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 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 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 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 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 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 profit or 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 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 profit or loss. 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 profit or loss. 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 realise 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.

Notes to the Financial Statements

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 profit or loss.
- 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 profit or loss for the year.

Evaluation of business model

The classification and measurement of financial assets depends on the results of the principal and interest payments test results and business model testing. The Bank defines a business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgment that reflects all relevant evidence including how the asset's performance is evaluated and measured, the risks that affect the performance of the 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 that are derecognised prior to maturity to understand why they have been derecognised and whether the reasons are consistent with the objective of the business being retained. Monitoring is part of the Bank's ongoing assessment of whether the business model under which the remaining financial assets are held is appropriate and, if not, whether there has been a change in the business model and therefore a future change to the classification of those assets is introduced.

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.

Probability of Default (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 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.

Notes to the Financial Statements

6. Expected Credit Loss

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

		31 December 2024			
		Stage 1	Stage 2	Stage 3	Total
Notes		JD '000	JD '000	JD '000	JD '000
Balances with central banks	7	934	26,667	–	27,601
Balances with banks and financial institutions	8	156	–	–	156
Deposits with banks and financial institutions	9	(35)	–	–	(35)
Direct credit facilities at amortized cost	12	51,002	109,176	15,670	175,848
Other financial assets at amortized cost	13	(6,411)	184	–	(6,227)
Indirect credit facilities	24	(6,673)	739	1,609	(4,325)
Total		38,973	136,766	17,279	193,018

		31 December 2023			
		Stage 1	Stage 2	Stage 3	Total
Notes		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

7. Cash and Balances with Central Banks

The details of this item are as follows:

		31 December	
		2024	2023
		JD '000	JD '000
Cash in vaults		658,386	452,022
Balances with central banks:			
- Current accounts		1,214,499	1,093,575
- Time and notice		4,588,188	4,565,824
- Mandatory cash reserve		935,938	992,277
- Certificates of deposit		73,100	158,300
Total Balances with Central Banks		6,811,725	6,809,976
Total Cash and Balances with Central Banks		7,470,111	7,261,998
Less: Expected Credit Loss - net		(174,492)	(112,799)
Net Cash and Balances with Central Banks		7,295,619	7,149,199

- 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 2024 and 31 December 2023.

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 2024			31 December 2023
		Stage 1 individual	Stage 2 individual	Stage 3	Total
		JD '000	JD '000	JD '000	JD '000
Low risk / performing (1-2)		6,231,503	–	–	6,231,503
Acceptable risk / performing (3-7)		–	580,222	–	580,222
Total		6,231,503	580,222	–	6,811,725

- Probability of default at low risk 0.0% – 0.22%
- Probability of default at acceptable risk 0.22% – 50%

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

		31 December 2024			31 December 2023
		Stage 1 individual	Stage 2 individual	Stage 3	Total
		JD '000	JD '000	JD '000	JD '000
Balance at the beginning of the year		6,259,583	550,393	–	6,809,976
New balances		585,436	–	–	585,436
Repaid balances		(577,593)	(1,746)	–	(579,339)
Transfers to stage 2		(31,654)	31,654	–	–
Translation Adjustments		(4,269)	(79)	–	(4,348)
Total		6,231,503	580,222	–	6,811,725

The movement of Expected Credit Loss on balances with central banks is as follows:

		31 December 2024			31 December 2023
		Stage 1 individual	Stage 2 individual	Stage 3	Total
		JD '000	JD '000	JD '000	JD '000
Balance at the beginning of the year		702	112,097	–	112,799
Expected Credit Loss during the year		1,642	33,617	–	35,259
Recoveries (excluding write offs)		(708)	(6,950)	–	(7,658)
Adjustments during the year		–	33,872	–	33,872
Translation Adjustments		(1)	221	–	220
Total		1,635	172,857	–	174,492

Notes to the Financial Statements

8. Balances with Banks and Financial Institutions

Local banks and financial institutions

	31 December 2024	31 December 2023
	JD '000	JD '000
Current accounts	2,005	1,584
Time deposits maturing within 3 months	148,000	102,000
Total	150,005	103,584

Foreign Banks and financial institutions

	31 December 2024	31 December 2023
	JD '000	JD '000
Current accounts	567,929	745,438
Time deposits maturing within 3 months	1,883,548	1,821,093
Certificates of deposit maturing within 3 months	7,377	-
Total	2,458,854	2,566,531
Total balances with Banks and Financial Institutions Local and Foreign	2,608,859	2,670,115
Less: Expected Credit loss - net	(526)	(376)
Net balances with Banks and Financial Institutions Local and Foreign	2,608,333	2,669,739

There are no non-interest bearing balances as of 31 December 2024 and 2023.

There are no restricted balances as of 31 December 2024 and 2023.

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 2024				31 December 2023
	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)	2,531,875	-	-	2,531,875	2,468,982
Acceptable risk / performing (3-7)	76,984	-	-	76,984	201,133
Total	2,608,859	-	-	2,608,859	2,670,115

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

- Probability of default at acceptable risk 0.22% - 5.8%

The movement on total balances with banks and financial institutions is as follows:

	31 December 2024				31 December 2023
	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	2,670,115	-	-	2,670,115	2,584,894
New balances	368,452	-	-	368,452	395,060
Settled balances	(429,043)	-	-	(429,043)	(310,365)
Translation adjustments	(665)	-	-	(665)	526
Total	2,608,859	-	-	2,608,859	2,670,115

The movement of Expected Credit Loss on balances with banks and financial institutions is as follows:

	31 December 2024				31 December 2023
	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	376	-	-	376	412
Expected Credit Loss during the year	616	-	-	616	358
Recoveries (excluding write offs)	(460)	-	-	(460)	(394)
Adjustments during the year	(5)	-	-	(5)	-
Translation adjustments	(1)	-	-	(1)	-
Total	526	-	-	526	376

9. Deposits with Banks and Financial Institutions

The details of this item are as follows:

	31 December 2024	31 December 2023
	JD '000	JD '000
Deposits with local banks and financial institutions		
Time deposits maturing after 9 months and before one year	32,490	-
Time deposits maturing after one year	-	33,766
Total	32,490	33,766

Deposits with foreign banks and financial institutions

Time deposits maturing after 3 months and before 6 months

Certificate of deposits maturing after 3 months and before 6 months

	31 December 2024	31 December 2023
	JD '000	JD '000
	12,385	10,019
	-	53,175
Total	12,385	63,194
Total Deposits with banks and financial institutions Local and Foreign	44,875	96,960
Less: Expected Credit Loss - net	-	(35)
Net Deposits with banks and financial institutions Local and Foreign	44,875	96,925

There are no restricted deposits as of 31 December 2024 and 2023.

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 2024				31 December 2023
	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)	44,875	-	-	44,875	96,960
Total	44,875	-	-	44,875	96,960

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

- Probability of default at acceptable risk 0.22% - 5.8%

The movement on total deposits with banks and financial institutions is as follows:

	31 December 2024				31 December 2023
	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	96,960	-	-	96,960	41,920
New balances	2,366	-	-	2,366	55,040
Settled balances	(54,451)	-	-	(54,451)	-
Total	44,875	-	-	44,875	96,960

The movement of Expected Credit loss on Deposits with Banks and Financial Institutions is as follows:

	31 December 2024				31 December 2023
	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	35	-	-	35	-
Expected Credit Loss during the year	5	-	-	5	35
Recoveries (excluding write offs)	(40)	-	-	(40)	-
Total	-	-	-	-	35

Notes to the Financial Statements

10. Financial Assets at Fair Value through Profit or Loss

The details of this item are as follows:

	31 December 2024	31 December 2023
	JD '000	JD '000
Treasury bills and Government bonds	23,795	9,514
Total	23,795	9,514

	31 December 2024		
	Financial Assets designated as Fair value	Financial Assets that must be measured at Fair Value	Total
	JD '000	JD '000	JD '000
Treasury bills and Government bonds	23,795	-	23,795
Total	23,795	-	23,795

	31 December 2023		
	Financial Assets designated as Fair value	Financial Assets that must be measured at Fair Value	Total
	JD '000	JD '000	JD '000
Treasury bills and Government bonds	9,514	-	9,514
Total	9,514	-	9,514

11. Financial Assets at Fair Value through Other Comprehensive Income

The details of this item are as follows:

	31 December 2024	31 December 2023
	JD '000	JD '000
Quoted shares	72,618	75,432
Unquoted shares	72,514	52,918
Government bonds and bonds guaranteed by the government	24,876	-
Corporate bonds	10,503	-
Total	180,511	128,350

The movement of total financial assets at OCI is as follows:

	31 December 2024				31 December 2023
	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	-	-	-	-	-
New Investments	35,379	-	-	35,379	-
Balance at the end of the year	35,379	-	-	35,379	-

	31 December 2024		
	Financial Assets designated as Fair value	Financial Assets that must be measured at Fair Value	Total
	JD '000	JD '000	JD '000
Quoted shares	-	72,618	72,618
Unquoted shares	-	72,514	72,514
Government bonds and bonds guaranteed by the government	24,876	-	24,876
Corporate bonds	10,503	-	10,503
Total	35,379	145,132	180,511

	31 December 2023		
	Financial Assets designated as Fair value	Financial Assets that must be measured at Fair Value	Total
	JD '000	JD '000	JD '000
Quoted shares	-	75,432	75,432
Unquoted shares	-	52,918	52,918
Total	-	128,350	128,350

* Cash dividends on the investments above amounted to JD 3.3 million for the year ended 31 December 2024 (JD 3.9 million for the year ended 31 December 2023).

12. Direct Credit Facilities at Amortized Cost

The details of this item are as follows:

	31 December 2024					
	Corporates			Banks and Financial Institutions	Government and Public Sector	Total
	Consumer Banking	Small and Medium	Large	JD '000	JD '000	JD '000
Discounted bills*	20,778	30,227	221,892	228,724	-	501,621
Overdrafts*	44,117	362,582	1,657,654	1,832	191,236	2,257,421
Loans and advances*	1,406,208	749,688	6,487,234	64,514	1,015,685	9,723,329
Real-estate loans	1,229,224	566	343	-	-	1,230,133
Credit cards	136,564	-	-	-	-	136,564
Total	2,836,891	1,143,063	8,367,123	295,070	1,206,921	13,849,068
Less: Interest and commission in suspense	72,595	66,031	152,475	36	-	291,137
Provision for impairment – Expected Credit Loss	189,315	157,319	883,988	2,108	8,636	1,241,366
Total	261,910	223,350	1,036,463	2,144	8,636	1,532,503
Net Direct Credit Facilities at Amortized Cost	2,574,981	919,713	7,330,660	292,926	1,198,285	12,316,565

* Net of interest and commission received in advance, which amounted to JD 23.3 million as at 31 December 2024.

- Rescheduled loans during the year ended 31 December 2024 amounted to JD 633.4 million.
- There are no restructured loans (transferred from non performing to watch list loans) during the year ended 31 December 2024.
- Direct credit facilities granted to and guaranteed by the government of Jordan as of 31 December 2024 amounted to JD 185 million or 1.34% of total direct credit facilities.
- Non-performing direct credit facilities as of 31 December 2024 amounted to JD 1070 million or 7.7 % of total direct credit facilities.
- Non-performing direct credit facilities, net of interest and commission in suspense, as of 31 December 2024 amounted to JD 783.8 million or 5.8 % of direct credit facilities, after deducting interest and commission in suspense.

	31 December 2023					
	Corporates			Banks and Financial Institutions	Government and Public Sector	Total
	Consumer Banking	Small and Medium	Large	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 – Expected Credit Loss	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 restructured 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.

Notes to the Financial Statements

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

	31 December 2024					
	Corporates			Banks and Financial Institutions	Government and Public Sector	Total
	Consumer Banking	Small and Medium	Large			
	JD '000	JD '000	JD '000	JD '000	JD '000	JD '000
Balance at the beginning of the year	130,457	136,128	1,007,096	1,998	10,598	1,286,277
Expected Credit Loss during the year	78,009	39,411	186,981	697	8,182	313,280
Recoveries	(21,452)	(9,560)	(121,982)	(565)	(10,407)	(163,966)
Transferred to Stage 1	(16,108)	(376)	(2,441)	-	7	(18,918)
Transferred to Stage 2	15,117	(6,157)	(45,871)	-	(7)	(36,918)
Transferred to Stage 3	991	6,533	48,312	-	-	55,836
Impact on year end Expected Credit Loss caused by transfers between stages during the year	8,699	5,883	11,952	-	-	26,534
Used from provision (written off or transferred to off statement of financial position)*	(3,322)	(7,363)	(171,155)	-	-	(181,840)
Adjustments during the year	1	(1,185)	874	(3)	301	(12)
Translation Adjustments	(3,077)	(5,995)	(29,778)	(19)	(38)	(38,907)
Balance at the end of the year	189,315	157,319	883,988	2,108	8,636	1,241,366

	31 December 2023					
	Corporates			Banks and Financial Institutions	Government and Public Sector	Total
	Consumer Banking	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
Expected Credit Loss 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 Expected Credit Loss 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)
Adjustments 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

- 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 2024 and 2023.

- Expected Credit Loss is assessed based on individual customer accounts.

* Non-performing direct credit facilities transferred to off statement of financial position amounted to JD 304 million as of 31 December 2024 (JD 257.9 million as of 31 December 2023) 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 Expected Credit Loss (excluding Consumer):

	31 December 2024						
	Direct Credit Facilities at Amortized Cost						Items off statement of financial position
	Due from Banks	Financial Assets at Amortized Cost	Small and Medium Corporates	Large Corporates	Financial Institutions	Government and Public Sector	
	JD '000	JD '000	JD '000	JD '000	JD '000	JD '000	JD '000
Upside (20%)	155,823	10,072	148,895	811,967	2,026	5,496	38,284
Base case (45%)	165,011	12,576	152,723	845,035	2,061	6,730	39,243
Downside (35%)	198,853	26,450	168,041	975,225	2,216	12,881	42,708
							1,172,563
							1,223,379
							1,426,374

	31 December 2023						
	Direct Credit Facilities at Amortized Cost						Items off statement of financial position
	Due from Banks	Financial Assets at Amortized Cost	Small and Medium Corporates	Large Corporates	Financial Institutions	Government and Public Sector	
	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
Base case (45%)	105,877	18,471	135,008	997,417	1,975	8,267	43,866
Downside (35%)	130,662	33,946	138,812	1,029,972	2,050	16,219	48,909
							1,287,287
							1,310,881
							1,400,570

The following tables outline the impact of multiple scenarios on the Expected Credit Loss (Consumer):

	31 December 2024	31 December 2023
	JD '000	JD '000
Upside (30%)	177,929	129,158
Base case (40%)	184,634	130,007
Downside (30%)	206,942	132,356

The above table shows both the contribution to the total Expected Credit Loss for each probability-weighted scenario, in addition to the total additional impact on the Expected Credit Loss for applying multiple economic scenarios compared to the Expected Credit Loss 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 2024						The total includes interest and commission in suspense movement on real-estate loans as follows
	Corporates						
	Consumer Banking	Small and Medium	Large	Banks and Financial Institutions	Government and Public Sector	Total	
	JD '000	JD '000	JD '000	JD '000	JD '000	JD '000	
Balance at the beginning of the year	66,152	71,933	260,222	36	-	398,343	16,726
Interest and commission suspended during the year	14,433	11,632	28,325	-	-	54,390	3,444
Interest and commission in suspense settled (written off or transferred to off statement of financial position)	(4,513)	(16,184)	(133,385)	-	-	(154,082)	(951)
Interest and commission settled (transferred to revenues)	(3,412)	(1,273)	(1,294)	-	-	(5,979)	(1,941)
Adjustments during the year	-	-	-	-	-	-	-
Translation adjustments	(65)	(77)	(1,393)	-	-	(1,535)	(51)
Balance at the End of the Year	72,595	66,031	152,475	36	-	291,137	17,227

Notes to the Financial Statements

	31 December 2023						The total includes interest and commission in suspense movement on real-estate loans
	Corporates						
	Consumer Banking	Small and Medium	Large	Banks and Financial Institutions	Government and Public Sector	Total	
	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)
Interest and commission settled (transferred 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

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

Economic Sector	Inside Jordan	Outside Jordan	31 December 2024	31 December 2023	Expected Credit Loss
	JD '000	JD '000	JD '000	JD '000	JD '000
	JD '000	JD '000	JD '000	JD '000	JD '000
Consumer Banking	1,268,138	1,306,843	2,574,981	2,576,417	189,315
Industry and Mining	843,376	1,504,364	2,347,740	2,296,528	177,576
Constructions	217,980	688,757	906,737	982,987	231,820
Real Estate	76,341	395,612	471,953	528,319	13,083
Trade	862,589	1,443,474	2,306,063	2,185,721	284,178
Agriculture	119,266	19,097	138,363	141,020	33,883
Tourism and Hotels	161,338	119,131	280,469	258,734	18,408
Transportation	32,728	208,250	240,978	157,599	20,836
Shares	1,036	22,326	23,362	24,800	10
General Service	498,482	1,036,226	1,534,708	1,506,877	261,513
Banks and Financial Institutions	75,833	217,093	292,926	133,218	2,108
Government and Public Sector	217,086	981,199	1,198,285	1,039,525	8,636
Net Direct Credit Direct Facilities at Amortized Cost	4,374,193	7,942,372	12,316,565	11,831,745	1,241,366

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 2024							31 December 2023
	Stage 1		Stage 2		Stage 3		Total	Total
	Individual	Collective	Individual	Collective	Individual	Individual	Collective	JD '000
	JD '000	JD '000	JD '000	JD '000	JD '000	JD '000	JD '000	JD '000
Low risk / performing	1,610,192	195,845	-	-	-	1,610,192	195,845	1,258,806
Acceptable risk / performing	7,234,070	2,112,384	1,314,167	312,447	-	8,548,237	2,424,831	10,972,492
Non-performing:								
- Substandard	-	-	-	-	72,868	72,868	-	25,899
- Doubtful	-	-	-	-	77,950	77,950	-	190,753
- Loss	-	-	-	-	919,145	919,145	-	1,068,415
Total	8,844,262	2,308,229	1,314,167	312,447	1,069,963	11,228,392	2,620,676	13,516,365

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

	31 December 2024							31 December 2023
	Stage 1		Stage 2		Stage 3	Total		Total
	Individual	Collective	Individual	Collective	Individual	Individual	Collective	JD '000
	JD '000	JD '000	JD '000	JD '000	JD '000	JD '000	JD '000	JD '000
Balance at the beginning of the year	8,294,886	2,503,955	1,356,420	76,037	1,285,067	10,936,373	2,579,992	13,179,071
New balances (additions)	2,664,067	448,424	107,097	29,243	77,047	2,848,211	477,667	3,475,544
Settled balances	(1,859,484)	(362,158)	(266,313)	(28,261)	(80,449)	(2,206,246)	(390,419)	(2,810,798)
Transfers to stage 1	152,047	10,111	(152,047)	(8,351)	(1,760)	(1,760)	1,760	-
Transfers to stage 2	(383,351)	(248,376)	386,675	250,753	(5,701)	(2,377)	2,377	-
Transfers to stage 3	(14,795)	(11,885)	(120,379)	(6,404)	153,463	18,289	(18,289)	-
Written off balances or transferred to off statement of financial position	-	-	-	-	(335,922)	(335,922)	-	(313,042)
Adjustments during the year	-	-	-	-	-	-	-	-
Translation Adjustments	(9,108)	(31,842)	2,714	(570)	(21,782)	(28,176)	(32,412)	(14,410)
Total	8,844,262	2,308,229	1,314,167	312,447	1,069,963	11,228,392	2,620,676	13,516,365

The movement of Expected Credit Loss on direct credit facilities at amortized cost is as follows:

	31 December 2024							31 December 2023
	Stage 1		Stage 2		Stage 3	Total		Total
	Individual	Collective	Individual	Collective	Individual	Individual	Collective	JD '000
	JD '000	JD '000	JD '000	JD '000	JD '000	JD '000	JD '000	JD '000
Balance at the beginning of the year	85,778	23,885	329,928	9,079	837,607	1,253,313	32,964	1,318,071
Expected Credit Loss during the year	48,242	24,806	143,961	33,814	62,457	254,660	58,620	235,547
Recoveries (excluding write offs)	(19,235)	(2,811)	(62,267)	(11,646)	(68,007)	(149,509)	(14,457)	(111,868)
Transfers to stage 1	2,367	18	(2,367)	(16)	(2)	(2)	2	-
Transfers to stage 2	(5,020)	(16,037)	5,067	16,232	(242)	(195)	195	-
Transfers to stage 3	(157)	(89)	(54,735)	(1,099)	56,080	1,188	(1,188)	-
Impact on year end Expected Credit Loss caused by transfers between stages during the year	-	-	3,593	1,721	21,220	24,813	1,721	17,033
Written off balances or transferred to off statement of financial position	-	-	-	-	(181,840)	(181,840)	-	(198,681)
Adjustments during the year	13	(2)	(35)	-	12	(10)	(2)	43,419
Translation Adjustments	(1,006)	(914)	(14,902)	(207)	(21,878)	(37,786)	(1,121)	(17,244)
Total	110,982	28,856	348,243	47,878	705,407	1,164,632	76,734	1,286,277

Direct Credit Facilities at Amortized Cost – Consumer Banking

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

	31 December 2024				31 December 2023
	Stage 1	Stage 2	Stage 3	Total	Total
	Collective	Collective	Individual	JD '000	JD '000
	JD '000	JD '000	JD '000	JD '000	JD '000
Low risk / performing	195,845	-	-	195,845	208,781
Acceptable risk / performing	2,112,384	312,447	-	2,424,831	2,371,211
Non-performing:					
- Substandard	-	-	20,995	20,995	20,998
- Doubtful	-	-	14,654	14,654	20,090
- Loss	-	-	180,566	180,566	151,946
Total	2,308,229	312,447	216,215	2,836,891	2,773,026

- Probability of default at low risk 0.04% – 3.5%
- Probability of default at acceptable risk 3.5% – 57%
- Probability of default at high risk 100%

Notes to the Financial Statements

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

	31 December 2024				31 December 2023
	Stage 1 Collective	Stage 2 Collective	Stage 3 Individual	Total	Total
	JD '000	JD '000	JD '000	JD '000	JD '000
Balance at the beginning of the year	2,503,955	76,037	193,034	2,773,026	2,698,069
New balances (additions)	448,424	29,243	31,592	509,259	523,708
Settled balances	(362,158)	(28,261)	(13,733)	(404,152)	(426,383)
Transfers to stage 1	10,111	(8,351)	(1,760)	-	-
Transfers to stage 2	(248,376)	250,753	(2,377)	-	-
Transfers to stage 3	(11,885)	(6,404)	18,289	-	-
Written off balances or transferred to off statement of financial position	-	-	(7,835)	(7,835)	(13,550)
Adjustments during the year	-	-	-	-	-
Translation Adjustments	(31,842)	(570)	(995)	(33,407)	(8,818)
Total	2,308,229	312,447	216,215	2,836,891	2,773,026

The movement of Expected Credit Loss on direct credit facilities at amortized cost – consumer banking is as follows:

	31 December 2024				31 December 2023
	Stage 1 Collective	Stage 2 Collective	Stage 3 Individual	Total	Total
	JD '000	JD '000	JD '000	JD '000	JD '000
Balance at the beginning of the year	23,885	9,079	97,493	130,457	135,326
Expected Credit Loss charges during the year	24,806	33,814	19,389	78,009	20,688
Recoveries (excluding write offs)	(2,811)	(11,646)	(6,995)	(21,452)	(18,240)
Transfers to stage 1	18	(16)	(2)	-	-
Transfers to stage 2	(16,037)	16,232	(195)	-	-
Transfers to stage 3	(89)	(1,099)	1,188	-	-
Impact on year end Expected Credit Loss caused by transfers between stages during the year	-	1,721	6,978	8,699	5,257
Written off balances or transferred to off statement of financial position	-	-	(3,322)	(3,322)	(9,373)
Adjustments during the year	(2)	-	3	1	273
Translation Adjustments	(914)	(207)	(1,956)	(3,077)	(3,474)
Total	28,856	47,878	112,581	189,315	130,457

Direct Credit Facilities at Amortized Cost – Small & Medium Enterprises

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

	31 December 2024				31 December 2023
	Stage 1 Individual	Stage 2 Individual	Stage 3 Individual	Total	Total
	JD '000	JD '000	JD '000	JD '000	JD '000
Low risk / performing	131,868	-	-	131,868	101,447
Acceptable risk / performing	651,963	176,680	-	828,643	812,883
Non-performing:					
- Substandard	-	-	13,451	13,451	4,901
- Doubtful	-	-	7,044	7,044	10,600
- Loss	-	-	162,057	162,057	164,984
Total	783,831	176,680	182,552	1,143,063	1,094,815

- Probability of default at low risk 0.02% – 15.5%
- Probability of default at acceptable risk 15.5% – 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 2024				31 December 2023
	Stage 1 Individual	Stage 2 Individual	Stage 3 Individual	Total	Total
	JD '000	JD '000	JD '000	JD '000	JD '000
Balance at the beginning of the year	754,349	159,981	180,485	1,094,815	1,143,588
New balances (additions)	276,196	17,089	15,598	308,883	258,376
Settled balances	(181,572)	(32,661)	(13,408)	(227,641)	(242,983)
Transfers to stage 1	8,324	(8,324)	-	-	-
Transfers to stage 2	(63,241)	63,357	(116)	-	-
Transfers to stage 3	(9,780)	(19,546)	29,326	-	-
Written off balances or transferred to off statement of financial position	-	-	(23,547)	(23,547)	(59,321)
Adjustments during the year	-	-	-	-	-
Translation Adjustments	(445)	(3,216)	(5,786)	(9,447)	(4,845)
Total	783,831	176,680	182,552	1,143,063	1,094,815

The movement of Expected Credit Loss on direct credit facilities at amortized cost – Small & Medium Enterprises is as follows:

	31 December 2024				31 December 2023
	Stage 1 Individual	Stage 2 Individual	Stage 3 Individual	Total	Total
	JD '000	JD '000	JD '000	JD '000	JD '000
Balance at the beginning of the year	4,499	43,302	88,327	136,128	173,083
Expected Credit Loss charges during the year	4,016	11,643	23,752	39,411	29,763
Recoveries (excluding write offs)	(1,541)	(3,424)	(4,595)	(9,560)	(11,693)
Transfers to stage 1	62	(62)	-	-	-
Transfers to stage 2	(381)	386	(5)	-	-
Transfers to stage 3	(57)	(6,481)	6,538	-	-
Impact on year end Expected Credit Loss caused by transfers between stages during the year	-	1,252	4,631	5,883	7,740
Written off balances or transferred to off statement of financial position	-	-	(7,363)	(7,363)	(48,709)
Adjustments during the year	(175)	29	(1,039)	(1,185)	(12,806)
Translation Adjustments	(140)	(1,201)	(4,654)	(5,995)	(1,250)
Total	6,283	45,444	105,592	157,319	136,128

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 2024				31 December 2023
	Stage 1 Individual	Stage 2 Individual	Stage 3 Individual	Total	Total
	JD '000	JD '000	JD '000	JD '000	JD '000
Low risk / performing	531,133	-	-	531,133	283,243
Acceptable risk / performing	6,154,838	1,011,789	-	7,166,627	7,270,210
Non-performing:					
- Substandard	-	-	38,422	38,422	-
- Doubtful	-	-	56,252	56,252	160,063
- Loss	-	-	574,689	574,689	749,633
Total	6,685,971	1,011,789	669,363	8,367,123	8,463,149

- Probability of default at low risk 0.02% – 15.5%
- Probability of default at acceptable risk 15.5% – 24%
- Probability of default at high risk 100%

Notes to the Financial Statements

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

	31 December 2024				31 December 2023
	Stage 1 Individual	Stage 2 Individual	Stage 3 Individual	Total	Total
	JD '000	JD '000	JD '000	JD '000	JD '000
Balance at the beginning of the year	6,502,180	1,051,273	909,696	8,463,149	8,148,003
New balances (additions)	1,763,147	89,958	29,857	1,882,962	2,373,398
Settled balances	(1,388,652)	(215,399)	(53,308)	(1,657,359)	(1,816,782)
Transfers to stage 1	142,458	(142,458)	-	-	-
Transfers to stage 2	(320,110)	323,318	(3,208)	-	-
Transfers to stage 3	(5,015)	(100,833)	105,848	-	-
Written off balances or transferred to off statement of financial position	-	-	(304,540)	(304,540)	(240,171)
Adjustments during the year	-	-	-	-	-
Translation Adjustments	(8,037)	5,930	(14,982)	(17,089)	(1,299)
Total	6,685,971	1,011,789	669,363	8,367,123	8,463,149

The movement of Expected Credit Loss on direct credit facilities at amortized cost – Large Corporates is as follows:

	31 December 2024				31 December 2023
	Stage 1 Individual	Stage 2 Individual	Stage 3 Individual	Total	Total
	JD '000	JD '000	JD '000	JD '000	JD '000
Balance at the beginning of the year	79,299	277,826	649,971	1,007,096	1,001,255
Expected Credit Loss during the year	41,640	126,025	19,316	186,981	172,117
Recoveries (excluding write offs)	(15,514)	(50,051)	(56,417)	(121,982)	(73,467)
Transfers to stage 1	2,298	(2,298)	-	-	-
Transfers to stage 2	(4,639)	4,681	(42)	-	-
Transfers to stage 3	(100)	(48,254)	48,354	-	-
Impact on year end Expected Credit Loss caused by transfers between stages during the year	-	2,341	9,611	11,952	4,036
Written off balances or transferred to off statement of financial position	-	-	(171,155)	(171,155)	(140,599)
Adjustments during the year	(110)	(64)	1,048	874	56,277
Translation Adjustments	(831)	(13,698)	(15,249)	(29,778)	(12,523)
Total	102,043	296,508	485,437	883,988	1,007,096

Direct Credit Facilities at Amortized Cost – Banks & Financial Institutions

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

	31 December 2024				31 December 2023
	Stage 1 Individual	Stage 2 Individual	Stage 3 Individual	Total	Total
	JD '000	JD '000	JD '000	JD '000	JD '000
Low risk / performing	152,550	-	-	152,550	60,406
Acceptable risk / performing	140,687	-	-	140,687	72,994
Non-performing:					
- Loss	-	-	1,833	1,833	1,852
Total	293,237	-	1,833	295,070	135,252

- Probability of default at low risk 0.02% – 15.5%
- Probability of default at acceptable risk 15.5% – 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 2024				31 December 2023
	Stage 1 Individual	Stage 2 Individual	Stage 3 Individual	Total	Total
	JD '000	JD '000	JD '000	JD '000	JD '000
Balance at the beginning of the year	133,400	-	1,852	135,252	151,343
New balances (additions)	225,935	-	-	225,935	57,760
Settled balances	(65,472)	-	-	(65,472)	(74,403)
Translation Adjustments	(626)	-	(19)	(645)	552
Total	293,237	-	1,833	295,070	135,252

The movement of Expected Credit Loss on direct credit facilities at amortized cost – Banks & Financial Institutions is as follows:

	31 December 2024				31 December 2023
	Stage 1 Individual	Stage 2 Individual	Stage 3 Individual	Total	Total
	JD '000	JD '000	JD '000	JD '000	JD '000
Balance at the beginning of the year	182	-	1,816	1,998	2,575
Expected Credit Loss during the year	697	-	-	697	489
Recoveries (excluding write offs)	(565)	-	-	(565)	(1,034)
Adjustments during the year	(3)	-	-	(3)	(78)
Translation Adjustments	-	-	(19)	(19)	46
Total	311	-	1,797	2,108	1,998

Direct Credit Facilities at Amortized Cost – Government & Public Sector

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

	31 December 2024				31 December 2023
	Stage 1 Individual	Stage 2 Individual	Stage 3 Individual	Total	Total
	JD '000	JD '000	JD '000	JD '000	JD '000
Low risk / performing	794,641	-	-	794,641	604,929
Acceptable risk / performing	286,582	125,698	-	412,280	445,194
Total	1,081,223	125,698	-	1,206,921	1,050,123

- Probability of default at low risk 0.02% – 5%
- Probability of default at acceptable risk 5% – 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 2024				31 December 2023
	Stage 1 Individual	Stage 2 Individual	Stage 3 Individual	Total	Total
	JD '000	JD '000	JD '000	JD '000	JD '000
Balance at the beginning of the year	904,957	145,166	-	1,050,123	1,038,068
New balances (Additions)	398,789	50	-	398,839	262,302
Settled balances	(223,788)	(18,253)	-	(242,041)	(250,247)
Transfers to stage 1	1,265	(1,265)	-	-	-
Total	1,081,223	125,698	-	1,206,921	1,050,123

The movement of Expected Credit Loss on direct credit facilities at amortized cost – Government & Public Sector is as follows:

	31 December 2024				31 December 2023
	Stage 1 Individual	Stage 2 Individual	Stage 3 Individual	Total	Total
	JD '000	JD '000	JD '000	JD '000	JD '000
Balance at the beginning of the year	1,798	8,800	-	10,598	5,832
Expected Credit Loss during the year	1,889	6,293	-	8,182	12,490
Recoveries (excluding write offs)	(1,615)	(8,792)	-	(10,407)	(7,434)
Transfers to stage 1	7	(7)	-	-	-
Transfers to stage 2	-	-	-	-	-
Transfers to stage 3	-	-	-	-	-
Adjustments during the year	301	-	-	301	(247)
Translation Adjustments	(35)	(3)	-	(38)	(43)
Total	2,345	6,291	-	8,636	10,598

Notes to the Financial Statements

Direct Credit Facilities at Amortized Cost – Real Estate

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

	31 December 2024				31 December 2023
	Stage 1	Stage 2	Stage 3	Total	Total
	JD '000	JD '000	JD '000	JD '000	JD '000
Low risk / performing	1,595	–	–	1,595	–
Acceptable risk / performing	1,058,475	114,792	–	1,173,267	1,122,522
Non-performing:					
– Substandard	–	–	7,090	7,090	8,768
– Doubtful	–	–	4,191	4,191	8,294
– Loss	–	–	43,990	43,990	38,038
Total	1,060,070	114,792	55,271	1,230,133	1,177,622

- Probability of default at low risk 0.04% – 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 – Real Estate is as follows:

	31 December 2024				31 December 2023
	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	1,089,544	32,978,	55,100	1,177,622	1,128,022
New balances (Additions)	135,436	5,140	5,307	145,883	176,902
Settled balances	(81,771)	(4,346)	(5,887)	(92,004)	(123,065)
Transfers to stage 1	4,719	(4,119)	(600)	–	–
Transfers to stage 2	(85,951)	87,068	(1,117)	–	–
Transfers to stage 3	(1,741)	(1,926)	3,667	–	–
Written off balances or transferred to off statement of financial position	–	–	(1,112)	1,112	(111)
Adjustments during the year	–	–	(20)	(20)	–
Translation Adjustments	(166)	(3)	(67)	(236)	(4,126)
Total	1,060,070	114,792	55,271	1,230,133	1,177,622

The movement of Expected Credit Loss on direct credit facilities at amortized cost – Real Estate is as follows:

	31 December 2024				31 December 2023
	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	5,398	2,020	19,338	26,756	28,144
Expected Credit Loss during the year	–	7	3,555	3,562	6,433
Recoveries (excluding write offs)	(4,518)	(617)	(3,079)	(8,214)	(7,275)
Transfers to stage 1	–	–	–	–	–
Transfers to stage 2	(2)	2	–	–	–
Transfers to stage 3	(3)	(100)	103	–	–
Impact on year end Expected Credit Loss caused by transfers between stages during the year	–	(113)	248	135	269
Written off balances or transferred to off statement of financial position	–	–	(161)	(161)	–
Adjustments during the year	–	–	(20)	(20)	–
Translation Adjustments	(2)	–	(164)	(166)	(815)
Total	873	1,199	19,820	21,892	26,756

13. Other Financial Assets at Amortized Cost

The details of this item are as follows:

	31 December	
	2024	2023
	JD '000	JD '000
Treasury bills	1,619,516	1,531,037
Government bonds and bonds guaranteed by the government	3,333,319	3,305,339
Corporate bonds	515,262	301,689
Total other Financial Assets at Amortized Cost	5,468,097	5,138,065
Less: Expected Credit Loss - net	(16,931)	(23,158)
Net other Financial Assets at Amortized Cost	5,451,166	5,114,907

Analysis of bonds based on interest nature:

	31 December	
	2024	2023
	JD '000	JD '000
Floating interest rate	107,416	95,277
Fixed interest rate	5,360,681	5,042,788
Total other Financial Assets at Amortized Cost	5,468,097	5,138,065
Less: Expected Credit Loss - net	(16,931)	(23,158)
Net other Financial Assets at Amortized Cost	5,451,166	5,114,907

Analysis of financial assets based on market quotation:

	31 December	
	2024	2023
	JD '000	JD '000
Financial assets quoted in the market:		
Treasury bills	1,389,431	1,300,949
Government bonds and bonds guaranteed by the government	519,080	482,460
Corporate bonds	448,933	242,452
Total	2,357,444	2,025,861

	31 December	
	2024	2023
	JD '000	JD '000
Financial assets unquoted in the market:		
Treasury bills	230,085	230,088
Government bonds and bonds guaranteed by the government	2,814,239	2,822,879
Corporate bonds	66,329	59,237
Total	3,110,653	3,112,204
Total other Financial Assets at Amortized Cost	5,468,097	5,138,065
Less: Expected Credit Loss - net	(16,931)	(23,158)
Grand Total	5,451,166	5,114,907

Notes to the Financial Statements

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 2024				31 December 2023
	Stage 1	Stage 2	Stage 3	Total	Total
	JD '000	JD '000	JD '000	JD '000	JD '000
Low risk / performing (1-2)	5,377,981	-	-	5,377,981	5,076,619
Acceptable risk / performing (3-7)	68,877	21,239	-	90,116	61,446
Total	5,446,858	21,239	-	5,468,097	5,138,065

- Probability of default at low risk 0.0% – 1.25%
- Probability of default at low risk 1.25% – 100%
- Probability of default at High risk 100%

The movement on total balances of other financial assets at amortized cost is as follows:

	31 December 2024				31 December 2023
	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	5,130,973	7,092	-	5,138,065	5,444,265
New investments (Additions)	4,812,594	-	-	4,812,594	5,356,175
Matured investments	(4,383,506)	-	-	(4,383,506)	(5,572,346)
Transfers to stage 1	-	-	-	-	-
Transfers to stage 2	(14,147)	14,147	-	-	-
Transfers to stage 3	-	-	-	-	-
Written off investments	-	-	-	-	-
Translation Adjustments	(99,056)	-	-	(99,056)	(90,029)
Total	5,446,858	21,239	-	5,468,097	5,138,065

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

	31 December 2024				31 December 2023
	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	16,066	7,092	-	23,158	12,448
ECL charges during the year	4,016	261	-	4,277	13,054
Recoveries from matured investments	(10,427)	(77)	-	(10,504)	(2,344)
Transfers to stage 2	(243)	243	-	-	-
Total	9,412	7,519	-	16,931	23,158

There were no other financial assets at amortized cost sold during the two years ended 31 December 2024 and 2023.

14. Investment in Subsidiaries and Associates

The details of this item are as follows:

	31 December 2024		31 December 2023		Place of Incorporation	Principal activity	Date of Ownership
	Ownership and Voting Right	Cost	Ownership and Voting Right	Cost			
	%	JD '000	%	JD '000			
The Bank's investments in subsidiaries and associates:							
Europe Arab Bank plc*	100	287,546	100	287,546	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 Bank Finance	100	18,859	100	18,859	Lebanon	Holding company	1998
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
Acabes – Fin Tech Company	100	5,000	100	50	Jordan	Information technology services	2021
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 Company for shared Services	100	7,793	100	7,793	UAE	Banking services	2006
						Information	
Arab Gulf Tech for IT Serv.	100	1,064	100	1,064	UAE	technology services	2004
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	68	15,429	Jordan	Insurance	2006
Oman Arab Bank	49	174,802	49	174,802	Oman	Banking	1984
Arab Bank Iraq	63.77	81,570	–	–	Iraq	Banking	2023
Arab National Bank	40	161,534	40	161,534	Saudi Arabia	Banking	1979
Arabia Group Holding Ltd (Abu Dhabi)**	47.27	5,326	42.51	5,326	UAE	Insurance	2024
						Real estate	
Commercial Building Company S.A.L	35.24	380	35.24	380	Lebanon	operating leasing	1966
Total		965,528		879,008			

* During the year 2023, an impairment provision in the amount of JD 142 million has been booked in the statement of profit or loss.

** During the year 2024 the shares of Arab Bank have been transferred from Arabia Insurance Company in Lebanon (Acquired since 1972) to Arabia Group Holding Limited in Abu Dhabi without any additional cost. This change has resulted in no adjustment on the value of Arab Bank investment, noting that Arabia Group Holding Limited in Abu Dhabi has been incorporated since 2022.

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

	31 December	
	2024	2023
	JD '000	JD '000
Balance at the beginning of the year	879,008	1,016,673
Purchase of additional investments in subsidiaries and associates	4,950	4,179
Reclassification of investment in Arab Bank Iraq***	81,570	-
Impairment provision for investment in subsidiaries	-	(141,844)
Balance at the end of the year	965,528	879,008

*** During December 2024, Arab Bank Iraq obtained a license for banking services from the Central Bank of Iraq, this investment was disclosed in other assets item as of 31 December 2023.

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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 2023	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)
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
Additions	–	1,713	6,648	17,215	339	1,371	27,286
Disposals	–	(3,187)	(1,706)	(1,385)	(129)	(8,046)	(14,453)
Translation adjustments	(68)	(854)	(405)	(826)	(20)	(272)	(2,445)
Balance as of 31 December 2024	61,754	170,427	172,554	127,891	7,105	16,063	555,794
Accumulated Depreciation:							
Balance as of 1 January 2023	–	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)
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
Depreciation charge for the year	–	4,265	7,893	11,753	226	1,479	25,616
Disposals	–	–	(1,636)	(1,343)	(129)	(8,013)	(11,121)
Translation adjustments	–	(545)	(352)	(722)	(20)	(834)	(2,473)
Balance as of 31 December 2024	–	97,332	140,299	97,311	6,546	11,813	353,301
Net Book Value as of 31 December 2024	61,754	73,095	32,255	30,580	559	4,250	202,493
Net Book Value as of 31 December 2023	61,822	79,143	33,623	25,264	446	3,829	204,127

The cost of the fully depreciated fixed assets amounted to JD 219.4 million as of 31 December 2024 (JD 208.9 million as of 31 December 2023).

16. Other Assets

The details of this item are as follows:

	31 December	
	2024	2023
	JD '000	JD '000
Accrued interest receivable	150,402	146,533
Prepaid expenses	31,262	13,229
Foreclosed assets*	179,922	102,219
Intangible assets**	10,694	11,837
Right of Use Assets***	33,607	40,524
Other miscellaneous assets	100,388	175,345
Total	506,275	489,687

* 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:

	31 December 2024			
	Land	Buildings	Others	Total
	JD '000	JD '000	JD '000	JD '000
Balance at the beginning of the year	46,446	55,773	–	102,219
Additions	72,900	14,470	–	87,370
Disposals	(1,488)	(3,121)	–	(4,609)
Provision for impairment and impairment loss	(727)	(459)	–	(1,186)
Translation Adjustment	(942)	(2,930)	–	(3,872)
Balance at the End of the Year	116,189	63,733	–	179,922

	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

** The movement on intangible assets (software) was as follows:

	31 December	
	2024	2023
	JD '000	JD '000
Balance at the beginning of the year	11,837	14,472
Additions	7,225	6,257
Adjustments during the year and translation adjustments	(361)	(479)
Amortization during the year	(8,007)	(8,413)
Balance at the End of the Year	10,694	11,837

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

	2024	2023
	JD '000	JD '000
Balance at the beginning of the year	40,524	37,280
Additions	3,509	14,087
Depreciation	(10,426)	(10,843)
Balance at the end of the year	33,607	40,524

17. Deferred Tax Assets

The details of this item are as follows:

Items attributable to deferred tax assets are as follows:

	31 December 2024					
	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	407,878	269,534	(253,225)	–	424,187	125,123
End-of-Service indemnity	39,543	15,978	(17,978)	–	37,543	10,760
Interest in suspense	45,738	9,417	(19,384)	79	35,850	7,991
Revaluation of OCI investments	16,855	–	(1,790)	–	15,065	8,409
Others	63,292	53,668	(4,946)	(7,399)	104,615	24,282
Total	573,306	348,597	(297,323)	(7,320)	617,260	176,565

	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

Notes to the Financial Statements

17. Deferred Tax Assets

The details of movement on deferred tax assets are as follows:

	2024	2023
	JD '000	JD '000
Balance at the beginning of the year	157 247	182 140
Additions during the year	113 378	93 484
Amortized during the year	(92 611)	(118 337)
Adjustments during the year and translation adjustments	(1 449)	(40)
Balance at the End of the Year	176 565	157 247

18. Banks and Financial Institutions Deposits

The details of this item are as follows:

	31 December 2024			31 December 2023		
	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	3,501	102,205	105,706	5,024	85,576	90,600
Time deposits	7,911	1,677,789	1,685,700	4,804	1,722,926	1,727,730
Total	11,412	1,779,994	1,791,406	9,828	1,808,502	1,818,330

19. Customer Deposits

The details of this item are as follows:

	31 December 2024				
	Corporates			Government and public sector	Total
	Consumer Banking	Small and medium	Large		
	JD '000	JD '000	JD '000		
	JD '000	JD '000	JD '000	JD '000	JD '000
Current and demand	4,741,633	1,119,172	1,583,883	89,778	7,534,466
Savings	2,138,544	4,822	9,048	14	2,152,428
Time and notice	6,290,655	647,983	2,609,989	1,020,992	10,569,619
Certificates of deposit	155,519	–	157	–	155,676
Total	13,326,351	1,771,977	4,203,077	1,110,784	20,412,189

	31 December 2023				
	Corporates			Government and public sector	Total
	Consumer Banking	Small and medium	Large		
	JD '000	JD '000	JD '000		
	Current and demand	4,880,425	1,059,627	1,420,645	86,313
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

- Government of Jordan and Jordanian Public Sector deposits amounted to JD 458.2 million, or 2.2% of total customer deposits as of 31 December 2024 (JD 341.1 million, or 1.7% of total customer deposits as of 31 December 2023).
- Non-interest bearing deposits amounted to JD 6663 million, or 32.6% of total customer deposits as of 31 December 2024 (JD 6438.7 million, or 32.4% of total customer deposits as of 31 December 2023).
- Blocked deposits amounted to JD 62.3 million, or 0.31% of total customer deposits as of 31 December 2024 (JD 42.8 million, or 0.22% of total customer deposits as of 31 December 2023).
- Dormant deposits amounted to JD 257.2 million, or 1.3% of total customer deposits as of 31 December 2024 (JD 233 million, or 1.2% of total customer deposits as of 31 December 2023).

20. Cash Margin

The details of this item are as follows:

	31 December	
	2024	2023
	JD '000	JD '000
Against direct credit facilities at amortized cost	727,841	724,361
Against indirect credit facilities	943,556	859,425
Against margin trading	1,360	1,407
Other cash margins	1,097	1,148
Total	1,673,854	1,586,341

21. Borrowed Funds

The details of this item are as follows:

	31 December	
	2024	2023
	JD '000	JD '000
From central banks	185,810	154,233
From banks and financial institutions	85,128	130,876
Total	270,938	285,109

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

	31 December	
	2024	2023
	JD '000	JD '000
Floating interest rate	95,966	142,529
Fixed interest rate	174,972	142,580
Total	270,938	285,109

- 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 instalments in March and September of each year. The Balance of the loan as of 31 December 2024 amounted to JD 1.2 million (JD 1.6 million as of 31 December 2023).
- 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 fully repaid through semi-annual instalments in March and September of each year, and the last instalment was paid in September 2024. The Balance of the loan amounted to JD 252 thousand as of 31 December 2023.
- Until December 31, 2024, 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 instalments, these advances amounted JD 167.9 million as of 31 December 2024 (JD 130.8 million as of 31 December 2023).
- 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 instalments in March and September of each year. The Balance of the loan as of 31 December 2024 amounted to JD 2 million (JD 2.3 million as of 31 December 2023).
- 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 instalments in May and November of each year. The Balance of the loan (and the withdrawn amount) as of 31 December 2024 amounted to JD 7.7 million (JD 7.7 million as of 31 December 2023).
- During 2021, Arab Bank (Jordan branches) granted loans against diminishing advances in response to the Central Bank of Jordan program 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 2024 amounted to JD 5.3 million (JD 11.5 million as of 31 December 2023).
- During 2024, Arab Bank signed a loan agreement with the Central Bank of Jordan amounting to JD 1.8 million, for the duration of 9.5 years of which 2 years are grace period 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 instalments in March and September of each year, the first instalment is due on 15 March 2026. The Balance of the loan as of 31 December 2024 amounted to JD 1.8 million.
- During 2018, Arab Bank 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 instalment in the amount of JD 70.9 million for the duration of 7 years with a floating interest rate of (6.87125% Spread + CAS + SOFR) the interest is repaid in 2 instalments during the year. The loan is repaid semi-annually in March and September of each year, the first instalment started on 15 September 2020 and the last one will be on 15 September 2025. The Balance of the loan as of 31 December 2024 amounted to JD 12.9 million (JD 25.8 million as of 31 December 2023)
- During 2019, Arab Bank withdrew the second instalment in the amount of JD 49.5 million for the duration of 7 years with a floating interest rate of (6.98225% Spread + CAS + SOFR) the interest is repaid in 2 instalments during the year. The loan is repaid semi-annually in March and September of each year, the first instalment was on 15 September 2022 and the last one will be on 16 March 2026. The Balance of the loan as of 31 December 2024 amounted to JD 14.9 million (JD 24.8 million as of 31 December 2023)
- During 2020, Arab Bank withdrew the third instalment in the amount of JD 114.8 million for the duration of 7 years with a floating interest rate of (7.18325% Spread + CAS + SOFR) the interest is repaid in 2 instalments during the year, the loan is repaid semi-annually in March and September of each year, the first instalment was on 15 September 2023 and the last one will be on 15 March 2027. the Balance of the loan as of 31 December 2024 amounted to JD 57.4 million (JD 80.3 million as of 31 December 2023)
- Arab Bank has re-lent an amount of JD 188.6 million as of 31 December 2024 against JD 161.2 million as of 31 December 2023 with interest rate ranging between 2% to 12%.

Notes to the Financial Statements

22. Provision for Income Tax

The details of this item are as follows:

	2024	2023
	JD '000	JD '000
Balance at the beginning of the year	126,506	117,037
Accrued income tax *	178,259	125,832
Income tax paid	(150,898)	(116,363)
Balance at the End of the Year	153,867	126,506

* Net of the impact of interest paid on Perpetual Tier 1 Capital Bonds from retained earnings.

Income tax expense charged to the statement of profit or loss consists of the following:

	2024	2023
	JD '000	JD '000
Income tax charge for the year	178,259	125,832
Tax on interest paid on perpetual tier 1 capital bonds paid from retained earnings	5,637	-
Deferred tax assets for the year	(113,394)	(93,484)
Amortization of deferred tax assets	92,203	117,907
Deferred tax liabilities for the year	414	295
Total	163,119	150,550

- The bank has calculated the income tax expense according to The Jordanian income tax law No. (34) issued in 2018, for the years ended in 2024 and 2023.
- 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 2024 and 2023.
- Arab Bank Plc effective tax rate was 23.1% as of 31 December 2024 and 28.6% as of 31 December 2023.
- A recent tax settlement has been reached with the Income Tax Department in Jordan for the year 2020. Arab Bank Jordan has submitted the tax returns to for the years 2021, 2022 and 2023 and paid the related tax amounts according to the income tax law in Jordan, the Income Tax department in Jordan has not yet reviewed these tax returns. In the opinion of the management and the taxation advisor of the Bank, the provisions of income tax disclosed in the financial statements are adequate
- The branches of Arab bank Plc have reached a recent tax settlements for the year 2023 such as Arab Bank Palestine, Arab Bank United Arab Emirates and Arab Bank Qatar as of 31 December 2024.

23. Other Provisions

The details of this item are as follows:

	2024					
	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	82,148	19,073	(23,086)	(1)	(3,044)	75,090
Legal cases	4,410	5,076	(109)	(257)	(93)	9,027
Other	64,763	5,241	(1,607)	(2,237)	(969)	65,191
Total	151,321	29,390	(24,802)	(2,495)	(4,106)	149,308

	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

24. Other Liabilities

The details of this item are as follows:

	31 December	
	2024	2023
	JD '000	JD '000
Accrued interest payable	169,031	156,755
Notes payable	120,929	80,525
Interest and commission received in advance	56,217	44,786
Accrued expenses	47,152	38,459
Dividends payable to shareholders	12,253	12,416
Lease Contracts Liabilities	32,053	38,586
Provision for impairment – ECL of the indirect credit facilities*	40,264	45,366
Other miscellaneous liabilities	217,796	177,087
Total	695,695	593,980

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 2024				31 December 2023
	Stage 1	Stage 2	Stage 3	Total	Total
	JD '000	JD '000	JD '000	JD '000	JD '000
Low risk / performing (1-2)	929,039	-	-	929,039	889,568
Acceptable risk / performing (3-7)	9,574,034	337,819	-	9,911,853	8,941,452
Non-performing (8-10)	-	-	50,328	50,328	49,519
Total	10,503,073	337,819	50,328	10,891,220	9,880,539

- Probability of default at low risk 0.02% – 15.5%
- Probability of default at acceptable risk 15.5% – 24%
- Probability of default at high risk 100%

The movement on total balances of indirect credit facilities is as follows:

	31 December 2024				31 December 2023
	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	9,696,413	134,607	49,519	9,880,539	9,239,317
New balances (additions)	6,409,435	90,478	219	6,500,132	3,495,307
Matured balances	(5,394,158)	(76,601)	(3,825)	(5,474,584)	(2,853,668)
Transfers to stage 1	16,151	(16,151)	-	-	-
Transfers to stage 2	(210,243)	210,317	(74)	-	-
Transfers to stage 3	(301)	(4,268)	4,569	-	-
Translation Adjustments	(14,224)	(563)	(80)	(14,867)	(417)
Total	10,503,073	337,819	50,328	10,891,220	9,880,539

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

	31 December 2024				31 December 2023
	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	13,684	2,058	29,624	45,366	88,564
ECL charges during the year	2,055	744	3,677	6,476	15,552
Recoveries (excluding write offs)	(8,728)	(1,286)	(2,068)	(12,082)	(14,759)
Transfers to stage 1	154	(154)	-	-	-
Transfers to stage 2	(1,383)	1,383	-	-	-
Transfers to stage 3	-	(43)	43	-	-
Impact on year end ECL caused by transfers between stages during the year	-	1,281	-	1,281	(30)
Adjustments during the year	1	(16)	(1)	(16)	(43,613)
Translation Adjustments	(521)	(266)	26	(761)	(348)
Total	5,262	3,701	31,301	40,264	45,366

Notes to the Financial Statements

25. Deferred Tax Liabilities

The details of this item are as follows:

Items attributable to deferred tax liabilities are as follows:

	31 December 2024					Deferred Tax
	Balance at the Beginning of the Year	Amounts Added	Amounts Released	Translation Adjustments	Balance at the End of the Year	
	JD '000	JD '000	JD '000	JD '000	JD '000	JD '000
Other	16,258	1,945	-	-	18,203	4,102
Total	16,258	1,945	-	-	18,203	4,102

	31 December 2023					Deferred Tax
	Balance at the Beginning of the Year	Amounts Added	Amounts Released	Translation Adjustments	Balance at the End of the Year	
	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

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

	2024	2023
	JD '000	JD '000
Balance at the beginning of the year	3,653	3,356
Additions during the year	449	305
Amortized during the year	-	(1)
Adjustments during the year and Translation Adjustments	-	(7)
Balance at the End of the Year	4,102	3,653

26. Share Capital and Share Premium

A. Share capital amounted to JD 640.8 million as of 31 December 2024 and 2023.

B. Share premium amounted to JD 859.6 million as at 31 December 2024 and 2023.

27. Statutory Reserve

The statutory reserve amounted to JD 640.8 million as at 31 December 2024 and 2023 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 2024 and 2023. 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 2024 and 2023. 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 2024 and 2023, these amounts are for branches outside Jordan.

31. Foreign Currency Translation Reserve

The details of this item are as follows:

	31 December	
	2024	2023
	JD '000	JD '000
Balance at the beginning of the year	(89,751)	(91,725)
(Disposals) additions during the year transferred to other comprehensive income	(30,673)	1,974
Balance at the end of the year	(120,424)	(89,751)

32. Investment Revaluation Reserve

The details of this item are as follows:

	31 December	
	2024	2023
	JD '000	JD '000
Balance at the beginning of the year	(251,220)	(246,204)
Change in fair value during the year	(1,442)	(5,016)
Balance at the end of the year*	(252,662)	(251,220)

33. Retained Earnings

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

	31 December	
	2024	2023
	JD '000	JD '000
Balance at the beginning of the year	1,034,986	819,369
Profit for the year	543,179	375,817
Dividends paid*	(192,240)	(160,200)
Interest paid on perpetual tier 1 capital bonds (net of tax)	(9,196)	-
Balance at the end of the year	1,376,729	1,034,986

* The Board of Directors of Arab Bank PLC decided to recommend to the General Assembly of Shareholders the distribution of cash dividends for the year 2024 at a rate of 40% of the nominal value of the shares, amounting to a total of 256.3 million Jordanian Dinars, subject to the approval of the General Assembly of Shareholders. (The General Assembly of Shareholders of Arab Bank PLC, in its meeting held on 28 March 2024, approved the Board of Directors' recommendation to distribute cash dividends to shareholders for the year 2023 at a rate of 30% of the nominal value of the shares, equivalent to 192.2 million Jordanian Dinars).

34. Perpetual Tier 1 Capital Bonds

On 10 October 2023, Arab Bank PLC – Jordan branches issued perpetual Tier 1 bonds in the amount of USD 250 million (JD 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.

Notes to the Financial Statements

35. Interest Income

The details of this item are as follows:

	2024 JD '000	2023 JD '000
Direct credit facilities at amortized cost*	1,020,244	973,925
Central Banks	348,553	311,861
Banks and financial institutions deposits	134,764	127,613
Financial assets at fair value through profit or loss	5,811	3,614
Financial assets at fair value through OCI	289	-
Other financial assets at amortized cost	329,206	279,302
Total	1,838,867	1,696,315

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

	2024					
	Corporates				Government and Public Sector	Total
	Consumer Banking	Small and Medium	Large	Banks and Financial Institutions		
Discounted bills	590	2,850	17,414	9,371	202	30,427
Overdrafts	1,864	36,193	148,629	–	9,036	195,722
Loans and advances	118,517	51,194	447,279	2,857	81,165	701,012
Real estate loans	75,738	44	18	–	–	75,800
Credit cards	17,283	–	–	–	–	17,283
Total	213,992	90,281	613,340	12,228	90,403	1,020,244

	2023					Total JD '000
	Corporates			Banks and Financial Institutions JD '000	Government and Public Sector JD '000	
	Consumer Banking JD '000	Small and Medium JD '000	Large 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

36. Interest Expense

The details of this item are as follows:

	2024 JD '000	2023 JD '000
Customer deposits*	613,462	532,673
Banks' and financial institutions' deposits	101,439	94,722
Cash margins	60,743	46,521
Borrowed funds	9,756	11,490
Deposit insurance fees	13,034	11,822
Total	798,434	697,228

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

	2024				
	Corporates			Government and Public Sector	Total
	Consumer Banking	Small and Medium	Large		
	JD '000	JD '000	JD '000	JD '000	JD '000
Current and demand	28,446	1,385	12,115	1,474	43,420
Savings	3,664	6	3	–	3,673
Time and notice	288,415	35,816	130,850	84,441	539,522
Certificates of deposit	26,840	–	7	–	26,847
Total	347,365	37,207	142,975	85,915	613,462

	2023				
	Corporates			Government and Public Sector	Total
	Consumer Banking	Small and Medium	Large		
	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

37. Net Commission Income

The details of this item are as follows:

	2024 JD '000	2023 JD '000
Commission income:		
- Direct credit facilities at amortized cost	60,824	63,429
- Indirect credit facilities	57,755	52,987
- Other	89,448	88,658
Less: Commission expense	(51,856)	(47,665)
Net Commission Income	156,171	157,409

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

The details of this item are as follows:

	2024			
	Realised Gains	Unrealised Gains	Dividends	Total
	JD '000	JD '000	JD '000	JD '000
Treasury bills and bonds	1,376	240	-	1,616
Total	1,376	240	-	1,616

	2023			
	Realised Gains	Unrealised (Loss) 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

Notes to the Financial Statements

39. Dividends from Subsidiaries and Associates

The details of this item are as follows:

	2024	2023
	JD '000	JD '000
Islamic International Arab Bank plc	20,000	24,000
Arab National Leasing Company L.L.C	3,000	3,000
Al-Nisr Al Arabi Insurance Company plc	–	1,250
Al-Arabi Investment Group Company L.L.C	600	700
Oman Arab Bank	9,041	–
Total Dividends from Subsidiaries	32,641	28,950
Arab National Bank	135,077	107,777
Other	318	434
Total Dividends from Associates	135,395	108,211
Total Dividends from Subsidiaries and Associates	168,036	137,161

* During 2024, Oman Arab Bank distributed dividends through issuing mandatory convertible bonds at a rate of 6%.

40. Other Revenue

The details of this item are as follows:

	2024	2023
	JD '000	JD '000
Revenue from customer services	7,725	7,827
Safe box rent	1,117	868
(Losses) gains from derivatives	(322)	163
Miscellaneous revenue	14,998	8,594
Total	23,518	17,452

41. Employees' Expenses

The details of this item are as follows:

	2024	2023
	JD '000	JD '000
Salaries and benefits	179,222	174,226
Social security	13,798	13,754
Savings fund	1,560	1,496
Indemnity compensation	2,585	2,624
Medical	8,898	9,168
Training	1,830	1,709
Allowances	47,992	45,248
Other	5,308	4,701
Total	261,193	252,926

42. Other Expenses

The details of this item are as follows:

	2024	2023
	JD '000	JD '000
Occupancy	41,758	45,669
Office	57,988	55,821
Services	39,232	34,033
Fees	7,931	9,025
Information technology	37,936	36,000
Other administrative expenses	37,431	41,421
Total	222,276	221,969

43. Financial Derivatives

The details of movement on financial derivatives are as follows:

	31 December 2024						
				Notional amounts by maturity			
	Positive Fair Value	Negative Fair Value	Total Notional Amount	Within 3 months	From 3 months to 1 years	From 1 year to 3 years	More than 3 years
	JD '000	JD '000	JD '000	JD '000	JD '000	JD '000	JD '000
Interest rate swaps	16,377	13,137	1,876,228	122,589	229,177	573,870	950,592
Foreign currency forward contracts	5,790	738	5,977,870	4,238,089	1,603,902	135,879	–
Derivatives held for trading	22,167	13,875	7,854,098	4,360,678	1,833,079	709,749	950,592
Interest rate swaps	22,485	21,860	856,845	645	301,600	366,590	188,010
Derivatives held for fair value hedge	22,485	21,860	856,845	645	301,600	366,590	188,010
Total	44,652	35,735	8,710,943	4,361,323	2,134,679	1,076,339	1,138,602

	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
	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
Derivatives held for fair value hedge	31,271	30,247	767,597	7,737	187,679	378,083	194,098
Total	56,556	49,300	8,779,056	5,242,062	1,397,024	603,495	1,536,475

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	
	2024	2023	2024	2023	2024	2023
	JD '000	JD '000	JD '000	JD '000	JD '000	JD '000
Revenue	517,557	489,932	925,746	873,711	1,443,303	1,363,643
Assets	11,715,934	11,013,091	18,100,443	17,773,913	29,816,377	28,787,004
Capital expenditures	18,828	16,152	15,683	8,598	34,511	24,750

Notes to the Financial Statements

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 Bank's corporate and institutional client base. It offers a comprehensive suite of lending and financial solutions accessible 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. This broad and efficient offering positions Arab Bank as the preferred banking partner 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 while strategically acquiring new clients.

The CIB division caters to clients' needs over the different stages of their business cycle and across different markets, ensuring consistent service levels across its network. CIB is dedicated to offering an exceptional banking experience by providing a comprehensive range of tailored financial solutions, incorporating products and services from across Arab Bank's diverse business lines.

Digital transformation is pivotal in streamlining CIB operations and enhancing client experiences through electronic channels. The integration of data analytics supports informed decision-making, sustains competitiveness and ensures alignment with the evolving corporate and digital banking landscapes.

The success of CIB is underpinned by the quality and expertise of its staff. The division is proactive in monitoring the ever-changing business environment, constantly investing in the development and expansion of its teams' capabilities to meet the dynamic needs and banking requirements of its clients.

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, 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.

3. Consumer Banking

The retail banking sector provides a range of programmes specifically designed to meet the needs of different customer segments. These programmes extend from the "Arabi Junior" programme for children to the exclusive "Elite" programme, which serves our distinguished clients and is now available in our main markets. The Bank aims to continue developing its programmes to suit different customer segments while providing an appropriate relationship management model, as these programmes represent the core of our services in line with the increasing needs and expectations of customers.

Information about the Bank's Business Segments

	2024					
	Corporate and Institutional Banking	Consumer Banking				
		Treasury	Elite	Retail Banking	Other	Total
	JD '000	JD '000	JD '000	JD '000	JD '000	JD '000
Total income	625,414	720,650	(249,992)	171,002	176,229	1,443,303
Net inter-segment interest income	(130,782)	(372,366)	461,985	41,163		
Less:						
Provision for impairment						
– Expected Credit Loss	106,267	21,495	15	65,241	–	193,018
Other provisions	13,442	2,856	2,232	8,365	–	26,895
Direct administrative expenses	39,640	7,065	4,207	145,596	–	196,508
Result of operations of segments	335,283	316,868	205,539	(7,037)	176,229	1,026,882
Indirect expenses on segments	157,027	51,701	41,848	70,008	–	320,584
Profit for the year before income tax	178,256	265,167	163,691	(77,045)	176,229	706,298
Income tax expense	41,168	61,240	37,804	(17,793)	40,700	163,119
Profit (loss) for the year	137,088	203,927	125,887	(59,252)	135,529	543,179
Depreciation and amortization	14,352	3,045	2,743	13,483	–	33,623

Other Information						
Segment assets	10,179,445	14,826,220	824,596	2,491,171	529,417	28,850,849
Inter-segment assets	–	–	9,732,478	682,662	3,346,893	–
Investments in associates and subsidiaries	–	–	–	–	965,528	965,528
Total Assets	10,179,445	14,826,220	10,557,074	3,173,833	4,841,838	29,816,377
Segment liabilities	8,727,321	2,516,311	10,557,074	3,173,833	212,555	25,187,094
Shareholders' equity	–	–	–	–	4,629,283	4,629,283
Inter-segment liabilities	1,452,124	12,309,909	–	–	–	–
Total Liabilities and Shareholders' Equity	10,179,445	14,826,220	10,557,074	3,173,833	4,841,838	29,816,377

Information about the Bank's Business Segments

	2023					
	Corporate and Institutional Banking	Consumer Banking				
		Treasury	Elite	Retail Banking	Other	Total
	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						
– Expected Credit Loss	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 segment	292,238	295,883	187,442	53,820	144,967	974,350
Less: 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

Notes to the Financial Statements

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, 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:

- Reviewing the Bank’s risk management framework before it is approved by the board of directors.
- Implementing the risk management strategy and developing policies and procedures to manage all types of risks.
- Developing methodologies to identify, measure, monitor, and control each type of risk.
- Reporting to the board of directors through the Risk Management Committee and providing a copy to senior executive management, including information comparing the actual risk system of all the Bank’s activities with the Risk Profile and Risk Appetite document, and following up on the treatment of negative deviations.
- Enhancing and raising risk awareness based on best practices and leading standards specific to the banking sector.

a. Credit Risk Management

The Bank adopts a proactive and dynamic approach and applies a conservative strategy in managing this type of risk as a fundamental element to achieve its strategic goal of continuous improvement and maintaining the quality of assets and the composition of the credit portfolio. The Bank also relies on established credit standards characterised by conservatism and prudence, policies, procedures, methodologies, and general frameworks for risk management that take into account all developments in the banking and legislative environment, in addition to clear organisational structures and automated systems, as well as diligent follow-up and effective oversight. This enables the Bank to deal with potential risks and the challenges of a changing environment with a high level of confidence and determination. Credit management decisions are based on the Bank’s business strategy and acceptable risk levels. It also focuses on diversification, which is the cornerstone for mitigating and diversifying risks at the individual customer level as well as at the sectoral and geographical levels.

b. Geographic Concentration Risk

The Bank reduces the geographic concentration risk through distributing its operations over various sectors and various geographic locations inside and outside the Kingdom.

Note (47-F) shows the details of the geographical distribution of assets.

c. Liquidity Risk

Liquidity is defined as the Bank’s ability to finance the increase in its assets and meet its obligations as they become due without incurring unacceptable losses. The Bank has established a robust and solid infrastructure of policies, procedures, and human resources to ensure that the Bank’s obligations are met when due under all circumstances and without additional costs.

The Bank uses multiple methods to measure and analyse the liquidity of its financial position, which helps the Bank plan and manage its financial resources, as well as identify mismatches in assets and liabilities that could expose the Bank to liquidity risks. Note (50) shows the distribution of liabilities (undiscounted) based on the remaining period to contractual maturity.

d. 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 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. 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 exposed to market risk arising from changes in interest rates and credit spreads. Arab Bank 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 from mismatches in assets and liabilities that are denominated in currencies other than the functional currency of the respective entity. Foreign exchange activity arises principally from customers’ transactions. Strict foreign exchange risk limits are set to define exposure and sensitivity tolerance for trading in foreign exchange. The Bank hedges itself appropriately against potential currency fluctuations in order to minimize foreign exchange exposure. Note (51) shows the net positions of foreign currencies.

e. Operational Risk

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people, and systems, or from external events. 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 exposures to credit risk (net of impairment provisions and interest in suspense and prior to collaterals and other risk mitigations):

	31 December	
	2024	2023
	JD '000	JD '000
Credit risk exposures relating to items on statement of financial position:		
Balances with central banks - net	6,637,233	6,697,177
Balances with banks and financial institutions - net	2,608,333	2,669,739
Deposits with banks and financial institutions - net	44,875	96,925
Financial assets at fair value through profit or loss	23,795	9,514
Financial assets at fair value through OCI - net	35,379	-
Direct credit facilities at amortized cost - net	12,316,565	11,831,745
Consumer banking	2,574,981	2,576,417
Small and medium corporate	919,713	886,754
Large corporate	7,330,660	7,195,831
Banks and financial institutions	292,926	133,218
Government and public sector	1,198,285	1,039,525
Other financial assets at amortized cost - net	5,451,166	5,114,907
Financial derivatives - positive fair value	44,652	56,556
Other assets	181,664	159,762
Total credit exposure related to items on statement of financial position	27,343,662	26,636,325
Credit risk exposures relating to items off the statement of financial position		
Total items off the statement of financial position	10,850,956	9,835,173
Grand total for credit exposure	38,194,618	36,471,498

The table above shows the maximum limit of the bank credit risk as of 31 December 2024 and 2023 excluding collaterals or risks mitigations.

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B. Fair value of collaterals obtained against total credit exposures:

	31 December 2024									
	Fair Value of Collaterals								Net Exposure	Expected Credit Loss
	Total Credit Risk Exposure	Cash	Banks accepted letters of guarantees	Real estate properties	Listed securities	Vehicles and equipment	Other	Total		
	JD '000	JD '000	JD '000	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 - net	6,811,725	-	-	-	-	-	-	-	6,811,725	174,492
Balances with banks and financial institutions - net	2,608,859	-	-	-	-	-	-	-	2,608,859	526
Deposits with banks and financial institutions - net	44,875	-	-	-	-	-	-	-	44,875	-
Financial assets at fair value through profit or loss	23,795	-	-	-	-	-	-	-	23,795	-
Financial assets at fair value through OCI - net	35,379	-	-	-	-	-	-	-	35,379	-
Direct credit facilities at amortized cost - net	13,849,068	672,807	78,986	2,853,440	213,344	230,665	4,206,437	8,255,679	5,593,389	1,241,366
Consumer Banking	2,836,891	195,178	6	1,117,166	4,900	46,650	330,913	1,694,813	1,142,078	189,315
Small and Medium Corporates	1,143,063	89,199	15,660	326,066	2,209	8,493	527,388	969,015	174,048	157,319
Large Corporates	8,367,123	196,192	63,320	1,405,357	206,235	175,522	2,842,040	4,888,666	3,478,457	883,988
Banks and Financial Institutions	295,070	-	-	-	-	-	-	-	295,070	2,108
Government and Public Sector	1,206,921	192,238	-	4,851	-	-	506,096	703,185	503,736	8,636
Other financial assets at amortized cost - net	5,468,097	-	-	-	-	-	-	-	5,468,097	16,931
Financial derivatives - positive fair value	44,652	-	-	-	-	-	-	-	44,652	-
Other assets	181,664	-	-	-	-	-	-	-	181,664	-
Total	29,068,114	672,807	78,986	2,853,440	213,344	230,665	4,206,437	8,255,679	20,812,435	1,433,315
Credit exposures relating to items off statement of financial position:										
Total	10,891,220	915,361	9,799	99,466	515	19,279	2,409,576	3,453,996	7,437,224	40,264
Grand Total	39,959,334	1,588,168	88,785	2,952,906	213,859	249,944	6,616,013	11,709,675	28,249,659	1,473,579
Grand Total as of 31 December 2023	38,337,852	1,534,939	87,691	2,819,426	266,991	285,623	5,824,739	10,819,409	27,518,443	1,468,011

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

	31 December 2024									
	Fair Value of Collaterals								Net Exposure	Expected Credit Loss
	Total Credit Risk Exposure	Cash	Banks accepted letters of guarantees	Real estate properties	Listed securities	Vehicles and equipment	Other	Total		
	JD '000	JD '000	JD '000	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 - net	-	-	-	-	-	-	-	-	-	-
Balances with banks and financial institutions - net	-	-	-	-	-	-	-	-	-	-
Deposits with banks and financial institutions - net	-	-	-	-	-	-	-	-	-	-
Financial assets at fair value through profit or loss	-	-	-	-	-	-	-	-	-	-
Financial assets at fair value through OCI - net	-	-	-	-	-	-	-	-	-	-
Direct credit facilities at amortized cost - net	1,069,963	5,268	-	144,068	82	25,143	135,715	310,276	759,687	705,407
Consumer Banking	216,215	5	-	23,700	-	3,835	7,870	35,410	180,805	112,581
Small and Medium Corporates	182,552	981	-	29,358	-	624	13,462	44,425	138,127	105,592
Large Corporates	669,363	4,282	-	91,010	82	20,684	114,383	230,441	438,922	485,437
Banks and Financial Institutions	1,833	-	-	-	-	-	-	-	1,833	1,797
Government and Public Sector	-	-	-	-	-	-	-	-	-	-
Other financial assets at amortized cost - net	-	-	-	-	-	-	-	-	-	-
Financial derivatives - positive fair value	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-	-
Total	1,069,963	5,268	-	144,068	82	25,143	135,715	310,276	759,687	705,407
Credit exposures relating to items off statement of financial position:										
Total	50,328	1,682	-	2,013	-	1,084	10,756	15,535	34,793	31,301
Grand Total	1,120,291	6,950	-	146,081	82	26,227	146,471	325,811	794,480	736,708
Grand Total as of 31 December 2023	1,334,586	9,615	-	135,919	89	17,887	276,684	440,194	894,392	867,231

Notes to the Financial Statements

D. Reclassified Credit Exposures:

	31 December 2024					
	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	(%)
Credit exposures relating to items on statement of financial position:						
Balances with central banks – net	580,222	31,654	–	–	31,654	5.5%
Direct credit facilities at amortized cost – net	1,626,614	350,247	1,069,963	146,002	496,249	18.4%
Other financial assets at amortized cost – net	21,239	14,147	–	–	14,147	66.6%
Total	2,228,075	396,048	1,069,963	146,002	542,050	16.4%
Credit exposures relating to items off statement of financial position:						
Total	337,819	189,898	50,328	4,495	194,393	50%
Grand Total	2,565,894	585,946	1,120,291	150,497	736,443	20.0%
Grand Total as of 31 December 2023	2,124,549	(138,784)	1,334,586	222,217	83,433	2.4%

E. Reclassified Expected Credit Losses:

	31 December 2024					
	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	(%)
Credit exposures relating to items on statement of financial position:						
Balances with central banks – net	172,857	–	–	–	–	–
Direct credit facilities at amortized cost – net	396,121	(36,918)	705,407	55,836	18,918	1.7%
Other financial assets at amortized cost – net	7,519	243	–	–	243	3.2%
Total	576,497	(36,675)	705,407	55,836	19,161	1.5%
Credit exposures relating to items off statement of financial position:						
Total	3,701	1,186	31,301	43	1,229	3.5%
Grand Total	580,198	(35,489)	736,708	55,879	20,390	1.5%
Grand Total as of 31 December 2023	460,254	(179,301)	867,231	152,777	(26,524)	-2.0%

F. Reclassified Credit Exposures:

	31 December 2024						
	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 – net	31,654	–	31,654	–	–	–	–
Direct credit facilities at amortized cost – net	350,247	146,002	496,249	(48,442)	16,838	77,056	45,452
Other financial assets at amortized cost – net	14,147	–	14,147	243	–	–	243
Total	396,048	146,002	542,050	(48,199)	16,838	77,056	45,695
Credit exposures relating to items off statement of financial position:							
Total	189,898	4,495	194,393	2,467	–	43	2,510
Grand Total	585,946	150,497	736,443	(45,732)	16,838	77,099	48,205
Grand Total as of 31 December 2023	(138,784)	222,217	83,433	(181,269)	1,071	170,677	(9,521)

G. Classification of debt securities based on risk degree:

The table below analyses the credit exposure of the debt securities using the credit rating as per the global credit rating agencies.

	31 December 2024			
	Financial Assets at Fair Value through Profit or Loss	Financial Assets at Fair Value through Other Comprehensive Income	Other Financial Assets at Amortized Cost	Total
	JD '000	JD '000	JD '000	JD '000
Credit Rating				
Private sector:				
AAA to A-	–	10,503	278,503	289,006
BBB+ to B-	–	–	169,284	169,284
Below B-	–	–	–	–
Unrated	–	–	65,579	65,579
Government and public sector	23,795	24,876	4,937,800	4,986,471
Total	23,795	35,379	5,451,166	5,510,340

	31 December 2023			
	Financial Assets at Fair Value through Profit or Loss	Financial Assets at Fair Value through Other Comprehensive Income	Other Financial Assets at Amortized Cost	Total
	JD '000	JD '000	JD '000	JD '000
Credit Rating				
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

Notes to the Financial Statements

H. 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 2024						
	Total Exposure	Expected Credit Loss	Probability of Default %		Exposure at Default	Average of Loss Given Default	
			JD '000	From			To
1-6	9,698,487	291,726	-	15.5	9,698,487	0 -67	
7	459,942	167,499	24	24	457,691	0 -58.73	
8	72,868	25,461	100	100	71,393	-	
9	77,950	47,778	100	100	74,891	-	
10	919,145	632,168	100	100	637,557	-	
Unrated	2,620,676	76,734	0.04	57	2,617,912	54.63	
Total	13,849,068	1,241,366	-	-	13,557,931	-	

	31 December 2023					
	Probability of Default %				Exposure at Default	Average of Loss Given Default
	Total Exposure	Expected Credit Loss	From	To		
	Internal Credit Rating system	JD '000			JD '000	JD '000
1-6	9,352,793	250,708	–	19	9,352,590	0-44.30
7	317,323	164,994	24	24	312,745	30.59-39
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	57	2,561,182	54.63
Total	13,516,365	1,286,277	–	–	13,118,022	–

I. Credit exposure categorized by geographical distribution:

	31 December 2024						Total
	Jordan	Other Arab Countries	Asia*	Europe	America	Rest of the World	
	JD '000	JD '000	JD '000	JD '000	JD '000	JD '000	
Balances with central banks	3,755,188	2,881,035	1,010	-	-	-	6,637,233
Balances and deposits with banks and financial institutions	182,495	468,425	185,545	1,492,582	316,481	7,680	2,653,208
Financial assets at fair value through profit or loss	-	23,795	-	-	-	-	23,795
Financial assets at fair value through OCI	12,052	23,327	-	-	-	-	35,379
Direct credit facilities at amortized cost	4,374,193	7,290,066	439,136	174,416	107	38,647	12,316,565
Consumer banking	1,268,138	1,305,865	-	776	107	95	2,574,981
Small and medium corporates	495,379	424,334	-	-	-	-	919,713
Large corporates	2,317,757	4,419,751	439,136	115,464	-	38,552	7,330,660
Banks and financial institutions	75,833	158,917	-	58,176	-	-	292,926
Government and public sector	217,086	981,199	-	-	-	-	1,198,285
Other financial assets at amortized cost	2,647,496	2,630,675	110,306	41,456	21,233	-	5,451,166
Financial derivatives - positive fair value	1,141	43,159	352	-	-	-	44,652
Other assets	60,483	116,314	4,240	225	-	402	181,664
Total	11,033,048	13,476,796	740,589	1,708,679	337,821	46,729	27,343,662
Total - as of 31 December 2023	10,453,564	13,473,503	617,470	1,569,256	515,914	6,618	26,636,325

* Excluding Arab Countries.

J. Credit exposure categorized by geographical distribution and staging according to IFRS 9:

	31 December 2024					
	Stage 1		Stage 2		Stage 3	Total
	(Individual)	(Collective)	(Individual)	(Collective)		
	JD '000	JD '000	JD '000	JD '000	JD '000	JD '000
Jordan	9,343,913	1,237,949	415,029	18,610	17,547	11,033,048
Other Arab Countries	11,162,536	1,039,828	969,732	243,815	60,885	13,476,796
Asia*	740,589	-	-	-	-	740,589
Europe	1,707,903	776	-	-	-	1,708,679
America	337,714	107	-	-	-	337,821
Rest of the World	46,634	95	-	-	-	46,729
Total	23,339,289	2,278,755	1,384,761	262,425	78,432	27,343,662
Total as of 31 December 2023	22,575,392	2,479,867	1,463,055	64,114	53,897	26,636,325

* Excluding Arab Countries.

Notes to the Financial Statements

K. Credit exposure categorized by economic sector:

	31 December 2024												
	Corporates										Banks and Financial Institutions	Government and Public Sector	Total
	Consumer Banking	Industry and Mining	Constructions	Real estate	Trade	Agriculture	Tourism and Hotels	Transportation	Shares	General Services			
	JD '000	JD '000	JD '000	JD '000	JD '000	JD '000	JD '000	JD '000	JD '000	JD '000	JD '000	JD '000	JD '000
Balances with Central Banks	-	-	-	-	-	-	-	-	-	-	-	6,637,233	6,637,233
Balances and deposits with banks and financial institutions	-	-	-	-	-	-	-	-	-	-	2,653,208	-	2,653,208
Financial assets at fair value through profit or loss	-	-	-	-	-	-	-	-	-	-	-	23,795	23,795
Financial assets at fair value through OCI	-	-	-	-	-	-	-	-	-	-	10,503	24,876	35,379
Direct credit facilities at amortized cost	2,574,981	2,347,740	906,737	471,953	2,306,063	138,363	280,469	240,978	23,362	1,534,708	292,926	1,198,285	12,316,565
Other financial assets at amortized cost	-	81,792	-	4,965	-	-	-	-	-	86,513	340,096	4,937,800	5,451,166
Financial derivatives – positive fair value	-	77	-	-	1,463	54	-	91	-	24	42,885	58	44,652
Other assets	7,618	9,438	5,056	1,444	11,472	250	475	1,161	-	65,807	10,386	68,557	181,664
Total	2,582,599	2,439,047	911,793	478,362	2,318,998	138,667	280,944	242,230	23,362	1,687,052	3,350,004	12,890,604	27,343,662
Total as of 31 December 2023	2,584,674	2,395,215	988,152	535,102	2,200,159	141,275	259,093	158,543	24,800	1,562,977	3,174,760	12,611,575	26,636,325

L. Credit exposure categorized by economic sector and staging according to IFRS 9:

	31 December 2024					
	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	7,618	2,278,755	-	262,425	33,801	2,582,599
Industry and mining	2,327,658	-	101,065	-	10,324	2,439,047
Constructions	670,478	-	237,817	-	3,498	911,793
Real estate	412,960	-	63,847	-	1,555	478,362
Trade	2,076,347	-	238,290	-	4,361	2,318,998
Agriculture	89,866	-	39,715	-	9,086	138,667
Tourism and hotels	144,560	-	131,908	-	4,476	280,944
Transportation	222,758	-	19,196	-	276	242,230
Shares	23,362	-	-	-	-	23,362
General service	1,663,566	-	12,431	-	11,055	1,687,052
Banks and financial institutions	3,350,004	-	-	-	-	3,350,004
Government and public sector	12,350,112	-	540,492	-	-	12,890,604
Total	23,339,289	2,278,755	1,384,761	262,425	78,432	27,343,662
Total as of 31 December 2023	22,575,392	2,479,867	1,463,055	64,114	53,897	26,636,325

48. Market Risk

Assuming market prices as at December 31, 2024 and 2023 change by 5%, the impact on statement of income and shareholders equity will be as follows:

	31 December 2024			31 December 2023		
	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	40,007	-	40,007	35,716	-	35,716
Foreign exchange rate sensitivity	1,932	12,491	14,423	1,343	21,439	22,782
Equity instruments price sensitivity	-	9,026	9,026	-	6,418	6,418
Total	41,939	21,517	63,456	37,059	27,857	64,916

49. Interest Rate Risk

Exposure to interest rate volatility as of 31 December 2024 (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	-	-	-	-	-	-	658,386	658,386
Mandatory cash reserve	-	-	-	-	-	-	935,938	935,938
Balances with central banks	4,941,995	-	-	-	-	-	759,300	5,701,295
Balances and deposits with banks and financial institutions	1,216,107	1,392,226	12,385	32,490	-	-	-	2,653,208
Financial assets at fair value through profit or loss	3,467	7,023	2,813	4,185	-	6,307	-	23,795
Direct credit facilities at amortized cost	3,618,612	3,176,504	2,114,417	1,181,902	785,042	1,440,088	-	12,316,565
Financial assets at fair value through other comprehensive income	-	708	12,108	10,440	7,034	5,089	145,132	180,511
Other financial assets at amortized cost	240,270	655,123	599,204	1,172,798	1,792,460	991,311	-	5,451,166
Investment in subsidiaries and associates	-	-	-	-	-	-	965,528	965,528
Fixed assets	-	-	-	-	-	-	202,493	202,493
Other assets and financial derivatives – positive fair value	25,877	24,079	39,498	1,642	20,768	12,628	426,435	550,927
Deferred tax assets	-	-	-	-	-	-	176,565	176,565
Total assets	10,046,328	5,255,663	2,780,425	2,403,457	2,605,304	2,455,423	4,269,777	29,816,377
Liabilities								
Banks' and financial institutions' deposits	1,301,407	312,899	6,165	-	65,229	-	105,706	1,791,406
Customer deposits	6,767,066	2,642,274	1,544,264	2,234,463	472,681	88,421	6,663,020	20,412,189
Cash margin	869,174	326,837	123,607	179,446	49,726	11,103	113,961	1,673,854
Borrowed funds	131,469	106,274	19,952	7,200	6,043	-	-	270,938
Provision for income tax	-	-	-	-	-	-	153,867	153,867
Other Provisions	-	-	-	-	-	-	149,308	149,308
Other liabilities and financial derivatives – negative fair value	25,517	23,752	36,683	5,418	17,611	11,383	611,066	731,430
Deferred tax liabilities	-	-	-	-	-	-	4,102	4,102
Total liabilities	9,094,633	3,412,036	1,730,671	2,426,527	611,290	110,907	7,801,030	25,187,094
Gap	951,695	1,843,627	1,049,754	(23,070)	1,994,014	2,344,516	(3,531,253)	4,629,283

Notes to the Financial Statements

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

50. Liquidity Risk

The below is the distribution of the liabilities (undiscounted) according to the residual maturity as of 31 December 2024:

	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	1,301,498	313,074	6,299	-	65,228	-	105,706	1,791,805
Customer deposits	5,840,632	2,656,537	1,586,033	2,363,140	560,806	88,421	7,534,466	20,630,035
Cash margin	329,126	870,140	125,130	182,205	49,726	11,103	112,546	1,679,976
Borrowed funds	216	21,312	9,847	17,415	145,641	90,230	-	284,661
Provision for income tax	-	-	-	-	-	-	153,867	153,867
Other provisions	-	-	-	-	-	-	149,308	149,308
Financial derivatives – negative fair value	6,107	379	205	214	17,523	11,307	-	35,735
Other liabilities	25,451	141,675	36,478	5,204	88	76	486,723	695,695
Deferred tax liabilities	-	-	-	-	-	-	4,102	4,102
Total Liabilities	7,503,030	4,003,117	1,763,992	2,568,178	839,012	201,137	8,546,718	25,425,184
Total assets according to expected maturities	7,962,532	3,275,825	2,234,855	2,116,058	3,743,232	5,386,864	5,097,011	29,816,377

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

51. Net Foreign Currency Positions

The details of this item are as follows:

	31 December 2024		31 December 2023	
	Base Currency in Thousand	Equivalent in JD '000	Base Currency in Thousand	Equivalent in JD '000
USD	48,762	34,573	(116,486)	(82,614)
GBP	35	32	2,142	1,933
EUR	(12,218)	(9,013)	21,745	17,019
JPY	395,872	1,781	368,613	1,854
Other currencies*	-	21,426	-	34,944
Total		48,798		(26,864)

* 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 2024 are as follows:

	USD JD '000	GBP JD '000	EUR JD '000	JPY JD '000
Total Assets	8,547,459	98,286	909,085	68,200
Total Liabilities	8,262,430	178,821	609,274	12,230
Total Owners' Equity	985,579	73	288,034	-
Net Foreign currency forward contracts	735,123	80,640	(20,790)	(54,188)
Net open position	34,573	32	(9,013)	1,781
Net open position as of 31 December 2023	(82,614)	1,933	17,019	1,854

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.

Notes to the Financial Statements

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
	2024	2023				
	JD '000	JD '000				
Financial assets at fair value						
Financial assets at fair value through profit or loss:						
Treasury bills and Bonds	23,795	9,514	Level 1	Listed Market Price	Not Applicable	Not Applicable
Total Financial Assets at Fair Value through Profit or Loss	23,795	9,514				
Financial derivatives – positive fair value	44,652	56,556	Level 2	Through Comparison of similar financial instruments	Not Applicable	Not Applicable
Financial assets at fair value through other comprehensive income:						
Quoted shares	72,618	75,432	Level 1	Listed Market Price	Not Applicable	Not Applicable
Unquoted shares	72,514	52,918	Level 2 and 3	Through using the index sector in the market	Not Applicable	Not Applicable
Government bonds and bonds guaranteed by the government – Quoted	19,788	–	Level 1	Listed Market Price	Not Applicable	Not Applicable
Government bonds and bonds guaranteed by the government – Unquoted	5,088	–	Level 2	Through using the index sector in the market	Not Applicable	Not Applicable
Corporate bonds	10,503	–	Level 1	Listed Market Price	Not Applicable	Not Applicable
Total financial assets at fair value through other comprehensive income	180,511	128,350				
Total Financial Assets at Fair Value	248,958	194,420				
Financial Liabilities at Fair Value						
Financial derivatives – negative fair value	35,735	49,300	Level 2	Through Comparison of similar financial instruments	Not Applicable	Not Applicable
Total Financial Liabilities at Fair Value	35,735	49,300				

There were no transfers between Level 1 and 2, during 2024 & 2023.

The below is the movement of OCI shares for level 2 and 3.

	Fair Value as at 31 December	
	2024	2023
	JD '000	JD '000
Balance at the beginning of the year	52,918	52,493
(Selling) shares – net	(19,596)	(425)
Total	72,514	52,918

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 2024		31 December 2023		Fair Value
	Book value	Fair value	Book value	Fair value	
	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	5,422,734	5,425,173	5,603,602	5,610,054	Level 2 & 3
Balances and Deposits with banks and financial institutions	2,653,208	2,656,358	2,766,664	2,770,277	Level 2 & 3
Direct credit facilities at amortized cost	12,316,565	12,364,440	11,831,745	11,888,311	Level 2 & 3
Other Financial assets at amortized cost	5,451,166	5,514,108	5,114,907	5,166,976	Level 1 & 2
Total financial assets not calculated at fair value	25,843,673	25,960,079	25,316,918	25,435,618	
Financial liabilities not calculated at fair value					
Banks' and financial institutions' deposits	1,791,406	1,800,628	1,818,330	1,826,306	Level 2 & 3
Customer deposits	20,412,189	20,523,107	19,852,809	19,960,843	Level 2 & 3
Cash margin	1,673,854	1,683,574	1,586,341	1,595,156	Level 2 & 3
Borrowed funds	270,938	272,842	285,109	288,155	Level 2 & 3
Total financial liabilities not calculated at fair value	24,148,387	24,280,151	23,542,589	23,670,460	

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 2024.

	UP to 1 year	More than 1 year	Total
	JD '000	JD '000	JD '000
Assets			
Cash at vaults	658,386	–	658,386
Mandatory cash reserve	935,938	–	935,938
Balances with central banks	5,701,295	–	5,701,295
Balances and deposits with banks and financial institutions	2,653,208	–	2,653,208
Financial assets at fair value through profit or loss	23,795	–	23,795
Direct credit facilities at amortized cost	6,302,662	6,013,903	12,316,565
Financial assets at fair value through other comprehensive income	23,257	157,254	180,511
Other financial assets at amortized cost	2,288,939	3,162,227	5,451,166
Investment in subsidiaries and associates	–	965,528	965,528
Fixed assets	25,616	176,877	202,493
Other assets and financial derivatives – positive fair value	115,057	435,870	550,927
Deferred tax assets	176,565	–	176,565
Total Assets	18,904,718	10,911,659	29,816,377
Liabilities			
Banks' and financial institutions' deposits	1,621,414	169,992	1,791,406
Customer deposits	19,762,649	649,540	20,412,189
Cash margin	1,566,811	107,043	1,673,854
Borrowed funds	35,135	235,803	270,938
Provision for income tax	153,867	–	153,867
Other provisions	149,308	–	149,308
Other liabilities and financial derivatives – negative fair value	209,670	521,760	731,430
Deferred tax liabilities	4,102	–	4,102
Total Liabilities	23,502,956	1,684,138	25,187,094
Net	(4,598,238)	9,227,521	4,629,283

Notes to the Financial Statements

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 1 year	More than 1 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

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 2024			
	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	1,136,952	13,404	–	1,150,356
Acceptances	344,213	3,645	–	347,858
Letters of guarantee:				
– Payment guarantees	1,019,893	19,848	2,526	1,042,267
– Performance guarantees	1,889,922	911,166	40,509	2,841,597
– Other guarantees	1,482,292	650,743	3,646	2,136,681
Unutilised credit facilities	3,125,821	246,640	–	3,372,461
Total	8,999,093	1,845,446	46,681	10,891,220

	31 December 2024			
	JD '000	JD '000	JD '000	JD '000
Constructions projects contracts	1,366	–	–	1,366
Procurement contracts	9,059	2,608	575	12,242
Total	10,425	2,608	575	13,608

	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
Unutilised 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
Constructions projects contracts	809	–	–	809
Procurement contracts	9,994	4,243	709	14,946
Total	10,803	4,243	709	15,755

55. Capital Management

The Bank 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 Committee is as follows:

	31 December	
	2024	2023
	JD '000	JD '000
Common Equity Tier 1	4,085,199	3,839,651
Regulatory Adjustments (Deductions from Common Equity Tier 1)	(985,547)	(973,960)
Additional Tier 1	177,305	177,305
Regulatory Adjustments (Deductions from Additional Tier 1)	(20,179)	–
Supplementary Capital	265,167	249,020
Regulatory Adjustments (Deductions from Supplementary Capital)	(5,568)	(5,777)
Regulatory Capital	3,516,377	3,286,239
Risk-weighted assets (RWA)	20,416,172	18,825,664
Common Equity Tier 1 Ratio	15.18%	15.22%
Tier 1 Capital Ratio	15.95%	16.16%
Capital Adequacy Ratio	17.22%	17.46%

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 236% as of 31 December 2024 and 246% as of 31 December 2023 (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 2024			
	Deposits owed from Related Parties	Direct Credit Facilities at Amortized Cost	Deposits owed to Related Parties	LCs, LGs, Unutilised Credit Facilities and Acceptances
	JD '000	JD '000	JD '000	JD '000
Sister and subsidiary companies	1,370,889	18,942	100,265	215,562
Associates companies	143,427	–	10,448	68,334
Major shareholders and members of the Board of Directors	–	137,753	444,537	119,431
Total	1,514,316	156,695	555,250	403,327

	31 December 2023			
	Deposits owed from Related Parties	Direct Credit Facilities at Amortized Cost	Deposits owed to Related Parties	LCs, LGs, Unutilised 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

- Direct credit facilities granted to key management personnel amounted to JD 0.7 million and indirect credit facilities amounted to JD 4 thousands as of 31 December 2024 (Direct credit facilities JD 0.9 million and indirect credit facilities JD 4 thousand as of 31 December 2023).
- Top management deposits amounted to JD 4.4 million as of 31 December 2024 (JD 3.7 million as of 31 December 2023).
- 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.

Notes to the Financial Statements

The details of transactions with related parties are as follows:

	2024		2023	
	Interest Income	Interest Expense	Interest Income	Interest Expense
	JD '000	JD '000	JD '000	JD '000
Subsidiaries and sister companies	74,839	8,764	60,892	5,238
Associated companies	4,941	1,099	3,853	1,071
Total	79,780	9,863	64,745	6,309

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 34.6 million for the year ended on 31 December 2024 (JD 34.4 million for the year ended on 31 December 2023).

57. Assets under Management

There are no assets under management as of 31 December 2024 and 2023.

58. Cash and Cash Equivalent

The details of this item are as follows:

	31 December	
	2024	2023
	JD '000	JD '000
Cash and balances with central banks maturing within 3 months	7,470,111	7,261,998
Add: Balances with banks and financial institutions maturing within 3 months	2,608,859	2,670,115
Less: Banks and financial institutions deposits maturing within 3 months	1,720,012	1,809,052
Total	8,358,958	8,123,061

59. Legal Cases

There are lawsuits filed against the Bank totalling almost JD 176.9 million as of 31 December 2024 (JD 178 million as of 31 December 2023). 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.

Independent Auditor's Report



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AM/006631

To the Shareholders of
Arab Bank P.L.C
Amman – The Hashemite Kingdom of Jordan

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Arab Bank (the “Bank”) and its external branches (the “Bank”), which comprise the statement of financial position as of December 31, 2024, 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 of December 31, 2024, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Jordan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



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 note 12 to the financial statements, the Bank had net direct credit facilities of USD 12.3 Billion as of December 31, 2024, 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 assessing 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.
- 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. We also challenged key assumptions, inspect the calculation methodology and traced a sample back to source data;



Key Audit Matter

How our audit addressed the key audit matter

- We evaluated key assumptions such as thresholds used to determine SICR and forward-looking macroeconomic scenarios including the related weighting;
- 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.

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

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

Information Other than the Financial Statements and Auditor's Report Thereon

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. 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.

If, upon reading the Chairman's report, the governance report, and the financial performance report, we find significant errors in them, we are obliged to report such errors to those charged with governance.

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 IFRS Accounting Standards as issued by the IASB, 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 financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the Bank audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Bank as a basis for forming an opinion on the Bank financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the Bank 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.

Independent Auditor's Report

Deloitte.

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 accounting records which are in agreement with the financial statements. We recommend that the General Assembly of Shareholders to approve these financial statements.

The engagement partner on the audit resulting in this independent auditor's report is:

Ahmad Fathi Shtawi



Deloitte & Touche (M.E.) - Jordan
Amman - Jordan

February 9, 2025

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



Attestation Statements from Board of Directors and Financial Management

The Board of Directors confirms that there are no significant issues that may affect the continued operations of the bank during the financial year 2025.

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



Sabih Taher Darwish Masri
Chairman



Khaled Sabih Taher Masri
Deputy Chairman



Hisham Mohammed Mahmoud Attar
Representing
The Ministry of Finance
Saudi Arabia



Wahbe Abdallah Wahbe Tamari



Hisham Mohammed Mahmoud Attar
Representing
The Ministry of Finance
Saudi Arabia



Wahbe Abdallah Wahbe Tamari



Mohammad Adnan Hasan Almadi
Representing
The Social Security Corporation



Nabil Hani Jamil Alqaddumi



Mohammad Adnan Hasan Almadi
Representing
The Social Security Corporation



Nabil Hani Jamil Alqaddumi



Shahm Munib Elias Al-Wir



Omar Muther Ibrahim Fahoum



Shahm Munib Elias Al-Wir



Omar Muther Ibrahim Fahoum



Sharif Muhdi Husni Saifi



Majed Qustandi Elias Sifri



Sharif Muhdi Husni Saifi



Majed Qustandi Elias Sifri

Attestation Statements from Board of Directors and Financial Management

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 2024.

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 2024.



Sabih Taher Darwish Masri
Chairman



Randa Mohammad Tawfiq El Sadek
Chief Executive Officer



Sabih Taher Darwish Masri
Chairman




Khaled Sabih Taher Masri
Deputy Chairman



Firas Jaser Jamil Zayyad
Chief Financial Officer



Hisham Mohammed Mahmoud Attar
Representing
The Ministry of Finance
Saudi Arabia



Wahbe Abdallah Wahbe Tamari



Mohammad Adnan Hasan Almadi
Representing
The Social Security Corporation



Nabil Hani Jamil Alqaddumi



Shahm Munib Elias Al-Wir



Omar Mutherr Ibrahim Fahoum



Sharif Muhdi Husni Saifi



Majed Qustandi Elias Sifri

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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 organising 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 recognises 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 January 2015 and has been amended on 28 January 2016, as on 27 October 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 April 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/organisation 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.

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- 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 25 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 counsellor 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 five 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.
 - 3. 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.
 - 4. 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.
 - 5. 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.
 - 6. 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.
 - 7. 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.
 - 8. 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 cognisant of the operational environment and associated risks and that all needed risk management instruments and infrastructure are available and able to identify, measure, analyse, assess and monitor all kinds of risks to which the Bank may be exposed to.
- h) Ensure an adequate and reliable information management system 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.

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- 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 Organisational 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.
- x) Approve to exclude direct credit exposures from the financial statement.
- y) Approve to exclude credit exposures covered by 100% impairment provisions and classified as non-performing/ bad facilities that are five years old or more, and have not been excluded from the financial statement. A detailed report of those exposures shall be prepared to include the justifications for not excluding them from the financial statement.

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 specialised 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 programme that includes at the minimum:
 1. The organisational 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 fulfil 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 organisational 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; and
 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.

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Article (6): Board and Committees Meetings

- a) The board shall meet not less than six 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 (three) 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 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 cast 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 (three) 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 specialised training programmes, 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 specialised cases such as the information technology and cybersecurity audit.
 - c) Verify that the Internal Audit staff are not assigned any executive tasks.
 - d) Approve and recommend to the Board of Directors to exclude the credit exposures from the financial statement.
 - e) Annually review the report of the credit exposures which were excluded, evaluate the procedures taken to collect the Bank's rights, review any weaknesses that might have led to the Bank's inability to collect its rights, take necessary measures to address them, and provide the Central Bank of Jordan with those measures.
 - f) The Audit Committee shall review the Internal Audit Department's report regarding the amount of dues owed by related parties and the recommendations regarding them, and provide the Central Bank of Jordan with a copy of the report.
13. The committee shall ensure that all activities of the Bank are subject to audit – in accordance with the risk-based approach including outsourced activities.
14. 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.

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c. The Nomination and 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 (three) 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 (three) 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, analysing, 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, analyse, 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 specialised training programmes.
- 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.
- u) Supervising and providing support to the Board of Directors regarding Environmental, Social and Governance (ESG) topics, including approving policies and strategies related to them, reviewing the risks associated with them, and reviewing updates to environmental, social and governance programmes.

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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 (three) 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 specialised training programmes.

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 (three) 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 IT Governance Committee meeting shall not be less than (three) 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 organisational structure of the Bank and get it approved by the board, and to prepare the sub-organisational structures of all units operating in the Bank and approving them by the Chief Executive Officer, except for the sub-organisational 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 organisational 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.

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- 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 behaviour 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 organisational unit (except for the supervisory departments that must be approved by the relevant committee).
- 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 years 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 years 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 organisational structure, signed attestation of the member, Curriculum Vitae, academic certificates, certificates of expertise, a no-criminal record certificate and a copy of an ID card (passport for non-Jordanians).

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.

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 prioritise 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 programmes.
- 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.

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- 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 (three to five 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 organisational 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 organised 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, analyse, 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.

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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 (ten) years in auditing banks.
 - b) The partner in charge:
 1. Should be of good conduct and behaviour with sound professional reputation.
 2. Should not be convicted in any felony or crime for any act considered against honour 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 recognised 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 (ten) years, with at least (seven) 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 five 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 organisational 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.

Governance Report

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 and 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 members are enrolled in orientation programme.
9. Ensure timely provisions of board and 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 Represented by Mr. Hisham Mohammed Mahmoud Attar Since 29/3/2018	Member	Non-Independent	Non-Executive
Social Security Corp. Since 20/9/2001 Represented by Mr. Mohammed Adnan Hasan Almadi Since 15/12/2021	Member	Non-Independent	Non-Executive
Mr. Wahbe Abdallah Wahbe Tamari Since 31/3/2006	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
Mr. Alaa Arif Saad Batayneh Since 22/4/2015 Until 15/9/2024	Member	Non-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 Ahmed Khaled Masri	Deputy CEO – Corporate and 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 Management
Mr. Mohammad Abdel Fattah Hamad Al Ghanamah	EVP – Chief Credit Officer
Mr. Antonio Mancuso Marcello	EVP – Head of Treasury Until 20/5/2024
Mr. Ra'ed Omar Khaled Himm	SVP – Acting Head of Treasury Since 21/5/2024
Mr. Walid Muhi Eddin Mohammad Al Samhour	EVP – Jordan Country Head
Mr. Firas Jaser Jamil Zayyad	EVP – Chief Financial Officer
Mr. Basem Ali Abdallah Al Imam, Lawyer	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 Zoue	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

Board Committees

- Corporate Governance Committee
- Audit Committee
- Nomination and Remuneration Committee
- Risk Management Committee
- Corporate Strategy Committee
- IT Governance Committee
- Compliance Committee
- Credit Committee

Governance Report

The names of the members of the Audit Committee and their financial and accounting qualifications

Member	Qualifications	Experience
Mr. Omar Monther Ibrahim Fahoum / Chairman	<ul style="list-style-type: none"> – BA in Business Administration / Accounting (Major Accounting) – University of Texas, Austin 1980 – CPA / Texas State Board of Public Accounting, 1983 	<ul style="list-style-type: none"> – 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% (2015) – Chairman / Amman Academy (2021-2022)
Mr. Mohammed Adnan Hasan Almadi Representative of Social Security Corporation / Member	<ul style="list-style-type: none"> – Master of Administrative Science/ Finance, University of Jordan 1998 – Bachelor Degree in Accounting, Yarmouk University – Jordan 1992 	<ul style="list-style-type: none"> – Manager of Equity Support Directorate / Social Security Investment Fund (October 2019 – present) – Manager of Internal Audit Unit / Social Security Investment Fund (May 2003 – October 2019) – Senior Internal Auditor / Central Bank of Jordan (January 1994 – May 2003) – Customer Relationship Officer – Arab Bank plc (February 1993 – December 1993) – External Auditor / Deloitte & Touche (September 1992 – February 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	<ul style="list-style-type: none"> – 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 	<ul style="list-style-type: none"> – 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 – February 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	<ul style="list-style-type: none"> – Mr. Sabih Taher Darwish Masri / Chairman – Mr. Shahm Munib Elias Al-Wir / Member – Mr. Omar Monther Ibrahim Fahoum / Member
Nomination and Remuneration Committee	<ul style="list-style-type: none"> – Dr. Nabil Hani Jamil Alqaddumi / Chairman – Mr. Sabih Taher Darwish Masri / Member – Mr. Omar Monther Ibrahim Fahoum / Member
Risk Management Committee	<ul style="list-style-type: none"> – Mr. Shahm Munib Elias Al-Wir / Chairman – Social Security Corp. – Represented by Mr. Mohammad Adnan Hasan Almadi / Member – Dr. Nabil Hani Jamil Alqaddumi / Member

Governance Report

Number of Board committees meetings during the year 2024 *

	Audit Committee **					Nomination and Remuneration Committee				Corporate Governance Committee		Corporate Strategy Committee ***			Risk Management Committee				IT Governance Committee				Compliance Committee				Credit Committee			
	First	Second	Third	Fourth	Fifth	First	Second	Third	Fourth	First	Second	First	Second	Third	First	Second	Third	Fourth	First	Second	Third	Fourth	First	Second	Third	Fourth	First	Second	Third	Fourth
Sabih Taher Darwish Masri						✓	✓	✓	✓	✓	✓															✓	✓	✓		
Khaled Sabih Taher Masri												✓	✓	✓					✓	✓	✓	✓				✓	✓	✓	✓	
Ministry of Finance, Saudi Arabia Represented by Hisham Mohammed Mahmoud Attar ****												✓	✓	✓									✓	✓	✓	✓				
Social Security Corp. Represented by Mohammad Adnan Hasan Almadi	✓	✓	✓	✓	✓										✓	✓	✓	✓												
Wahbe Abdallah Wahbe Tamari												✓	✓	✓													✓	✓	✓	
Alaa Arif Saad Batayneh																			✓	✓	Till 15/9					✓	✓	✓	✓	
Omar Monther Ibrahim Fahoum	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓																			
Nabil Hani Jamil Alqaddumi						✓	✓	✓	✓			✓		✓	✓	✓	✓		✓	✓	✓	✓								
Majed Qustandi Elias Sifri												✓	✓	✓					✓	✓	✓	✓								
Sharif Mohdi Husni Saifi	✓	✓	✓	✓	✓							✓	✓	✓							✓	✓	✓	✓	✓	✓				
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 Audit Committee meetings.

*** The Corporate Strategy Committee includes the Chief Executive Officer who attended all committee meetings.

**** Mr. Hisham Attar became a member in the Credit committee on 8/10/2024.

***** Mr. Shahm Al-Wir did not attend the second Credit committee meeting since there is a relationship with the main owner of facilities applicant.

Board of Directors Meetings

Number of Board meetings during 2024

Board of Directors	Meetings of the Board of Directors							
	First	Second	Third	Fourth	Fifth	Sixth	Seventh	Eighth
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 (Until 15/9/2024)	✓	✓	✓	✓				
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	✓	✓	✓	✓	✓	✓	✓	✓



Sabih T. Masri
Chairman

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 95th Ordinary General Assembly Meeting

1. Reciting the resolutions of the previous 94th General Assembly Ordinary Meeting.
2. Voting and approval of the report of the Board of Directors for the fiscal year 2024 and the future business plan of the Bank.
3. Voting and approval of the auditors' report for the fiscal year 2024 and voting on the financial statements and balance sheet of the Bank for the fiscal year 2024, and approval of the recommendation of the Board of Directors to pay dividends to shareholders at the rate of JOD 0.400 per share, i.e. 40% of the nominal value of the share being JOD 1.00.
4. Obtaining the approval of the General Assembly on the resolution of the Board of Directors to appoint Mrs. Nadia Abdelra'uoof Salem Rawabdeh as an independent member of the Board of Directors for its current period ending on 25/3/2026, to fill the vacancy following the resignation of H.E. Mr. Alaa Arif Saad Batayneh in accordance with Section 150 of Companies Law Number 22 for the Year 1997 and Article 28 of the Articles of Association of the Bank.
5. Obtaining the approval of the General Assembly to establish an Islamic Window as part of Arab Bank Algeria to market Islamic Banking products, and assign the Country Manager of Arab Bank Algeria to take necessary measures to open the Islamic Window and managing it in accordance with the requirements of the legislations regulating Islamic Banking regulations in Algeria including allocating the amount to finance the activity of the Islamic Window for marketing Islamic Banking products, and to select / appoint the Sharia Supervisory Board Consisting of Messrs Mohammed Boudielal, Abdelrahmane Senouci, Abderrahmane Benlhafsi.
6. Release of the members of the Board of Directors from liability for the fiscal year 2024.
7. Election of the Bank's auditors for the fiscal year 2025 and authorising the Board of Directors to determine their remuneration.

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