ARAB BANK GROUP

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2022

Ernst & Young Jordan
P.O. Box 1140
300 King Abdulla Street
Amman 11118
Jordan
Tel:00962 6 580 0777 /00962 6552 6111
Fax:00962 6 5538 300
www.ey.com

INDEPENDENT AUDITOR'S REPORT
To the Shareholders of Arab Bank Group
Amman - Jordan

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Arab Bank Group and its subsidiaries (the "Group") which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as of 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended 31 December 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

<table>
<tr><th colspan="2">1. Inadequate allowances (ECL) for credit facilities
Refer to notes (13) & (25) to the consolidated financial statements</th></tr>
<tr><td>Key audit matter

This is considered as a key audit matter as the Group exercises significant judgement to determine when and how much to record as impairment.

The provision for credit facilities at amortized cost are determined in accordance with the Bank's impairment and provisioning policy, which is aligned to the requirements of IFRS 9.

Credit facilities at amortized cost form a major portion of the Group's assets. There is a risk that inappropriate impairment provisions are booked, whether from the use of inaccurate underlying data, or the use of unreasonable assumptions. Due to the significance of the judgments used in classifying credit facilities into various stages stipulated in IFRS 9 and determining related provision requirements, this audit area is considered a key audit risk.

As of 31 December 2022, the Group's gross direct credit facilities amounted to USD 35.4 billion, and the related impairment provision amounted to USD 2.8 billion. The impairment provision policy is presented in the accounting policies in note (4) to the consolidated financial statements.</td>
<td>How the key audit matter was addressed in the audit:

Our audit procedures included the following:

• We gained an understanding of the Group's key credit processes comprising granting and booking and tested the operating effectiveness of key controls over these processes.

• We read the Group's impairment provisioning policy and compared it with the requirements of IFRS 9 as well as relevant regulatory guidelines and pronouncements.

• We assessed the Group's expected credit loss model, in particular focusing on its alignment of the expected credit loss model and its underlying methodology with the requirements of IFRS 9.

• We examined a sample of exposures, assessed on an individual basis and performed procedures to evaluate the following:

o Appropriateness of the Group's staging.
o Appropriateness of determining Exposure at Default, including the consideration of repayments in the cash flows and the resultant arithmetical calculations
o Appropriateness of the PD, EAD and LGD used for different exposures at different stages.
o Appropriateness of the internal rating and the objectivity, competency and independence of the experts involved in this exercise.</td></tr>
</table>

	o Soundness and mathematical integrity of the ECL Model. o For exposures moved between stages we have checked the appropriateness of the Group's determination of significant increase in credit risk and the resultant basis for classification of exposures into various stages. We also checked the timely identification of exposures with a significant deterioration in credit quality. o For exposures determined to be individually impaired, we re-preformed the ECL calculation. We also obtained an understanding of the latest developments in the counterparty's situation of the latest developments in estimate of future cash flows, current financial position any rescheduling or restructuring agreements. • For forward looking assumptions used by the Group in its Expected Credit Losses ("ECL") calculations, we held discussions with management and corroborated the assumptions using publicly available information. • We assessed the financial statements disclosures to ensure compliance with IFRS 9. Refer to the accounting policies, critical accounting estimates and judgments, disclosures of credit facilities and on ECL in notes (4), (5), (7), (13) and (25) to the consolidated financial statements.
2. Valuation of Unquoted Investments and Derivatives **Refer to notes (12) and (43) to the consolidated financial statements**	
Key audit matter The valuation of unquoted investment and derivatives are complex areas that require the use of models and forecasting of future cash flows including other factors to determine the fair value of investments and derivatives. As of 31 December 2022, the unquoted equities, positive and negative fair value of derivatives amounted to USD 197 million, USD 196 million and USD 164 million, respectively.	**How the key audit matter was addressed in the audit:** Our audit procedures included, amongst others, an assessment of the methodology and the appropriateness of the valuation models and inputs used to value the unquoted equities and derivatives. As part of these audit procedures, we assessed the reasonableness of key inputs used in the valuation such as the expected cash flows, discount rate by benchmarking them with external data. Disclosures of unquoted investments and derivatives are detailed in notes (12) and (43) to the consolidated financial statements.

Other information included in the Group's 2022 annual report.

Other information consists of the information included in the Bank's 2022 Annual Report other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information. The Bank's 2022 Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exist, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period, and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonable be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

The Group maintains proper books of accounts, which are in agreement from all material aspects with the consolidated financial statements.

The partner in charge of the audit resulting in this auditor's report was Bishr Ibrahim Baker; license number 592.

Amman – Jordan
12 February 2023

ERNST & YOUNG
Amman - Jordan

ARAB BANK GROUP

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	31 December 2022	31 December 2021
ASSETS		**USD '000**	**USD '000**
Cash and balances with central banks	8	11 695 391	12 006 994
Balances with banks and financial institutions	9	4 008 144	3 756 284
Deposits with banks and financial institutions	10	610 306	275 494
Financial assets at fair value through profit or loss	11	72 253	72 343
Financial derivatives - positive fair value	43	196 232	86 585
Direct credit facilities at amortized cost - net	13	31 726 598	31 188 786
Financial assets at fair value through other comprehensive income	12	750 572	687 854
Other financial assets at amortized cost	14	10 002 475	10 561 173
Investments in associates	15	3 558 864	3 412 899
Fixed assets	16	530 393	531 955
Other assets	17	1 028 650	976 269
Deferred tax assets	18	279 945	248 498
Total Assets		**64 459 823**	**63 805 134**
LIABILITIES AND OWNERS' EQUITY			
Banks' and financial institutions' deposits	19	3 517 640	3 992 699
Customers' deposits	20	45 287 371	44 485 511
Cash margin	21	2 461 500	2 607 131
Financial derivatives - negative fair value	43	163 611	95 809
Borrowed funds	22	522 368	622 460
Provision for income tax	23	293 029	202 477
Other provisions	24	232 423	217 629
Other liabilities	25	1 570 172	1 252 771
Deferred tax liabilities	26	9 253	7 295
Total Liabilities		**54 057 367**	**53 483 782**
Equity			
Share capital	27	926 615	926 615
Share premium	27	1 225 747	1 225 747
Statutory reserve	28	926 615	926 615
Voluntary reserve	29	977 315	977 315
General reserve	30	1 211 927	1 211 927
General banking risks reserve	31	153 030	154 171
Reserves with associates		1 540 896	1 540 896
Foreign currency translation reserve	32	(400 986)	(291 987)
Investments revaluation reserve	33	(362 590)	(312 553)
Retained earnings	35	3 289 293	2 967 984
Total Equity Attributable to the Shareholders of the Bank		**9 487 862**	**9 326 730**
Perpetual tier 1 capital bonds	34	360 527	438 449
Non-controlling interests	35	554 067	556 173
Total Shareholders' Equity		**10 402 456**	**10 321 352**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**64 459 823**	**63 805 134**

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

ARAB BANK GROUP

CONSOLIDATED STATEMENT OF INCOME

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

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

ARAB BANK GROUP

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2022	2021
	USD '000	**USD '000**
Profit for the year	**544 302**	**314 517**
Add: Other comprehensive income items - after tax		
Items that will be subsequently transferred to the consolidated statement of Income		
Exchange differences arising from the translation of foreign operations	(114 187)	(134 776)
Revaluation loss on bonds at fair value through other comprehensive income	(7 028)	(1 100)
Items that will not be subsequently transferred to the consolidated statement of Income		
Net change in fair value of financial assets at fair value through other comprehensive income	**(49 648)**	**(22 057)**
Revaluation loss on equity instruments at fair value through other comprehensive income	(47 477)	(17 325)
Loss from sale of financial assets at fair value through other comprehensive income	(2 171)	(4 732)
Total Other Comprehensive Income Items - after tax	**(170 863)**	**(157 933)**
TOTAL COMPREHNSIVE INCOME FOR THE YEAR	**373 439**	**156 584**
Attributable to :		
- Bank's shareholders	359 069	155 976
- Non-controlling interests	14 370	608
Total	**373 439**	**156 584**

The accompanying notes from (1) to (62) are an integral part of these consolidated

financial statements and should be read with them.

ARAB BANK GROUP

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Notes	Share Capital	Share Premium	Statutory Reserve	Voluntary Reserve	General Reserve	General Banking Risks Reserve	Reserves with Associates	Foreign Currency Translation Reserve	Investments Revaluation Reserve	Retained Earnings	Total Equity Attributable to the Shareholders of the Bank	Non-Controlling Interests	Perpetual tier 1 capital bonds	Total Share holders' Equity
		USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
For the year ended 31 December 2022															
Balance at the Beginning of the year		**926 615**	**1 225 747**	**926 615**	**977 315**	**1 211 927**	**154 171**	**1 540 896**	**(291 987)**	**(312 553)**	**2 967 984**	**9 326 730**	**556 173**	**438 449**	**10 321 352**
Profit for the year		-	-	-	-	-	-	-	-	-	520 276	**520 276**	24 026	-	**544 302**
Other comprehensive income for the year		-	-	-	-	-	-	-	(108 999)	(52 208)	-	(161 207)	(9 656)	-	**(170 863)**
Total Comprehensive Income for the Year		-	-	-	-	-	-	-	**(108 999)**	**(52 208)**	**520 276**	**359 069**	**14 370**	-	**373 439**
Transferred from general banking risk reserve		-	-	-	-	-	(1 141)	-	-	-	1 141	-	-	-	-
Transferred from Investments revaluation reserve to retained earnings		-	-	-	-	-	-	-	-	2 171	(2 171)	-	-	-	-
Dividends	35	-	-	-	-	-	-	-	-	-	(186 532)	**(186 532)**	(2 115)	-	**(188 647)**
Maturity of perpetual bonds	34	-	-	-	-	-	-	-	-	-	-	-	-	(77 922)	**(77 922)**
Adjustments during the year		-	-	-	-	-	-	-	-	-	(11 405)	**(11 405)**	(14 361)	-	**(25 766)**
Balance at the End 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**	**554 067**	**360 527**	**10 402 456**
For the year ended 31 December 2021															
Balance at the Beginning of the year		**926 615**	**1 225 747**	**926 615**	**977 315**	**1 141 824**	**224 274**	**1 540 896**	**(160 209)**	**(295 797)**	**2 775 635**	**9 282 915**	**105 848**	-	**9 388 763**
Profit for the year		-	-	-	-	-	-	-	-	-	306 721	**306 721**	7 796	-	**314 517**
Other comprehensive income for the year		-	-	-	-	-	-	-	(131 778)	(18 967)	-	**(150 745)**	(7 188)	-	**(157 933)**
Total Comprehensive Income for the Year		-	-	-	-	-	-	-	**(131 778)**	**(18 967)**	**306 721**	**155 976**	**608**	-	**156 584**
Transferred to general banking risk reserve		-	-	-	-	70 103	(70 103)	-	-	-	-	-	-	-	-
Transferred from Investments revaluation reserve to retained earnings		-	-	-	-	-	-	-	-	2 211	(2 211)	-	-	-	-
Dividends	35	-	-	-	-	-	-	-	-	-	(111 944)	**(111 944)**	(2 115)	-	**(114 059)**
Acquisition of Oman Arab Bank	6	-	-	-	-	-	-	-	-	-	-	-	466 817	188 449	**655 266**
Issuance of Perpetual Bonds (Tier 1 Capital)	34	-	-	-	-	-	-	-	-	-	-	-	-	250 000	**250 000**
Adjustments during the year		-	-	-	-	-	-	-	-	-	(217)	**(217)**	(14 985)	-	**(15 202)**
Balance at the End of the Year		**926 615**	**1 225 747**	**926 615**	**977 315**	**1 211 927**	**154 171**	**1 540 896**	**(291 987)**	**(312 553)**	**2 967 984**	**9 326 730**	**556 173**	**438 449**	**10 321 352**

- Retained earnings include restricted deferred tax assets in the amount of USD 280 million. Restricted retained earnings that cannot be distributed or otherwise utilized except only under certain circumstances, as a result of adopting of certain International Accounting Standards, amounted to USD 2.8 million as of 31 December 2022.

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

- The Bank cannot use a restricted amount of USD 362.6 million which represents the negative investments revaluation reserve in accordance with the instructions of the Jordan Securities Commission and Central Bank of Jordan as of 31 December 2022

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

ARAB BANK GROUP

CONSOLIDATED STATEMENT OF CASH FLOWS

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

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

1. GENERAL

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

Arab Bank PLC shares are traded on Amman Stock Exchange. The shareholders of Arab Bank PLC are the same shareholders of Arab Bank Switzerland (every 18 shares of Arab Bank PLC equal/ traded for 1 share of Arab Bank Switzerland.

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

2. (A) BASIS OF PREPARATION

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

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

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

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

2. (B) BASIS OF CONSOLIDATION

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

Company Name	Percentage of ownership (%)		Date of Acquisition	Principal Activity	Place of Incorporation	Paid-up Capital
	2022	2021				
Europe Arab Bank plc	100.00	100.00	2006	Banking	United Kingdom	€ 570m
Arab Bank Australia Limited	100.00	100.00	1994	Banking	Australia	AUD 119.3m
Islamic International Arab Bank plc	100.00	100.00	1997	Banking	Jordan	JD 100m
Arab National Leasing Company L.L.C.	100.00	100.00	1996	Financial Leasing	Jordan	JD 50m
Al-Arabi Investment Group L.L.C.	100.00	100.00	1996	Brokerage and Financial Services	Jordan	JD 14m
Arab Sudanese Bank Limited	100.00	100.00	2008	Banking	Sudan	SDG 117.5m
Al Arabi Investment Group - Palestine	100.00	100.00	2009	Brokerage and Financial Services	Palestine	JD 1.7m
Arab Tunisian Bank	64.24	64.24	1982	Banking	Tunisia	TND 128m
Oman Arab Bank S.A.O.	49.00	49.00	1984	Banking	Oman	OMR 166.9m
Arab Bank Syria	51.29	51.29	2005	Banking	Syria	SYP 5.05b
Al Nisr Al Arabi Insurance Company PLC	50.00	50.00	2006	Insurance	Jordan	JD 10m

Arab Bank Switzerland (Limited) which is an integral part of Arab Bank Group is also consolidated in the Group’s financial statements based on the assessment of the requirements of IFRS.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee).
- Exposure, or rights, to variable returns from its involvement with the investee.
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee.
- Rights arising from other contractual arrangements.
- The Group’s voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary without a loss of control is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary.
- Derecognizes the carrying amount of any non- controlling interests.
- Derecognizes the cumulative translation differences, recorded in equity.
- Recognizes the fair value of the consideration received.
- Recognizes the fair value of any investment retained.
- Recognizes the gain or loss resulted from loss of control.
- Reclassifies the parent's share of components previously recognized in OCI to profit or loss.

3. CHANGES IN ACCOUNTING POLICIES

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

Reference to the Conceptual Framework – Amendments to IFRS 3

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES

Business combinations and goodwill

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

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

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

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

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

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

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

Hedges directly affected by interest rate benchmark reform

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

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

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

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

Updating the description of the hedging instrument.

Recognition of Interest Income

The effective interest rate method

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

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

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

Interest and similar income and expense

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

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

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

Fee and commission income

Fee income can be divided into the following two categories:

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

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

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

Fees that the Bank considers to be an integral part of the corresponding financial instruments include: loan origination fees, loan commitment fees for loans that are likely to be drawn down and other credit related fees.

Financial Instruments – Initial Recognition

<u>Date of recognition</u>

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

Initial measurement of financial instruments

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

Day 1 profit or loss

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

Measurement categories of financial assets and liabilities

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

- Amortized cost
- FVOCI
- FVTPL

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

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

Financial Assets and Liabilities

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

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows.

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

The details of these conditions are outlined below.

Business model assessment

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

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

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

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

The SPPI test

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

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

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

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

Derivatives recorded at fair value through profit or loss

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

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided that, in the case of a non-financial variable, it is not specific to a party to the contract (i.e., the 'underlying').

- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts expected to have a similar response to changes in market factors.

- It is settled at a future date.

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

Debt instruments at FVOCI

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

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

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

Equity instruments at FVOCI

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

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

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

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

Financial guarantees, letters of credit and undrawn loan commitments

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

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

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

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

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

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

Derecognition of financial assets and liabilities

Derecognition due to substantial modification of terms and conditions

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

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

Derecognition other than for substantial modification

A. Financial assets

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

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

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

Or

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

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

- The Group has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset, excluding short-term advances with the right to full recovery of the amount lent plus accrued interest at market rates

- The Group cannot sell or pledge the original asset other than as security to the eventual recipients

- The Group has to remit any cash flows it collects on behalf of the eventual recipients without material delay. In addition, the Group is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents including interest earned, during the period between the collection date and the date of required remittance to the eventual recipients.

A transfer only qualifies for derecognition if either:

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

Or

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

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

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

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

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

B. Financial liabilities

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

Impairment of financial assets

Overview of the ECL principles

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

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

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

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

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

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

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

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

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

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

The Group's internal credit rating system:

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

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

The calculation of ECLs

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

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

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

PD The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period.

EAD The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.

LGD The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realization of any collateral. It is usually expressed as a percentage of the EAD.

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

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

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

The mechanism of the ECL method are summarized below:

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

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

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

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

Loan commitments and letter of credit

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

Financial guarantee contracts

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

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

Debt instruments measured at fair value through OCI

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

Credit cards and other revolving facilities

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

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

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

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

Forward looking information

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

- GDP growth
- Unemployment rates
- Central Bank base rates

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

Collateral valuation

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

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

Collateral repossessed

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

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

Write-offs

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

Modified loans

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

Leases

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

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

Right-of-use assets

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

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

Lease liabilities

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

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

Short term and low value assets lease

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

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

Foreign currency translation

Transactions and balances

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

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

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

Group companies

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

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

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

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

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

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

Fixed assets

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

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

Land and assets under construction are not depreciated.

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

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

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

Impairment of non-financial assets -

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

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

Intangible Assets

Goodwill

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

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

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

Other Intangible Assets

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

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

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

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

Repurchase and Resale Agreements

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

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

Capital

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

Perpetual bonds

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

Investments in Associates

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

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

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

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

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

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

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

Income Taxes

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

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

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

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

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

Fair value

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

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

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

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

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

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

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

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

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

Financial derivatives

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

Financial derivatives held for hedge purposes

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

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

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

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

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

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

Financial derivatives for trading

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

Foreclosed assets

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

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

Provisions

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

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

Segments Information

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

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

Assets under Management

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

Offsetting

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

Cash and cash equivalents

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

5. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

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

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

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

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

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

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

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

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

Fair value hierarchy:

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

Basis of consolidating Group's entities :

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

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

Provisions for impairment - ECL

In determining impairment of financial assets, judgement is required in the estimation of the amount and timing of future cash flows as well as an assessment of whether the credit risk on the financial asset has increased significantly since initial recognition and incorporation of forward-looking information in the measurement of ECL.

Inputs, assumptions and techniques used for ECL calculation – IFRS 9 Methodology

Key concepts in IFRS 9 that have the most significant impact and require a high level of judgment, as considered by the Group while determining the impact assessment, are:

In accordance with IFRS 9, a significant increase in credit risk can be assessed at the group / portfolio level if the common risk characteristics are shared. Any instruments that are collectively assessed must have common credit risk characteristics. The bank has followed the following criteria for determining the ECL calculation on a collective versus individual basis as follows:

- Retail Portfolio: on Collective Basis based on the product level (Loans, Housing Loans, Car Loans, and Credit Cards).
- Corporate Portfolio: individual basis at customer/ facility level.
- Financial Institutions: Individual Basis at Bank/ facility level.
- Debt instruments measured at amortized cost: Individual level at Instrument level.

- **Assessment of Significant Increase in Credit Risk (SICR)**

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

Our assessment of significant increases in credit risk will be performed periodically for each individual exposure based on three factors. If any of the following factors indicates that a significant increase in credit risk has occurred, the instrument will be moved from Stage 1 to Stage 2:

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

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

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

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

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

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

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

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

Scenarios will be probability-weighted according to the best estimate of their relative likelihood based on historical frequency and current trends and conditions. Probability weights will be updated on a quarterly basis. All scenarios considered will be applied to all portfolios subject to expected credit losses with the same probabilities.

- **Definition of default**

The definition of default used in the measurement of expected credit losses and the assessment to determine movement between stages will be consistent with the definition of default used for internal credit risk management purposes. IFRS 9 does not define default, but contains a rebuttable presumption that default has occurred when an exposure is greater than 90 days past due.

Notwithstanding the above, the classification of credit facilities is governed by the Central Bank of Jordan regulations unless local regulations in other countries are stricter, or the Bank has to adopt the same by law.

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

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

- **Expected Life**

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

Compliance of the IFRS9 implementation

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

6. BUSINESS COMBINATIONS

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

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

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

ASSETS	**USD '000**
Cash and deposits with banks	763 005
Direct credit facilities at amortized cost	6 845 338
Financial assets at fair value through OCI	122 192
Other financial assets at amortized cost	501 751
Fixed assets	121 052
Other assets	211 815
Deferred tax assets	6 387
Intangible assets *	38 228
Total assets	**8 609 768**
LIABILITIES	
Banks and financial institutions deposits	37 457
Customers' deposits	7 156 649
Provision for income tax	11 706
Other liabilities	192 801
Subordinated debt	51 948
Perpetual bonds	188 449
Total liabilities	**7 639 011**
Total identifiable net assets at fair value	970 757
Non - controlling interests	(520 205)
Goodwill arising on acquisition *	49 253
Purchase Consideration **	**499 805**

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

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

Analysis of cash flows resulted from the control:

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

7- Provision for Impariment - ECL

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

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

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

8. Cash and Balances with Central Banks

The details of this item are as follows:

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

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

- There were no balances and certificates of deposit maturing after three months as of 31 December 2022 (USD 25 million as of 31 December 2021).

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

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

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

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

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

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

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

9. Balances with Banks and Financial Institutions

The details of this item are as follows:

Local banks and financial institutions

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

Abroad Banks and financial institutions

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

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

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

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

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

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

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

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

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

10. Deposits with Banks and Financial Institutions

The details of this item are as follows:

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

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

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

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

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

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

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

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

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

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

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

11. Financial Assets at Fair Value through Profit or Loss

The details of this item are as follows:

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

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

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

12. Financial Assets at Fair Value through Other Comprehensive Income

The details of this item are as follows:

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

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

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

	31 December 2022				31 December 2021
	Stage 1	Stage 2	Stage 3	Total	Total
	USD '000	USD '000	USD '000	USD '000	USD '000
Balance at the beginning of the year	**472**	-	-	**472**	-
Acquisition of Oman Arab Bank (Note 6)	-	-	-	-	**1 065**
Amended balance at the beginning of the year	**472**	-	-	**472**	**1 065**
New ECL charges during the year	112	-	-	**112**	446
Recoveries (excluding write offs)	(48)	-	-	**(48)**	(1 039)
Balance at the end of the year	**536**	-	-	**536**	**472**

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

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

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

13. Direct Credit Facilities at Amortized Cost

The details of this item are as follows:

	31 December 2022					
	Consumer Banking	Corporates		Banks and Financial Institutions	Government and Public Sector	Total
		Small and Medium	Large			
	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
Discounted bills *	46 125	82 585	654 372	318 226	16 000	1 117 308
Overdrafts *	91 982	1 291 488	3 163 709	5 337	343 839	4 896 355
Loans and advances *	5 253 959	2 332 858	13 815 556	30 225	2 671 387	24 103 985
Real-estate loans	4 338 549	404 266	290 822	-	-	5 033 637
Credit cards	288 992	-	-	-	-	288 992
Total	**10 019 607**	**4 111 197**	**17 924 459**	**353 788**	**3 031 226**	**35 440 277**
Less: Interest and commission in suspense	112 987	141 609	646 506	49	-	901 151
Provision for impairment - ECL	292 007	421 493	2 078 270	4 751	16 007	2 812 528
Total	**404 994**	**563 102**	**2 724 776**	**4 800**	**16 007**	**3 713 679**
Net Direct Credit Facilities at Amortized Cost	**9 614 613**	**3 548 095**	**15 199 683**	**348 988**	**3 015 219**	**31 726 598**

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

- Rescheduled loans during the year ended 31 December 2022 amounted to USD 1001.9 million.
- Restructured loans (transferred from non performing to watch list loans) during the year ended 31 December 2022 amounted to USD 4.6 million.
- Direct credit facilities granted to and guaranteed by the government of Jordan as of 31 December 2022 amounted to USD 139.5 million, or 0.4% of total direct credit facilities.
- Non-performing direct credit facilities as of 31 December 2022 amounted to USD 2930 million, or 8.3% of total direct credit facilities.
- Non-performing direct credit facilities net of interest and commission in suspense as of 31 December 2022 amounted to USD 2028.8 million or 5.9% of direct credit facilities, after deducting interest and commission in suspense.

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

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

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

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

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

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

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

- There are no provisions no longer required as a result of settlement or repayment, transferred to non-performing direct credit facilities as of 31 December 2022 and 2021.

- Impairment is assessed based on individual customer accounts.

- Non-performing direct credit facilities transferred to off consolidated statement of financial position amounted to USD 96.2 million as of 31 December 2022. (USD 33.5 million as of 31 December 2021) noting that these non-performing direct credit facilities are fully covered by set provisions and suspended interest.

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

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

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

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

	31 December 2022	31 December 2021
	USD '000	**USD '000**
Upside (30%)	280 582	301 478
Base case (40%)	286 071	307 079
Downside (30%)	311 348	329 823

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

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

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

	31 December 2021						
	Consumer Banking	Corporates		Banks and Financial Institutions	Government and Public Sector	Total	The total includes interest and commission in suspense movement on real - estates loans as follows:
		Small and Medium	Large				
	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
Balance at the beginning of the year	**92 524**	**115 426**	**411 265**	**53**	**-**	**619 268**	**17 415**
Acquisition of Oman Arab Bank (Note 6)	5 499	9 795	15 774	-	-	**31 068**	3 894
Amended balance at the beginning of the year	**98 023**	**125 221**	**427 039**	**53**	**-**	**650 336**	**21 309**
Interest and commission suspended during the year	23 826	26 865	136 612	-	-	**187 303**	8 333
Interest and commission in suspense settled (written off or transferred to off consolidated statement of financial position)	(8 680)	(3 885)	(19 311)	-	-	**(31 876)**	(227)
Recoveries	(5 541)	(2 803)	(5 122)	-	-	**(13 466)**	(3 690)
Adjustments during the year	274	(920)	647	(2)	-	**(1)**	2
Translation adjustments	(1 618)	(824)	(11 309)	(2)	-	**(13 753)**	-
Balance at the End of the Year	**106 284**	**143 654**	**528 556**	**49**	**-**	**778 543**	**25 727**

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

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

Direct Credit Facilities at Amortized Cost

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

	31 December 2022				31 December 2021
	Stage 1	Stage 2	Stage 3	**Total**	**Total**
	USD '000	**USD '000**	**USD '000**	**USD '000**	**USD '000**
Low risk / performing (1-2)	5 911 517	-	-	**5 911 517**	**6 817 272**
Acceptable risk / performing (3-7)	21 845 490	4 753 314	-	**26 598 804**	**24 877 880**
Non-performing (8-10):					
- Substandard	-	-	123 575	**123 575**	**148 380**
- Doubtful	-	-	344 816	**344 816**	**297 949**
- Problematic	-	-	2 461 565	**2 461 565**	**2 408 982**
Total	**27 757 007**	**4 753 314**	**2 929 956**	**35 440 277**	**34 550 463**

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

	31 December 2022				31 December 2021
	Stage 1	Stage 2	Stage 3	**Total**	**Total**
	USD '000	**USD '000**	**USD '000**	**USD '000**	**USD '000**
Balance at the beginning of the year	**26 546 823**	**5 148 329**	**2 855 311**	**34 550 463**	**26 491 867**
Acquisition of Oman Arab Bank (Note 6)	-	-	-	-	**7 111 704**
Amended balance at the beginning of the year	**26 546 823**	**5 148 329**	**2 855 311**	**34 550 463**	**33 603 571**
New balances (Additions)	8 004 063	1 234 097	313 694	**9 551 854**	**8 722 974**
Repaid balances (excluding write offs)	(6 307 792)	(1 226 073)	(167 678)	**(7 701 543)**	**(7 336 111)**
Transfers to stage 1	629 925	(622 017)	(7 908)	-	-
Transfers to stage 2	(520 348)	548 359	(28 011)	-	-
Transfers to stage 3	(26 654)	(176 181)	202 835	-	-
Written off balances or transferred to off statement of financial position	-	-	(166 778)	**(166 778)**	**(74 819)**
Adjustments during the year	-	-	-	-	-
Translation adjustments	(569 010)	(153 200)	(71 509)	**(793 719)**	**(365 152)**
Total	**27 757 007**	**4 753 314**	**2 929 956**	**35 440 277**	**34 550 463**

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

	31 December 2022				31 December 2021
	Stage 1	Stage 2	Stage 3	**Total**	**Total**
	USD '000	**USD '000**	**USD '000**	**USD '000**	**USD '000**
Balance at the beginning of the year	**101 833**	**655 000**	**1 826 301**	**2 583 134**	**1 964 741**
Acquisition of Oman Arab Bank (Note 6)	-	-	-	-	**238 770**
Amended balance at the beginning of the year	**101 833**	**655 000**	**1 826 301**	**2 583 134**	**2 203 511**
ECL charges during the year	59 912	266 775	241 896	**568 583**	**540 649**
Recoveries (excluding write offs)	(31 102)	(68 615)	(67 462)	**(167 179)**	**(149 664)**
Transfers to stage 1	13 297	(13 212)	(85)	-	-
Transfers to stage 2	(4 752)	5 900	(1 148)	-	-
Transfers to stage 3	(1 281)	(61 994)	63 275	-	-
Impact on year end ECL caused by transfers between stages during the year	-	1 632	16 004	**17 636**	**65 208**
Written off balances or transferred to off statement of financial position	-	-	(114 242)	**(114 242)**	**(44 123)**
Adjustments during the year	3 633	36 730	(23 480)	**16 883**	**(10 941)**
Translation adjustments	(10 762)	(29 734)	(51 791)	**(92 287)**	**(21 506)**
Total	**130 778**	**792 482**	**1 889 268**	**2 812 528**	**2 583 134**

Direct Credit Facilities at Amortized Cost - Consumer Banking

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

	31 December 2022				31 December 2021
	Stage 1	Stage 2	Stage 3	**Total**	**Total**
	USD '000	**USD '000**	**USD '000**	**USD '000**	**USD '000**
Low risk / performing (1-2)	1 128 782	-	-	**1 128 782**	**1 540 463**
Acceptable risk / performing (3-7)	8 294 770	200 991	-	**8 495 761**	**7 388 315**
Non-performing (8-10):					
- Substandard	-	-	30 838	**30 838**	**39 845**
- Doubtful	-	-	37 973	**37 973**	**41 286**
- Problematic	-	-	326 253	**326 253**	**331 861**
Total	**9 423 552**	**200 991**	**395 064**	**10 019 607**	**9 341 770**

-Probability of default at low risk 2% -3.5%
-Probability of default at acceptable risk 3.5% - 57%
-Probability of default at High risk 100%

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

	31 December 2022				31 December 2021
	Stage 1	Stage 2	Stage 3	**Total**	**Total**
	USD '000	**USD '000**	**USD '000**	**USD '000**	**USD '000**
Balance at the beginning of the year	**8 760 693**	**168 085**	**412 992**	**9 341 770**	**6 215 840**
Acquisition of Oman Arab Bank (Note 6)	-	-	-	-	**2 739 048**
Amended balance at the beginning of the year	**8 760 693**	**168 085**	**412 992**	**9 341 770**	**8 954 888**
New balances (Additions)	2 095 705	90 565	62 350	**2 248 620**	**1 877 916**
Repaid balances (excluding write offs)	(1 263 316)	(77 594)	(41 265)	**(1 382 175)**	**(1 394 947)**
Transfers to stage 1	35 337	(28 057)	(7 280)	-	-
Transfers to stage 2	(39 290)	61 133	(21 843)	-	-
Transfers to stage 3	(16 185)	(9 914)	26 099	-	-
Written off balances or transferred to off statement of financial position	-	-	(25 169)	**(25 169)**	**(21 971)**
Translation Adjustments	(149 392)	(3 227)	(10 820)	**(163 439)**	**(74 116)**
Total	**9 423 552**	**200 991**	**395 064**	**10 019 607**	**9 341 770**

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

	31 December 2022				31 December 2021
	Stage 1	Stage 2	Stage 3	**Total**	**Total**
	USD '000	**USD '000**	**USD '000**	**USD '000**	**USD '000**
Balance at the beginning of the year	**39 559**	**28 185**	**244 478**	**312 222**	**260 547**
Acquisition of Oman Arab Bank (Note 6)	-	-	-	-	**36 973**
Amended balance at the beginning of the year	**39 559**	**28 185**	**244 478**	**312 222**	**297 520**
ECL charges during the year	5 855	5 004	27 562	**38 421**	**52 993**
Recoveries (excluding write offs)	(11 739)	(1 517)	(20 831)	**(34 087)**	**(25 380)**
Transfers to stage 1	1 699	(1 614)	(85)	-	-
Transfers to stage 2	(260)	933	(673)	-	-
Transfers to stage 3	(511)	(2 309)	2 820	-	-
Impact on year end ECL caused by transfers between stages during the year	-	139	3 589	**3 728**	**3 671**
Written off balances or transferred to off statement of financial position	-	-	(18 591)	**(18 591)**	**(13 255)**
Adjustments during the year	225	647	724	**1 596**	**655**
Translation Adjustments	(1 165)	(413)	(9 704)	**(11 282)**	**(3 982)**
Total	**33 663**	**29 055**	**229 289**	**292 007**	**312 222**

Direct Credit Facilities at Amortized Cost - Small & Medium Enterprises

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

	31 December 2022				31 December 2021
	Stage 1	Stage 2	Stage 3	**Total**	**Total**
	USD '000	**USD '000**	**USD '000**	**USD '000**	**USD '000**
Low risk / performing (1-2)	1 397 535	-	-	**1 397 535**	**1 645 083**
Acceptable risk / performing (3-7)	1 344 597	795 002	-	**2 139 599**	**2 137 825**
Non-performing (8-10):					
- Substandard	-	-	4 368	**4 368**	**28 279**
- Doubtful	-	-	68 289	**68 289**	**55 071**
- Problematic	-	-	501 406	**501 406**	**488 900**
Total	**2 742 132**	**795 002**	**574 063**	**4 111 197**	**4 355 158**

-Probability of default at low risk 0.0% -0.12%
-Probability of default at acceptable risk 0.12% - 24%
-Probability of default at High risk 100%

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

	31 December 2022				31 December 2021
	Stage 1	Stage 2	Stage 3	**Total**	**Total**
	USD '000	**USD '000**	**USD '000**	**USD '000**	**USD '000**
Balance at the beginning of the year	**2 980 842**	**802 066**	**572 250**	**4 355 158**	**3 341 842**
Acquisition of Oman Arab Bank (Note 6)	-	-	-	-	**514 673**
Amended balance at the beginning of the year	**2 980 842**	**802 066**	**572 250**	**4 355 158**	**3 856 515**
New balances (Additions)	535 914	128 464	62 748	**727 126**	**1 242 339**
Repaid balances (excluding write offs)	(621 228)	(153 426)	(37 813)	**(812 467)**	**(665 398)**
Transfers to stage 1	46 199	(45 571)	(628)	**-**	**-**
Transfers to stage 2	(119 953)	123 581	(3 628)	**-**	**-**
Transfers to stage 3	(4 598)	(33 704)	38 302	**-**	**-**
Written off balances or transferred to off statement of financial position	-	-	(39 152)	**(39 152)**	**(8 765)**
Translation Adjustments	(75 044)	(26 408)	(18 016)	**(119 468)**	**(69 533)**
Total	**2 742 132**	**795 002**	**574 063**	**4 111 197**	**4 355 158**

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

	31 December 2022				31 December 2021
	Stage 1	Stage 2	Stage 3	**Total**	**Total**
	USD '000	**USD '000**	**USD '000**	**USD '000**	**USD '000**
Balance at the beginning of the year	**9 450**	**63 585**	**324 344**	**397 379**	**300 441**
Acquisition of Oman Arab Bank (Note 6)	-	-	-	-	**48 852**
Amended balance at the beginning of the year	**9 450**	**63 585**	**324 344**	**397 379**	**349 293**
ECL charges during the year	8 805	10 178	37 672	**56 655**	**75 124**
Recoveries (excluding write offs)	(1 005)	(4 552)	(9 067)	**(14 624)**	**(22 821)**
Transfers to stage 1	454	(454)	-	**-**	**-**
Transfers to stage 2	(950)	1 106	(156)	**-**	**-**
Transfers to stage 3	(704)	(7 658)	8 362	**-**	**-**
Impact on year end ECL caused by transfers between stages during the year	-	(1 263)	7 464	**6 201**	**18 646**
Written off balances or transferred to off statement of financial position	-	-	(19 969)	**(19 969)**	**(5 105)**
Adjustments during the year	237	16 074	(3 402)	**12 909**	**(10 622)**
Translation Adjustments	(783)	(5 188)	(11 087)	**(17 058)**	**(7 136)**
Total	**15 504**	**71 828**	**334 161**	**421 493**	**397 379**

Direct Credit Facilities at Amortized Cost - Large Corporates

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

	31 December 2022				31 December 2021
	Stage 1	Stage 2	Stage 3	**Total**	**Total**
	USD '000	**USD '000**	**USD '000**	**USD '000**	**USD '000**
Low risk / performing (1-2)	1 854 112	-	-	**1 854 112**	**2 381 758**
Acceptable risk / performing (3-7)	10 405 185	3 708 484	-	**14 113 669**	**13 728 880**
Non-performing (8-10):					
- Substandard	-	-	88 369	**88 369**	**80 009**
- Doubtful	-	-	238 554	**238 554**	**201 592**
- Problematic	-	-	1 629 755	**1 629 755**	**1 583 741**
Total	**12 259 297**	**3 708 484**	**1 956 678**	**17 924 459**	**17 975 980**

-Probability of default at low risk 0.0% -0.12%
-Probability of default at acceptable risk 0.12% - 24%
-Probability of default at High risk 100%

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

	31 December 2022				31 December 2021
	Stage 1	Stage 2	Stage 3	**Total**	**Total**
	USD '000	**USD '000**	**USD '000**	**USD '000**	**USD '000**
Balance at the beginning of the year	**12 072 061**	**4 038 577**	**1 865 342**	**17 975 980**	**15 374 441**
Acquisition of Oman Arab Bank (Note 6)	-	-	-	-	**2 977 715**
Amended balance at the beginning of the year	**12 072 061**	**4 038 577**	**1 865 342**	**17 975 980**	**18 352 156**
New balances (Additions)	3 641 156	1 012 043	189 012	**4 842 211**	**4 350 291**
Repaid balances (excluding write offs)	(3 274 641)	(982 872)	(88 462)	**(4 345 975)**	**(4 481 931)**
Transfers to stage 1	462 848	(462 848)	-	**-**	**-**
Transfers to stage 2	(350 188)	352 728	(2 540)	-	-
Transfers to stage 3	(5 871)	(132 563)	138 434	-	-
Written off balances or transferred to off statement of financial position	-	-	(102 457)	**(102 457)**	**(44 083)**
Translation Adjustments	(286 068)	(116 581)	(42 651)	**(445 300)**	**(200 453)**
Total	**12 259 297**	**3 708 484**	**1 956 678**	**17 924 459**	**17 975 980**

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

	31 December 2022				31 December 2021
	Stage 1	Stage 2	Stage 3	**Total**	**Total**
	USD '000	**USD '000**	**USD '000**	**USD '000**	**USD '000**
Balance at the beginning of the year	**43 541**	**559 618**	**1 252 857**	**1 856 016**	**1 390 880**
Acquisition of Oman Arab Bank (Note 6)	-	-	-	-	**148 319**
Amended balance at the beginning of the year	**43 541**	**559 618**	**1 252 857**	**1 856 016**	**1 539 199**
ECL charges during the year	37 478	250 829	176 310	**464 617**	**410 690**
Recoveries (excluding write offs)	(14 907)	(61 259)	(37 055)	**(113 221)**	**(99 685)**
Transfers to stage 1	9 883	(9 883)	-	**-**	**-**
Transfers to stage 2	(3 535)	3 854	(319)	-	**-**
Transfers to stage 3	(66)	(52 027)	52 093	-	**-**
Impact on year end ECL caused by transfers between stages during the year	-	2 756	4 951	**7 707**	**42 782**
Written off balances or transferred to off statement of financial position	-	-	(75 682)	**(75 682)**	**(25 763)**
Adjustments during the year	3 171	20 009	(20 802)	**2 378**	**(1 326)**
Translation Adjustments	(8 565)	(23 911)	(31 069)	**(63 545)**	**(9 881)**
Total	**67 000**	**689 986**	**1 321 284**	**2 078 270**	**1 856 016**

Direct Credit Facilities at Amortized Cost - Banks & Financial Institutions

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

	31 December 2022				31 December 2021
	Stage 1	Stage 2	Stage 3	**Total**	**Total**
	USD '000	**USD '000**	**USD '000**	**USD '000**	**USD '000**
Low risk / performing (1-2)	95 856	-	-	**95 856**	**137 290**
Acceptable risk / performing (3-7)	254 423	-	-	**254 423**	**236 972**
Non-performing (8-10):					
- Substandard	-	-	-	-	-
- Doubtful	-	-	-	-	-
- Problematic	-	-	3 509	**3 509**	**3 986**
Total	**350 279**	**-**	**3 509**	**353 788**	**378 248**

-Probability of default at low risk 0.0% -0.12%
-Probability of default at acceptable risk 0.12% - 24%
-Probability of default at High risk 100%

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

	31 December 2022				31 December 2021
	Stage 1	Stage 2	Stage 3	**Total**	**Total**
	USD '000	**USD '000**	**USD '000**	**USD '000**	**USD '000**
Balance at the beginning of the year	**346 632**	**27 630**	**3 986**	**378 248**	**196 058**
Acquisition of Oman Arab Bank (Note 6)	-	-	-	-	-
Amended balance at the beginning of the year	**346 632**	**27 630**	**3 986**	**378 248**	**196 058**
New balances (Additions)	496 370	2 568	(509)	**498 429**	**422 906**
Repaid balances (excluding write offs)	(508 715)	-	-	**(508 715)**	**(238 099)**
Transfers to stage 1	30 198	(30 198)	-	-	-
Transfers to stage 2	-	-	-	-	-
Transfers to stage 3	-	-	-	-	-
Translation Adjustments	(14 206)	-	32	**(14 174)**	**(2 617)**
Total	**350 279**	**-**	**3 509**	**353 788**	**378 248**

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

	31 December 2022				31 December 2021
	Stage 1	Stage 2	Stage 3	**Total**	**Total**
	USD '000	**USD '000**	**USD '000**	**USD '000**	**USD '000**
Balance at the beginning of the year	**707**	**867**	**3 937**	**5 511**	**5 230**
ECL charges during the year	2 012	99	-	**2 111**	**1 868**
Recoveries (excluding write offs)	(2 302)	(172)	(509)	**(2 983)**	**(1 398)**
Transfers to stage 1	790	(790)	-	-	-
Transfers to stage 2	-	-	-	-	-
Transfers to stage 3	-	-	-	-	-
Adjustments during the year	-	-	-	-	**2**
Translation Adjustments	84	(4)	32	**112**	**(191)**
Total	**1 291**	**-**	**3 460**	**4 751**	**5 511**

Direct Credit Facilities at Amortized Cost - Government & Public Sector

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

	31 December 2022				31 December 2021
	Stage 1	Stage 2	Stage 3	**Total**	**Total**
	USD '000	**USD '000**	**USD '000**	**USD '000**	**USD '000**
Low risk / performing (1-2)	1 435 232	-	-	**1 435 232**	**1 112 678**
Acceptable risk / performing (3-7)	1 546 515	48 837	-	**1 595 352**	**1 385 888**
Non-performing (8-10):					
- Substandard	-	-	-	-	**247**
- Doubtful	-	-	-	-	**-**
- Problematic	-	-	642	**642**	**494**
Total	**2 981 747**	**48 837**	**642**	**3 031 226**	**2 499 307**

-Probability of default at low risk 0.0% -0.12%
-Probability of default at acceptable risk 0.12% - 24%
-Probability of default at High risk 100%

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

	31 December 2022				31 December 2021
	Stage 1	Stage 2	Stage 3	**Total**	**Total**
	USD '000	**USD '000**	**USD '000**	**USD '000**	**USD '000**
Balance at the beginning of the year	**2 386 595**	**111 971**	**741**	**2 499 307**	**1 363 686**
Acquisition of Oman Arab Bank (Note 6)	-	-	-	-	**880 268**
Amended balance at the beginning of the year	**2 386 595**	**111 971**	**741**	**2 499 307**	**2 243 954**
New balances (Additions)	1 234 918	457	93	**1 235 468**	**829 522**
Repaid balances (excluding write offs)	(639 892)	(12 181)	(138)	**(652 211)**	**(555 736)**
Transfers to stage 1	55 343	(55 343)	-	-	-
Transfers to stage 2	(10 917)	10 917	-	-	-
Transfers to stage 3	-	-	-	-	-
Translation Adjustments	(44 300)	(6 984)	(54)	**(51 338)**	**(18 433)**
Total	**2 981 747**	**48 837**	**642**	**3 031 226**	**2 499 307**

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

	31 December 2022				31 December 2021
	Stage 1	Stage 2	Stage 3	**Total**	**Total**
	USD '000	**USD '000**	**USD '000**	**USD '000**	**USD '000**
Balance at the beginning of the year	**8 576**	**2 745**	**685**	**12 006**	**7 643**
Acquisition of Oman Arab Bank (Note 6)	-	-	-	**-**	**4 626**
Amended balance at the beginning of the year	**8 576**	**2 745**	**685**	**12 006**	**12 269**
ECL charges during the year	5 762	665	352	**6 779**	**(26)**
Recoveries (excluding write offs)	(1 149)	(1 115)	-	**(2 264)**	**(380)**
Transfers to stage 1	471	(471)	-	**-**	**-**
Transfers to stage 2	(7)	7	-	**-**	**-**
Transfers to stage 3	-	-	-	**-**	**-**
Impact on year end ECL caused by transfers between stages during the year	-	-	-	**-**	**109**
Adjustments during the year	-	-	-	**-**	**350**
Translation Adjustments	(333)	(218)	37	**(514)**	**(316)**
Total	**13 320**	**1 613**	**1 074**	**16 007**	**12 006**

Direct Credit Facilities at Amortized Cost - Real Estate

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

	31 December 2022				31 December 2021
	Stage 1	Stage 2	Stage 3	**Total**	**Total**
	USD '000	**USD '000**	**USD '000**	**USD '000**	**USD '000**
Low risk / performing (1-2)	352 986	-	-	**352 986**	**353 540**
Acceptable risk / performing (3-7)	4 373 945	192 533	-	**4 566 478**	**4 534 797**
Non-performing (8-10):					
- Substandard	-	-	14 436	**14 436**	**15 301**
- Doubtful	-	-	17 017	**17 017**	**16 507**
- Problematic	-	-	82 720	**82 720**	**74 579**
Total	**4 726 931**	**192 533**	**114 173**	**5 033 637**	**4 994 724**

-Probability of default at low risk 0.0% -1.25%
-Probability of default at acceptable risk 1.3% - 42%
-Probability of default at High risk 100%

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

	31 December 2022				31 December 2021
	Stage 1	Stage 2	Stage 3	**Total**	**Total**
	USD '000	**USD '000**	**USD '000**	**USD '000**	**USD '000**
Balance at the beginning of the year	**4 653 399**	**234 938**	**106 387**	**4 994 724**	**2 692 231**
Acquisition of Oman Arab Bank (Note 6)	-	-	-	-	**2 125 174**
Amended balance at the beginning of the year	**4 653 399**	**234 938**	**106 387**	**4 994 724**	**4 817 405**
New balances (Additions)	618 263	32 008	32 829	**683 100**	**722 217**
Repaid balances (excluding write offs)	(481 744)	(86 524)	(16 054)	**(584 322)**	**(492 585)**
Transfers to stage 1	18 521	(17 216)	(1 305)	-	-
Transfers to stage 2	(16 906)	33 099	(16 193)	-	-
Transfers to stage 3	(6 659)	(3 076)	9 735	-	-
Written off balances or transferred to off statement of financial position	-	-	(187)	**(187)**	**(1 746)**
Adjustments during the year	-	-	-	-	-
Translation Adjustments	(57 943)	(696)	(1 039)	**(59 678)**	**(50 567)**
Total	**4 726 931**	**192 533**	**114 173**	**5 033 637**	**4 994 724**

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

	31 December 2022				31 December 2021
	Stage 1	Stage 2	Stage 3	**Total**	**Total**
	USD '000	**USD '000**	**USD '000**	**USD '000**	**USD '000**
Balance at the beginning of the year	**14 939**	**22 429**	**50 203**	**87 571**	**36 921**
Acquisition of Oman Arab Bank (Note 6)	-	-	-	-	**42 044**
Amended balance at the beginning of the year	**14 939**	**22 429**	**50 203**	**87 571**	**78 965**
ECL charges during the year	2 017	813	3 912	**6 742**	**15 380**
Recoveries (excluding write offs)	(3 628)	(10 517)	(12 927)	**(27 072)**	**(5 523)**
Transfers to stage 1	742	(739)	(3)	-	-
Transfers to stage 2	(1 039)	1 400	(361)	-	-
Transfers to stage 3	(14)	(620)	634	-	-
Impact on year end ECL caused by transfers between stages during the year	-	482	59	**541**	**(4)**
Written off balances or transferred to off statement of financial position	-	-	-	-	**(1 520)**
Adjustments during the year	(466)	3 610	(308)	**2 836**	**331**
Translation Adjustments	(46)	(29)	(29)	**(104)**	**(58)**
Total	**12 505**	**16 829**	**41 180**	**70 514**	**87 571**

14. Other financial assets at amortized cost

The details of this item are as follows:

	31 December	
	2022	2021
	USD '000	USD '000
Treasury bills	2 583 487	2 229 828
Government bonds and bonds guaranteed by the government	6 075 044	6 954 163
Corporate bonds	1 387 990	1 411 547
Less: Net ECL Charges	(44 046)	(34 365)
Total	**10 002 475**	**10 561 173**

Analysis of bonds based on interest nature:

	31 December	
	2022	2021
	USD '000	USD '000
Floating interest rate	374 082	742 911
Fixed interest rate	9 672 439	9 852 627
Less: Net ECL Charges	(44 046)	(34 365)
Total	**10 002 475**	**10 561 173**

Analysis of financial assets based on market quotation:

	31 December	
Financial assets quoted in the market:	2022	2021
	USD '000	USD '000
Treasury bills	1 219 414	1 099 121
Government bonds and bonds guaranteed by the government	1 559 113	2 298 270
Corporate bonds	1 276 778	1 286 285
Total	**4 055 305**	**4 683 676**

	31 December	
Financial assets unquoted in the market:	2022	2021
	USD '000	USD '000
Treasury bills	1 364 073	1 130 707
Government bonds and bonds guaranteed by the government	4 515 931	4 655 893
Corporate bonds	111 212	125 262
Total	**5 991 216**	**5 911 862**
Less: Net ECL Charges	**(44 046)**	**(34 365)**
Grand Total	**10 002 475**	**10 561 173**

Other Financial Assets at Amortized Cost

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

	31 December 2022				31 December 2021
	Stage 1	Stage 2	Stage 3	**Total**	**Total**
	USD '000	**USD '000**	**USD '000**	**USD '000**	**USD '000**
Low risk / performing (1-2)	9 868 706	-	-	**9 868 706**	**10 500 203**
Acceptable risk / performing (3-7)	144 785	33 030	-	**177 815**	**95 335**
Total	**10 013 491**	**33 030**	**-**	**10 046 521**	**10 595 538**

-Probability of default at low risk 0.0% -0.9%
-Probability of default at acceptable risk 0.9% - 40.2%
-Probability of default at High risk 100%

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

	31 December 2022				31 December 2021
	Stage 1	Stage 2	Stage 3	**Total**	**Total**
	USD '000	**USD '000**	**USD '000**	**USD '000**	**USD '000**
Balance at the beginning of the year	**10 510 576**	**84 962**	**-**	**10 595 538**	**8 802 822**
Acquisition of Oman Arab Bank (Note 6)	-	-	-	**-**	**493 672**
Amended balance at the beginning of the year	**10 510 576**	**84 962**	**-**	**10 595 538**	**9 296 494**
New investments (Additions)	6 538 594	-	-	**6 538 594**	**8 797 578**
Matured investments	(6 661 207)	(142)	-	**(6 661 349)**	**(6 792 827)**
Transfers to stage 1	56 659	(56 659)	-	**-**	**-**
Transfers to stage 2	(5 297)	5 297	-	**-**	**-**
Adjustments during the year	-	-	-	**-**	**(2)**
Translation Adjustments	(425 834)	(428)	-	**(426 262)**	**(705 705)**
Total	**10 013 491**	**33 030**	**-**	**10 046 521**	**10 595 538**

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

	31 December 2022				31 December 2021
	Stage 1	Stage 2	Stage 3	**Total**	**Total**
	USD '000	**USD '000**	**USD '000**	**USD '000**	**USD '000**
Balance at the beginning of the year	**14 388**	**19 977**	**-**	**34 365**	**40 033**
Acquisition of Oman Arab Bank (Note 6)	-	-	-	**-**	**174**
Amended balance at the beginning of the year	**14 388**	**19 977**	**-**	**34 365**	**40 207**
ECL charges during the year	13 219	44	-	**13 263**	**772**
Recoveries from matured investments	(1 858)	(475)	-	**(2 333)**	**(7 101)**
Transfers to stage 2	(3)	3	-	**-**	**-**
Adjustments during the year	(483)	(398)	**-**	**(881)**	**937**
Translation Adjustments	(337)	(31)	**-**	**(368)**	**(450)**
Total	**24 926**	**19 120**	**-**	**44 046**	**34 365**

During the year ended 31 December 2022 certain financial assets at amortized cost amounted to USD 52.9 million were sold (USD 62 million during the year ended 31 December 2021).

15. Investments in Associates

The details of this item are as follows:

31 December 2022

	Ownership and Voting Rights	Investment Carrying Value	Place of Incorporation	Market Value	Published Financial Statements Date	Principal Activity	Date of Acquisition
	%	USD '000		USD '000			
Arab National Bank	40.00	3 482 325	Saudi Arabia	5 128 000	2022	Banking	1979
Arabia Insurance Company	42.51	44 263	Lebanon	Unquoted	2021	Insurance	1972
Commercial buildings	35.39	10 422	Lebanon	Unquoted	2021	Real Estate Operating Lease	1966
Ubhar Capital SAOC (An Associate Company of Arab Bank Switzerland)	34.00	9 883	Oman	Unquoted	2022	Investment and Financial Services	2016
Other Associates (Mostly owned by Arab Tunisian Bank)*	Various	11 971	Various			Various	
Total		**3 558 864**					

31 December 2021

	Ownership and Voting Rights	Investment Carrying Value	Place of Incorporation	Market Value	Published Financial Statements Date	Principal Activity	Date of Acquisition
	%	USD '000		USD '000			
Arab National Bank	40.00	3 340 467	Saudi Arabia	3 657 600	2021	Banking	1979
Arabia Insurance Company	42.51	38 281	Lebanon	Unquoted	2020	Insurance	1972
Commercial buildings	35.39	10 371	Lebanon	Unquoted	2020	Real Estate Operating Lease	1966
Ubhar Capital SAOC (An Associate Company of Arab Bank Switzerland)	34.00	9 559	Oman	Unquoted	2021	Investment and Financial Services	2016
Other Associates (Mostly owned by Arab Tunisian Bank)*	Various	14 221	Various			Various	
Total		**3 412 899**					

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

	2022	2021
	USD '000	USD '000
Balance at the beginning of the year	**3 412 899**	**3 804 212**
Purchase of investments in associates	(611)	96
Reclassification of Oman Arab Bank (Note 6)	-	(499 805)
Group's share of profits for the year	384 494	276 818
Dividends received	(196 345)	(194 106)
Translation Adjustment	(4 177)	3 614
Group's share of other changes in equity	(37 396)	22 070
Balance at the end of the year	**3 558 864**	**3 412 899**
Group's share of taxes	**86 299**	**70 356**

* This account represents mostly the investments in Arab Tunisian Lease Company, Arabia Sicaf and Arab Tunisian Invest Company.

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

	31 December	
	2022	2021
	USD '000	USD '000
Arab National Bank	387 860	280 186
Arabia Insurance Company	(3 304)	(4 605)
Other	(62)	1 237
Total	**384 494**	**276 818**

The Group's share of associates are as follows:

	31 December					
	2022			2021		
	Arab National Bank	Others	Total	Arab National Bank	Others	Total
	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
Total Assets	22 691 616	323 271	23 014 887	20 553 685	294 855	20 848 540
Total Liabilities	19 209 291	246 732	19 456 023	17 434 986	221 768	17 656 754
Total Revenue	743 864	16 504	760 368	625 348	16 428	641 776
Total Expenses	356 004	19 870	375 874	345 162	19 796	364 958
Net Profit	**387 860**	**(3 366)**	**384 494**	**280 186**	**(3 368)**	**276 818**

16. Fixed Assets

The details of this item are as follows:

	Land	Buildings	Furniture, Fixtures and Equipment	Computers and Communication Equipment	Motor Vehicles	Other	Total
Historical Cost:	**USD '000**	**USD '000**	**USD '000**	**USD '000**	**USD '000**	**USD '000**	**USD '000**
Balance as of 1 January 2021	**96 371**	**390 588**	**251 267**	**199 148**	**15 695**	**95 575**	**1 048 644**
Acquistion of Oman Arab Bank (Note 6)	17 722	49 348	35 423	54 661	829	39 396	**197 379**
Additions	964	6 260	10 197	29 023	1 922	29 480	**77 846**
Disposals	(328)	(37 820)	(2 880)	(2 328)	(272)	(12 708)	**(56 336)**
Adjustments during the year	4 555	(4 760)	3 937	42 897	-	(36 209)	**10 420**
Translation Adjustments	(1 017)	(9 421)	(3 400)	(6 051)	(583)	(2 605)	**(23 077)**
Balance as of 31 December 2021	**118 267**	**394 195**	**294 544**	**317 350**	**17 591**	**112 929**	**1 254 876**
Additions	-	10 050	13 865	42 917	307	7 742	**74 881**
Disposals	(935)	(169)	(3 445)	(5 915)	(1 002)	(3 102)	**(14 568)**
Adjustments during the year	-	-	(18)	(3 629)	-	160	**(3 487)**
Translation Adjustments	(181)	(2 297)	(1 437)	(5 142)	(691)	(2 306)	**(12 054)**
Balance at 31 December 2022	**117 151**	**401 779**	**303 509**	**345 581**	**16 205**	**115 423**	**1 299 648**
Accumulated Depreciation :							
Balance as of 1 January 2021	-	**167 343**	**186 712**	**155 003**	**11 797**	**69 271**	**590 126**
Acquistion of Oman Arab Bank (Note 6)	-	11 987	28 164	41 958	743	15 992	**98 844**
Depreciation charge for the year	-	11 879	17 294	30 720	1 472	7 786	**69 151**
Disposals	-	(6 705)	(2 392)	(2 176)	(272)	(10 368)	**(21 913)**
Adjustments during the year	-	(214)	141	1	(6)	52	**(26)**
Translation adjustments	-	(3 226)	(2 681)	(4 979)	(414)	(1 961)	**(13 261)**
Balance as of 31 December 2021	**-**	**181 064**	**227 238**	**220 527**	**13 320**	**80 772**	**722 921**
Depreciation charge for the year	-	10 581	16 001	33 268	1 357	6 941	**68 148**
Disposals	-	(54)	(3 345)	(5 841)	(978)	(1 653)	**(11 871)**
Adjustments during the year	-	-	-	(3 265)	(2)	-	**(3 267)**
Translation adjustments	-	(1 472)	(858)	(2 737)	(235)	(1 374)	**(6 676)**
Balance at 31 December 2022	**-**	**190 119**	**239 036**	**241 952**	**13 462**	**84 686**	**769 255**
Net Book Value as of 31 December 2022	**117 151**	**211 660**	**64 473**	**103 629**	**2 743**	**30 737**	**530 393**
Net Book Value as of 31 December 2021	**118 267**	**213 131**	**67 306**	**96 823**	**4 271**	**32 157**	**531 955**

* The cost of fully depreciated fixed assets amounted to USD 519 million as of 31 December 2022 (USD 428.8 million as of 31 December 2021).

17. Other Assets

The details of this item are as follows:

	31 December 2022 USD '000	31 December 2021 USD '000
Accrued interest receivable	392 661	351 575
Prepaid expenses	49 457	56 352
Foreclosed assets *	177 325	163 793
Intangible assets **	31 404	35 106
Right of use assets ***	87 697	96 752
Other miscellaneous assets	290 106	272 691
Total	**1 028 650**	**976 269**

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

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

	2022			
	Land	Buildings	Other	Total
	USD '000	USD '000	USD '000	USD '000
Balance at the beginning of the year	**72 405**	**91 117**	**271**	**163 793**
Additions	15 403	13 681	-	**29 084**
Disposals	(1 427)	(9 906)	-	**(11 333)**
Provision for impairment and impariment losses	172	(2 998)	-	**(2 826)**
Translation adjustments	(1 282)	(111)	-	**(1 393)**
Balance at the end of the year	**85 271**	**91 783**	**271**	**177 325**

	2021			
	Land	Buildings	Other	Total
	USD '000	USD '000	USD '000	USD '000
Balance at the beginning of the year	69 596	82 534	271	**152 401**
Additions	6 206	23 775	-	**29 981**
Disposals	(1 345)	(13 980)	-	**(15 325)**
Provision for impairment and impariment losses	(1 759)	(583)	-	**(2 342)**
Translation adjustments	(293)	(629)	-	**(922)**
Balance at the End of the Year	**72 405**	**91 117**	**271**	**163 793**

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

	31 December 2022 USD '000	31 December 2021 USD '000
Balance at the beginning of the year	35 106	34 272
Additions	14 154	26 867
Disposals	-	-
Amortization charge for the year	(16 603)	(14 484)
Adjustment during the year and translation adjustments	(1 253)	(11 549)
Balance at the End of the Year	**31 404**	**35 106**

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

	2022 USD '000	2021 USD '000
Balance at the beginning of the year	96 752	86 315
Additions	14 678	34 186
Depreciation	(23 733)	(23 749)
Balance at the End of the Year	**87 697**	**96 752**

18. Deferred Tax Assets

The details of this item are as follows :

Items attributable to deferred tax assets are as follows:

	2022					
	Balance at the Beginning of the Year	**Amounts Added**	**Amounts Released**	**Adjustments During the Year and Translation Adjustments**	**Balance at the End of the Year**	**Deferred Tax**
	USD '000	**USD '000**	**USD '000**	**USD '000**	**USD '000**	**USD '000**
Expected Credit Losses	673 770	294 993	(234 611)	(328)	**733 824**	188 094
End-of-Service indemnity	61 683	8 731	(8 305)	-	**62 109**	33 008
Interest in suspense	101 441	74 574	(49 632)	-	**126 383**	18 550
Other	167 681	36 551	(37 701)	5 462	**171 993**	40 293
Total	**1 004 575**	**414 849**	**(330 249)**	**5 134**	**1 094 309**	**279 945**

	2021							
	Balance at the Beginning of the Year	**Acquistion of Oman Arab Bank (Note 6)**	**Amended Balance at the Beginning of the Year**	**Amounts Added**	**Amounts Released**	**Adjustments During the Year and Translation Adjustments**	**Balance at the End of the Year**	**Deferred Tax**
	USD '000	**USD '000**	**USD '000**	**USD '000**	**USD '000**	**USD '000**	**USD '000**	**USD '000**
Expected Credit Losses	593 680	-	593 680	299 332	(205 487)	(13 755)	**673 770**	166 268
End-of-Service indemnity	76 783	-	76 783	4 498	(10 741)	(8 857)	**61 683**	18 406
Interest in suspense	79 906	-	79 906	64 021	(42 486)	-	**101 441**	26 300
Other	80 427	42 589	123 016	50 448	(25 731)	19 948	**167 681**	37 524
Total	**830 796**	**42 589**	**873 385**	**418 299**	**(284 445)**	**(2 664)**	**1 004 575**	**248 498**

Deferred tax results from temporary timing differences of the provisions not deducted for tax purposes in the current year or previous years. This is calculated according to the regulations of the countries where the Group operates.

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

	2022	**2021**
	USD '000	**USD '000**
Balance at the beginning of the year	**248 498**	**214 933**
Acquisition of Oman Arab Bank (Note 6)	-	6 387
Amended balance at the beginning of the year	**248 498**	**221 320**
Additions during the year	129 350	114 579
Amortized during the year	(98 745)	(86 985)
Adjustments during the year and translation adjustments	842	(416)
Balance at the end of the year	**279 945**	**248 498**

19. Banks and Financial Institutions Deposits

The details of this item are as follows:

	31 December 2022			31 December 2021		
	Inside Jordan	Outside Jordan	Total	Inside Jordan	Outside Jordan	Total
	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
Current and demand	-	448 142	448 142	-	641 238	641 238
Time deposits	50 680	3 018 818	3 069 498	80 181	3 271 280	3 351 461
Total	**50 680**	**3 466 960**	**3 517 640**	**80 181**	**3 912 518**	**3 992 699**

20. Customers' Deposits

The details of this item are as follows:

	31 December 2022				
	Consumer Banking	Corporates		Government and Public Sector	Total
		Small and Medium	Large		
	USD '000	USD '000	USD '000	USD '000	USD '000
Current and demand	10 096 899	2 756 827	4 582 419	1 150 800	18 586 945
Savings	5 378 739	95 669	14 969	33 731	5 523 108
Time and notice	10 345 385	1 499 245	4 804 215	3 935 047	20 583 892
Certificates of deposit	379 111	34 010	100 895	79 410	593 426
Total	**26 200 134**	**4 385 751**	**9 502 498**	**5 198 988**	**45 287 371**

	31 December 2021				
	Consumer Banking	Corporates		Government and Public Sector	Total
		Small and Medium	Large		
	USD '000	USD '000	USD '000	USD '000	USD '000
Current and demand	10 978 690	2 979 364	3 819 526	1 309 225	19 086 805
Savings	5 372 418	134 073	18 919	51 751	5 577 161
Time and notice	9 732 761	1 340 172	3 983 992	4 017 431	19 074 356
Certificates of deposit	613 070	17 510	114 008	2 601	747 189
Total	**26 696 939**	**4 471 119**	**7 936 445**	**5 381 008**	**44 485 511**

- Government of Jordan and Jordanian public sector deposits amounted to USD 1305.1 million, or 2.9 % of total customer deposits as of 31 December 2022 (USD 1197.7 million , or 2.7% of total customer deposits as of 31 December 2021).

- Non-interest bearing deposits amounted to USD 15437.1 million, or 34.1 % of total customer deposits as of 31 December 2022 (USD 16012.4 million or 36% of total customer deposits as of 31 December 2021).

- Blocked deposits amounted to USD 177.6 million, or 0.4% of total customer deposits as of 31 December 2022 (USD 131.5 million or 0.3% of total customer deposit as of 31 December 2021).

- Dormant deposits amounted to USD 389.3 million, or 0.9% of total customer deposits as of 31 December 2022 (USD 418 million , or 0.9% of total customer deposits as of 31 December 2021).

21. Cash Margin

The details of this item are as follows:

	31 December	
	2022	2021
	USD '000	USD '000
Against direct credit facilities at amortized cost	1 715 569	1 773 098
Against indirect credit facilities	737 701	824 147
Against margin trading	2 434	3 049
Other cash margins	5 796	6 837
Total	**2 461 500**	**2 607 131**

22. Borrowed Funds

The details of this item are as follows:

	31 December	
	2022	2021
	USD '000	USD '000
From Central Banks *	162 385	159 466
From banks and financial institutions **	359 983	462 994
Total	**522 368**	**622 460**

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

	31 December	
	2022	2021
	USD '000	USD '000
Floating interest rate	351 604	351 975
Fixed interest rate	170 764	270 485
Total	**522 368**	**622 460**

* During 2013, Arab Bank (Jordan branches) signed a loan agreement with the Central Bank of Jordan amounting to USD 5.6 million, for the duration of 15 years of which 5 years are grace period with an interest rate of (2.5%) for the year 2013 and a floating interest rate of (1.8%+LIBOR 6 months) for the years after 2013. The agreement aims to support SMEs and Extra Small Companies. The loan is repaid semi-annually, with installments in March and September of each year. The Balance of the loan as of 31 December 2022 amounted to USD 2.8 million (USD 3.4 million as of 31 December 2021).

* During 2014, Arab Bank (Jordan branches) signed a loan agreement with the Central Bank of Jordan amounting to USD 3.9 million, for the duration of 10 years of which 3 years are grace period and with a fixed interest rate of 2.5%. The agreement aims to support SMEs and Extra Small Companies. The loan is repaid semi-annually, with installments in March and September of each year, the first installement was in 15/9/2017 and the last one will be due on 15/9/2024. The Balance of the loan as of 31 December 2022 amounted to USD 900 thousand (USD 1.4 Million as of 31 December 2021).

* Untill 31 December 2022, Arab Bank (Jordan branches) granted loans against medium term advances from the Central Bank of Jordan with fixed interest rate equal to the discount rate disclosed on the grant day after deducting 0.5% for advances outside Amman and 1% for advances inside Amman , The advances are repaid in accordance with customers monthly installments, these advances amounted USD 119.8 million as of 31 December 2022 (USD 102.3 million as of 31 December 2021).

* During 2016, Arab Bank (Jordan branches) signed a loan agreement with the Central Bank of Jordan amounting to USD 5.1 million, for the duration of 15 years of which 5 years are grace period with a floating interest rate of (1.85%+LIBOR 6 months). The agreement aims to support SMEs and Extra Small Companies. The loan is repaid semi-annually, with installments in March and September of each year. The Balance of the loan as of 31 December 2022 amounted to USD 3.8 million (USD 4.3 million as of 31 December 2021).

* During 2017, Arab Bank (Jordan branches) signed a loan agreement with the Central Bank of Jordan amounting to USD 10.9 million, for the duration of 22 years of which 5 years are grace period with an interest rate of 3% (CBJ has the right to amend the interest rate every two years up to 3.5%). The agreement aims to support SMEs and Extra Small Companies. The loan is repaid semi-annually, with installments in May and November of each year. The Balance of the loan as of 31 December 2022 amounted to USD 8 million (USD 6.6 million as of 31 December 2021).

During 2021, Arab Bank (Jordan branches) granted loans against diminishing advances in response to the Central Bank of Jordan programe to support SMEs to face COVID-19 with 0% fixed interest rate, These loans are repaid on long term extended to 42 months, with a grace period up to 12 months. The amount of the granted loans as of 31 December 2022 amounted to USD 26.7 million (USD 41.4 million as of 31 December 2021).

** During 2018, Arab Bank (Jordan branches) signed loans agreements with European Investment Bank amounting to USD 331.3 million, for the duration of 7 years, in the same year Arab Bank withdrew the first installment in the amount of USD 100 million for the duration of 7 years with a floating interest rate of (1.392%+LIBOR 6 months) the interest is repaid in 2 installments during the year, the loan is repaid semi-annually in March and September of each year, the first installment started on 15 September 2020 and the last one will be on 15 September 2025. The Balance of the loan as of 31 December 2022 amounted to USD 54.4 million (USD 72.7 million as of 31 December 2021)

** During 2019, Arab Bank (Jordan branches) withdrew the second installment in the amount of USD 69.8 million for the duration of 7 years with a floating interest rate of (1.503%+LIBOR 6 months) the interest is repaid in 2 installments during the year, the loan is repaid semi-annually in March and September of each year, the first installment will be on 15 September 2021 and the last one will be on 16 March 2026. the Balance of the loan as of 31 December 2022 amounted to USD 48.9 million (USD 62.8 million as of 31 December 2021)

** During 2020, Arab Bank (Jordan branches) withdrew the third installment in the amount of USD 161.8 million for the duration of 7 years with a floating interest rate of (1.704%+LIBOR 6 months) the interest is repaid in 2 installments during the year, the loan is repaid semi-annually in March and September of each year, the first installment will fall due on 15 September 2022 and the last one will be on 15 March 2027. the Balance of the loan as of 31 December 2022 amounted to USD 145.6 million (USD 161.8 million as of 31 December 2021)

** During 2021 Arab National Leasing Co. signed loan agreement with Jordanian Mortgage Refinance Company for a duration of three years with a fixed interest rate of 4.5% , the balance of the loan as of 31 December 2022 amounted to USD 7.1 million (USD 7.1 million as of 31 December 2021)

** Arab Tunisian Bank borrowed amounts from banks and financial institutions, as well issued syndicated term loans, the balance amounted to USD 103.9 million as of 31 December 2022 (USD 158.6 million as of 31 December 2021) whereas the lowest interest rate is (0.7%) and the highest is (9.3%) and the last maturity date is on 19 May 2032, as per the following details:

	31 December	
	2022	2021
	USD '000	USD '000
Loans maturing within one year	37 308	75 226
Loans maturing after 1 year and less than 3 years	48 791	22 691
Loans maturing after 3 years	17 795	60 666
Total	**103 894**	**158 583**

23. Provision for Income Tax

The details of this item are as follows:

	31 December	
	2022	2021
	USD '000	USD '000
Balance at the beginning of the year	202 477	275 406
Acquistion of Oman Arab Bank (Note 6)	-	11 706
Amended balance at the beginning of the year	**202 477**	**287 112**
Income tax charge	331 988	199 725
Income tax paid	(241 436)	(284 360)
Balance at the end of the year	**293 029**	**202 477**

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

	31 December	
	2022	2021
	USD '000	USD '000
Income tax charge for the year	331 988	199 725
Deferred tax assets for the year	(125 397)	(114 083)
Amortization of deferred tax assets	98 745	86 270
Deferred tax liabilities for the year	1 717	1 710
Amortization of deferred tax liabilities	(7)	(44)
Total	**307 046**	**173 578**

- The Banking income tax rate in Jordan is 38% (35% income tax + 3% national contribution tax).While the income tax rate in the countries where the Group has investments and branches ranges from zero to 38% as of 31 December 2022 and 2021. Arab Bank Group effective tax rate was 36.1% as of 31 December 2022 and 35.6% as of 31 December 2021.

-The subsidiaries and branches of Arab Bank Group have reached recent tax settlements ranging between 2021 such as Arab Bank United Arab Emirates and 2020 such as Islamic Internatioanl Arab Bank.

24. Other Provisions

The details of this item are as follows:

	2022					
	Balance at the Beginning of the Year	Additions during the Year	Utilized or transferred during the Year	Released to Income	Adjustments during the Year and Translation Adjustments	Balance at the End of the Year
	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
End-of-service indemnity	114 815	14 249	(3 801)	(71)	(1 533)	123 659
Legal cases	8 683	2 782	(34)	(3 186)	(262)	7 983
Other	94 131	2 662	(371)	(4 011)	8 370	100 781
Total	**217 629**	**19 693**	**(4 206)**	**(7 268)**	**6 575**	**232 423**

	2021					
	Balance at the Beginning of the Year	Addition during the Year	Utilized or transferred during the Year	Released to Income	Adjustments during the Year and Translation Adjustments	Balance at the End of the Year
	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
End-of-service indemnity	126 580	8 795	(13 563)	(48)	(6 949)	114 815
Legal cases	8 783	3 096	(290)	(2 763)	(143)	8 683
Other	94 706	9 321	(776)	(6 424)	(2 696)	94 131
Total	**230 069**	**21 212**	**(14 629)**	**(9 235)**	**(9 788)**	**217 629**

25. Other Liabilities

The details of this item are as follows:

	31 December 2022	31 December 2021
	USD '000	USD '000
Accrued interest payable	299 772	189 031
Notes payable	150 927	189 180
Interest and commission received in advance	80 463	90 755
Accrued expenses	148 965	131 428
Dividends payable to shareholders	17 455	17 138
Provision for impairment - ECL of the indirect credit facilities*	176 384	145 511
Lease liabilities	86 056	98 361
Other miscellaneous liabilities	610 150	391 367
Total	**1 570 172**	**1 252 771**

Indirect Credit Facilities

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

	31 December 2022				31 December 2021
	Stage 1	Stage 2	Stage 3	**Total**	**Total**
	USD '000	USD '000	USD '000	USD '000	USD '000
Low risk / performing (1-2)	1 079 693	-	-	**1 079 693**	818 875
Acceptable risk / performing (3-7)	15 431 657	855 636	-	**16 287 293**	17 035 825
Non-performing (8-10):	-	-	132 038	**132 038**	162 820
Total	**16 511 350**	**855 636**	**132 038**	**17 499 024**	**18 017 520**

-Probability of default at low risk 0.0% -0.12%
-Probability of default at acceptable risk 0.12% - 24%
-Probability of default at High risk 100%

The movement on total indirect credit facilities is as follows:

	31 December 2022				31 December 2021
	Stage 1	Stage 2	Stage 3	**Total**	**Total**
	USD '000	USD '000	USD '000	USD '000	USD '000
Balance at beginning of the year	**16 880 115**	**974 585**	**162 820**	**18 017 520**	**15 636 121**
Acquisition of Oman Arab Bank (Note 6)	-	-	-	-	**2 367 836**
Amended balance at the beginning of the year	**16 880 115**	**974 585**	**162 820**	**18 017 520**	**18 003 957**
New balances (Additions)	5 520 908	169 453	5 278	**5 695 639**	**4 886 944**
Matured balances	(5 451 465)	(273 588)	(32 984)	**(5 758 037)**	**(4 682 267)**
Transfers to stage 1	82 355	(82 140)	(215)	-	-
Transfers to stage 2	(93 393)	98 694	(5 301)	-	-
Transfers to stage 3	(936)	(2 097)	3 033	-	-
Translation Adjustments	(426 234)	(29 271)	(593)	**(456 098)**	**(191 114)**
Total	**16 511 350**	**855 636**	**132 038**	**17 499 024**	**18 017 520**

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

	31 December 2022				31 December 2021
	Stage 1	Stage 2	Stage 3	**Total**	**Total**
	USD '000	USD '000	USD '000	USD '000	USD '000
Balance at beginning of the year	**29 517**	**23 549**	**92 445**	**145 511**	**91 950**
Acquisition of Oman Arab Bank (Note 6)	-	-	-	-	**1 569**
Amended balance at the beginning of the year	**29 517**	**23 549**	**92 445**	**145 511**	**93 519**
ECL charges during the year	12 415	7 521	9 956	**29 892**	**79 532**
Recoveries (excluding write offs)	(8 389)	(9 330)	(1 455)	**(19 174)**	**(26 949)**
Transfers to stage 1	2 144	(2 144)	-	-	-
Transfers to stage 2	(142)	142	-	-	-
Transfers to stage 3	(1)	(7)	8	-	-
Impact on year end ECL caused by transfers between stages during the year	-	933	-	**933**	-
Adjustments during the year	646	247	18 784	**19 677**	**157**
Translation Adjustments	(3 317)	1 662	1 200	**(455)**	**(748)**
Total	**32 873**	**22 573**	**120 938**	**176 384**	**145 511**

26. Deferred Tax Liabilities

Items attributable to deferred tax liabilities are as follows:

	2022					
	Balance at the Beginning of the Year	**Amounts Added**	**Amounts Released**	**Adjustments during the Year and Translation Adjustments**	**Balance at the End of the Year**	**Deferred Tax**
	USD '000	**USD '000**	**USD '000**	**USD '000**	**USD '000**	**USD '000**
Other	31 200	13 370	(611)	(4 097)	39 862	9 253
Total	**31 200**	**13 370**	**(611)**	**(4 097)**	**39 862**	**9 253**

	2021					
	Balance at the Beginning of the Year	**Amounts Added**	**Amounts Released**	**Adjustments during the Year and Translation Adjustments**	**Balance at the End of the Year**	**Deferred Tax**
	USD '000	**USD '000**	**USD '000**	**USD '000**	**USD '000**	**USD '000**
Other	23 318	8 491	(236)	(373)	31 200	7 295
Total	**23 318**	**8 491**	**(236)**	**(373)**	**31 200**	**7 295**

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

	2022	**2021**
	USD '000	**USD '000**
Balance at the beginning of the year	7 295	5 672
Additions during the year	2 167	1 717
Amortized during the year	(101)	(44)
Adjustments during the year and translation adjustments	(108)	(50)
Balance at the end of the year	**9 253**	**7 295**

27. Share Capital & Premium

a .Share Capital amounted to USD 926.6 million distributed to 640.8 million shares as of 31 December 2022 and 2021 with an authorized capital of 640.8 million shares (at a par value of USD1.41 per share).

b. Share premium amounted to USD 1225.7 million as of 31 December 2022 and 2021.

28. Statutory Reserve

Statutory reserve amounted to USD 926.6 million as of 31 December 2022 and 2021, according to the regulations of the Central Bank of Jordan and Companies Law it can not be distributed to the shareholders of the banks.

29. Voluntary Reserve

The voluntary reserve amounted to USD 977.3 million as of 31 December 2022 and 2021. This reserve is used for purposes determined by the Board of Directors, and the General Assembly has the right to distribute it in whole or part thereof to shareholders as dividends.

30. General Reserve

The general reserve amounted to USD 1211.9 million as of 31 December 2022 and 2021. This reserve is used for purposes determined by the Board of Directors, and the General Assembly has the right to distribute it in whole or part thereof to shareholders as dividends.

31. General Banking Risks Reserve

The general banking risk reserve amounted to USD 153 million as of 31 December 2022 (USD 154.2 million as of 31 December2021).

32. Foreign Currency Translation Reserve

The details of this item are as follows:

	31 December	
	2022	2021
	USD '000	USD '000
Balance at the beginning of the year	(291 987)	(160 209)
Changes during the year	(108 999)	(131 778)
Balance at the end of the year	**(400 986)**	**(291 987)**

33. Investment Revaluation Reserve

The details of this item are as follows:

	31 December	
	2022	2021
	USD '000	USD '000
Balance at the beginning of the year	(312 553)	(295 797)
Change in fair value during the year	(52 208)	(18 967)
Net realized losses transferred to retained earnings	2 171	2 211
Balance at the End of the Year	**(362 590)**	**(312 553)**

34. Perpetual Tier 1 Capital Bonds

A. On 29 December 2016, Oman Arab Bank issued unsecured perpetual Tier 1 bonds of USD 77.9 million. The bonds are listed on the Muscat Securities Market and are transferable through trading. The bonds carry a fixed coupon rate of 7.75% per annum payable semi-annually and treated as deduction from equity. Interest is non-cumulative and payable at Bank's discretion. The bonds form part of Tier 1 Capital of the Bank and comply with Basel-III and Central Bank of Oman regulation.

B. Additionally, on 17 October 2018, the Bank issued another series of unsecured perpetual Tier 1 bonds of USD 110.5 million. The bonds carry a fixed coupon rate of 7.5% per annum payable semi-annually and treated as deduction from equity. Interest is non-cumulative and payable at Bank's discretion. The bonds are in pari-passu with earlier issue.

C. Additionally, on 4 June 2021, the Bank issued another series of unsecured perpetual Tier 1 bonds of USD 250 million. The bonds carry a fixed coupon rate of 7.625% per annum payable semi-annually and treated as deduction from equity. Interest is non-cumulative and payable at Bank's discretion. The bonds are in pari-passu with earlier issue.

D. The Tier 1 bonds constitute direct, unconditional, subordinated and unsecured obligations of the Bank and are classified as equity in accordance with IAS 32: Financial Instruments – Classification. The Tier 1 bonds do not have a fixed or final maturity date and are redeemable by the Bank at its sole discretion. The bank has recalled these bonds under note (a) on 25 January 2022, bond under note (b) has First Call date on 17 October 2023 bond under note (c) has First Call date on 4 January 2026. These bonds may be recalled on any interest payment date thereafter subject to the prior consent of the regulatory authority.

35. Retained Earnings and Non-controlling interests

The movement of retained earnings are as follows:

	31 December	
	2022	2021
	USD '000	USD '000
Balance at the beginning of the year	2 967 984	2 775 635
Profit for the year Attributable to Shareholders of the Bank	520 276	306 721
Investments revaluation reserve transferred to retained earnings	(2 171)	(2 211)
Dividends paid *	(186 532)	(111 944)
Transferred from general banking risk reserve	1 141	-
Adjustments during the year	(11 405)	(217)
Balance at the end of the year	**3 289 293**	**2 967 984**

*Arab Bank plc Board of Directors recommended a 25% of par value as cash dividend, equivalent to USD 225.9 million, for the year 2022. This proposal is subject to the approval of the General Assembly of shareholders.. (The General Assembly of Arab Bank plc in its meeting held on 31 March 2022 approved the recommendation of the Bank's Board of Directors to distribute a 20% of par value as cash dividend, equivalent to USD 180.7 million for the year 2021).

The details of non-controlling interests are as follows:

	31 December 2022			31 December 2021		
	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
	Non-controlling interests %	Share of non-controlling interests of net assets	Share of non-controlling interests of net profits (loss)	Non-controlling interests %	Share of non-controlling interests of net assets	Share of non-controlling interests of net profits (loss)
Arab Tunisian Bank	35.76	51 644	849	35.76	57 098	(2 572)
Arab Bank Syria	48.71	23 762	(4)	48.71	23 192	(1 188)
Al Nisr Al Arabi Insurance Company plc	50.00	14 086	1 745	50.00	15 626	2 175
Oman Arab Bank	51.00	464 575	21 436	51.00	460 257	9 381
Total		**554 067**	**24 026**		**556 173**	**7 796**

The following are some basic financial data related to basic subsidiaries that contrains non contorlling interests:

	2022				2021			
	Arab Tunisian Bank	Arab Bank Syria	Oman Arab Bank	Al Nisr Al Arabi Insurance Company plc	Arab Tunisian Bank	Arab Bank Syria	Oman Arab Bank	Al Nisr Al Arabi Insurance Company plc
	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
Total Assets	2 452 569	122 091	9 509 685	180 440	2 651 149	116 137	8 878 484	176 515
Total Liabilities	2 286 004	73 165	8 598 754	152 267	2 467 207	68 388	7 976 019	145 259
Net Assets	**166 565**	**48 926**	**910 931**	**28 173**	**183 942**	**47 749**	**902 465**	**31 256**
Total Income	96 830	3 910	318 728	12 273	93 567	2 337	297 800	13 524
Total Expenses	94 455	3 919	276 697	8 783	100 760	4 775	279 405	9 174
Net Profit (Loss)	**2 375**	**(9)**	**42 031**	**3 490**	**(7 193)**	**(2 438)**	**18 395**	**4 350**

36. Interest Income

The details of this item are as follows:

	2022	2021
	USD '000	USD '000
Direct credit facilities at amortized cost *	1 904 445	1 695 777
Central banks	167 305	60 136
Banks and financial institutions	69 142	16 118
Financial assets at fair value through profit or loss	7 006	13 483
Financial assets at fair value through other comprehensive income	13 158	7 971
Other financial assets at amortized cost	422 428	415 496
Total	**2 583 484**	**2 208 981**

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

	2022					
	Consumer Banking	Corporates		Banks and Financial Institutions	Government and Public Sector	Total
		Small and Medium	Large			
	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
Discounted bills	2 163	9 478	35 886	4 254	2 829	54 610
Overdrafts	8 013	77 592	210 867	83	21 325	317 880
Loans and advances	345 228	122 437	681 430	2 700	86 692	1 238 487
Real estate loans	215 490	30 926	24 750	-	-	271 166
Credit cards	22 302	-	-	-	-	22 302
Total	**593 196**	**240 433**	**952 933**	**7 037**	**110 846**	**1 904 445**

	2021					
	Consumer Banking	Corporates		Banks and Financial Institutions	Government and Public Sector	Total
		Small and Medium	Large			
	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
Discounted bills	2 903	10 203	31 118	2 238	2 990	49 452
Overdrafts	7 880	56 647	204 963	235	20 230	289 955
Loans and advances	308 072	106 918	616 041	2 405	49 680	1 083 116
Real estate loans	200 111	28 447	23 482	-	-	252 040
Credit cards	21 214	-	-	-	-	21 214
Total	**540 180**	**202 215**	**875 604**	**4 878**	**72 900**	**1 695 777**

37. Interest Expense

The details of this item are as follows:

	2022	2021
	USD '000	USD '000
Customers' deposits *	832 404	747 636
Banks' and financial institutions' deposits	72 873	38 982
Cash margins	38 623	25 212
Borrowed funds	24 206	20 942
Deposit insurance fees	30 574	25 782
Total	**998 680**	**858 554**

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

	2022				
	Consumer Banking	Corporates		Government and Public Sector	Total
		Small and Medium	Large		
	USD '000	USD '000	USD '000	USD '000	USD '000
Current and demand	30 291	3 969	28 356	18 939	81 555
Savings	52 861	1 042	75	296	54 274
Time and notice	279 948	31 704	156 031	163 147	630 830
Certificates of deposit	55 849	1 185	4 944	3 767	65 745
Total	**418 949**	**37 900**	**189 406**	**186 149**	**832 404**

	2021				
	Consumer Banking	Corporates		Government and Public Sector	Total
		Small and Medium	Large		
	USD '000	USD '000	USD '000	USD '000	USD '000
Current and demand	26 348	4 068	22 994	17 772	71 182
Savings	51 477	988	91	163	52 719
Time and notice	230 944	25 059	133 347	162 854	552 204
Certificates of deposit	60 460	2 329	8 087	655	71 531
Total	**369 229**	**32 444**	**164 519**	**181 444**	**747 636**

38. Net Commission Income

The details of this item are as follows:

	2022	2021
	USD '000	USD '000
Commission income:		
- Direct credit facilities at amortized cost	109 071	95 893
- Indirect credit facilities	127 395	122 296
- Assets under management	28 090	31 005
- Other	194 984	162 413
Less: commission expense	(85 171)	(63 651)
Net Commission Income	**374 369**	**347 956**

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

The details of this item are as follows:

	2022			
	Realized Gains	Unrealized Gains (Losses)	Dividends	Total
	USD '000	USD '000	USD '000	USD '000
Treasury bills and bonds	1 860	832	-	2 692
Companies shares	-	-	64	64
Mutual funds	-	(1 574)	-	(1 574)
Total	**1 860**	**(742)**	**64**	**1 182**

	2021			
	Realized Gains	Unrealized Gains (Losses)	Dividends	Total
	USD '000	USD '000	USD '000	USD '000
Treasury bills and bonds	1 226	1 011	-	2 237
Companies shares	-	-	-	-
Mutual funds	-	1 960	-	1 960
Total	**1 226**	**2 971**	**-**	**4 197**

40. Other Revenue

The details of this item are as follows:

	2022	2021
	USD '000	USD '000
Revenue from customer services	13 477	14 239
Safe box rent	2 764	3 438
(Losses) gain from derivatives	(2)	964
Miscellaneous revenue	50 426	54 605
Total	**66 665**	**73 246**

41. Employees' Expenses

The details of this item are as follows:

	2022	2021
	USD '000	**USD '000**
Salaries and other benefits	476 042	435 557
Social security	43 958	44 160
Savings fund	7 123	6 177
Indemnity compensation	3 701	3 270
Medical	18 121	19 521
Training	5 500	3 220
Allowances	93 559	67 996
Other	15 565	17 460
Total	**663 569**	**597 361**

42. Other Expenses

The details of this item are as follows:

	2022	2021
	USD '000	**USD '000**
Utilities and rent	97 307	99 089
Office	95 113	77 662
Services	64 771	53 535
Fees	20 091	21 019
Information technology	77 453	67 966
Other administrative expenses	60 575	59 233
Total	**415 310**	**378 504**

43. Financial Derivatives

The details of this item is as follows:

	31 December 2022						
	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	7 910	7 875	432 872	183 727	205 815	2 500	40 830
Interest rate swaps	39 730	29 683	3 097 775	19 965	491 401	595 807	1 990 602
Foreign currency forward contracts	54 794	65 543	13 803 164	10 963 712	2 491 837	347 615	-
Derivatives held for trading	**102 434**	**103 101**	**17 333 811**	**11 167 404**	**3 189 053**	**945 922**	**2 031 432**
Interest rate swaps	93 322	59 590	1 795 580	112 101	402 497	357 658	923 324
Foreign currency forward contracts	-	-	13 969	9 191	4 778	-	-
Derivatives held for fair value hedge	**93 322**	**59 590**	**1 809 549**	**121 292**	**407 275**	**357 658**	**923 324**
Interest rate swaps	-	163	6 311	6 311	-	-	-
Foreign currency forward contracts	476	757	9 359	5 985	-	3 374	-
Derivatives held for cash flow hedge	**476**	**920**	**15 670**	**12 296**	-	**3 374**	-
Total	**196 232**	**163 611**	**19 159 030**	**11 300 992**	**3 596 328**	**1 306 954**	**2 954 756**

	31 December 2021						
				Notional amounts by maturity			
	Positive Fair Value	Negative Fair Value	Total Notional Amount	Within 3 Months	From 3 months to 1 Years	From 1 Year to 3 Years	More than 3 Years
	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
Forward contracts	5 068	4 005	654 891	162 424	281 835	15 987	194 645
Interest rate swaps	20 338	17 657	3 598 043	606 096	681 226	775 838	1 534 883
Foreign currency forward contracts	30 728	39 544	13 151 511	10 965 794	2 105 240	80 477	-
Derivatives held for trading	**56 134**	**61 206**	**17 404 445**	**11 734 314**	**3 068 301**	**872 302**	**1 729 528**
Interest rate swaps	30 444	34 477	1 987 734	406 757	419 478	479 181	682 318
Foreign currency forward contracts	-	-	10 325	8 155	2 170	-	-
Derivatives held for fair value hedge	**30 444**	**34 477**	**1 998 059**	**414 912**	**421 648**	**479 181**	**682 318**
Foreign currency forward contracts	7	126	43 173	10 805	32 368	-	-
Derivatives held for cash flow hedge	**7**	**126**	**43 173**	**10 805**	**32 368**	**-**	**-**
Total	**86 585**	**95 809**	**19 445 677**	**12 160 031**	**3 522 317**	**1 351 483**	**2 411 846**

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

44. Concentration of Assets, Revenues and Capital Expenditures According to the Geographical Distribution

The Group undertakes its banking activities through its branches in Jordan and abroad. The following are the details of the distribution of assets, revenues and capital expenditures inside and outside Jordan:

	Inside Jordan		Outside Jordan		Total	
	2022	2021	2022	2021	2022	2021
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Revenues	689 866	607 738	1 836 244	1 561 927	**2 526 110**	**2 169 665**
Assets	19 222 048	18 830 934	45 237 775	44 974 200	**64 459 823**	**63 805 134**
Capital Expenditures	33 329	32 439	55 706	72 274	**89 035**	**104 713**

45. BUSINESS SEGMENTS

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

The Banks management monitors the operating results of the business segments separately for making decisions about performance assessment; segmented performance is calculated based on operating profit or loss.

The following is a summary of these Banks' activities stating their business nature and future plans:

1. Corporate and Institutional Banking

Arab Bank's Corporate and Institutional Banking (CIB) division manages the Group's corporate and institutional client base. It provides access to a full range of lending and financial solutions through an extensive branch network and electronic channels. CIB also offers a comprehensive range of advanced corporate digital banking solutions in line with the latest developments in the banking industry. The broad range and efficient delivery of its solutions enable Arab Bank to remain the bank of choice for local, regional, and international companies and institutions. CIB is uniquely positioned to provide high quality products and services to meet clients' business requirements. The banking solutions offered are enriched by Arab Bank's global network, understanding of local markets, and in depth expertise. Through its client-focused approach, CIB strengthens its franchise in key markets by building on and solidifying existing client relationships and adding new clients through targeted acquisition efforts. The CIB division caters to clients' needs over the different stages of their business cycle and across different markets, providing consistent service levels at all levels of the network. CIB's objective is to provide its clients with an exceptional banking experience and a well-rounded range of tailored financial solutions, including products and services from across the bank's different business lines. The quality of its staff underpins CIB's success. The division closely monitors the changing dynamics of the business environment and constantly invests in strengthening and expanding the capabilities and capacities of its teams and specialists to meet clients' needs and banking requirements.

2. Treasury Group

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

- To manage and optimize the liquidity of the bank within approved limits so that the business is always adequately funded
- To manage the market risk of the bank within approved limits
- To earn revenues from the effective management of liquidity and market risk

- To execute bond, foreign exchange, and money market transactions with market professionals
- To support the distribution of foreign exchange, derivatives, and other treasury products to customers
- To advise internal stakeholders on the consumption and management of liquidity and market risk
- It is important for Treasury to balance the need to maintain high liquidity with low credit and low market risk. This approach is consistent with the bank's objective of being fully liquid at all times and under all circumstances, wherever the bank operates. Treasury's role in managing the bank's liquidity and market risk is to ensure that the bank generates surplus liquidity, but also to invest this liquidity prudently using the following instruments:
- Short-term placements with central banks
- Short-term deposits with high quality banks
- A multi-currency portfolio of highly liquid bonds, treasury bills, and certificates of deposit

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

3. Consumer Banking

Consumer Banking offers customers an extensive range of features and benefits through its vast branch network and integrated direct banking channels, both locally and regionally.

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

Our family-focused model caters for the individual and family banking and non-banking needs of our customers, starting with our Arabi junior program, which is designed for children under the age of 18, through to our exclusive Elite program, which is offered to our high-net-worth customers.

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

We closely monitor and measure the level of service we offer our customers. Providing a high level of service is important to us to maintain our leading position, strengthen our competitive edge, and improve our customers' satisfaction.

Information about the Group's Business Segments

	31 December 2022					
	Corporate and institutional Banking	Treasury	Consumer Banking		Other	Total
			Elite	Retail Banking		
	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
Total income	1 122 006	655 939	(76 939)	431 060	394 044	2 526 110
Net inter-segment interest income	(156 080)	(253 028)	323 594	85 514	-	-
Less :ECL expense on financial assets	429 096	35 211	(451)	9 150	-	473 006
Other provisions	5 322	1 151	851	5 101	-	12 425
Direct administrative expenses	153 561	26 186	49 436	230 144	27 001	486 328
Result of operations of segments	**377 947**	**340 363**	**196 819**	**272 179**	**367 043**	**1 554 351**
Indirect expenses on segments	292 072	91 938	67 763	248 145	3 085	**703 003**
Profit for the year before income tax	**85 875**	**248 425**	**129 056**	**24 034**	**363 958**	**851 348**
Income tax expense	30 971	89 597	46 545	8 668	131 265	307 046
Profit for the Year	**54 904**	**158 828**	**82 511**	**15 366**	**232 693**	**544 302**
Depreciation and amortization	26 916	9 683	4 189	43 963	-	84 751
Other information						
Segment assets	22 458 553	22 633 617	4 029 442	8 755 263	3 024 084	60 900 959
Inter-segment assets	-	-	11 980 252	2 475 496	6 000 672	-
Investment in associates	-	-	-	-	3 558 864	3 558 864
TOTAL ASSETS	**22 458 553**	**22 633 617**	**16 009 694**	**11 230 759**	**12 583 620**	**64 459 823**
Segment liabilities	20 255 860	4 379 890	16 009 694	11 230 759	2 181 164	54 057 367
Shareholdres' equity	-	-	-	-	10 402 456	10 402 456
Inter-segment liabilities	2 202 693	18 253 727	-	-	-	-
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**22 458 553**	**22 633 617**	**16 009 694**	**11 230 759**	**12 583 620**	**64 459 823**

Information about the Group's Business Segments

	31 December 2021					
	Corporate and institutional Banking	Treasury	Consumer Banking: Elite	Consumer Banking: Retail Banking	Other	Total
	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
Total income	990 155	536 165	(67 623)	394 539	316 429	2 169 665
Net inter-segment interest income	(76 670)	(290 241)	245 101	121 810	-	-
ECL expense on financial assets	477 735	50 729	960	30 669	-	560 093
Other provisions	3 276	1 151	1 449	6 101	-	11 977
Direct administrative expenses	149 735	22 527	39 747	225 523	60 464	497 996
Result of operations of segments	**282 739**	**171 517**	**135 322**	**254 056**	**255 965**	**1 099 599**
Indirect expenses on segments	256 970	67 942	52 789	230 690	3 113	611 504
Profit for the year before income tax	**25 769**	**103 575**	**82 533**	**23 366**	**252 852**	**488 095**
Income tax expense	9 164	36 834	29 351	8 309	89 920	173 578
Profit for the Year	**16 605**	**66 741**	**53 182**	**15 057**	**162 932**	**314 517**
Depreciation and amortization	27 641	6 608	7 130	42 256	-	83 635
Other information						
Segment assets	22 661 176	22 491 435	4 276 336	8 103 417	2 859 871	60 392 235
Inter-segment assets	-	-	13 031 702	3 388 759	6 141 152	-
Investment in associates	-	-	-	-	3 412 899	3 412 899
TOTAL ASSETS	**22 661 176**	**22 491 435**	**17 308 038**	**11 492 176**	**12 413 922**	**63 805 134**
Segment liabilities	19 346 873	3 244 125	17 308 038	11 492 176	2 092 570	53 483 782
Shareholders' equity	-	-	-	-	10 321 352	10 321 352
Inter-segment liabilities	3 314 303	19 247 310	-	-	-	-
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**22 661 176**	**22 491 435**	**17 308 038**	**11 492 176**	**12 413 922**	**63 805 134**

46. BANKING RISK MANAGEMENT

Arab Bank Group addresses the challenges of banking risks comprehensively through an Enterprise-Wide Risk Management Framework. This framework is built in line with leading practices, and is supported by a risk governance structure consisting of risk-related Board Committees, Executive Management Committees, and three independent levels of control.

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

- Establish risk management frameworks, policies and procedures for all types of risks and monitor their implementation
- Develop appropriate risk measurement tools and models
- Assess risk positions against established limits
- Monitor and report to Senior Management and the Board on a timely basis
- Advise and promote risk awareness based on leading practices

a. Credit Risk Management

Arab Bank maintains a low risk strategy towards the activities it takes on. This combined with its dynamic and proactive approach in managing credit risk are key elements in achieving its strategic objective of maintaining and further enhancing its asset quality and credit portfolio risk profile. The conservative, prudent and well-established credit standards, policies and procedures, risk methodologies and frameworks, solid structure and infrastructure, risk monitoring and control enable the Bank to deal with the emerging risks and challenges with a high level of confidence and determination. Portfolio management decisions are based on the Bank's business strategy and risk appetite as reflected in the tolerance limits. Diversification is the cornerstone for mitigating portfolio risks which is achieved through industry, geographical and customer tolerance limits.

b. Geographic Concentration Risk

The Bank reduces the geographic concentration risk through distributing its operations over various sectors and various geographic locations inside and outside the Kingdom.

Note (47- E) shows the details of the geographical distribution of assets.

c. Liquidity Risk

Liquidity is defined by the Bank for International Settlements as the ability of a bank to fund increases in assets and meet obligations as they come due, without incurring unacceptable losses. Arab Bank has built a robust infrastructure of policies, processes and people, in order to ensure that all obligations are met in a timely manner, under all circumstances and without undue cost. The Bank uses a variety of tools to measure liquidity risk in the balance sheet. These metrics help the Bank to plan and manage its funding and help to identify any mismatches in assets and liabilities which may expose the Bank to roll risk.

Note (53) shows the maturities of the assets and liabilities of the Bank and note (50) shows the maturity of the liabilities (undiscounted).

d. Market Risk

Market risk is defined as the potential for loss from changes in the value of the Group's portfolios due to movements in interest rates, foreign exchange rates, and equity or commodity prices. The three main activities that expose the Group to market risk are: Money Markets, Foreign Exchange and Capital Markets, across the Trading and Banking books.

Note (48) shows the details of market risk sensitivity analysis.

1. Interest Rate Risk

Interest rate risk in the Group is limited, well managed, and continuously supervised. A large proportion of the interest rate exposure is concentrated in the short end of the yield curve, with durations of up to one year. Exposures of more than one year are particularly limited. Interest rate risk is managed in accordance with the policies and limits established by the ALCO.

Derivatives held for risk management purposes and hedge accounting:
The Group holds derivatives for risk management purposes, some of which are designated as hedging relationships and management is in the process of assessing the impact.

Note (49) shows the details of the interest rate risk sensitivity of the Group.

2. Capital Market Exposures

Investments in capital markets instruments are subject to market risk stemming from changes in their prices. Arab Bank Group's exposure to this kind of risk is limited due to its strong control over credit and interest rate risk. The equities investment portfolio represents a very small percent of the Bank's overall investments.

3. Foreign Exchange Risk

Foreign exchange activity arises principally from customers' transactions. Strict foreign exchange risk limits are set to define exposure and sensitivity tolerance for trading in foreign exchange. The Bank hedges itself appropriately against potential currency fluctuations in order to minimize foreign exchange exposure.

Note (51) shows the net positions of foreign currencies.

e. Operational Risk

Operational risk is defined as the loss incurred by the Bank due to disorder in work policies or procedures, personnel, automated systems, technological infrastructure, in addition to external accidents. Such risk is managed through a comprehensive framework, as part of the overall strengthening and continuous improvement of the controls within the Group.

47. Credit Risk

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

	31 December	
	2022	**2021**
	USD '000	**USD '000**
Credit risk exposures relating to items on the consolidated statement of financial position:		
Balances with central banks	10 779 700	11 232 692
Balances with banks and financial institutions	4 008 144	3 756 284
Deposits with banks and financial institutions	610 306	275 494
Financial assets at fair value through profit or loss	48 662	40 117
Financial assets at fair value through other comprehansive income	400 762	312 501
Direct credit facilities at amortized cost	**31 726 598**	**31 188 786**
Consumer Banking	9 614 613	8 923 264
Small and Medium Corporate	3 548 095	3 814 125
Large Corporate	15 199 683	15 591 408
Banks and financial institutions	348 988	372 688
Government and public sector	3 015 219	2 487 301
Other financial assets at amortized cost	10 002 475	10 561 173
financial derivatives - positive fair value	196 232	86 585
Other assets	442 118	407 927
Total Credit Exposure related to items on the consolidated statement of financial position:	**58 214 997**	**57 861 559**
Credit risk exposures relating to items off the consolidated statement of financial position:		
Total of indirect facilities.	**17 322 640**	**17 872 009**
Grand Total for Credit Exposure	**75 537 637**	**75 733 568**

The table above shows the maximum limit of the bank credit risk as of 31 December 2022 and 2021 excluding collaterals and risks mitigations.

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

	31 December 2022									
		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	11 012 484	-	-	-	-	-	-	-	11 012 484	232 784
Balances with banks and financial institutions	4 010 774	-	-	-	-	-	-	-	4 010 774	2 630
Deposits with banks and financial institutions	611 548	-	-	-	-	-	-	-	611 548	1 242
Financial assets at fair value through profit or loss	48 662	-	-	-	-	-	-	-	48 662	-
Financial assets at fair value through other comprehensive income	401 298	-	-	-	-	-	-	-	401 298	536
Direct credit facilities at amortized cost	**35 440 277**	**1 610 530**	**335 106**	**6 751 720**	**972 135**	**497 555**	**8 690 315**	**18 857 361**	**16 582 916**	**2 812 528**
Consumer Banking	10 019 607	416 042	5 620	2 727 405	78 233	155 787	1 106 744	4 489 831	5 529 776	292 007
Small and Medium Corporates	4 111 197	298 968	83 542	1 086 033	233 681	28 757	952 599	2 683 580	1 427 617	421 493
Large Corporates	17 924 459	695 403	224 502	2 925 441	660 084	313 011	5 571 749	10 390 190	7 534 269	2 078 270
Banks and Financial Institutions	353 788	-	172	-	137	-	2 514	2 823	350 965	4 751
Government and Public Sector	3 031 226	200 117	21 270	12 841	-	-	1 056 709	1 290 937	1 740 289	16 007
Other financial assets at amortized cost	10 046 521	-	-	-	-	-	-	-	10 046 521	44 046
Financial derivatives - positive fair value	196 232	-	-	-	-	-	-	-	196 232	-
Other assets	442 118	-	-	-	-	-	-	-	442 118	-
Total	**62 209 914**	**1 610 530**	**335 106**	**6 751 720**	**972 135**	**497 555**	**8 690 315**	**18 857 361**	**43 352 553**	**3 093 766**
Credit exposures relating to items off statement of financial position:										
Total	**17 499 024**	**1 081 578**	**94 071**	**176 875**	**41 653**	**18 659**	**2 091 805**	**3 504 641**	**13 994 383**	**176 384**
Grand Total	**79 708 938**	**2 692 108**	**429 177**	**6 928 595**	**1 013 788**	**516 214**	**10 782 120**	**22 362 002**	**57 346 936**	**3 270 150**
Grand Total as of 31 December 2021	**79 481 116**	**2 348 292**	**408 951**	**6 950 201**	**1 189 610**	**575 699**	**9 647 365**	**21 120 118**	**58 360 998**	**2 969 005**

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

	31 December 2022									
		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	**2 929 956**	**20 410**	**28 767**	**274 422**	**2 618**	**7 654**	**238 902**	**572 773**	**2 357 183**	**1 889 268**
Consumer Banking	395 064	5 925	385	38 556	1	32	20 875	65 774	329 290	229 289
Small and Medium Corporates	574 063	993	24 975	86 560	-	1 092	25 483	139 103	434 960	334 161
Large Corporates	1 956 678	13 492	3 407	149 306	2 617	6 530	192 420	367 772	1 588 906	1 321 284
Banks and Financial Institutions	3 509	-	-	-	-	-	84	84	3 425	3 460
Government and Public Sector	642	-	-	-	-	-	40	40	602	1 074
Other financial assets at amortized cost	-	-	-	-	-	-	-	-	-	-
Financial derivatives - positive fair value	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-	-
Total	**2 929 956**	**20 410**	**28 767**	**274 422**	**2 618**	**7 654**	**238 902**	**572 773**	**2 357 183**	**1 889 268**
Credit exposures relating to items off statement of financial position:										
Total	**132 038**	**1 885**	**3 633**	**7 906**	**-**	**-**	**70 726**	**84 150**	**47 888**	**120 938**
Grand Total	**3 061 994**	**22 295**	**32 400**	**282 328**	**2 618**	**7 654**	**309 628**	**656 923**	**2 405 071**	**2 010 206**
Grand Total as of 31 Decmeber 2021	**3 018 131**	**133 337**	**9 655**	**212 332**	**17 508**	**16 834**	**170 931**	**560 597**	**2 457 534**	**1 918 746**

The disclosures below were prepared on two stages: the first for the total exposures of credit facilities and the second for the size of the expected credit loss.

	31 December 2022					
	Stage 2		Stage 3		**Total**	**Percentage of**
	Total Credit Risk Exposure	Reclassified Credit Risk Exposure	Total Credit Risk Exposure	Reclassified Credit Risk Exposure	**Reclassified Credit Risk Exposure**	**Reclassified Credit Risk Exposure (%)**
	USD '000	**USD '000**	**USD '000**	**USD '000**	**USD '000**	**USD '000**
Credit exposures relating to items on statement of financial position:						
Balances with central banks	769 063	-	-	-	-	-
Balances with banks and financial institutions	-	-	-	-	-	-
Deposits with banks and financial institutions	-	-	-	-	-	-
Direct credit facilities at amortized cost	4 753 314	(249 839)	2 929 956	166 916	(82 923)	-1.1%
Other financial assets at amortized cost	33 030	(51 362)	-	-	(51 362)	-155.5%
Total	**5 555 407**	**(301 201)**	**2 929 956**	**166 916**	**(134 285)**	**-1.6%**
Credit exposures relating to items off statement of financial position:						
Total	**855 636**	**14 457**	**132 038**	**(2 483)**	**11 974**	**1.2%**
Grand Total	**6 411 043**	**(286 744)**	**3 061 994**	**164 433**	**(122 311)**	**-1.3%**
Grand Total as of 31 December 2021	**6 927 711**	**622 416**	**3 018 131**	**166 322**	**788 738**	**7.9%**

	31 December 2022					
	Stage 2		Stage 3		**Total**	**Percentage of**
	Total Expected Credit Loss	Reclassified Expected Credit Loss	Total Expected Credit Loss	Reclassified Expected Credit Loss	**Reclassified Expected Credit Loss**	**Reclassified Expected Credit Loss (%)**
	USD '000	**USD '000**	**USD '000**	**USD '000**	**USD '000**	**USD '000**
Credit exposures relating to items on statement of financial position:						
Balances with central banks	231 050	-	-	-	-	-
Balances with banks and financial institutions	-	-	-	-	-	-
Deposits with banks and financial institutions	-	-	-	-	-	-
Direct credit facilities at amortized cost	792 482	(69 306)	1 889 268	62 042	(7 264)	-0.3%
Other financial assets at amortized cost	19 120	3	-	-	3	0.0%
Total	**1 042 652**	**(69 303)**	**1 889 268**	**62 042**	**(7 261)**	**-0.2%**
Credit exposures relating to items off statement of financial position:						
Total	**22 573**	**(2 009)**	**120 938**	**8**	**(2 001)**	**-1%**
Grand Total	**1 065 225**	**(71 312)**	**2 010 206**	**62 050**	**(9 262)**	**-0.3%**
Grand Total as of 31 December 2021	**898 529**	**(39 953)**	**1 918 746**	**47 035**	**7 082**	**0.3%**

- Expected Credit Losses for Reclassified Credit Exposures:

	31 December 2022						
	Reclassified Credit Exposures			**Expected Credit Losses for Reclassified Credit Exposures:**			
	Reclassified Credit Exposures from Stage 2	Reclassified Credit Exposures from Stage 3	Total Reclassified Credit Exposures	Stage 2 (Individual)	Stage 2 (Collective)	Stage 3	Total
	USD '000	**USD '000**	**USD '000**	**USD '000**	**USD '000**	**USD '000**	**USD '000**
Credit exposures relating to items on statement of financial position:							
Balances with central banks	-	-	-	-	-	-	-
Balances with banks and financial institutions	-	-	-	-	-	-	-
Deposits with banks and financial institutions	-	-	-	-	-	-	-
Direct credit facilities at amortized cost	(249 839)	166 916	(82 923)	**(64 823)**	**(2 851)**	78 046	10 372
Other financial assets at amortized cost	(51 362)	-	(51 362)	3	-	-	3
Total	**(301 201)**	**166 916**	**(134 285)**	**(64 820)**	**(2 851)**	**78 046**	**10 375**
Credit exposures relating to items off statement of financial position:							
Total	**14 457**	**(2 483)**	**11 974**	**(1 076)**	**-**	**8**	**(1 068)**
Grand Total	**(286 744)**	**164 433**	**(122 311)**	**(65 896)**	**(2 851)**	**78 054**	**9 307**
Grand Total as of 31 December 2021	**622 416**	**166 322**	**788 738**	**(288)**	**775**	**71 803**	**72 290**

D. Classification of debt securities facilities based on risk degree:

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

	31 December 2022			
	Financial Assets at Fair Value through P&L	Financial assets at fair value through other comprehensive income	Other financial assets at amortized cost	Total
Credit rating	**USD '000**	**USD '000**	**USD '000**	**USD '000**
Private sector:				
AAA to A-	-	43 701	881 974	925 675
BBB+ to B-	5 206	40 717	368 255	414 178
Below B-	8 141	-	-	8 141
Unrated	-	24 129	127 812	151 941
Governments and public sector	35 315	292 215	8 624 434	8 951 964
Total	**48 662**	**400 762**	**10 002 475**	**10 451 899**

	31 December 2021			
	Financial Assets at Fair Value through P&L	Financial assets at fair value through other comprehensive income	Other Financial Assets at Amortized Cost	Total
Credit rating	**USD '000**	**USD '000**	**USD '000**	**USD '000**
Private sector:				
AAA to A-	19 894	-	972 796	992 690
BBB+ to B-	5 721	93 171	302 924	401 816
Below B-	9 384	-	-	9 384
Unrated	391	-	132 091	132 482
Governments and public sector	4 727	219 330	9 153 362	9 377 419
Total	**40 117**	**312 501**	**10 561 173**	**10 913 791**

E. Credit exposure categorized by geographical distribution:

	31 December 2022						
	Jordan	**Other Arab Countries**	**Asia ***	**Europe**	**America**	**Rest of the World**	**Total**
	USD '000	**USD '000**	**USD '000**	**USD '000**	**USD '000**	**USD '000**	**USD '000**
Balances with central banks	4 813 742	4 644 293	882	1 311 916	-	8 867	**10 779 700**
Balances and deposits with banks and financial institutions	246 597	977 057	569 777	2 178 118	585 717	61 184	**4 618 450**
Financial assets at fair value through profit or loss	-	35 315	-	8 141	-	5 206	**48 662**
Financial assets at fair value through other comprehensive income	-	295 546	8 096	97 120	-	-	**400 762**
Direct credit facilities at amortized cost	8 818 205	20 285 869	333 610	1 411 477	27 659	849 778	**31 726 598**
Consumer Banking	3 686 250	5 400 655	92	149 249	17 825	360 542	**9 614 613**
Small and Medium Corporates	858 749	1 825 625	24 566	583 121	9 834	246 200	**3 548 095**
Large Corporates	3 965 131	10 073 886	274 047	643 583	-	243 036	**15 199 683**
Banks and Financial Institutions	69 408	276 404	-	3 176	-	-	**348 988**
Government and public Sector	238 667	2 709 299	34 905	32 348	-	-	**3 015 219**
Other financial assets at amortized cost	4 369 567	4 752 840	94 593	416 349	147 940	221 186	**10 002 475**
financial derivatives - positive fair value	7 610	87 858	939	99 100	667	58	**196 232**
Other assets	81 766	307 843	3 159	45 278	201	3 871	**442 118**
Total	**18 337 487**	**31 386 621**	**1 011 056**	**5 567 499**	**762 184**	**1 150 150**	**58 214 997**
Total - as of 31 December 2021	**17 900 675**	**31 321 263**	**766 947**	**5 882 506**	**736 768**	**1 253 400**	**57 861 559**

*** Excluding Arab Countries**

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

	31 December 2022					
	Stage 1		Stage 2		Stage 3	Total
	(Individual)	(Collective)	(Individual)	(Collective)		
	USD '000	**USD '000**	**USD '000**	**USD '000**	**USD '000**	**USD '000**
Jordan	13 466 556	3 623 269	1 193 911	52 993	758	**18 337 487**
Other Arab Countries	22 757 573	5 251 145	3 080 625	104 647	192 631	**31 386 621**
Asia*	1 002 008	91	8 957	-	-	**1 011 056**
Europe	5 417 099	145 030	2 073	2 385	912	**5 567 499**
America	744 359	17 825	-	-	-	**762 184**
Rest of the World	783 092	351 907	6 226	8 015	910	**1 150 150**
Total	**44 170 687**	**9 389 267**	**4 291 792**	**168 040**	**195 211**	**58 214 997**
Total as of 31 December 2021	**43 811 581**	**8 720 693**	**4 904 223**	**136 165**	**288 897**	**57 861 559**

*** Excluding Arab Countries.**

F. Credit exposure categorized by economic sector

	31 December 2022												
	Consumer Banking	Corporates									Banks and Financial Institutions	Government and Public Sector	Total
		Industry and Mining	Constructions	Real Estate	Trade	Agriculture	Tourism and Hotels	Transportation	Shares	General Services			
	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
Balances with Central Banks	-	-	-	-	-	-	-	-	-	-	-	10 779 700	10 779 700
Balances and deposits with banks and financial institutions	-	-	-	-	-	-	-	-	-	-	4 618 450	-	4 618 450
Financial assets at fair value through profit or loss	-	13 347	-	-	-	-	-	-	-	-	-	35 315	48 662
Financial assets at fair value through other comprehensive income	-	-	-	1 691	-	-	-	-	-	59 985	46 877	292 209	400 762
Direct credit facilities at amortized cost	9 614 613	5 002 459	2 089 411	1 455 609	4 306 033	396 992	705 434	273 184	39 484	4 479 172	348 988	3 015 219	31 726 598
Other financial assets at amortized cost	-	109 556	-	6 857	-	-	-	-	-	260 822	1 000 806	8 624 434	10 002 475
Financial derivatives - positive fair value	-	214	-	-	555	-	-	-	-	5 407	187 827	2 229	196 232
Other assets	31 953	46 777	34 089	9 458	40 922	4 515	15 641	5 361	-	87 715	81 487	84 200	442 118
Total	**9 646 566**	**5 172 353**	**2 123 500**	**1 473 615**	**4 347 510**	**401 507**	**721 075**	**278 545**	**39 484**	**4 893 101**	**6 284 435**	**22 833 306**	**58 214 997**
Total as of 31 December 2021	**8 955 660**	**5 264 978**	**2 267 828**	**1 600 829**	**4 395 002**	**394 365**	**758 666**	**394 101**	**7 491**	**5 048 922**	**5 590 540**	**23 183 177**	**57 861 559**

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

	31 December 2022					
	Stage 1		Stage 2			
	(Individual)	(Collective)	(Individual)	(Collective)	Stage 3	Total
	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
Consumer Banking	31 953	9 389 267	-	168 040	57 306	**9 646 566**
Industry and Mining	4 313 160	-	851 691	-	7 502	**5 172 353**
Constructions	1 614 204	-	459 486	-	49 810	**2 123 500**
Real Estate	1 255 271	-	210 800	-	7 544	**1 473 615**
Trade	3 613 170	-	704 444	-	29 896	**4 347 510**
Agriculture	265 159	-	131 462	-	4 886	**401 507**
Tourism and Hotels	442 044	-	264 413	-	14 618	**721 075**
Transportation	176 518	-	96 458	-	5 569	**278 545**
Shares	39 484	-	-	-	-	**39 484**
General Service	3 900 698	-	973 891	-	18 512	**4 893 101**
Banks and Financial Institutions	6 284 435	-	-	-	-	**6 284 435**
Government and Public Sector	22 234 591	-	599 147	-	(432)	**22 833 306**
Total	**44 170 687**	**9 389 267**	**4 291 792**	**168 040**	**195 211**	**58 214 997**
Total as of 31 December 2021	**43 811 581**	**8 720 693**	**4 904 223**	**136 165**	**288 897**	**57 861 559**

48. Market Risk

Market Risk Sensitivity

Assuming market prices as at December 31, 2022 and 2021 change by 5%, the impact on statement of income and shareholders equity will be as follows:

	31 December 2022			31 December 2021		
	Statement of Income	Shareholders' Equity	Total	Statement of Income	Shareholders' Equity	Total
	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
Interest rate sensitivity	51 097	-	51 097	44 340	-	**44 340**
Foreign exchange rate sensitivity	5 934	5 919	11 853	1 461	6 189	**7 650**
Equity instruments price sensitivity	1 180	17 491	18 671	1 611	18 768	**20 379**
Total	**58 211**	**23 410**	**81 621**	**47 412**	**24 957**	72 369

49. Interest Rate Risk

Below is the Group Exposure to interest rate volatility as of 31 December 2022 (classification is based on interest rate repricing or maturity date, whichever is closer).

	Up to 1 month	More than 1 month and till 3 months	More than 3 months and till 6 months	More than 6 months and till 1 year	More than 1 year and till 3 years	More than 3 years	Not tied to interest rate risk	Total
ASSETS	**USD '000**	**USD '000**	**USD '000**	**USD '000**	**USD '000**	**USD '000**	**USD '000**	**USD '000**
Cash at vaults	-	-	-	-	-	-	915 691	915 691
Mandatory cash reserve	-	-	-	-	-	-	1 430 592	1 430 592
Balances with central banks	5 064 199	1 276 951	-	-	-	-	3 007 958	9 349 108
Balances and deposits with banks and financial institutions	3 000 389	1 007 761	410 945	151 745	47 610	-	-	4 618 450
Financial assets at fair value through profit or loss	4 416	14 837	11 251	4 013	797	13 348	23 591	72 253
Direct credit facilities at amortized cost	7 677 357	7 384 551	4 669 802	3 142 243	4 064 392	4 788 253	-	31 726 598
Financial assets at fair value through other comprehensive income	-	490	-	62 698	91 858	245 716	349 810	750 572
Other financial assets at amortized cost	671 649	1 323 569	1 666 936	1 799 840	2 425 509	2 114 972	-	10 002 475
Investments in associates	-	-	-	-	-	-	3 558 864	3 558 864
Fixed assets	-	-	-	-	-	-	530 393	530 393
Other assets and financial derivatives - positive fair value	213 247	140 642	58 121	17 709	33 450	91 830	669 883	1 224 882
Deferred tax assets	-	-	-	-	-	-	279 945	279 945
TOTAL ASSETS	**16 631 257**	**11 148 801**	**6 817 055**	**5 178 248**	**6 663 616**	**7 254 119**	**10 766 727**	**64 459 823**
LIABILITIES								
Banks and financial institutions' deposits	1 922 924	1 108 844	27 250	10 213	66	201	448 142	3 517 640
Customer deposits	13 216 647	5 632 261	2 547 053	6 445 691	1 575 338	433 321	15 437 060	45 287 371
Cash margin	529 563	1 019 512	184 707	284 746	138 191	50 910	253 871	2 461 500
Borrowed funds	162 258	269 798	18 373	13 218	42 446	16 275	-	522 368
Provision for income tax	-	-	-	-	-	-	293 029	293 029
Other provisions	-	-	-	-	-	-	232 423	232 423
Other liabilities and financial derivatives - negative fair value	311 323	127 802	68 094	20 732	3 262	81 203	1 121 367	1 733 783
Deferred tax liabilities	-	-	-	-	-	-	9 253	9 253
Total liabilities	**16 142 715**	**8 158 217**	**2 845 477**	**6 774 600**	**1 759 303**	**581 910**	**17 795 145**	**54 057 367**
Gap	**488 542**	**2 990 584**	**3 971 578**	**(1 596 352)**	**4 904 313**	**6 672 209**	**(7 028 418)**	**10 402 456**

Below is the Group Exposure to interest rate volatility as of 31 December 2021 (classification is based on interest rate repricing or maturity date, whichever is closer).

	Up to 1 month	More than 1 month and till 3 months	More than 3 months and till 6 months	More than 6 months and till 1 year	More than 1 year and till 3 years	More than 3 years	Not tied to interest rate risk	Total
ASSETS	**USD '000**	**USD '000**	**USD '000**	**USD '000**	**USD '000**	**USD '000**	**USD '000**	**USD '000**
Cash at vaults	-	-	-	-	-	-	774 302	774 302
Mandatory cash reserve	-	-	-	-	-	-	1 484 161	1 484 161
Balances with central banks	5 600 336	235 040	-	25 000	-	-	3 888 155	9 748 531
Balances and deposits with banks and financial institutions	2 838 226	918 059	134 456	67 453	73 584	-	-	4 031 778
Financial assets at fair value through profit or loss	5 722	21 705	11 799	95	792	4	32 226	72 343
Direct credit facilities at amortized cost	8 869 139	6 742 139	2 942 495	1 982 435	3 326 468	7 326 110	-	31 188 786
Financial assets at fair value through OCI	-	-	-	49 180	10 139	253 182	375 353	687 854
Other financial assets at amortized cost	700 212	1 741 066	801 096	1 484 244	3 778 977	2 055 578	-	10 561 173
Investments in associates	-	-	-	-	-	-	3 412 899	3 412 899
Fixed assets	-	-	-	-	-	-	531 955	531 955
Other assets and financial derivatives - positive fair value	139 822	61 999	42 871	85 019	74 271	33 188	625 684	1 062 854
Deferred tax assets	-	-	-	-	-	-	248 498	248 498
TOTAL ASSETS	**18 153 457**	**9 720 008**	**3 932 717**	**3 693 426**	**7 264 231**	**9 668 062**	**11 373 233**	**63 805 134**
LIABILITIES								
Banks and financial institutions' deposits	1 804 910	1 202 788	255 016	87 849	338	560	641 238	3 992 699
Customer deposits	13 021 308	5 204 191	2 859 604	5 210 471	1 860 925	316 562	16 012 450	44 485 511
Cash margin	564 068	939 456	323 286	312 698	120 278	21 764	325 581	2 607 131
Borrowed funds	150 413	354 733	15 713	20 373	26 200	55 028	-	622 460
Provision for income tax	-	-	-	-	-	-	202 477	202 477
Other provisions	-	-	-	-	-	-	217 629	217 629
Other liabilities and financial derivatives - negative fair value	116 912	92 108	51 977	20 328	77 737	15 982	973 536	1 348 580
Deferred tax liabilities	-	-	-	-	-	-	7 295	7 295
Total liabilities	**15 657 611**	**7 793 276**	**3 505 596**	**5 651 719**	**2 085 478**	**409 896**	**18 380 206**	**53 483 782**
Gap	**2 495 846**	**1 926 732**	**427 121**	**(1 958 293)**	**5 178 753**	**9 258 166**	**(7 006 973)**	**10 321 352**

50. Liquidity Risk

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

Liabilities	**Within 1 month** USD '000	**After 1 months and till 3 months** USD '000	**After 3 months and till 6 months** USD '000	**After 6 months and till one year** USD '000	**After one year and till 3 years** USD '000	**After 3 years** USD '000	**Not tied to a specific maturity** USD '000	**Total** USD '000
Banks and financial institutions' deposits	1 893 192	1 056 954	118 336	10 213	66	200	439 430	3 518 391
Customer deposits	11 562 535	3 720 196	2 337 639	5 907 437	2 428 656	1 077 758	18 586 945	45 621 166
Cash margin	529 018	874 995	196 254	270 080	194 244	151 370	253 871	2 469 832
Borrowed funds	12 358	22 198	12 207	29 862	157 111	291 767	-	525 503
Provision for income tax	-	-	-	-	-	-	293 029	293 029
Other Provisions	-	-	-	-	-	-	232 423	232 423
Financial derivatives - negative fair value	27 210	25 496	16 194	12 133	11 146	71 432	-	163 611
Other liabilities	278 062	34 344	214 174	33 433	83 106	42 218	884 835	1 570 172
Deferred tax liabilities	-	-	-	-	-	-	9 253	9 253
Total Liabilities	**14 302 375**	**5 734 183**	**2 894 804**	**6 263 158**	**2 874 329**	**1 634 745**	**20 699 786**	**54 403 380**
Total Assets according to expected maturities	**13 587 204**	**6 037 516**	**4 824 235**	**5 042 428**	**8 360 841**	**14 765 108**	**11 842 491**	**64 459 823**

The below is the distribution of the liabilities (undiscounted) according to the residual maturity as of 31 December 2021

Liabilities	**Within 1 month** USD '000	**After 1 months and till 3 months** USD '000	**After 3 months and till 6 months** USD '000	**After 6 months and till one year** USD '000	**After one year and till 3 years** USD '000	**After 3 years** USD '000	**Not tied to a specific maturity** USD '000	**Total** USD '000
Banks and financial institutions' deposits	1 987 422	1 118 122	255 016	54 333	338	560	577 461	3 993 252
Customer deposits	9 622 679	4 534 567	3 118 374	5 217 805	2 598 708	462 807	19 086 805	44 641 745
Cash margin	576 007	825 745	333 518	262 172	170 199	118 974	325 687	2 612 302
Borrowed funds	12 436	54 142	15 093	37 796	92 537	412 623	-	624 627
Provision for income tax	-	-	-	-	-	-	202 477	202 477
Other Provisions	-	-	-	-	-	-	217 629	217 629
Financial derivatives - negative fair value	44 832	15 684	4 599	4 230	13 912	12 552	-	95 809
Other liabilities	109 273	76 306	45 988	19 602	76 979	8 029	916 594	1 252 771
Deferred tax liabilities	-	-	-	-	-	-	7 295	7 295
Total Liabilities	**12 352 649**	**6 624 566**	**3 772 588**	**5 595 938**	**2 952 673**	**1 015 545**	**21 333 948**	**53 647 907**
Total Assets according to expected maturities	**14 126 366**	**5 162 770**	**3 981 148**	**4 046 312**	**9 131 403**	**14 359 694**	**12 997 441**	**63 805 134**

51. Net Foreign Currency Positions

The details of this item are as follows:

	31 December 2022		31 December 2021	
	Base currency in thousands	**Equivalent in USD 000**	**Base currency in thousands**	**Equivalent in USD 000**
USD	(52 976)	(52 976)	96 908	96 908
GBP	8 597	10 349	(32 706)	(44 079)
EUR	9 622	10 220	6 794	7 692
JPY	4 609 361	34 475	23 737	3 854
CHF	(21 224)	(22 887)	(1 767)	(1 928)
Other currencies *	-	(97 859)		(33 210)
		(118 678)		**29 237**

* Various foreign currencies translated to US Dollars.

52. Fair Value Hierarchy

Financial instruments include financial assets and financial liabilities.

The Bank uses the following methods and alternatives of valuating and presenting the fair value of financial instruments:

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

a. Fair value of financial assets and financial liabilities measured at fair value on recurring basis.

Some of the financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair value of these financial assets and financial liabilities are determined (valuation techniques and key inputs).

Financial assets / Financial liabilities	Fair Value as at 31 December 2022	2021	Fair Value Hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair
Financial assets at fair value	**USD '000**	**USD '000**				
Financial assets at fair value through profit or loss						
Government Bonds and bills	35 315	4 727	Level 1	Quoted	Not Applicable	Not Applicable
Corporate bonds	13 347	35 390	Level 1	Quoted	Not Applicable	Not Applicable
Shares and mutual funds	23 591	32 226	Level 1 & 2	Quoted	Not Applicable	Not Applicable
Total Financial Assets at fair value through Profit or Loss	**72 253**	**72 343**				
Financial derivatives - positive fair value	**196 232**	**86 585**	Level 2	Through Comparison of similar financial instruments	Not Applicable	Not Applicable
Financial assets at fair value through other comprehensive income:						
Quoted shares	152 699	163 766	Level 1	Quoted Shares	Not Applicable	Not Applicable
Unquoted shares	197 111	211 587	Level 2 & 3	Through using the index sector in the market	Not Applicable	Not Applicable
Governmental bonds and corporate bonds through OCI	400 762	312 501	Level 1 & 2	Quoted	Not Applicable	Not Applicable
Total Financial Assets at fair value through other comprehensive income	**750 572**	**687 854**				
Total Financial Assets at Fair Value	**1 019 057**	**846 782**				
Financial Liabilities at Fair Value						
Financial derivatives - negative fair value	163 611	95 809	Level 2	Through Comparison of similar financial instruments	Not Applicable	Not Applicable
Total Financial Liabilities at Fair Value	**163 611**	**95 809**				

There were no transfers between Level 1 and 2 during 2022 & 2021.

B. Fair value of financial assets and financial liabilities that are not measured at fair value on recurring basis.

Except as detailed in the following table, we believe that the carrying amounts of financial assets and financial liabilities recognized in the Group consolidated financial statements approximate their fair values:

	31 December 2022		31 December 2021		
	Book value	**Fair value**	**Book value**	**Fair value**	**Fair value Hierarchy**
	USD '000	**USD '000**	**USD '000**	**USD '000**	
Financial assets not calculated at fair value					
Mandatory reserve , time and notice and certificates of deposits at Central Banks	7 006 803	7 013 280	6 364 438	6 366 814	Level 2 & 3
Balances and Deposits with banks and Financial institutions	4 618 450	4 630 626	4 031 778	4 035 980	Level 2 & 3
Direct credit facilities at amortized cost	31 726 598	31 970 615	31 188 786	31 405 827	Level 2 & 3
Other Financial assets at amortized cost	10 002 475	10 097 692	10 561 173	10 675 565	Level 1 & 2
Total financial assets not calculated at fair value	**53 354 326**	**53 712 213**	**52 146 175**	**52 484 186**	
Financial liabilities not calculated at fair value					
Banks' and financial institutions' deposits	3 517 640	3 530 783	3 992 699	3 995 172	Level 2 & 3
Customer deposits	45 287 371	45 518 129	44 485 511	44 639 198	Level 2 & 3
Cash margin	2 461 500	2 472 581	2 607 131	2 613 711	Level 2 & 3
Borrowed funds	522 368	530 109	622 460	628 132	Level 2 & 3
Total financial liabilities not calculated at fair value	**51 788 879**	**52 051 602**	**51 707 801**	**51 876 213**	

The fair values of the financial assets and financial liabilities included in level 2 and 3 categories above have been determined in accordance with the generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being that discount rate.

53. Analysis of Assets and Liabilities Maturities

The below is an analysis for assets and liabilities maturities according to the expected period to be recovered or settled as at 31 December 2022:

	Up to one year	More than one year	Total
	USD '000	**USD '000**	**USD '000**
Assets			
Cash at vaults	915 691	-	915 691
Mandatory cash reserve	1 430 592	-	1 430 592
Balances with central banks	9 349 108	-	9 349 108
Balances and deposits with banks and financial institutions	4 570 840	47 610	4 618 450
Financial assets at fair value through profit or loss	58 110	14 143	72 253
Direct credit facilities at amortized cost	14 208 871	17 517 727	31 726 598
Financial assets at fair value through other comprehensive income	412 998	337 574	750 572
Other financial assets at amortized cost	4 943 986	5 058 489	10 002 475
Investment in subsidiaries and associates	-	3 558 864	3 558 864
Fixed assets	68 148	462 245	530 393
Other assets and financial derivatives - positive fair value	1 074 475	150 407	1 224 882
Deferred tax assets	279 945	-	279 945
Total assets	**37 312 764**	**27 147 059**	**64 459 823**
Liabilities			
Banks' and financial institutions' deposits	3 517 374	266	3 517 640
Customer deposits	41 936 834	3 350 537	45 287 371
Cash margin	2 117 487	344 013	2 461 500
Borrowed funds	73 529	448 839	522 368
Provision for income tax	293 029	-	293 029
Other Provisions	232 423	-	232 423
Other liabilities and financial derivatives - negative fair value	1 529 884	203 899	1 733 783
Deferred tax liabilities	9 253	-	9 253
Total liabilities	**49 709 813**	**4 347 554**	**54 057 367**
Net	**(12 397 049)**	**22 799 505**	**10 402 456**

The below is an analysis for assets and liabilities maturities according to the expected period to be recovered or settled as at 31 December 2021:

	UP to one year	More than one year	Total
	USD '000	**USD '000**	**USD '000**
Assets			
Cash at vaults	774 302	-	774 302
Mandatory cash reserve	1 484 161	-	1 484 161
Balances with central banks	9 748 531	-	9 748 531
Balances and deposits with banks and financial institutions	3 984 168	47 610	4 031 778
Financial assets at fair value through profit or loss	56 384	15 959	72 343
Direct credit facilities at amortized cost	14 156 360	17 032 426	31 188 786
Financial assets at fair value through other comprehensive income	49 180	638 674	687 854
Other financial assets at amortized cost	4 546 391	6 014 782	10 561 173
Investment in subsidiaries and associates	-	3 412 899	3 412 899
Fixed assets	69 151	462 804	531 955
Other assets and financial derivatives - positive fair value	945 856	116 998	1 062 854
Deferred tax assets	248 498	-	248 498
Total assets	**36 062 982**	**27 742 152**	**63 805 134**
Liabilities			
Banks' and financial institutions' deposits	3 991 801	898	3 992 699
Customer deposits	41 536 018	2 949 493	44 485 511
Cash margin	2 318 636	288 495	2 607 131
Borrowed funds	131 428	491 032	622 460
Other Provisions	202 477	-	202 477
Provision for Income Tax	217 629	-	217 629
Other liabilities and financial derivatives - negative fair value	1 230 046	118 534	1 348 580
Deferred tax liabilities	7 295	-	7 295
Total liabilities	**49 635 330**	**3 848 452**	**53 483 782**
Net	**(13 572 348)**	**23 893 700**	**10 321 352**

54. Contractual Maturity of the Contingent Accounts

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

	31 December 2022			
	Within 1 year	More than 1 year and up to 5 years	More than 5 years	Total
	USD '000	USD '000	USD '000	USD '000
Letters of credit	2 711 022	163 284	-	**2 874 306**
Acceptances	747 489	14 031	-	**761 520**
Letters of guarantee:				
- Payment guarantees	1 093 722	188 515	129 364	**1 411 601**
- Performance guarantees	3 198 828	1 034 938	163 681	**4 397 447**
- Other guarantees	2 148 029	127 659	85 854	**2 361 542**
Unutilized credit facilities	5 398 449	264 603	29 556	**5 692 608**
Total	**15 297 539**	**1 793 030**	**408 455**	**17 499 024**
Constructions projects contracts	2 892	-	-	**2 892**
Procurement contracts	18 141	1 455	400	**19 996**
Total	**21 033**	**1 455**	**400**	**22 888**

	31 December 2021			
	Within 1 year	More than 1 year and up to 5 years	More than 5 years	Total
	USD '000	USD '000	USD '000	USD '000
Letters of credit	2 663 930	131 063	-	**2 794 993**
Acceptances	900 903	21 616	-	**922 519**
Letters of guarantee:				
- Payment guarantees	1 014 941	90 828	170 167	**1 275 936**
- Performance guarantees	3 352 075	1 293 348	151 150	**4 796 573**
- Other guarantees	2 334 414	352 522	35 372	**2 722 308**
Unutilized credit facilities	5 363 722	110 777	30 692	**5 505 191**
Total	**15 629 985**	**2 000 154**	**387 381**	**18 017 520**
Constructions projects contracts	3 385	-	-	**3 385**
Procurement contracts	16 336	1 673	2 262	**20 271**
Total	**19 721**	**1 673**	**2 262**	**23 656**

55. Capital Management

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

	31 December 2022 USD '000	31 December 2021 USD '000
Common Equity Tier 1	9 486 770	9 376 735
Regulatory Adjustments (Deductions from Common Equity Tier 1)	(3 034 121)	(2 894 909)
Additional Tier 1	236 262	273 411
Regulatory Adjustments (Deductions from Additional Tier 1)	(6 234)	(12 987)
Supplementary Capital	423 755	388 384
Regulatory Capital	**7 106 432**	**7 130 634**
Risk-weighted assets (RWA)	**42 717 383**	**43 132 067**
Common Equity Tier 1 Ratio	**%15.11**	**%15.03**
Tier 1 Capital Ratio	**%15.64**	**%15.63**
Capital Adequacy Ratio	**%16.64**	**%16.53**

- The Board of Directors performs an overall review of the capital structure of the Group on a quarterly basis. As part of this review, the Board takes into consideration matters such as cost and risks of capital as integral factors in managing capital through setting dividend policies and capitalization of reserves.

The liquidity coverage ratio is 217% as of 31 December 2022 and 222% as of 31 December 2021 (According to Central Bank of Jordan instructions no. 5/2020 the minimum liquidity coverage ratio is 100%)

56. Transactions with Related Parties

The details of this item are as follows:

	31 December 2022			
	Deposits owed from related parties	Direct credit facilities at amortized cost	Deposits owed to related parties	LCs, LGs, Unutilized credit facilities and acceptances
	USD '000	USD '000	USD '000	USD '000
Associated companies	78 087	-	58 084	26 393
Major Shareholders and Members of the Board of Directors	-	306 763	783 128	50 831
Total	**78 087**	**306 763**	**841 212**	**77 224**

	31 December 2021			
	Deposits owed from related parties	Direct credit facilities at amortized cost	Deposits owed to related parties	LCs, LGs, Unutilized credit facilities and acceptances
	USD '000	USD '000	USD '000	USD '000
Associated companies	154 301	-	8 851	25 861
Major Shareholders and Member of the Board of Directors	-	291 628	975 382	43 875
Total	**154 301**	**291 628**	**984 233**	**69 736**

- All facilities granted to related parties are performing loans in accordance with the credit rating of the Group. No provisions for the year have been recorded in relation to impairment in value.

The details of transactions with related parties are as follows:

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

	2021	
	Interest Income	Interest Expense
	USD '000	USD '000
Associated companies	469	48

- Direct credit facilitates granted to key management personnel amounted to USD 1.6 million and indirect credit facilities amounted to USD 5.6 thousand as of 31 December 2022 (USD 1.4 million direct credit facilities and USD 14.1 thousand indirect credit facilities as of 31 December 2021).

- Deposits of key management personnel amounted to USD 4.8 million as of 31 December 2022 (USD 4.2 million as of 31 December 2021)

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

- The salaries and other fringe benefits of the Group's key management personnel, inside and outside Jordan, amounted to USD 66.2 million for the year ended on 31 December 2022 (USD 65.6 million for the year ended on 31 December 2021).

57. Earnings Per Share

The details of this item are as follows:

	31 December	
	2022	2021
	USD '000	USD '000
Profit for the year attributable to Shareholders of the Bank	520 276	306 721
Less: Groups' share of interest on perpetual bonds	(13 798)	(14 397)
Net profit for the period attributable to the Bank's shareholders	**506 478**	**292 324**
	Thousand Shares	
Average number of shares	640 800	640 800
	USD / Share	
Earnings Per Share (Basic and diluted)	0.79	0.46

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

58. Assets under management

Assets under management as of 31 December 2022 amounted to USD 6 238 million (USD 5 971 million as of 31 December 2021). These assets are not included in the Group's consolidated financial statements.

59. Cash and Cash Equivalent

The details of this item are as follows:

	31 December	
	2022	2021
	USD '000	USD '000
Cash and balances with central banks maturing within 3 months	11 928 175	12 183 906
Add: balances with banks and financial institutions maturing within 3 months	4 010 774	3 759 049
Less: banks and financial institutions deposits maturing within 3 months	3 504 275	3 682 903
Total	**12 434 674**	**12 260 052**

60. LEGAL CASES

There are lawsuits filed against the Group totaling USD 290.4 million as of 31 December 2022, (USD 334.3 million as of 31 December 2021). In the opinion of the management and the lawyers representing the Group in the litigation at issue, the provisions taken in connection with the lawsuits are adequate.

61. STANDARDS ISSUED BUT NOT YET EFFECTIVE

The standards and interpretations that are issued but not yet effective, up to the date of issuance of the Group's consolidated financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) which was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach),
- A simplified approach (the premium allocation approach) mainly for short-duration contracts.

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. The Group does not expect a major impact on the consolidation financial statements from the application of the standard.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement,
- That a right to defer must exist at the end of the reporting period,
- That classification is unaffected by the likelihood that an entity will exercise its deferral right,

- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

The amendments are not expected to have a material impact on the Group.

Definition of Accounting Estimates - Amendments to IAS 8

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

The amendments are not expected to have a material impact on the Group.

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

The Group is currently assessing the impact of the amendments to determine the impact they will have on the Group's accounting policy disclosures.

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

In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability should also be recognized for all deductible and taxable temporary differences associated with leases and decommissioning obligations.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023. Early adoption is permitted.

It is not expected that these amendments will have a material impact on the consolidated financial statements for the Group.

62. COMPARATIVE FIGURES

Some of the comparative figures in the consolidated financial statements for the year 2021 have been reclassified to be consistent with the year 2022 presentation, with no effect on profit and equity for the year 2021.