Arab Bank Group

Annual Report 2021

Arab Bank Group

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CHAIRMAN'S MESSAGE

Distinguished shareholders,

The global economy had a noticeable recovery in 2021 from the pandemic-driven recession, though economic performance varied by region and sector. This recovery was supported by several factors including the global vaccination campaigns which enabled the economic re-opening and recovery of production and consumption, the expansionary monetary and fiscal policies especially in advanced economies, and the recovery in global trade to meet the rebound in consumption and investment. However, bottlenecks in the global supply chains and high shipping costs had an adverse impact on global growth and trade, while also increasing inflationary pressures which deepened through the year. The momentum of the global economic recovery slowed down in the latter part of 2021, with the spread of new COVID-19 variants and as several key central banks started tightening monetary policy to slow down the inflationary momentum. These shifts had an impact on the performance of global financial markets and increased their variability.

The Arab region started its economic recovery from the pandemic, with support from high vaccination rates and the reopening of economic sectors. Regionally, governments and central banks adopted supportive fiscal and monetary policies that supported the recovery. Broadly, the region has a noticeable improvement in aggregate demand, investment, tourism flows, remittances and exports, the performance of financial markets, along with the strong rebound in the global oil market especially in the second half of the year. The extent of a country's recovery, which varied across the region, depended on the degree of its reform implementation, and its dependence on oil or on the slowly recovering global tourism.

The regional economic recovery in 2021 had a positive impact on the performance of the Arab banking sector through increased revenues, lower risks and reduced provisioning for these risks. Also, the monetary policies of the region's central banks supported the financial sector's liquidity and contained the rise in non-performing loans. The Arab banking sector faced various challenges prudently, while ensuring high capital adequacy and comfortable liquidity levels. The sector continued to attract deposits, reflecting the high confidence in the sector. All these factor have contributed to improving the profitability of the Arab banking sector in the year.

Despite the challenges the economies of most countries and regions faced in 2021, Arab Bank's strategic approach, fundamental banking practices, prudent policies in lending, investment, and funds deployment, high liquidity, and the flexibility in dealing with the challenges and implications of the crisis, helped the bank to deliver solid financial results in 2021. The bank's operational profit reached US$ 1,108 million, representing a growth rate of 8% compared to the previous year. At the end of the first quarter of 2021, Arab Bank Group had consolidated the financial statements of Oman Arab Bank after finalizing the acquisition of Al Izz Islamic Bank, a full-fledged Islamic bank, thereby strengthening its presence in the Sultanate of Oman.

During this year, we have continued to focus on the safety of our employees and customers by adopting a set of comprehensive measures to this effect. We have also continued to work efficiently towards reinforcing the different performance indicators while expanding our strategic digitization footprint to provide the latest digital financial solutions to serve our corporate and individual customers and meet their financial needs.

In the period ahead, we remain committed to supporting our customers and communities across our network throughout the recovery phase. We will also continue with our pivotal role in supporting economic growth in the different markets where we operate by focusing on enabling vital economic sectors and providing comprehensive banking solutions to our corporate and individual customers, including SMEs. Arab Bank will also remain committed to reinforcing its presence through expanding its branch network across a number of markets it operates in, which present feasible growth opportunities, in addition to enacting its regional growth plans, as the region allows. Additionally, we will work on deploying our regional and global network to provide value-added banking solutions to our retail and corporate customers.

I would also like to reiterate our confidence in Arab Bank Group's ability to continue to achieve sustainable growth based on its sound banking practices and prudent approach to corporate governance and sustainability. We will continue to strengthen the bank's active contribution to environmental protection and reinforce its leading role in social responsibility through supporting and developing the capacity of the community and contribute to creating added-value to help face growing economic and social challenges.

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

I would also like to extend our sincere appreciation and gratitude to our shareholders and valued customers for their loyalty and trust. We extend a special thank you to all our employees for their relentless efforts and dedication. As ever, we are determined to achieve the best results and achievements.

Sabih Taher Masri

Chairman of the Board of Directors

MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

Distinguished shareholders,

Arab Bank Group closed 2021 reporting net income after tax of US$ 314.5 million as compared to US$ 195.3 million in 2020, recording a growth of 61%. Group equity grew to reach US$ 10.3 billion.

Arab Bank consolidated the financial statements of Oman Arab Bank under its Group accounts, increasing total assets by US$ 8.4 billion to reach US$ 63.8 billion, compared to US$ 54.4 billion for the same period last year with a growth rate of 17%. Customer deposits grew by 22% to reach US$ 47.1 billion, of which US$ 7.3 billion reflected the disposal of Oman Arab Bank, compared to US$ 38.7 last year. Loans grew to reach US$ 34.6 billion by end of 2021. The consolidation of Oman Arab Bank has increased customer loans by US$ 7.5 billion, compared to US$ 26.5 billion last year, resulting in 30% growth.

The Group's financial results following the consolidation of Oman Arab Bank financial statements also recorded a 15% growth in net interest and commission income and enjoyed a capital adequacy ratio of 16.5% as of 31 December 2021. Furthermore, the Group enjoyed high liquidity and a strong capital base, with a loan-to-deposit ratio of 73.4%. The Group continues to hold credit provisions against non-performing loans in excess of 100%.

In 2021, Arab Bank continued to invest in digital banking by providing solutions and services that enhance customers' experience and meet their needs beyond standard banking. The bank also launched Reflect, the first Neobank in Jordan, which provides a branchless experience and facilitates daily lifestyle activities seamlessly through one banking app.

Arab Bank received several international recognitions during the past year, most notably the Global Finance "Best Bank in the Middle East 2021" award for the sixth consecutive year.

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

Nemeh Elias Sabbagh

Chief Executive Officer

MAIN BUSINESS ACTIVITIES OF ARAB BANK

Corporate and Institutional Banking

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

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

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

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

Consumer Banking

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.

Treasury

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

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

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

Treasury's main role is to manage the bank's liquidity and market risk and to ensure that the bank not only generates surplus liquidity, but also invests 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

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.

A full range of treasury products and services is available to customers throughout the bank's network, whether they are exporters, importers, or savers. Arab Bank also believes in the importance of protecting the income and interests of the bank and its clients from market volatility. Arab Bank offers a wide range of risk management and hedging tools and services to customers who require protection from interest rate and foreign exchange risks.

GEOGRAPHICAL COVERAGE

The following list contains basic information of Arab Bank plc's branch network and geographical coverage as of the end of 2021.

Country	Number of Branches	Operating Since	No. of Employees
Jordan	77 (Including HO)	1934	3381
Algeria	11	2001	239
Bahrain	6	1960	182
UAE	8	1963	286
Egypt	44	1944	1403
Lebanon	9	1944	284
Morocco	5	1962	114
Palestine	34	1930	919
Qatar	2	1957	119
Yemen	7	1972	191
China	1	1985	18
South Korea (Representative Office)	1	1989	2
Singapore	1	1984	48
USA (New York Agency)	1	1982	5
Kazakhstan (Representative Office)	-	2004	-
Total	**207**	**--**	**7191**

BRANCHES & STAFF DISTRIBUTION ACCORDING TO GOVERNORATES

Branches & Staff Distribution According to Governorates

Governorate	Number of Branches	No. of Employees
Amman	(Including Head Office) 55	3178
Irbid	4	43
Zarqa	6	50
Aqaba	1	19
Balqa'a	5	30
Karak	2	17
Mafraq	1	8
Ma'adaba	1	9
Jarash	1	6
Ma'an	2	10
Tafeila	1	6
Ajloun	1	5
Total	77	3381

ADDRESSES OF ARAB BANK BRANCHES AND OFFICES ABROAD

Country	Operating Since	No. of Branches	Address	No. of Employees
Algeria	2001	11		239
			15 Al-Sa'ada Street, Shabani Haidara Valley, Algeria Tel. 00213 (21) 608725 Fax. 00213 (21) 480001	
Bahrain	1960	6		182
			P.O Box 813 Building No. 540 Road 1706 - Block 317 Diplomatic Area , Bahrain Tel. 00973 17549000 Fax. 00973 17541116	
United Arab Emirates	1963	8		286
Abu Dhabi Branch			Abu Dhabi: P.O Box 875 Al-Naser St. Sh. Tahnoun Bin Mohammad Building, Tel. 00971 (2) 6392225 Fax. 00971 (2) 6212370	
Dubai Branch			Dubai: P.O Box 11364 – Emaar Square, Building #2 Tel. 00971 (4) 3737400 Fax. 00971 (4) 3385022	
Egypt	1944	44		1403
			46 Gameit El Dowal Street, Al-Mohandesseen Giza Tel. 0020 (2) 5997600 Fax. 0020 (2) 8133116	
Lebanon	1944	9		284
			P.O Box 11-1015 Riad El Solh Sq. Banks Street Commercial Buildings Co. Bldg. Tel. 00961 (1) 981155 Fax. 00961 (1) 980803/299	
Morocco	1962	5		114
			P.O Box 13810 174 Mohamed V Street, Casablanca Tel. 00212 (5) 2222 3152 Fax. 00212 (5) 2220 0233	
Palestine	1930	34		919
			P.O Box 1476 - Grand Park Hotel Street Al Masyoon – Ramallah - Palestine Tel. 00970 (2) 2978100 Fax. 00970 (2) 2982444	

ADDRESSES OF ARAB BANK BRANCHES AND OFFICES ABROAD

Country	Operating Since	No. of Branches	Address	No. of Employees
Qatar	1957	2		119
			P.O Box 172 Grand Hammed Area 119 Avenue Doha – Qatar Tel. 00974 44387777 Fax. 00974 44387524	
Yemen	1972	7		191
			P.O Box 475 & 1301 Zubairi Str. – Sana'a Tel. 00967 (1) 276585/93 Fax. 00967 (1) 276583	
China	1985	1		18
Shanghai			Unit 4505-07, Floor 45th IFC Two, No. 8 Century Avenue, Pudong New District, Shanghai PRC Zip Code: 200120 Tel. 0086 (21) 61607700 Fax. 0086 (21) 61607722	
South Korea (Representative Office)	1989	1		2
			Seoul Square Bldg., 5Fl. Hangangdaero 416 Jung-gu, Seoul 04637 South Korea Tel. 0082 (2) 775 4290 Fax.0082 (2) 775 4294	
Singapore	1984	1		48
			3 Fraser street, Duo Tower #10-21, Singapore 189352 Tel. 0065 65330055 Fax. 0065 65322150	
United States of America	1982	1		5
(New York Agency)			Federal Agency - New York 50 East 52nd Street New York, NY 1022 - 4213 Tel. 001 (212) 715 9700 Fax. 001 (212) 593 4632	
Total		**130**		**3810**

TOTAL EMPLOYEES OF ARAB BANK GROUP

Entity	No. of Employees
Arab Bank plc	7191
Europe Arab Bank plc	134
Arab Bank (Switzerland) Limited	134
Arab Bank Australia Limited	99
Islamic International Arab Bank	1025
Oman Arab Bank	1162
Arab Tunisian Bank	1410
Arab Bank – Syria	261
Arab Sudanese Bank Limited	82
Al Arabi Investment Group (AB Invest)	45
Al Arabi Investment Group / Palestine	7
Al Nisr Al Arabi Insurance Company	231
Arab Company for Shared Services FZ	111
Arab Gulf Tech for IT Services FZ	31
Arab National Leasing Company	28
Total	**11951**

CAPITAL INVESTMENT OF ARAB BANK

The capital investment of Arab Bank plc amounted to JOD 216 million, representing net fixed assets of the Bank as of the end of year 2021 in comparison to JOD 225 million as of the end of year 2020.

SUBSIDIARIES & SISTER COMPANY

The following is a brief description of Arab Bank subsidiaries and sister company and their results for 2020.

Arab Bank (Switzerland) Limited:

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

The following table lists the main financial highlights of 2021 compared to 2020:

In CHF (thousands)	2021	2020
Capital	26 700	26 700
Total shareholders' equity	574 190	558 005
Total assets	5 309 209	4 691 873
Cash and quasi cash	3 659 088	3 379 977
Direct credit facilities	1 584 440	1 222 926
Total external sources of funds (customers' & banks' deposits)	4 667 141	4 044 148
Total revenues	84 464	76 364
Net profit / (loss) before tax	23 934	3 097
Net profit / (loss) after tax	18 178	1 604

Arab Bank Australia Limited:

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

The following table lists the main financial highlights of 2021 compared to 2020 :

In AUD (thousands)	2021	2020
Capital	119 314	119 314
Total shareholders' equity	166 561	165 917
Percentage ownership	100%	100%
Bank share of net income / (loss)	644	(4 759)
Total assets	1 172 676	1 070 375
Cash and quasi cash	353 096	315 483
Direct credit facilities	794 058	738 256
Total external sources of funds (customers' & banks' deposits)	992 573	896 249
Total revenues	23 319	20 877
Net profit / (loss) before tax	964	(3 259)
Net profit / (loss) after tax	644	(4 759)

Europe Arab Bank plc:

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

The following table lists the main financial highlights of 2021 compared to 2020:

In EUR (thousands)	2021	2020
Capital	569 985	569 985
Total shareholders' equity	284 428	269 913
Percentage ownership	100%	100%
Bank share of net income / (loss)	1 589	(1 565)
Total assets	2 628 086	2 417 375
Cash and quasi cash	1 474 892	1 349 449
Direct credit facilities	1 105 182	1 011 634
Total external sources of funds (customers' & banks' deposits)	2 266 644	2 079 938
Total revenues	41 498	35 694
Net profit / (loss) before tax	2 011	(1 277)
Net profit / (loss) after tax	1 589	(1 565)

Islamic International Arab Bank plc:

A wholly owned subsidiary of Arab Bank plc was established in Jordan in 1997 and started its operations in the year 1998. The current paid capital of the bank is JOD 100 Million. The bank offers a full range of banking products and services, which are in accordance with Islamic Sharia rules through a network of 45 branches spread in Jordan.

The following table lists the main financial highlights of 2021 compared to 2020:

In JOD (thousands)	2021	2020
Capital	100 000	100 000
Total shareholders' equity	266 873	244 942
Percentage ownership	100%	100%
Bank share of net income / (loss)	33 718	30 440
Total assets	2 808 070	2 539 154
Cash and quasi cash	943 886	857 755
Direct credit facilities *	1 787 459	1 612 058
Total external sources of funds (customers' & banks' deposits)	2 479 080	2 244 172
Total revenues	84 417	82 309
Net profit / (loss) before tax	48 152	44 726
Net profit / (loss) after tax	33 718	30 440

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

Arab Tunisian Bank:

Arab Tunisian Bank (ATB) was incorporated in Tunisia in 1982. The bank current paid capital is TND 128 Million. The bank is a majority-owned subsidiary of Arab Bank plc with a 64.24% share of its capital. Arab Tunisian Bank provides all banking products and services to its customers through a network of 135 branches, spread in Tunisia.

The following table lists the main financial highlights of 2021 compared to 2020:

In TND (thousands)	2021	2020
Capital	128 000	100 000
Total shareholders' equity	530 497	510 164
Percentage ownership	64.24%	64.24%
Bank share of net income / (loss)	(13 327)	(2 978)
Total assets	7 646 031	7 247 884
Cash and quasi cash	2 211 426	1 894 270
Direct credit facilities	5 121 903	5 088 625
Total external sources of funds (customers' & banks' deposits)	6 949 687	6 516 471
Total revenues	269 851	254 098
Net profit / (loss) before tax	(19 437)	(3 482)
Net profit / (loss) after tax	(20 745)	(4 636)

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

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

The Bank engages commercial and investment banking activities through its network of 51 branches in the Sultanate of Oman, in addition to Islamic banking activities through its subsidiary "Al-Izz Islamic Bank". Oman Arab Bank is considered one of the leading banks in the Omani banking sector with a current capital of RO167 millions.

During 2021, Arab Bank Group merged the consolidated financial statements of OAB after the completed acquisition of Alizz Bank, an integrated Islamic bank.

The following table lists the main financial highlights that have been incorporated into the consolidated financial statements of the Arab Bank Group:

In R.O **(thousands)**	2021
Capital	166 941
Total shareholders' equity	516 252
Percentage ownership	49%
Bank share of net income / (loss)	3 470
Total assets	3 407 529
Cash and quasi cash	542 372
Direct credit facilities	2 753 575
Total external sources of funds (customers' & banks' deposits)	2 823 772
Total revenues	114 677
Net profit / (loss) before tax	9 501
Net profit / (loss) after tax	7 081

Arab Bank – Syria:

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

The following table lists the main financial highlights of 2021 compared to 2020:

In SYP (millions)	2021	2020
Capital	5 050	5 050
Total shareholders' equity	119 946	57 714
Percentage ownership	51.29%	51.29%
Bank share of net income / (loss)	(3 152)	(127)
Total assets	291 736	155 620
Cash and quasi cash	266 451	139 016
Direct credit facilities	16 217	10 238
Total external sources of funds (customers' & banks' deposits)	168 698	96 033
Total revenues	5 871	2 722
Net profit / (loss) before tax	(6 065)	(145)
Net profit / (loss) after tax	(6 145)	(248)

Arab Sudanese Bank Ltd.:

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

The following table lists the main financial highlights of 2021 compared to 2020:

In SDG (thousands)	2021	2020
Capital	117 515	117 515
Total shareholders' equity	3 955 286	697 508
Percentage ownership	100%	100%
Bank share of net income / (loss)	2 241 531	153 792
Total assets	47 390 499	9 604 823
Cash and quasi cash	42 594 606	7 182 506
Direct credit facilities	4 532 718	2 333 613
Total external sources of funds (customers' & banks' deposits)	42 861 291	8 598 381
Total revenues	3 392 407	417 052
Net profit / (loss) before tax	2 381 511	218 510
Net profit / (loss) after tax	2 241 531	153 792

Al Arabi Investment Group (AB Invest):

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

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

The following table lists the main financial highlights of 2021 compared to 2020:

In JOD (thousands)	2021	2020
Capital	14 000	14 000
Total shareholders' equity	22 025	18 603
Percentage ownership	100%	100%
Bank share of net income / (loss)	674	1 055
Total assets	26 807	21 383
Cash and quasi cash	24 164	19 390
Direct credit facilities	-	-
Total external sources of funds (customers' & banks' deposits)	-	-
Total revenues	3 180	3 699
Net profit / (loss) before tax	904	1 411
Net profit / (loss) after tax	674	1 055

Arab National Leasing Company:

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

The following table lists the main financial highlights of 2021 compared to 2020:

In JOD (thousands)	2021	2020
Capital	50 000	50 000
Total shareholders' equity	72 790	71 472
Percentage ownership	100%	100%
Bank share of net income / (loss)	4 318	4 050
Total assets	101 890	100 615
Cash and quasi cash	-	-
Investment in leasing contracts	97 227	96 234
Total external sources of funds (customers' & banks' deposits)	5 000	5 000
Total revenues	6 601	7 063
Net profit / (loss) before tax	6 101	5 722
Net profit / (loss) after tax	4 318	4 050

Al Nisr Al Arabi Insurance Company:

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

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

The following table lists the main financial highlights of 2021 compared to 2020:

In JOD (thousands)	2021	2020
Capital	10 000	10 000
Total shareholders' equity	22 848	22 713
Percentage ownership	50% + 2 Shares	50% + 2 Shares
Bank share of net income / (loss)	1 463	1 531
Total assets	124 734	113 979
Cash and quasi cash	24 084	25 298
Total Investments	93 591	83 625
Total external sources of funds (customers' & banks' de-posits)	-	-
Total revenues	32 438	28 967
Net profit / (loss) before tax	3 820	4 133
Net profit / (loss) after tax	2 926	3 062

Al Arabi Investment Group Company:

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

The following table lists the main financial highlights of 2021 compared to 2020:

In JOD (thousands)	2021	2020
Capital	1 700	1 700
Total shareholders' equity	1 520	1 570
Percentage ownership	100%	100%
Bank share of net income / (loss)	(48)	(88)
Total assets	2 554	2 730
Cash and quasi cash	2 020	2 315
Direct credit facilities	-	-
Total external sources of funds (customers' & banks' deposits)	-	-
Total revenues	260	269
Net profit / (loss) before tax	(48)	(88)
Net profit / (loss) after tax	(48)	(88)

DETAILED INFORMATION ON THE BANK'S SUBSIDIARIES & SISTER COMPANY

Detailed Information on the Bank's Subsidiaries & Sister Company

First : Jordanian Companies:

Entity	Type	Address	Type of Activity	Capital	No. of Employees
Islamic International Arab Bank	Public Shareholding	Wasfi Al Tal St., Bldg. no. 20, PO Box 925802 Amman 11190 Jordan Tel. +962 6 5694901 Fax. +962 6 5694914 www.iiabank.com.jo	Islamic banking	JOD 100 Million	1025
Al Arabi Investment Group (AB Invest)	Limited Liability	Shmeisani, Esam Ajlouni St., Bldg. no. 3, PO Box 143156 Amman 11814 Jordan Tel. +962 6 5522239 Fax. +962 6 5519064 www.ab-invest.net	Investment & Financial services	JOD 14 Million	45
Al Nisr Al Arabi Insurance Co.	Public Shareholding	Shmeisani, Esam Ajlouni St., Bldg. no. 21, PO Box 9194 Amman 11191 Jordan Tel. +962 6 5685171 Fax. +962 6 5685890 www.al-nisr.com	Insurance services	JOD 10 Million	231
Arab National Leasing Co.	Limited Liability	Amman, Madina Monawwara St., Arab Bank Bldg. no. 255, PO Box 940638 Amman 11194 Jordan Tel. +962 6 5531640/49/50 Fax. +962 6 5529891 www.anl-jo.com	Financial leasing	JOD 50 Million	28
Acabes for Financial Technologies	Private Shareholding	Esam Ajlouni St., Shmeisani, Bldg. No. 3 P.O. Box 950545 Amman 11195 Jordan Tel. +962 (6) 5203640 Fax. +962 (6) 5673923	IT services	JOD 50 Thousand	A newly established company

Second: Arab & Foreign Companies:

Entity	Type	Address	Type of Activity	Capital	No. of Employees
Europe Arab Bank	Public Shareholding	13-15 Moorgate London EC2R 6AD United Kingdom Tel.: +44 20 7315 8500 Fax: +44 20 7600 7620 www.eabplc.com	Commercial banking	EUR 569.925 Million	134
Arab Bank Australia Limited	Public Shareholding	Level 7, 20 Bridge St., Sydney NSW 2000 Australia Tel. +61 2 9377 8900 Fax: +61 2 9221 5428 www.arabbank.com.au	Commercial banking	AUD 119.3 Million	99

No. of Branches	Name	Major Shareholders (5% or more of capital)			
		No. of Shares as of 31/12/2020	%	No. of Shares as of 31/12/2021	%
45	Arab Bank plc	100 000 000	100%	100 000 000	100%
1	Arab Bank plc	14 000 000 JD/Share	100%	14 000 000 JD/Share	100%
3	Arab Bank plc	5 000 002	50%	5 000 002	50%
	Allianz Mena Holding	1 801 264	18.01%	1 801 264	18.01%
	Yacoub Sabella	1 009 599	10.10%	1 010 395	10.10%
	Zaid Sabella	909 891	9.10%	936 234	9.36%
1	Arab Bank plc	50 000 000 JD/Share	100%	50 000 000 JD/Share	100%
1	Arab Bank plc	50 000	100%	50 000	100%
5	Arab Bank plc	50 000 deferred shares of £1 and 569 925 540 ordinary shares of €1	100%	50 000 deferred shares of £1 and 569 925 540 ordinary shares of €1	100%
5	Arab Bank plc	119 314 274	100%	119 314 274	100%

DETAILED INFORMATION ON THE BANK'S SUBSIDIARIES & SISTER COMPANY

Entity	Type	Address	Type of Activity	Capital	No. of Employees
Oman Arab Bank	Omani Public Shareholding	North Ghubra, P.O.Box 2240 PC 130 Sultanate of Oman Tel. 00968 (24) 754000 Fax. 00968 (24) 797736 www.oman-arabbank.com	Commercial banking	RO 167 Million	1162
Arab Tunisian Bank	Public Shareholding	9 Hadi Nouira St, Tunis 1001 Tel. +216 71 351 155 Fax. +216 71 342 852 E-Mail : atbbank@atb.com.tn www.atb.com.tn	Commercial banking	TND 128 Million	1410
Arab Bank – Syria	Public Shareholding	Damascus, Abu Rummana, Mahdi Bin Baraka St., PO Box 38 Damascus, Syria Tel. +963 11 9421 Fax. +963 11 3349844 www.arabbank-syria.sy	Commercial banking	SYP 5.05 Billion	261
Arab Sudanese Bank Limited	Private Shareholding	Wahat El- Khartoum Towers, P.O Box 955, Khartoum, Sudan Tel. +249 15 6550001 Fax. +249 15 6550004	Islamic banking	USD 50 Million	82
Al Arabi Investment Group/ Palestine	Private Shareholding	Rammallah, old town , Al-Harjeh Bldg., PO Box 1476 Palestine Tel. +970 2 2980240 Fax. +970 2 2980249 www.abinvest.ps	Investment & Financial services	JOD 1.7 Million	7
Arab Company for Shared Services FZ	Limited Liability	Dubai Out Source Zone ACSS Building First Floor P.O. Box 11364 Dubai, UAE Phone: +971 4 4450555 Fax: +971 4 4495463	Financial services for Arab Bank branches	AED 40.37 Million	111
Arab Gulf Tech for IT Services FZ	Limited Liability	Dubai Outsource Zone ACSS Building, Second Floor P.O. Box 500524 Dubai, UAE Phone: +971 4 4450555 Fax :+971 4 4495460	IT services for Arab Bank branches	USD 1.5 Million	31

Third : Sister Company:

Entity	Type	Address	Type of Activity	Capital	No. of Employees
Arab Bank (Switzerland) Limited	Public Shareholding	10-12 Place de Longemalle PO Box 3575, CH-1211 Geneva 3, Switzerland Tel. +41 22 715 1211 Fax. +41 22 715 1311 www.arabbank.ch	Commercial banking	CHF 26.7 Million	134

No. of Branches	Name	Major Shareholders (5% or more of capital)			
		No. of Shares as of 31/12/2020	%	No. of Shares as of 31/12/2021	%
51	Arab Bank plc	818 010 900	49%	818 010 900	49%
	Oman International Development & Investment Company SAOG (OMINVEST)	528 189 100	31.64%	528 189 100	31.64%
135	Arab Bank plc	64 237 531	64.24%	64 237 531	64.24%
	Zarzari Complex	5 383 483	5.38%	5 242 421	5.24%
14	Arab Bank plc	25 899 385	51.29%	25 899 385	51.29%
	Alia Talal Zain	2 525 000	5%	2 525 000	5%
	Moh'd Kamel Sharabati	2 525 000	5%	2 525 000	5%
3	Arab Bank plc	5 000 000	100%	5 000 000	100%
1	Arab Bank plc	1 700 000	100%	1 700 000	100%
1	Arab Bank plc	40 370 Shares	100%	40 370 Shares	100%
1	Arab Bank plc	5 509 Shares	100%	5 509 Shares	100%
2	Shareholders of Arab Bank (Switzerland) Ltd. are the same shareholders of Arab Bank plc, with an identical ownership structure.				

Arab Bank Plc Investments in the Subsidiaries Companies As at 31/12/2021:

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

Arab Bank Plc Investments in Affiliated Companies As at 31/12/2021:

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

Name	**Sabih Taher Darwish Masri**
Title	**Chairman / Non Executive / Non Independent**
Date of Membership	27/3/1998
Date of birth	2/12/1937
Academic qualifications	BSc in Chemical Engineering, University of Texas, Austin, USA 1963

Experiences

- More than 55 years experience in managing private businesses in various areas of investment, finance, industry and commerce
- Founder and Chairman of Astra Group of companies (since 1966)
- Chairman of the Board of Directors of ASTRA Industrial Group - Saudi Arabia (since 2007)
- Chairman of the Board of Directors of ZARA Holding Co. - Jordan (since 5/1999)
- Chairman of the Board of Directors of Palestine Telecommunication Corp. - Palestine (since 1998)
- Member of the Board of Directors of Palestine Development & Investment Co. (Padico) - Palestine (since 1994)
- Chairman of the Board of Directors of Arab Supply & Trading Co. - Saudi Arabia (since 1979)
- Chairman of the Board of Directors of CICON for Building Materials Co. - UAE (since 1968)
- Member of the Board of Directors of Arab Bank (Switzerland) (2005- 2013)
- Chairman of the Board of Directors of Abdul Hameed Shoman Foundation, Jordan
- Chairman of the Board of Trustees of An-Najah National University

Name	**Mahmoud Zuhdi Mahmoud Malhas**
Title	**Deputy Chairman / Non Executive / Independent**
Date of Membership	29/7/2021
Date of birth	26/8/1938
Academic qualifications	Bachelor of Arts – Economics, American University of Beirut – Lebanon 1957

Experiences

- President of Al- Mahmoudia Motors (Exclusive Agent Jaguar, Land Rover Vehicles) / Amman – Jordan (2000 – Present)
- Founding Shareholder of Saudi American Bank, currently Bank NCB - Al Ahli Bank / Riyadh - Saudi Arabia (1981 – Present)
- Deputy Chairman of Fourseasons / Amman – Jordan (2006 – Present)
- Deputy Chairman of Jordan Ahli Bank / Amman - Jordan (1997 - 2020)
- Chairman of Palestine Commercial Bank / Palestine (2008 - 2016)
- Deputy Chairman of Tecan A.G. Public Shareholding Co. / Homberchticon Zurich-Switzerland (1985 - 1991)
- Chief Advisor and Personal secretary of H.M. King Fahd Bin Abdel Aziz Custodian of Holy Places “May God have mercy on him” / Riyadh - Saudi Arabia (1968 - 1984)

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

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

Date of membership
- Legal Entity : 29/4/1966
- Legal Entity's Representative : 29/3/2018

Date of birth
29/6/1981

Academic qualifications
- Bachelor in Business Economics and Public Private Sector Organizations / Brown University – Rhode Island USA, 2004

Experiences
- Director Local Partnerships Development / The Public Investment Fund - Saudi Arabia (September 2019 - Present)
- Senior Vice President / The Public Investment Fund - Saudi Arabia (2016 – August 2019)
- Chairman of the Halal Development Company (Nov. 2021 – Present)
- Chairman of the Saudi Jordanian Investment Funds - Jordan (2017 - Present)
- Member of the Board of Directors of Mobile Telecommunication (Zain) - Saudi Arabia (2016 - Present)
- Member of the Board of Directors of Saudi Industrial Investment Company (Dussur) - Saudi Arabia (2017 – June 2021)
- Member of the Executive Committee in the Saudi Arabian Military Industries company (SAMI) - Saudi Arabia (2018 – May 2021)
- Member of the M&A Committee in the Saudi Arabian Military Industries company(SAMI) - Saudi Arabia (2018 – May 2021)
- Member of the Board of Directors of the Industrialization and Energy Services - Saudi Arabia (TAQA) (2017 – Nov. 2019)

Name	**Social Security Corporation** **Represented by Mr. Mohammad Adnan Hasan Almadi**
Title	**Member of the Board of Directors /Non Executive / Non Independent**
Date of Membership	Legal Entity : 20/9/2001 Legal Entity's Representative : 15/12/2021
Date of birth	18/4/1971
Academic qualifications	- Master of Administrative Science/ Finance , University of Jordan1998 - Bachelor Degree in Accounting, Yarmouk University – Jordan 1992
Experiences	- Manager of Equity Support Directorate – Social Security Investment Fund. (Oct. 2019 – present) - Manager of Internal Audit Unit - Social Security Investment Fund. (May 2003 – Oct. 2019) - Senior Internal Auditor – Central Bank of Jordan. (Jan. 1994 – May 2003) - Customer Relationship Officer – Arab Bank PLC. (Feb. 1993 - Dec. 1993) - External Auditor – Delloitte & Touch – Jordan. (Sep. 1992 – Feb. 1993) - Previous Board Member and Committees member of several companies, including, Housing Bank for Trade and Finance. Board Member of the Jordan Kuwait Bank, Capital Bank, The Jordan Petroleum Refinery Company, Daman Investments Company, The Jordan Petroleum Products Marketing Company, The National Jordanian Mineral Oils Industry, The Jordan Real Estate Development Company.

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

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

Name	**Bassam Wa'el Roshdi Kanaan**
Title	**Member of the Board of Directors / Non Executive / Non Independent**
Date of membership	22/1/2013
Date of birth	10/5/1965

Academic qualifications

- Executive Masters of Business Administration (MBA), USA 1998
- Bachelor of Arts (BA) in Economics / Accounting, Claremont McKenna College, Los Angeles 1986
- Certified Public Accountant (CPA) California, USA 1989
- Chartered Financial Analyst (CFA) 2001

Experiences

- More than thirty years in senior executive positions at leading private sector and publicly listed companies in the fields of General Management, Finance, Audit and Investment.
- Chief Strategy and Corporate Development Officer, Hikma Pharmaceuticals plc (2014–present)
- President & COO, MENA and EU, Hikma Pharmaceuticals plc (2010-present)
- Chief Financial Officer, Hikma Pharmaceuticals plc (2001-2010)
- Chief Financial Officer, Palestine Development & Investment Ltd (PADICO) (1994-2001)
- Audit Manager, Deloitte & Touche, Los Angeles, USA (1986 –1993)
- Member of the Board of Directors of Palestine Telecommunications Company (PALTEL) (2000 -2001)
- Member of the Board of Directors of Central Electricity Generation Company (CEGCO), Jordan (2004-2005)
- Member of the Board of Directors and Audit Committee, Zara Investment Holding Company (2006-2010)
- Member of the Board of Directors and Chairman of the Audit Committee of Capital Bank of Jordan (formerly Export Finance Bank) (2007-2009)
- Member of the Board of Directors and Chairman of the Audit Committee, Aqaba Development Company (ADC) (2008-2012)

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

Name **Alaa Arif Saad Batayneh**

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

Date of membership 22/4/2015

Date of birth 6/6/1969

Academic qualifications

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

Experiences

- General Manager – Alarif Consultancy (present)
- Chief Executive Officer – Eagle Hills / Jordan (2015–2017)
- Senator in The Upper House of Parliament (2013–2016)
- Minister of Energy & Mineral Resources & Minister of Transport (2012–2013)
- Minister of Energy & Mineral Resources (May 2012–Oct. 2012)
- Minister of Transport (2011–2012)
- Minister of Transport (2009–2011)
- Minister of Public Works & Housing (Feb. 2009–Dec. 2009)
- Minister of Transport (2007–2009)
- Director General / Customs Department (2005–2007)
- Secretary General of Ministry of Transport / Ministry of Transport (2000–2005)
- General Manager / Al Ajdal Consultancy (1998–2000)
- Head of Project Management / New Work Co. (1994–1998)
- Communication Engineer / Racal Avionics, London (1992–1994)
- Engineer, Research Department / Intelsat, Washington – USA (1991)
- Member of the Board of Jordan Petroleum Refinery Company plc (2014-13/10/2020)
- Chairman / Jordan Petroleum Refinery Company plc (14/10/2020-present)
- Member of the Board of Directors / Euro Arab Insurance group plc. (June 2020-present)
- Member of the Board of Trustees / The King Abdullah II Centre for Excellence (2012–present)
- Member of the Board of Trustees / The King Hussein Cancer Foundation (2014-present)

Name	**Suleiman Hafez Suleiman Al Masri**
Title	**Member of the Board of Directors / Non Executive / Independent**
Date of membership	27/10/2016
Date of birth	1/1/1941
Academic qualifications	- Bachelor Degree in Trade / University of Alexandria - Beirut Branch 1968 - Financial and Management courses in the United States of America, United Kingdom and Austria

Experiences

- Member of the Board of Trustees of The Higher Council for Science and Technology (2013-2017)
- Minister of Finance (1997-1998)
- Minister of Finance (2012-2013)
- Minister of Post & Telecommunications (1998-1999)
- Minister of Energy (2010)
- Secretary General of the Ministry of Finance (1991-1996)
- Chairman / Royal Jordanian Airlines (2014-2016)
- Chairman / Social Security Investment Fund / Social Security Corporation (2013-2016)
- Chairman / Electricity Regulatory Commission (2009-2010)
- Chairman / Telecommunication Regulatory Commission (1998-1999)
- Chairman / Jordan Telecommunications Corporation (1999-2001)
- Chairman / Arab Potash Co. (2001-2003)
- Chairman / KEMAPCO (Kemera Co.) for Fertilizers & Chemicals Industries (2001-2003)
- Chairman / Jordan Bromine Co. (2001-2003)
- Chairman / Free Zones Corp. & Jordan Investment Corp (1997-1999)
- Member of Royal Commission for Modernization and Development (1993-1996)
- Governor of the International Monetary Fund "Representing Jordan" for various periods
- Deputy Governor of the Islamic Development Bank / Jeddah "Representing Jordan" (1991-1997)
- Deputy Governor of the Arab Monetary Fund "Representing Jordan" (1991-1997)
- Chairman of the Ministerial Development Committee for various periods
- Member of the Board of Directors / Royal Jordanian Airlines (1991-1997)
- Member of the Board of Directors / Jordan Electricity Authority (1991-1997)
- Member of the Board of Directors / Social Security Corporation (1991-1997)
- Member of the Board of Directors / Orphan Development Corp. (1991-1997)
- Member of the Board of Directors / Agriculture Credit Corp. (1991-1997)
- Member of the Board of Directors / Arab Engineering Industries (1992-1997)
- Member of the Board of Directors / Civil Aviation Authority (1991-1997)
- Member of the Board of Directors / Jordan Cement Factories Co. (1990-1997)
- Member of the Board of Directors / Jordan Phosphate Co. (1992-1997)
- Member of the Board of Directors / Arab African Bank (1991-1997)
- Member of the Board of Directors / Arab Organisation for Agricultural Development (1992-1997)
- Member of the Board of Directors / Royal Automobile Club of Jordan (2012-2020)

Name Usama Ramez Mikdashi

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

Date of membership 29/3/2018

Date of birth 20/10/1941

Academic qualifications

- M.B.A. / American University of Beirut - Lebanon, 1963
- B.A.A. / American University of Beirut - Lebanon, 1961

Experiences

- Board of Directors of Arabia Insurance Co. SAL. - Beirut, Lebanon (since June 2019)
- Chairman of the Banking Control Commission of Lebanon (2010-2015)
- Board Directorships in Banking, Telecoms, Insurance, Real State in UK, South Africa, Turkey, Lebanon, Jordan & Bahrain (2007-2010)
- Career Citibank / Citigroup (1962-2007):
    - Managing Director Corporate and Investment Banking Risk Management in Europe, Middle East & Africa, London (1995-2007)
    - Group Credit Officer, Financial Institutions Trade Finance, Securities and Cash Management, New York (1989-1995)
    - Division Head, Investment Banking, Middle East and Africa, London (1986-1989)
    - Credit Policy Committee Member, Europe, Middle East and South Asia, London (1982-1986)
    - Division Credit Officer, Middle East, Athens (1979-1982)
    - Senior Credit Officer, Asia Pacific Region, Manila (1977-1979)
    - Chief of Staff and Senior Credit Officer, Middle East & Africa, Beirut and Athens (1975-1977)
    - Project Finance Officer, Middle East Region, Bahrain (1973-1975)
    - Marketing and Credit Officer, South Asia and Middle East, New York (1970-1973)
    - Corporate Banking and Marketing Officer, Karachi (1969-1970)
    - Senior Operations Officer, Riyadh (1968-1969)
    - Assistant Manager, Beirut (1962-1968)

Mr. Nemeh Elias Sabbagh

Chief Executive Officer

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

Academic Qualifications:

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

Experience:

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

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

Ms. Randa Muhammad Sadik

Deputy Chief Executive Officer

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

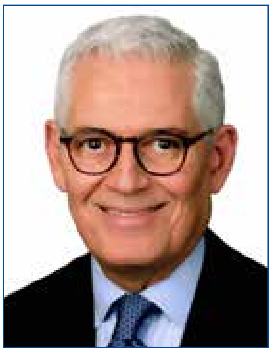
Academic Qualifications:

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

Experience:

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

- Chairman of Arab Tunisian Bank-Tunisia
- Board Member of Oman Arab Bank- Oman
- Vice Chairman of Arab Bank Australia ltd.
- Chairman of the Management Committee for Al-Arabi Investment Group Co.
- Board Member of Endeavor Jordan



Mr. Ziyad A. Akrouk
EVP-Head of Group Risk Management

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

Academic Qualifications:

- Master of Business Administration: Finance, December 1988.

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

  University of Leeds, Leeds, England

Experience:

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

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

Mr. Mohamed A. Hamad Ghanameh
EVP - Chief Credit Officer

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

Academic Qualifications:

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

Experience:

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

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

Mr. Mohammed Ahmed Khaled Masri

EVP - Head of Corporate and Institutional Banking

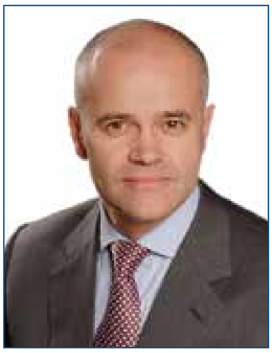
Date of appointment	:	20/5/2018
Date of birth	:	23/4/1972

Academic Qualifications:

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

Experience:

- Executive Vice President / Corporate and Institutional Banking (5/2018-present)
- Country Manager, Arab Bank / United Arab Emirates (2011-2018)
- Senior General Manager, Chief Business Officer, Bank Audi/ Egypt (2006-2011)
- Head of Corporate and Institutional Banking, Millennium Capital Holding/ UAE/ Sudan (2006)
- Head of Corporate and Institutional Banking, Standard Chartered Bank / Jordan (2001-2004)
- Regional Manager, Standard Chartered Bank / Palestine (1999-2001)
- Branch Management, Standard Chartered Bank (Formerly ANZ Grindlays Bank)/ Palestine (1995-1999)



Mr. Antonio Mancuso-Marcello

EVP - Head of Treasury

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

Academic Qualifications:

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

Experience:

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

Mr. Naim Rassem Kamel Al-Hussaini
EVP - Head of Consumer Banking

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

Academic Qualifications:

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

Experience:

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

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

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

Academic Qualifications:

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

Experience:

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

- Chairman - Arab Sudanese Bank- Sudan
- Board Member - Arab Tunisian Bank
- Board Member- Oman Arab Bank
- Board Member - Jordan Loan Guarantee Corp.
- Board Member - Saudi Jordanian Investment Fund

Mr. Eric J. Modave
EVP - Chief Operating Officer

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

Academic Qualifications:

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

Experience:

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

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

Mr. Firas Jaser Jamil Zayyad
SVP – Chief Financial Officer

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

Academic Qualifications:

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

Experience:

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

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

Basem Ali Al-Imam, Lawyer

Board Secretary / Head of Legal Affairs Division

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

Academic Qualifications:

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

Experience:

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

Ms. Rabab Jamil Said Abbadi MCIPD

EVP - Head of Human Resources

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

Academic Qualifications:

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

Experience:

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

Mr. Michael Matossian

EVP - Chief Compliance Officer

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

Academic Qualifications:

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

Experience:

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

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

Mr. Fadi J. Zouein

EVP - Head of Internal Audit

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

Academic Qualifications:

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

Experience:

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

- Member of the Institute of Internal Auditors

RESIGNED SENIOR EXECUTIVES DURING 2021

Name	Title	Resignation Date
Mr. Ghassan Hanna Suleiman Tarazi	EVP - Chief Financial Officer	31/7/2021

SUMMARY OF PERFORMANCE APPRAISAL AND PERFORMANCE INCENTIVES POLICIES

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

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

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

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

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

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

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

COMPETITIVENESS AND MARKET SHARE

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

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

THE LEADING REGIONAL BANK

Arab Bank received several international awards and recognitions from reputable international parties during 2021. These include:

Global Finance Magazine

- Best Bank in the Middle East (for six consecutive years)
- Best Trade Finance Provider in the Middle East and Jordan
- Best Bank for Cash Management in the Middle East, Jordan, and Morocco
- Outstanding Achievement in Treasury Operations during the Pandemic in the Middle East
- Best Bank in Jordan
- Best Private Bank in Jordan
- Best SME Banking in the Middle East and Jordan
- Best Integrated Consumer Banking Site in the Middle East and Jordan
- Best Website Design in Jordan
- Best Mobile Banking App (Corporate/Institutional) in Jordan
- Best Mobile Banking App (Consumer) in Jordan
- Best in Social Media Marketing and Services in Jordan
- Best Online Product Offerings in Jordan
- Best in Lending in Jordan
- Best Open Banking APIs in Jordan
- Best Online Trade Finance Services in Jordan
- Best Consumer Digital Bank in Egypt and Palestine

Euromoney Magazine

- Best Bank in Jordan

Asiamoney Magazine

- Best Domestic Bank in Jordan
- Best Digital Bank in Jordan
- Best Corporate and Investment Bank in Jordan and Palestine

EMEA Finance Magazine

- Best Cash Management Services in the Middle East
- Best Trade Finance Services in the Middle East
- Best Bank for SMEs in the Middle East
- Best Local Bank in Jordan

The Banker Magazine (published by the Financial Times)

- Bank of the Year in Jordan

Global Trade Review Magazine

- Best Trade Finance Bank in Jordan

Meed

- Best Retail Bank in Jordan

World Union of Arab Bankers

- Best Bank in Trade Finance Services in Jordan

Market shares in specific Locations:

Arab Bank operates in 28 countries in five continents. Its market share varies by country, according to the nature of business it conducts. The following table presents the Bank's market share in selected Arab countries where the Bank operates:

Country	Total Assets %	Deposits %	Direct Credit Facilities %
Jordan	20.43%	20.39%	14.93%
Palestine	22.8%	23.36%	18.43%
Bahrain	3.89%	2.12%	2.68%
Egypt	0.79%	0.89%	1.01%
Lebanon	0.72%	0.80%	0.37%
Qatar	0.38%	0.52%	0.37%
UAE	0.61%	0.69%	0.73%

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

PATENTS & GOVERNMENT PROTECTION

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

MAJOR SUPPLIERS AND CLIENTS

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

GOVERNMENT OR INTERNATIONAL ORGANIZATIONS REGULATIONS

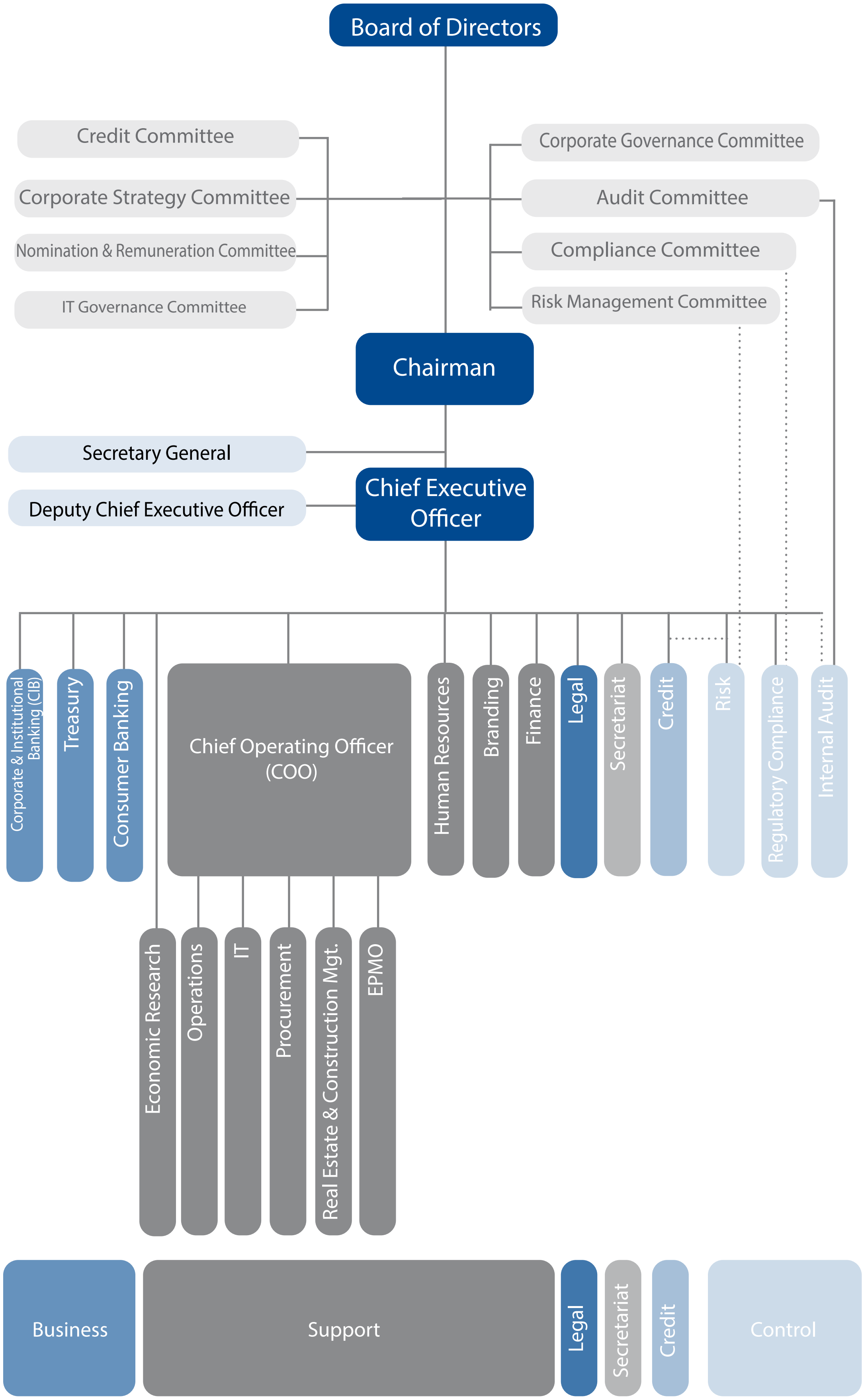
No decrees, laws or regulations were issued by any governmental bodies or international organizations that would have material impact on the Bank, its products or its competitive capabilities, noting that the international quality standards are not applicable to the Bank.

In 2021, Arab Bank received the following ratings from international credit rating agencies, considering the credit rating for the Jordanian Government.

- (BB) with stable outlook from Fitch, in December 2021
- (Ba2) with (Stable) outlook from Moody's, in December 2021
- (B+) for Arab Bank plc with (Stable) outlook in July 2021, as well as (BB+) with a (Negative) outlook for Europe Arab Bank from Standard and Poor's

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

ARAB BANK ORGANIZATION CHART / HEAD OFFICE



NUMBER OF STAFF AND ACADEMIC QUALIFICATIONS

Academic Qualifications	Arab Bank plc	Europe Arab Bank plc	Arab Bank (Switzerland) Ltd.	Arab Bank Australia Ltd.	Islamic International Arab Bank	Oman Arab BANK S.A.O.G	Arab Tunisian Bank
PhD	7	0	3	1	11	0	1
Master's degree	665	28	50	14	111	91	303
Advanced diplomas	28	20	30	1	3	17	337
Bachelor's degree	5190	61	14	43	682	379	284
Junior college	431	6	29	29	113	186	112
High school	488	19	7	10	41	429	174
Sub high school	382	0	1	1	64	60	199
Total Employees	**7191**	**134**	**134**	**99**	**1025**	**1162**	**1410**

	Arab Bank - Syria	Arab Sudanese Bank Ltd.	Al-Arabi Investment Group (AB Invest)	Al-Arabi Investment Group	Al Nisr Al Arabi Insurance Company	Arab Company for Shared Services	Arab Gulf Tech for IT Services	Arab National Leasing Company	Total
	1	1	0	0	0	0	0	0	25
	26	19	9	0	18	17	3	6	1 360
	3	7	1	1	0	2	0	0	450
	169	47	29	5	196	73	24	16	7 212
	37	1	1	0	4	12	2	4	967
	15	5	1	1	5	5	1	1	1 202
	10	2	4	0	8	2	1	1	735
	261	**82**	**45**	**7**	**231**	**111**	**31**	**28**	**11 951**

TRAINING COURSES VS. TRAINEES IN JORDAN & ARAB AREAS IN 2021

Area	Talent and Ruwad		In house							
			Internal Trainers				In house/Training Partners			
			Technical		Soft		Technical		Soft	
	Courses	Trainees	Courses	Trainees	Courses	Trainees	Courses	Trainees	Courses	Trainees
Jordan	213	1946	66	1269	84	1751	14	178	41	481
Palestine	0	0	39	391	13	104	4	7	30	142
Egypt	28	364	119	1318	17	103	15	132	20	151
Morocco	0	0	4	16	8	32	0	0	1	1
Algeria	0	0	8	28	12	42	1	2	5	8
Lebanon	0	0	7	13	9	21	0	0	7	20
Yemen	0	0	0	0	0	0	0	0	2	2
Bahrain	0	0	15	192	14	37	3	11	11	17
UAE	0	0	8	62	11	96	2	4	0	0
Qatar	0	0	6	12	6	10	3	3	19	60
Total per Item	**241**	**2310**	**272**	**3301**	**174**	**2196**	**42**	**337**	**136**	**882**

External				E-Learning		Certifications and Business Skills		Grand Total Per Area	
Technical		Soft							
Courses	Trainees	Courses	Trainees	Courses	Trainees	Courses	Trainees	Courses	Trainees
27	126	2	22	571	9831	11	72	1029	15676
17	72	9	81	114	2283	7	59	233	3139
78	695	9	29	175	5559	2	7	463	8358
0	0	1	1	40	274	1	2	55	326
0	0	1	1	46	532	14	35	87	648
14	36	5	5	220	1007	9	14	271	1116
5	9	0	0	147	539	6	8	160	558
58	130	60	92	73	539	5	6	239	1024
176	234	59	77	136	1052	5	9	397	1534
0	0	1	1	44	299	0	0	79	385
375	**1302**	**147**	**309**	**1566**	**21915**	**60**	**212**	**3013**	**32764**

OVERVIEW

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

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

RISK GOVERNANCE

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

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

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

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

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

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

Audit Committee, the Chief Executive Officer and the respective business units with the audit outcome and monitors the implementation of remedial actions.

RISK MANAGEMENT

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

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

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

- The Credit Risk Management Department is responsible for the centralized reporting of credit risk, credit policy review, the International Financial Reporting Standard (IFRS9) Impairment Methodology, and the internal risk rating systems, which are designed to enhance "probability of default" measurement. The department is also responsible for the implementation of Central Banks and Basel Committee requirements that are related to Credit Risk and any amendments thereof.
- The Business Risk Review Department conducts comprehensive individual, portfolio and business risk reviews to ensure that the Bank's various portfolios are aligned to their economic perspective, business strategy and target market and recommends corrective action, if necessary. The department also assesses the quality of the loan portfolio, the sound implementation of the lending policies and processes and the capabilities of the credit staff. Supplemental targeted reviews are undertaken based on market conditions, the size and sectoral nature of portfolios. In specific instances, such reviews are supported by tailored stress testing scenarios.
- The Market and Liquidity Risk Management

Department is responsible for setting comprehensive market and liquidity risk policy frameworks. The policy framework ensures independent measurement, monitoring and control of the Bank's market and liquidity risks. The department is also responsible for setting and monitoring risk limits and development of market and liquidity risks measurement tools, such as Value-at-Risk, stress testing and other quantitative risk assessments (such as those related to Basel II and III), which are performed in coordination with Treasury and Finance. The Treasury Middle Office function is a Treasury Front Office control unit responsible for trade monitoring and validation, monitoring of limits, escalation of breaches and risk reporting.

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

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

CREDIT RISK:

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

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

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

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

- The Bank is focused on developing and enhancing its credit staff competencies through specialized training programs to ensure that they are well equipped to effectively carry out their roles and responsibilities.

LIQUIDITY RISK:

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

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

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

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

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

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

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

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

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

MARKET RISK:

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

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

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

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

The Bank is subject to three types of market risks:

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

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

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

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

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

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

Market Risk Management and Measurement Techniques:

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

1. Present Value One Basis Point (PV01): PV01 uses the interest rate gaps at the balance sheet level to measure the risk to economic value arising from changes in interest rates by 0.01%. This is measured at country and Group levels. All interest rate positions are included in the PV01 calculation, including both on-balance sheet and off-balance sheet products in the Trading and Banking Books.
2. Net Interest Income 100 Basis Point (NII 100): NII100 measures the effect of a 1% increase in interest rates on first and second year pretax earnings. This is measured at country and Group levels.
3. Overall Net Open FX Position: The Overall Net Open FX Position measures the open position for each currency, including precious metals, at country and Group levels.
4. Value at Risk (VaR): VaR is currently used as an internal measure of market risk to estimate the maximum loss that may be experienced by the Group over a one day holding period with 99% confidence level using the Historical Simulation approach supported by 500 days of data. The Group's VaR calculation is run at consolidated and country levels and covers both interest rate and foreign exchange risks.
5. Stress Testing: The Stress Testing model aims to complement the Group's Market Risk calculations by identifying and quantifying the effects of extreme, but plausible events on the Group's portfolio. The methodologies used range from single factor to multi-factor stress tests. The single factor stress tests incorporate a number of standard shocks in addition to worst historical movements for each risk factor. The multi-factor tests consist of hypothetical and historical tests as well as a hybrid of the two. All scenarios are tailored to account for the special characteristics of the Group's portfolio.

OTHER RISKS:

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

COMPLIANCE RISK:

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

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

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

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

Arab Bank gives great importance to customer complaints, recognizing that it is one of the key indicators of the level of service quality and performance of its products and services offered to customers. In Jordan, Algeria, Bahrain, Egypt, Palestine, Qatar, UAE, and IIAB Customer Complaints are managed by separate units within the Compliance function in accordance with local regulatory guidelines / requirements in these countries, and has been equipped with qualified and trained staff who are able to handle, analyze, and act on customer complaints as required. In the rest of the Arab Bank plc branches, Customer Complaints are managed by the Service Excellence Unit under the Consumer Banking Division. All complaints are handled in an effective and highly professional manner including the identification of root causes to avoid repeated complaints. All customer complaints received by Arab Bank during 2021, have been reviewed, analyzed, and handled in accordance with the Bank's policies and procedures and in a fair and transparent manner.

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

STRATEGIC RISK:

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

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

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

Management assesses the Group's financial performance in light of the current strategy and the need to revise its objectives in the context of a continuously changing work and market environment. As such, profitability and commitments of projects to be undertaken are assessed in the context of "Business As Usual" as well as "Stressed Conditions" scenarios. This ensures the Bank is able to quickly react to developing situations in managing its longer term strategy.

ACCOMPLISHMENTS 2021

During 2021, the world continued to face unprecedented health, economic and social challenges locally, regionally, and globally as a result of the COVID-19 pandemic.

Arab Bank Group closed 2021 reporting net income after tax of $314.5 million compared to $195.3 million in 2020, a growth of 61%. Group equity grew to $10.3 billion.

Arab Bank consolidated the financial statements of Oman Arab Bank under its Group accounts increasing total assets by $8.4 billion to reach $63.8 billion compared to $54.4 billion for the same period last year. Customer deposits grew by 22% to reach $47.1 billion, while loans grew by 30%, to reach $34.6 billion. The consolidation of Oman Arab Bank has materially increased customer deposits and loans by $7.3 billion and $7.5 billion, respectively.

The year 2021 showed a partial recovery of the economic environment which the bank benefited from and recorded a growth in net interest and commission income by 15% with net operating income increasing by 8% to reach $1,108 Million. Arab Bank Group enjoys high liquidity and a strong capital base with a loan to deposit ratio of 73.4% and a capital adequacy ratio of 16.5%. The Group also continues to hold credit provisions against non-performing loans in excess of 100%.

Corporate and Institutional Banking (CIB) achieved positive financial results in 2021, despite challenging global and regional market conditions. The resilient performance reflects CIB's prudent business management, cautious credit and risk policies, and commitment to its digital transformation strategy.

Arab Bank's international network and regional accessibility continue to have an essential role in supporting its clients to expand their operational reach across geographies and gain the benefits of cross-border business flows and global markets.

CIB continued to progress with its digital transformation strategy, providing comprehensive digital offerings that enable clients to focus on their core business. The ArabiConnect cash management and trade finance corporate platform and ArabiSync host-to-host solution represent primary services that have helped ensure business continuity while making financial services accessible to customers. The offering has dynamically evolved with increased sophistication as well as localization.

CIB has also focused on optimizing its internal processes through digitalization and the rollout of a new customer relationship management platform (CRM) specifically designed for the internal use of the Corporate Department. The platform provides an effective means to proactively manage client relationships and enrich their engagement with the bank, ultimately leading to better service levels across Arab Bank's branch network.

Arab Bank remains a prominent financier for major corporations involved in trade and projects related to power, electricity, water treatment and desalination, and road infrastructure across the MENA region. CIB also continued to provide services to SMEs, with specialized solutions and dedicated business centers across the bank's network.

In the field of SME banking, Arab Bank has continued to develop and introduce new digital solutions for existing and new customers through its internally developed and first of its kind Arabi SME platform. This digital platform delivers advanced and flexible banking solutions that support SMEs' commercial operations and growth plans in line with the current business developments of this important segment.

The Arabi SME platform allows SME customers to apply for loans digitally, without the need to visit the bank to complete the application process. Customers can also apply to open an account electronically, anytime and from anywhere, through a fast and secure process.

Arab Bank has continued to help its SME clients overcome the impacts of the pandemic by offering loans under the Central Bank of Jordan's COVID-relief program, in collaboration with the Jordan Loan Guarantee Corporation. The program has supported SME customers to meet various expenses, including working capital, salary payments, and other operating expenses.

Arab Bank has also continued to expand its network of merchants using point of sale (POS) acquiring services and offering dedicated financing solutions through its POS loan program.

The Consumer Banking Department remained committed to enhancing customer experience and engagement by introducing new digital services and products and seamless customer journeys. The goal was to alleviate the impact of the pandemic and help customers stay safe providing variety of digital services that reduced the need to visit a branch physically.

A wide range of digital products was introduced during 2021 to complement the digital onboarding process first launched in Jordan back in 2020. The digital account onboarding journey was later expanded to key Arab Bank markets.

Consumer Banking's digital products include the instant personal loan journey, which enables customers to apply for a personal loan through Arabi Mobile and receive their credit approval and loan amount in a matter of minutes. Additionally, the credit card sales journey has also been fully digitalized on Arabi Mobile allowing customers to apply for a card and receive it via courier or instant issuance through any transactional kiosk machine.

A new digital product allows customers to book travel insurance for themselves and their dependents digitally from their homes. Consumer Banking has created Baeti, a platform to help customers buy a home by enabling them to calculate, budget, plan and search for properties on Arabi Mobile. In addition, a new Salary in Advance feature was introduced in Egypt on Arabi Mobile.

Offered in collaboration with AB Invest, Arabi Etadawul enables customers to open foreign brokerage accounts through Arabi Mobile. Working in collaboration with the Al Nisr Al Arabi Insurance Company, the bank also introduced the ability to inquire about and apply for a variety of Bancassurance products over Arabi Mobile.

As part of our ongoing efforts to strengthening regional banking strength, the bank introduced the Premium regional recognition program within the Arabi Cross Border program as a way of recognising premium customers.

In line with our strategic growth strategy in Egypt, several projects were launched to accelerate growth, including the Arabi Junior program, which is the latest addition to the bank's family-centric relationship model. It is important to note that Arab Bank is the first bank in Egypt to offer beneficiary accounts that allow mothers to open accounts for their children. Two digital accounts were introduced on Arabi Mobile, Easy-Grow and e-Tawfeer, to provide digital services combined with reward schemes.

Consumer Banking introduced several initiatives to enhance the customer shopping experience. A new Arabi eMart platform offers access to thousands of products, including electronics, fashion, furniture and more through a single online store. Customers can order from multiple sellers at once in a seamless experience that includes payment and delivery. Additionally, the Buy Now/Pay Later service, which is available on Arabi Mobile, gives customers the flexibility pay for their purchases in installments.

A new ecommerce payments instalment plan service was launched for multiple merchants in the MENA and Gulf regions to offer customers instant payment plans for their purchases at online checkouts. The bank also issued the first virtual Visa Business Signature card in Jordan, which is a tailor-made credit card aimed at supporting businesses with flexible payment tools.

Consumer Banking has introduced ecommerce acquiring to enable partner merchants and vendors in the region to expand their businesses digitally. In addition, multiple digital wallets were launched to enable payments through mobile devices and smart wearables in the UAE and Palestine, including Apple Pay and Google Pay.

During the year, Consumer Banking also continued to expand its POS acquiring service to reach more merchants in Jordan and offered new suite of value-added services to our partners, such as tipping, dynamic currency conversion, and Cliq QR acquiring. The acquiring service was also introduced in Palestine to allow customers to pay using a variety of payment methods, including Arabi Wallet.

Consumer Banking further enhanced its wallet service in Palestine with additional features and a variety of offers across different merchants. It also introduced a new digital wallet in Qatar to offer customers person-to-person payments; QR based merchant payments, and top ups/cashouts at any Arab Bank ATM.

As part of its ongoing drive to enhancing customer experience, Consumer Banking has enhanced the look and feel of its "Arabi Mobile" app to improve engagement with, and accessibly to, its full suite of services. Several other innovative services were introduced, including instant saving to customers' own accounts, access to kiosk machines using a one-time code, and issuing Careem vouchers from Arabi Points in Jordan.

Elite customers now have access to a unique service which enables them to have video conferences with their relationship managers (Pocket Branch) on Arabi Mobile. The service allows customers to make special requests using audio/video and document sharing capabilities.

In addition, Consumer Banking launched a new Shabab Value application that gives customers access to special discounts and offers at a wide range of merchants.

On the self-service machine front, our ATMs have been made contactless to allow customers to use them with a tap, rather than inserting a card. Cardless withdrawal services are available through Arabi Mobile in Palestine, Egypt, UAE, Bahrain, and Qatar. US dollar currency deposit support was added in Jordan and transactional kiosk machines were introduced in Egypt and Palestine.

Another achievement was the roll-out of the customer relationship management (CRM) system across Palestine, Egypt, and the UAE. This system will help the bank to deliver higher quality service to clients and develop longstanding relationships with them. The CRM was integrated with our digital offering to introduce a true end-to- end digital experience.

The first two self-service branches were opened in Egypt (Self Service – City Stars) and Palestine (Self Service– Al Tireh). This is a new concept that combines the latest technologies with the human touch to provide a convenient, flexible, and interactive customer experience that promotes the use of new self-service technology and alternative channels. The branch network in Algeria was expanded with the opening of the Constantine branch.

As part of its commitment to provide leading products and digital services, the bank introduced "Reflect", the first Neo Bank in Jordan, to cater for the needs of youth. The service includes the opening and activating of a digital wallet account in addition to a variety of value-added features that fit within our customers' lifestyle, including access to Arabi eMart for online shopping, loyalty points, bill payments, easy wallet top-up through cards or ATMs, and instant person-to-person transfers.

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

2021 was equally pivotal for Arab Bank as we prepared our systems and processes to use alternative reference rates as a benchmark for loans, securities, and derivatives, following the financial community's decision to stop using LIBOR as a benchmark rate as of 2022.

FINANCIAL IMPACT OF NON-RECURRING OPERATIONS

By the end of quarter 1 2021, Arab Bank consolidated the financial statements of Oman Arab Bank under its Group accounts after the later completed the acquisition of Al-Izz Islamic Bank.

Arab Bank Group owns 49% of Oman Arab Bank and the investment was accounted for as an associate in prior years.

This consolidation resulted in increasing total assets by $8.4 billion, while loans grew by $7.5 billion and customer deposits by $7 billion.

TIME SERIES DATA FOR MAJOR FINANCIAL INDICATORS

Time Series Data for Major Financial Indicators (2017 - 2021):

	Values in JOD Millions for the Bank & in USD Millions for the Group				
	2021	**2020**	**2019**	**2018**	**2017**
Arab Bank PLC : Net Profit after Tax	156.1	21.8	423.6	433.5	195.0
Arab Bank Group : Net Profit after tax	314.5	195.3	846.5	820.5	533.0
Arab Bank PLC : Owners' Equity	3 816.0	3 852.6	3 795.2	3 670.6	3 549.9
Arab Bank Group : Owners' Equity	10 321.4	9 388.8	9 102.5	8 664.6	8 409.3

Distributed Dividends					
Total Dividends (in JOD millions)	128.2	76.90	-	288.4	256.3
Dividends (%)	20%	12%	-	45%	40%
Number of Issued Shares (in thousands)	640 800	640 800	640 800	640 800	640 800
Share price on Last Working Day (JOD)	4.89	4.12	5.75	6.21	5.60

FINANCIAL PERFORMANCE

This section of the Board of Directors report highlights relevant financial data which is included in the consolidated financial statements of Arab Bank Plc and Arab Bank Group for the year 2021. The financial statements were prepared in accordance with the International Financial Reporting Statndards (IFRS), the interpretations issued by the Committee of the IFRS Board and the prevailing rules of the countries whrere the Group operates and the Central Bank of Jordan requirements.The accompanying notes are an integral part of the consolidated financial statements.

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

	Percentage of ownership as of 31 December 2021
Arab Bank Australia Limited	100.00%
Europe Arab Bank Plc	100.00%
Islamic International Arab Bank Plc	100.00%
Arab National Leasing Company L.L.C	100.00%
Al - Arabi Investment Group L.L.C	100.00%
Arab Sudanese Bank Limited	100.00%
Al Arabi Investment Group - Palestine	100.00%
Arab Tunisian Bank	64.24%
Arab Bank Syria	51.29%
Oman Arab Bank	49.00%
Al Nisr Al Arabi Insurance Plc	50.00%

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

Arab Bank Group

Consolidated Statement of Income

Arab Bank Group's net income for the year ended 31 December 2021 amounted USD 314.5 million compared to USD 195.3 million for the year ended 31 December 2020, Total revenues of the Group stood at USD 2169.7 million compared to USD 1931 in 2020 recording an increase of 12%, expected credit losses for financial assets amounted to USD 560.1 million.

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

In USD (Thousands)	2021	2020	Variance	%
Revenue				
Net interest income	1 350 427	1 203 062	147 365	12%
Net commission income	347 956	270 398	77 558	29%
Other	471 282	457 575	13 707	3%
Total Income	**2 169 665**	**1 931 035**	**238 630**	**12%**
Expenses				
Employees Expenses	597 361	509 633	87 728	17%
Other Expenses	524 116	412 991	111 125	27%
Provision for impairment - ECL	560 093	658 330	(98 237)	(15%)
Total Expenses	**1 681 570**	**1 580 954**	**100 616**	**6%**
Profit For the year before Tax	488 095	350 081	138 014	39%
Income tax	173 578	154 797	18 781	12%
Profit for the year	**314 517**	**195 284**	**119 233**	**61%**

Consolidated Statement of Comprehensive Income

Arab Bank Group's comprehensive income for the year ended 31 December 2021 amounted USD 156.6 million compared to USD 302.2 million for the year ended 31 December 2020, the following schedule shows the principal components of the Group's consolidated statement of comprehensive income::

In USD (Thousands)	2021	2020
Profit for the year	**314 517**	**195 284**
Add :		
Items that will be subsequently transferred to the statement of income		
Exchange differences arising on the translation of foreign operations	(134 776)	105 061
Revaluation on financial assets at fair value through other comprehensive income	(1 100)	-
Items that will not be subsequently transferred to the statement of income		
Net change in fair value of financial assets at fair value through other comprehensive income	(22 057)	1 848
Total Comprehensive income for the year	**156 584**	**302 193**

Consolidated Statement of Financial Position

Arab Bank Group assets reached USD 63.8 billion as at 31 December 2021, Customer deposits amounted USD 47.1 billion. Investment portfolio has reached USD 11.3 billion,Credit facilities amounted USD 31.2 billion forming 49% of total assets while Shareholders' equity reached USD 10.3 billion.

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

In USD (thousands)	2021	2020	Variance	%
Assets				
Cash and due from Banks	16 038 772	15 696 957	341 815	2%
Investment Portfolio	11 321 370	9 476 558	1 844 812	19%
Direct credit facilities at amortized cost	31 188 786	23 907 858	7 280 928	30%
Other	5 256 206	5 332 310	(76 104)	(1%)
Total Assets	**63 805 134**	**54 413 683**	**9 391 451**	**17%**
Liabilities				
Due to banks	4 615 159	4 584 017	31 142	1%
Due to customers	47 092 642	38 718 391	8 374 251	22%
Other	1 775 981	1 722 512	53 469	3%
Owners' Equity	10 321 352	9 388 763	932 589	10%
Total Liabilities and Owners' Equity	**63 805 134**	**54 413 683**	**9 391 451**	**17%**

Arab Bank plc

Statement of Income

Arab Bank plc's net income for the year ended 31 December 2021 amounted JOD 156.1 million compared to JOD 21.8 million for the year ended 31 December 2020, total revenues of the Bank stood at JOD 931.7 million compared to JOD 928.8 million in 2020 recording an increase of 0.3%, expected credit losses for financial assets amounted JOD 255.5 million.

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

In JOD (thousands)	2021	2020	Variance	%
Revenue				
Net Interest income	623 634	678 844	(55 210)	(8%)
Net commission income	141 531	128 404	13 127	10%
other	166 508	121 550	44 958	37%
Total Income	**931 673**	**928 798**	**2 875**	**0.3%**
Expenses				
Employees expenses	219 214	230 016	(10 802)	(5%)
Other expenses	246 446	225 291	21 155	9%
Provision for impairment - ECL	255 471	404 870	(149 399)	(37%)
Total Expenses	**721 131**	**860 177**	**(139 046)**	**(16%)**
Profit for the year before tax	**210 542**	**68 621**	**141 921**	**207%**
Income tax	54 441	46 821	7 620	16%
Profit for the year	**156 101**	**21 800**	**134 301**	**616%**

Statement of Comprehensive Income

Arab Bank Plc's comprehensive income for the year ended 31 December 2021 amounted JOD 33.5 million compared to JOD 57.3 million for the year ended 31 December 2020.
The Following schedule shows the principal components of the Arab Bank plc's statement of comprehensive income :

In JOD (Thousands)	2021	2020
Profit for the year	156 101	21 800
Add:		
Items that will be subsequently transferred to the statement of income		
Net exchange differences arising on the translation of foreign operations	(100 202)	38 431
Items that will not be subsequently transferred to the statement of income		
Net change in fair value of financial assets at fair value through other comprehensive income	(22 375)	(2 904)
Total Comprehensive income for the year	**33 524**	**57 327**

Statement of Financial Position

Arab bank Plc assets reached JOD 27.6 billion as at 31 December 2021. Customer deposits amounted JOD 20.5 billion . Investment portfolio has reached JOD 6 billion . Credit facilities amount to JOD 11.4 billion forming 41% of total assets while shareholder's equity reached JOD 3.8 billion.

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

In JOD (Thousands)	2021	2020	Variance	%
Assets				
Cash and due from banks	8 391 621	8 395 409	(3 788)	(0%)
Investment Portfolio	5 959 033	5 281 922	677 111	13%
Direct credit facilities at amortized cost	11 445 175	11 649 462	(204 287)	(2%)
other	1 819 650	1 862 300	(42 650)	(2%)
Total Assets	**27 615 479**	**27 189 093**	**426 386**	**2%**
Liabilities				
Due to banks	2 529 551	2 383 267	146 284	6%
Due to Customers	20 516 921	20 156 730	360 191	2%
Other	752 987	796 527	(43 540)	(5%)
Shareholders' equity	3 816 020	3 852 569	(36 549)	(1%)
Total Liabilities and shareholders' equity	**27 615 479**	**27 189 093**	**426 386**	**2%**

Capital Adequacy

Arab Bank maintains capital adequacy ratios that exceed the required levels as per Basel committee, and Central Bank of Jordan requirements. The following table presents a summary of the capital adequacy calculations for the years 2021 and 2020 in accordance with Basel III:

Arab Bank Group

In USD (Thousands)

Capital Adequacy Ratio as at December 31, 2021 and 2020 in accordance with Basel III requirements

Risk-weighted assets (RWA)	**43 132 067**	**36 180 487**
Common Equity Tier 1	9 376 735	9 006 760
Regulatory Adjustments (Deductions from Common Equity Tier 1)	(2 894 909)	(3 356 130)
Additional Tier 1	273 411	439
Deductions from Additional Tier 1	(12 987)	-
Supplementary Capital	388 384	416 260
Regulatory Capital	**7 130 634**	**6 067 329**
Common Equity Tier 1 Ratio	**15.03%**	**15.62%**
Tier 1 Capital Ratio	**15.63%**	**15.62%**
Capital Adequacy Ratio	**16.53%**	**16.77%**

Arab Bank PLC

In JOD (Thousands)

Capital Adequacy Ratio as at December 31, 2021 and 2020 in accordance with Basel III requirements

Risk-weighted assets (RWA)	**18 600 995**	**19 231 625**
Common Equity Tier 1	3 577 401	3 665 214
Regulatory Adjustments (Deductions from Common Equity Tier 1)	(1 067 669)	(1 049 673)
Additional Tier 1	-	-
Supplementary Capital	159 730	195 873
Regulatory Adjustments (Deductions from Supplementary Capital)	(6 148)	(13 229)
Regulatory Capital	**2 663 314**	**2 798 185**
Common Equity Tier 1 Ratio	**13.49%**	**13.60%**
Tier 1 Capital Ratio	**13.49%**	**13.60%**
Capital Adequacy Ratio	**14.32%**	**14.55%**

Income Appropriation for Arab Bank plc

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

The Board of Directors recommends the distribution of cash dividends of 20% of the shares par value, or JOD 128.2 million for the year 2021 Compared to 12% of the shares par value or JOD 76.9 million in 2020 as shown in the table below:

In JOD (Millions)	2021	2020
Income available for appropriation	156.1	21.8
Statutory Reserve	-	-
Voluntary Reserve	-	-
General Reserve	-	-
General banking risk reserve	-	-
Proposed Cash dividends	128.2	76.9
Retained earnings	27.9	(55.1)
Total Appropriation	**156.1**	**21.8**

Financial Ratios related to Arab Bank Group:

	2021	2020
Owners' equity / Total Assets	16.2%	17.3%
Loans / Deposits	66.2%	61.7%
Liquidity Ratio (cash and quasi cash)	43.0%	46.4%
Cost / Income	77.5%	81.9%
Cost / Income (excluding provision for doubtful debt)	49.4%	47.1%
Common Equity Tier 1 Ratio - Basel III	15.03%	15.62%
Tier 1 Capital Ratio - Basel III	15.63%	15.62%
Capital Adequacy Ratio - Basel III	16.53%	16.77%
Return on Equity	3.0%	2.1%
Return on Assets	0.5%	0.4%
Net interest and commission income / total Assets	2.7%	2.7%
EPS (USD)	0.46	0.30

Financial Ratios related to Arab bank Plc :

	2021	2020
Shareholders' equity / Total Assets	13.8%	14.2%
Loans / Deposits	55.8%	57.8%
Liquidity ratio (cash and quasi cash)	52.1%	50.5%
Cost / Income	77.4%	92.6%
Cost / income (excluding provision for doubtful debt)	46.2%	48.0%
Common Equity Tier 1 Ratio - Basel III	13.49%	13.60%
Tier 1 Capital Ratio - Basel III	13.49%	13.60%
Capital Adequacy Ratio - Basel III	14.32%	14.55%
Return on equity	4.1%	0.6%
Return on Assets	0.6%	0.1%
Net interest and commission income / Total Assets	2.8%	3.0%

FUTURE OUTLOOK AND PLANS FOR 2022

Looking toward 2022 and beyond, Arab Bank has taken into consideration the prevailing and anticipated market conditions locally, regionally, and internationally. We remain focused on preserving the following values and principles:

Liquidity:

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

Capital adequacy:

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

Risk management:

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

Excellence:

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

Our objectives for 2022 are to reinforce our financial position by expanding the bank's business in a responsible and sustainable manner, improving our customer service and business processes, maintaining prudent credit policies, and enhancing our risk management platform. By taking a cautious approach, we will continue to ensure that shareholders' equity is safeguarded and we are well positioned to deal with any unexpected crises in the MENA region and the world.

Arab Bank's Corporate and Institutional Banking (CIB) division will continue to develop its product and service offerings across the Arab Bank network, driven by its client-centric strategy. CIB aims to elevate client experiences and employs its resources to bring the best of the digital evolution to its clients. The digital transformation is also helping to enhance internal processes and adding resources and specialists to manage corporate banking matters on and off premises. These changes have proven valuable for the bank's business clients, many of whom continue to work remotely.

In line with the bank's digital strategy, which focuses on creating new, unique digital experiences and products, Consumer Banking will continue to expand the digital account onboarding service and digital saving/deposit products (e-Tawfeer and e-Fixed/Flexi) to more countries. To enhance the bank's relationship with its customers, the CRM system will be rolled out to the remaining markets, together with digital channels integrations that will provide a holistic view of all customer interactions. An upgrade of the current loan management platform is also planned, which will provide more flexibility and diversity in our product offering.

The Arabi Extra program, which is aimed at workers, will be revamped in Jordan, Palestine, and Egypt and the Shabab program for youth will be rolled out in Egypt.

Consumer Banking strives to continue offering new wealth management and brokerage products that target different customer segments, including middle-income clients and youth.

In the year ahead, the bank will capitalize on its regional presence so that we maximize the benefits of our cross-border program. Further services will be added to this program to increase our customer base in the region and enhance the regional digital journey on Arabi Mobile

Rapid development of digital services remains vital to Arab Bank, particularly given the restrictions imposed by the pandemic. Consumer Banking will continue to develop its digital banking capabilities to meet to evolving customer needs. The bank will also continue to expand its partnerships and offer state-of-the art payment solutions to enrich customer experience and convenience.

Consumer Banking continues to work towards its goal of making Arab Bank's cards the first choice for its customers. These cards offer unique features, advanced loyalty programs, international coverage, numerous benefits through the bank's ecosystem tie-ups, and the prestige of Arab Bank's brand. Consumer Banking strives to manage customers' experiences during all their banking card transactions and add value through promotions, best-in-class digital services, and innovative solutions.

The bank's vision is supported by a digital strategy that focuses on creating new, easily accessed services and products that match our customers' lifestyles and expectations.

At the beginning of 2022, the London Interbank Offered Rate (LIBOR) will be replaced by alternative reference rates as a global interest rate benchmark for loans and other banking products. All banks will move to the new post-LIBOR environment in 2022, which has required extensive work on systems, processes, documentation, and customer outreach. Arab Bank is very well prepared to greet the post-LIBOR financial environment.

By increasing the use of data analytics, personalized digital solutions, and increasingly sophisticated treasury products, we will continue to serve clients, protect the bank, and generate stable, high-quality earnings through our network of highly trained treasury teams.

EXTERNAL AUDITORS' COMPENSATION IN JORDAN AND ABROAD

In JOD Thousands	2021	2020
Fees for quarterly and annual audits and reviews	1,178	1,178

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

Service	External Auditor	Fees In JOD Thousands
Variation to the External Review as per CBJ COBIT 5.0 regulations service	Ernst & Young	25
Validate the bank's proposed Wealth Management model and perform a technical evaluation of the Wealth Management	Ernst & Young	318

NUMBER OF ARAB BANK SHARES OWNED BY MEMBERS OF THE BOARD

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

No.	Name	Position	Nationality	Number of shares		No. of shares owned by companies controlled by them	
				31/12/2021	31/12/2020	31/12/2021	31/12/2020
1.	**Mr. Sabih Taher D. Masri**	Chairman	Jordanian	1007370	1007370	65629134	68153598
2.	**Mr. Mahmoud Bin Zuhdi Bin Mahmoud Malhas from 29/7/2021**	Deputy Chairman	Saudi	10008	1008	1145898	1154898
3.	**Messrs. Ministry of Finance, Saudi Arabia Represented by Mr. Hisham Mohammad M. Attar**	Member	Saudi	28800000	28800000	- - -	- - -
4.	**Messrs. Social Security Corporation Mr. Mohammad Adnan Hasan AlMadi from 15/12/2021**	Member	Jordanian	110108286	109952136	- - -	- - -
5.	**Mr. Wahbe Abdallah W. Tamari**	Member	Lebanese	18000	18000	8168256	8168256
6.	**Mr. Khalid Sabih Taher Masri from 25/1/2021**	Member	Jordanian	10008	10008	48153600	48153600
7.	**Mr. Bassam Wael R. Kana'an**	Member	Jordanian	112410	112410	- - -	- - -
8.	**Mr. Abbas Farouq A. Zuaiter**	Member	Jordanian	148086	148086	- - -	- - -
9.	**Mr. Alaa Arif S. Batayneh**	Member	Jordanian	79254	70812	- - -	- - -
10.	**Mr. Suleiman Hafez S. AL Masri**	Member	Jordanian	10008	10008	- - -	- - -
11.	**Mr. Usama Ramez Mikdashi**	Member	Lebanese	10008	10008	- - -	- - -

NUMBER OF ARAB BANK SHARES OWNED BY SENIOR EXECUTIVES

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

No.	Name	Position	Nationality	Number of shares		No. of shares owned by companies controlled by them	
				31/12/2021	31/12/2020	31/12/2021	31/12/2020
1.	**Mr. Nemeh Elias Sabbagh**	Chief Executive Officer	Lebanese	12006	12006	------	------
2.	**Miss. Randa Mohammad Tawfeeq Al Sadik**	Deputy Chief Executive Officer	Jordanian	34020	34020	-------	-------
3.	**Mr. Mohamad Ahmed Khaled Al-Masri**	EVP – Head of Corporate & Institutional Banking	Jordanian	------	------	-------	-------
4.	**Mr. Mohamed Abdul Fattah Hamad Ghanameh**	EVP – Chief Credit Officer	Jordanian	53244	53244	-------	-------
5.	**Mr. Michael Matossian**	EVP – Chief Compliance Officer	American	1440	1440	-------	-------
6.	**Mr. Naem Rasem Kamel Al Husseini**	EVP – Head of Consumer Banking	Saudi	-------	-------	-------	-------
7.	**Mr. Ziyad Anwar Abdul Rahman Akrouk**	EVP - Head of Group Risk	Jordanian	10206	10206	-------	-------
8.	**Mr. Fadi Zouein**	EVP Head of Internal Audit	Lebanese	------	------	-------	-------
9.	**Mr. Basem Ali Abdullah Al Imam**	Board Secretary Head of Legal Affairs	Jordanian	1080	1080	-------	-------
10.	**Mr. Antonio Mancuso Marcello**	EVP Head Of Treasury	British	------	------	-------	-------
11.	**Mr. Eric Jacques J. Modave**	EVP Chief Operating Officer	Belgian	12006	------	-------	-------
12.	**Mr. Walid Mohy Eldein Mohammad Samhouri**	EVP - Jordan Country Head	Jordanian	------	------	-------	-------
13.	**Mrs. Rabab Jamil Said Abbadi**	EVP- Head of Human Resources	Jordanian	------	------	-------	-------
14.	**Mr. Firas Jaser Jamil Zayyad**	SVP- Chief Financial Officer	Jordanian	972	972	-------	-------

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

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

No.	Name	Relation-ship	Nationality	Number of shares		No. of shares owned by companies controlled by them	
				31/12/2021	31/12/2020	31/12/2021	31/12/2020
1.	**Mr. Sabih Taher D. Masri** Chairman						
		Spouse	------	------	------	------	------
		Minors	------	------	------	------	------
2.	**Mr. Mahmoud Bin Zuhdi Bin Mahmoud Malhas** from 29/7/2021						
	Mrs. Rima Samir Jamil Alkhalidi	Spouse	Jordanian	9000	9000	------	------
		Minors	------	------	------	------	------
3.	**Messrs. Ministry of Finance, Saudi Arabia** Member Represented by Mr. Hisham Mohammad M.Attar						
			------	------	------	------	------
			------	------	------	------	------
4.	**Messrs. Social Security Corporation** Member Mr. Mohammad Adnan Hasan AlMadi from 15/12/2021						
			------	------	------	------	------
			------	------	------	------	------
5.	**Mr. Wahbe Abdallah W. Tamari** Member						
		Spouse	------	------	------	------	------
		Minors	------	------	------	------	------
6.	**Mr. Khalid Sabih Taher Masri** Member from 25/1/2021						
		Spouse	------	------	------	------	------
		Minors	------	------	------	------	------
7.	**Mr. Bassam Wael R. Kana'an** Member						
		Spouse	------	------	------	------	------
		Minors	------	------	------	------	------
8.	**Mr. Abbas Farouq A. Zuaiter** Member						
		Spouse	------	------	------	------	------
		Minors	------	------	------	------	------
9.	**Mr. Alaa Arif S. Batayneh** Member						
		Spouse	------	------	------	------	------
	Aref Alaa Aref Al Bataineh	Minors	Jordanian	6588	3294	------	------
10.	**Mr. Sulaiman Hafez S. AL Masri** Member						
	Mrs. Rusaila Mohamad Lutfe Mohamad Hasan Bayazidi	Spouse	Jordanian	2214	2214	------	------
		Minors	--------	------	------	------	------
11.	**Mr. Usama Ramiz Mikdashi** Member						
		Spouse	------	------	------	------	------
		Minors	------	------	------	------	------

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

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

No.	Name	Relationship	Nationality	Number of shares		No. of shares owned by companies controlled by them	
				31/12/2021	31/12/2020	31/12/2021	31/12/2020
1.	**Mr. Nemeh Elias Sabbagh**						
		Spouse Minors	Lebanese	------	------	------	------
2.	**Miss. Randa Mohammad Tawfeeq Al Sadik**						
		------	------	-------	-------	-------	-------
3.	**Mr. Mohamad Ahmed Khaled Al-Masri**						
		Spouse Minors	Jordanian	------	------	-------	-------
4.	**Mr. Mohamed Abdul Fattah Hamad Ghanameh**						
		Spouse Minors	Jordanian	------	------	-------	-------
5.	**Mr. Michael Matossian**						
		Spouse Minors	American	------	------	-------	-------
6.	**Mr. Naem Rasem Kamel Al Husseini**						
		Spouse Minors	Saudi	------	------	-------	-------
7.	**Mr. Ziyad Anwar Abdul Rahman Akrouk**						
	Mrs. Jumana Shuja' Mohammad Al-Asad	Spouse Minors	Jordanian	21762	21762	-------	-------
8.	**Mr. Fadi Zouein**						
		Spouse Minors	Lebanese	------	------	-------	-------
9.	**Mr. Basem Ali Abdullah Al Imam**						
		Spouse Minors	Jordanian	------	------	-------	-------
10.	**Mr. Antonio Mancuso Marcello**						
		Spouse Minors	British	------	------	-------	-------
11.	**Mr. Eric Jacques J. Modave**						
		Spouse Minors	Belgian	------	------	-------	-------
12.	**Mr. Walid Mohy Eldein Mohammad Samhouri**						
	Mrs. Rima Mohammad Abdulkareem Shwaika	Spouse Minors	Jordanian	90 -------	90 ------	-------	-------
13.	**Mrs. Rabab Jamil Said Abbadi**						
		Spouse Minors	-------	------	------	-------	-------
14.	**Mr. Firas Jaser Jamil Zayyad**						
		Spouse Minors	-------	-------	-------	-------	-------

BOARD OF DIRECTORS REMUNERATION AND BENEFITS

Board of Directors Remuneration and Benefits paid in 2021

(Amounts in Jordanian Dinar)

No.	Member Name	Title	Annual Salary	Annual Transportation Allowance	Annual Remuneration For attendence Board & Committees Meetings	Annual Board Remuneration	Total
1	Mr. Sabih Taher D. Al-Masri	Chairman	-	24,000	57,500	5,000	86,500
2	Mr. Mahmoud Zuhdi M. Malhas Since 29/7/2021	Deputy Chairman	-	10,194	15,000	-	25,194
3	Messrs Mininstry of Finance, Saudi Arabia Represented by Mr. Hisham Attar	Member	-	24,000	37,500	5,000	66,500
4	Messrs Social Security Corporation	Member	-	24,000	60,000	5,000	89,000
5	Mr. Wahbe Abdallah W. Tamari	Member	-	24,000	52,500	4,000	80,500
6	Mr. Khaled Sabih T. Al-Masri Since 25/1/2021	Member	-	22,387	50,000	-	72,387
7	Mr. Bassam Wael R. Kana'an	Member	-	24,000	45,000	4,000	73,000
8	Mr. Abbas Farouq A. Zuaiter	Member	-	24,000	65,000	5,000	94,000
9	Mr. Alaa Arif S. Batayneh	Member	-	24,000	52,500	5,000	81,500
10	Mr. Suleiman Hafez S. Al Masri	Member	-	24,000	72,500	5,000	101,500
11	Mr. Usama Ramez Mikdashi	Member	-	24,000	62,500	5,000	91,500

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

Names of Major Shareholders of 5% and more

Shareholder's Name	Number of shares 31.12.2020	Ownership %	Number of shares 31.12.2021
Social Security Corporation	109952136	17.159%	110108286

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

Shareholder name	Nationality	No. of Shares as 31/12/2021	Percentage %
Social Security Corporation	Jordanian	110108286	17.183%
Abdul Hameed Shoman Foundation	Jordanian	32023026	4.997%
Ministry of Finance, Saudi Arabia	Saudi	28800000	4.494%
Arab supply & Trading Co	Saudi	28043226	4.376%
Musallam Ali Hussein Musallam	Saudi	22705758	3.543%
Palestinian Telecommunications Co.	Palestinian	19999998	3.121%
AlMaseera International Co. E.C.	Bahraini	17442846	2.722%
Dar Al Handasa (Shair and Partners) Co.	Emirates	13608972	2.124%
Mohamed Abdel Hamid Abdul Majeed Shoman	Jordanian	10834038	1.691%
Ministry of Economy and Finance / Qatar	Qatari	10564164	1.649%
Palestine Development and Investment LTD (PADICO)	Liberia	7211790	1.125%
UBHAR CAPITAL SAOC	Omani	7533378	1.176%
Mary Issa A. Alousi	Jordanian	6544656	1.021%

Ownership %
17.183%

Ultimate Beneficial Owner	No. of pledged Shares	Percentage %	Pledgee
Same.	———	———	———
Abdul Hameed Shoman Foundation, Panama/ Private Interest Foundation, Foundation Council.	———	———	———
Same / Government.	———	———	———
Sabih Taher Masri / Khalid Sabih Masri / Desert peak Company Percentage of Owership: 9% / 90% / 1% Ultimate Beneficial Owner: 0.416% / 3.96%	———	———	———
Same.	22695750	3.542%	Housing Bank
* **Palestine Development & Investmant LTD (PADICO) 30.63%** (Palestinian Telecommunications Co. 16.91%, AlMaseera International Co. E.C. 12.47%, Siraj Palestine Fund 1,LTD 6.53%, Massar International 13.51%, Munib Al -Masri and related parties 4.29%. - SIRAJ PALESTINE FUND 1 ,LTD (Bashar Masri 12.01%, Bayti Real Estate Investment Company 15.35%, Soros Economic Development Fund 12.01%, Siraj Palestine GPI, LTD JLP 50.46%) - Massar International, Bashar Masri 99% * **Palestine Investments Fund 6.74%** (Sovereign Wealth Fund for the State of Palestine / Palestinian People). Ultimate Beneficial Owner 1% or More : None	———	———	———
Sabih Taher Masri / Khalid Sabih Masri Percentage of Ownership: 50% / 50% Ultimate Beneficial Owner: 1.361% / 1.361%	17442846	2.722%	Gulf International Bank
Holding Limited Company owned by Mr. Talal Al Shair (28.5%) & others. Ultimate Beneficial Owner 1% or More : None	———	———	———
Same	———	———	———
Same / Government	———	———	———
Palestinian Telecommunications Co. 16.91%,AlMaseera International Co. E.C. 12.47%, Siraj Palestine Fund 1 ,LTD 6.53%, Massar International 13.51%, Munib Al -Masri and related parties 4.29%. Ultimate Beneficial Owner 1% or More : None	1067778 3312000	0.166% 0.517%	Ahli Bank Housing Bank
* Jabreen International Development Company SAOC («Jabreen Capital» with 65.99%) Oman International Development and Investment Company SAOC(«Ominvest» 99.6%) * Arab Bank (Switzerland) Ltd. (“ABS” with 34%) The same Arab Bank plc shareholders with the same ownership percentage . Ultimate Beneficial Owner 1% or More : None	———	———	———
Same	———	———	———

EXECUTIVE MANAGEMENT COMPENSATION AND BENEFITS IN 2021

(In JOD)

Name	Position	Annual Salary	Annual Transportation allowance	Annual Travel Expenses (does not include accommodation and tickets)	Performance Bonus paid during 2021	Total
Nemeh Elias Sabbagh	Chief Executive Officer	800000	-	-	815548	1615548
Randa Muhammad El Sadik	Deputy Chief Executive Officer	516368	-	-	72872	589240
Firas Jaser Zayyad	SVP- Chief Financial Officer	232000	-	-	-	232000
Mohammad Abdel Fattah Al Ghanamah	EVP - Chief Credit Officer	331984	-	-	19111	351095
Walid Muhi Eddin Al Samhouri	EVP - Jordan Country Head	364880	-	-	47391	412271
Ziyad Anwar Abdel Rahman Akrouk	EVP -Head of Group Risk	465360	-	-	13747	479107
Michael Matossian	EVP - Chief Compliance Officer	466904	-	-	19538	486442
Rabab Jamil Said Abbadi	EVP - Head of Human Resources	224336	-	-	-	224336
Naim Rasim K. Al-Hussaini	EVP - Head of Consumer Banking	355072	-	-	30743	385815
Fadi Joseph Zouein	EVP - Head of Internal Audit	317536	-	-	-	317536
Basem Ali Abdallah Al Imam	Board Secretary / Head of Legal Affairs	270000	-	-	-	270000
Antonio Mancuso Marcello	EVP - Head of Treasury	398128	-	-	48628	446756
Mohammed Ahmad Khaled Masri	EVP - Head of Corporate & Institutional Banking	465360	-	-	33902	499262
Eric Jacques Modave	EVP - Chief Operating Officer	258120	-	-	24345	282465

ARAB BANK’S DONATIONS DURING YEAR 2021

Project / Entity	JOD
Abdul Hameed Shoman Foundation	4 827 900
King Hussein Cancer Foundation	814 226
The Queen Rania Foundation for Education and Development	797 833
The project of spreading the community's financial culture	450 000
King's Academy	394 066
Scholarships for Employees' Children	259 536
Association of Banks in Jordan	62 785
Jordanian Hashemite Fund for Human Development (JOHUD)	50 000
Ministry Of Education - Computers purchase	41 441
Jordan River Foundation	33 708
Himmetna Charitable Association-The Oncology Department at Al-Bashir Hospital	22 000
Jerash Festival for Culture and Arts	20 000
El-Hassan Youth Award	15 000
Ministry of Social Development	10 000
Tkiyet Um Ali	9 155
SOS Children Villages	7 500
King Abdullah II Center for Excellence	6 500
Ministry of Health Al-Quwayra public medical center at Aqaba Governorate	6 248
Others	82 251
	7 910 148

TRANSACTIONS WITH RELATED PARTIES

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

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

JD '000

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

JD '000

	December 31, 2020			
	Deposits owed from Related Parties	Direct Credit Facilities at Amortized Cost	Deposits owed to Related Parties	LCs, LGs, Unutilized Credit Facilities and Acceptances
Sister and subsidiary companies	1 287 793	23 625	104 169	138 445
Associates companies	123 000	-	12 924	31 233
Major shareholders and members of the Board of Directors	-	184 619	460 907	63 484
Total	**1 410 793**	**208 244**	**578 000**	**233 162**

The details of transactions with related parties are as follows:

JD '000

	2021		**2020**	
	Interest Income	Interest Expense	Interest Income	Interest Expense
Sister and subsidiary companies	3 447	684	7 490	1 142
Associates companies	331	34	1 242	64
Total	**3 778**	**718**	**8 732**	**1 206**

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

JD '000

	Granted to BOD Members			Granted to Related Parties			Total		
	Direct Credit Facilities	Indirect Credit Facilities	Total	Direct Credit Facilities	Indirect Credit Facilities	Total	Direct Credit Facilities	Indirect Credit Facilities	Total
Mr. Sabih Masri	-	1	1	137 322	30 257	167 579	137 322	30 258	167 580
Mr. Wahbeh Tamari	-	-	-	59 165	709	59 874	59 165	709	59 874
Mr.Mahmoud Malhas	-	-	-	-	150	150	-	150	150
Mr.Bassam Kanaan	1	-	1	-	-	-	1	-	1
Mr. Ala Batayneh	1	-	1	-	-	-	1	-	1
Total	**2**	**1**	**3**	**196 487**	**31 116**	**227 603**	**196 489**	**31 117**	**227 606**

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

ENVIRONMENTAL PROTECTION

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

The bank switched all lighting units used in its buildings to LED. This change contributed significantly to a reduction in energy consumption during the year in our HO and COU buildings. In addition, the UPS systems of HQ and 75% of Arab Bank branches were replaced to reduce the amount of electricity loss and energy consumption.

Indirect energy – With the aim of reducing the environmental impact associated with our electricity consumption, we have replaced 95% of our total consumption from conventional resources with renewable energy.

Direct energy – Direct energy consumption has decreased. This is the result of several initiatives taken to reduce our number of vehicles and heating fuel consumption during the year. The bank applied the global positioning system to track the bank's vehicles with the objective of reducing fuel consumption, harmful and toxic emissions, and preventive maintenance for the fleet. The RCM team applied preventive maintenance for all branches to increase the HVAC system's efficiency and reduce consumption.

The bank installed a more advanced VRF air-conditioning system in the new locations with the aim of reducing both energy consumption and toxic emissions.

As part of Arab Bank's commitment to environmental sustainability, it continued to encourage its employees, business partners, and customers to think about their environmental footprint when carrying out their transactions. As part of these efforts, the bank has established a paperless working environment and several HR digital initiatives, both of which have been integrated into daily business practice. The paperless approach has enabled both employees and customers to reduce their paper usage. Arab Bank continued to work to reduce the amount of paper used in correspondence by extending its use of e-statements and e-advices and other digital initiatives.

Financing renewable energy projects and following up on the needs of this sector, particularly in the MENA region and Jordan, remains of strategic importance to Arab Bank Group, given its positive impact on reducing reliance on traditional fuel sources and overall cost savings.

Arab Bank cooperates with other international financial institutions and multilaterals to provide the sector with its special financing requirements, among which are the International Finance Corporation (IFC) and the European Bank for Reconstruction and Development (EBRD).

In view of the sector's growth and strategic importance for the economy, the bank is constantly monitoring the financing needs of solar energy projects. During the year, Arab Bank finalized several financing agreements with local firms to establish PV Solar Power Plants, which will produce electricity under 'Wheeling' guidelines. Arab Bank also provides agency services by acting as the onshore account bank and security agent on several renewable energy projects.

In addition to Arab Bank's pivotal role in renewable energy and environmentally friendly projects, it also closely monitors the water sector's needs so that it can provide financing opportunities to support its growth. Arab Bank is currently managing a syndicated loan for Samra Wastewater Treatment Plant Company, which is responsible for the wastewater treatment plant project in Hashimiyeh Area – Al Zarqa, considered the largest in Jordan. The bank continues to follow up on potential projects for the purpose of enhancing this sector in Jordan.

Arab Bank collaborated with the Royal Society for the Conservation of Nature (RSCN) on several initiatives to protect the environment in Jordan. It is also collaborating with the RSCN to support the FIFA Eco-village project on initiatives such as planting date trees to generate income, installing grey water systems, and generating organic fertilizers from food waste, all of which are helping to enhance the environmental awareness of village residents, while improving their living conditions. Phase two of the project was finalized during 2021 and projects were delivered to the beneficiaries.

Sustainability at Arab Bank

Arab Bank's sustainability journey began in 1930 when the bank was founded. The pursuit of sustainability has evolved over time to become an integral objective of the bank. The bank now plays a significant role in shaping the lives of people in the Arab world and developing the economies and communities in which it operates. The bank supports and finances strategic projects in the region with the aim of developing the capacity of the Arab world through serving community needs and priorities.

Recognizing the importance of a comprehensive management approach to sustainability, the bank has set several sustainability-related strategic objectives for itself, based on international best practices, to address these challenges:

- To align Arab Bank's sustainability approach with the evolving expectations and aspirations of its various stakeholders
- To expand the bank's role and impact in supporting social and economic development
- To address all potential environmental and social risks at a strategic level
- To maintain and reinforce Arab Bank's reputation as a social, environmental, and economic leader

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

The bank issues an annual sustainability report, based on the first international sustainability reporting standards of the Global Reporting Initiative (GRI). By reporting in this way, the bank measures, understands, and communicates its economic, environmental, and social performance, and manages change in line with international best practices. This approach also allows the bank to measure its strategic goals for sustainability regularly. The bank issued its eleventh sustainability report in 2021.

Corporate social responsibility program: Together

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

The bank adopted five main community causes as the primary focus areas for Together, based on the community's primary needs and the bank's ability to make a positive and long-lasting impact. These areas are health, poverty alleviation, environmental protection, education, and orphan support.

Through Together, the bank's engagement with its employees, customers, and partner NGOs is channeled through the following paths:

- Employee volunteering: Arab Bank encourages its employees to donate their time, efforts, and experience to initiatives and programs that are aligned with the five main community causes the bank has adopted. The volunteering program is driven by a set of KPIs and is managed by a full-fledged system that drives and monitors its performance and deliverables. In response to the pandemic, the bank continued to hold its volunteering activities virtually during 2021 so that we could put the safety of our volunteers and beneficiaries first. Our employees volunteered in around 44 instances, contributing over 240 hours through 19 community programs, including virtual training sessions and courses.

- Collaboration with NGOs: The bank works closely with reputable NGOs in each of the bank's CSR focus areas. Our efforts included developing and implementing community initiatives and intervention programs through Arab Bank community investments. These programs set deliverables and KPIs that are aligned with the bank's sustainability strategy. As part of working with partner NGOs, the bank offers a capacity-building program that focuses on strengthening the functional, technical, and interpersonal skills of the NGO's staff in a way that positively affects the NGO's performance and community role. During 2021, the courses benefited 89 employees at our partner NGOs through the delivery of 330 training hours.

Customer donations: Through Together, the bank enables its customers to contribute financially to its five main community causes. A donation mechanism within the bank's service channels – ATMs, online banking, Together credit card, the branch network, and the efawateercom service – enables customers to donate to any of the Together partner NGOs easily and conveniently. During 2021, customer donations reached more than JOD 1,938,000.

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

Health

Arab Bank has collaborated with several organizations to support initiatives aimed at advancing health-related causes in the community. The bank sponsored the Back to School Program with the King Hussein Cancer Foundation (KHCF), supporting around 424 young patients and giving them a chance to continue their education while undergoing treatment at the King Hussein Cancer Center. Twenty of the bank's employees volunteered their time to tutor cancer patient students virtually. The bank also was the diamond sponsor of the King Hussein Award for Cancer Research, which targets leading researchers in several areas related to cancer. Furthermore, the bank collaborated with the KHCF and the Jordan Breast Cancer Program (JBCP) to organize a breast cancer early detection awareness campaign.

The bank collaborated with the Royal Health Awareness Society (RHAS) to help implement the Healthy Schools National Accreditation program at six schools. This program is aimed at creating health-promoting environments within schools that reflect positively on students' physical and social growth and academic performance. The bank also supported the Jordan Air Ambulance Center (JAAC) in providing emergency air transportation services to patients. The bank continued its sponsorship of the Jordan National Football team and Amman Marathon as part of its commitment to promote sport and active lifestyles, in addition to participating in the KHCF Goal for Life tournament. The bank also collaborated with the Traffic Department to sponsor the digital awareness campaign for road safety.

In Palestine, the bank supported An-Najah National University Hospital in establishing the new Nephrology Center to expand the current dialysis unit at the hospital.

Poverty alleviation

Arab Bank continued to support programs aimed at alleviating pockets of poverty in the Kingdom in collaboration with Tkiyet Um Ali (TUA) and Jordan River Foundation (JRF). The bank supported 56 underprivileged families by providing them with monthly food packages for one year through TUA. Additionally, the bank collaborated with TUA during the month of Ramadan to sponsor the distribution of 2,270 hot meals for families that live under the poverty line in Amman and Balqa and sponsored the distribution of food packages in Ajloun. The number of beneficiaries of Ramadan initiatives with TUA reached 2,614. The bank also has distributed 1,400 blankets to 843 of TUA's underprivileged families in several areas of poverty across the Kingdom as part of the Lamset Dafa initiative, which took place for the ninth consecutive year. The bank also collaborated with JRF to alleviate poverty through the Child Safety and Women Empowerment programs.

In Palestine, Arab Bank supported the Women Empowerment Program by economically helping 18 women to develop their own businesses and find sources of income for their families. The bank also supported 60 underprivileged families by providing them with monthly food packages for one year in collaboration with the Ministry of Social Development.

Environmental protection

The bank collaborated with the Royal Society for the Conservation of Nature (RSCN) on several initiatives to protect the environment in Jordan. The bank is collaborating with the RSCN to support the FIFA Eco-village project on initiatives such as planting date trees to generate income, installing grey water systems, and generating organic fertilizers from food waste, all of which are enhancing the environmental awareness of village residents and improving their living conditions. During 2021, phase two of the project was finalized and projects were delivered to the beneficiaries.

Education

Arab Bank collaborated with several organizations to empower youth through education and training. Bank employees volunteered with INJAZ to deliver courses in schools and universities. Through its sponsorship of the Digitization and Cyber Security program (for the third consecutive year) in 11 universities, the number of universities implementing this program has risen to 27 with 3,088 beneficiary students.

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

In celebration of Jordan's centennial, Arab Bank donated new computers to the Ministry of Education, which were distributed to various public schools across the Kingdom. The bank also contributed to the renovation of computer labs for several public schools in Jordan.

In collaboration with the Hay Cultural Centre, the bank supported the Art of Saving program, which is aimed at spreading financial literacy among children, the My First Project program, which strives to help ten children transform their innovative ideas into real, small budget projects.

Under the umbrella of the Queen Rania Foundation, the bank supported Let's Read Fluently, a five-year research study that focuses on the phase in which students learn to decode language. The bank also supported the Parental

Education Program that offers learning tools for parents to help them support their children's learning. In addition, the bank supported Karim and Jana – Words Journey, an app that help children aged 3-7 learn the basics of reading and writing in Arabic through learning the letters' sounds and to writing them using a gamification style. The bank also supported the Madrasati initiative by renovating the facilities and infrastructure of two schools; the Proud to be a Teacher program, which enhances teachers' social and interpersonal skills, and Masahati, which aims to enrich the student and teacher experience. The bank also supported the Queen Rania Teacher Academy Teach Like a Champion 2.0 program, and sponsored online courses through EDRAAK.

When the Children's Museum closed during the pandemic, the bank supported several virtual workshops to give children access to fun and exciting learning experiences and was the main sponsor of the Community Connection program at the museum. The bank also supported the Digital Ramadan Program, Arab Financial Inclusion Day, World Health Day, and Persons with Disabilities Month. The Bank also and renewed its support to the Bea'ati Al Ajmal program, one of Queen Rania Award programs that play a significant role in the local education ecosystem.

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

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

Orphan support

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

Other initiatives

As part of its strategic partnership with the Union of Arab Banks, the bank sponsored several conferences and forums, including the Compliance Challenges & Strengthening Correspondent Banking Relationships forum in Lebanon and the International Arab Banking Summit - IABS 2021, 'Banking Recovering Strategies Post Crisis: Restoring Sustainable Development and Debt Sustainability' in Italy. Several forums in Egypt also received sponsorship, including Compliance and Combating Financial Crime Challenges and the Chief Risk Officers in Arab Banks (in its third session) forum.

Arab Bank was the silver sponsor of SOFEX AIDTSEC 2021, held under the patronage of HRH Crown Prince Al-Hussein bin Abdullah II, at the King Hussein Bin Talal Convention Centre - Dead Sea in October 2021. Arab Bank also sponsored the Jerash Festival for Culture and Arts in its 35th edition, held under the patronage of His Majesty King Abdullah, 22 September-2 October 2021. The festival featured various arts and culture activities from around the region and the globe.

Arab Bank supported the Endeavour Jordan fellowship program, The Leap!, which is aimed at empowering experienced executives to make the leap from employment to entrepreneurship.

In Palestine, Arab Bank sponsored the Sixth National Forum for Innovation and Excellence, Transition to Innovation, which was organized by the Higher Council for Innovation and Excellence. Arab Bank's diamond sponsorship of this event reflects its constant commitment to supporting innovation, entrepreneurship, and excellence.

Arab Bank was the platinum sponsor of the BAFT Virtual Global Annual Meeting, which attracted attendees from transaction banking, trade, payments and cash management, FI / sales / relationship management, and more. It focused on correspondent banking, with topics such as technology, digitization, and innovation; regulatory issues; an economic update; and compliance.

Abdul Hameed Shoman Foundation

The Abdul Hameed Shoman Foundation is a non-profit pioneering initiative that was established by the Arab Bank in 1978 to support cultural and social responsibility initiatives in the Arab World. The Foundation aims to serve as a beacon of light in Jordan and the Arab World by laying the groundwork for a society that encourages reading, scientific research, cultural enlightenment, and innovation.

The Foundation was built on three pillars: Thought Leadership, Literature and Arts, and Cultural grants and innovation. In 2021, it continued to provide its programs and services as widely as possible to support creativity, education, innovation, scientific research, and a culture of reading.

The COVID-19 pandemic had many repercussions on all businesses and organizations. Even though it was difficult to implement programs and services, the Foundation was able to provide its services and programs as usual, while adhering to all public health measures. This year, driven by the constant risk of public closures because of the pandemic, the Foundation was able to spread culture and learning by digitizing its services and enriching its online content.

Here are the details of each program and what was achieved during 2021:

Abdul Hameed Shoman Foundation Innovation Award 2021

The Foundation completed the second edition of the Abdul Hameed Shoman Foundation Innovation Award in 2021 to support innovations that have a wide social impact. This award aims to foster a society of culture, knowledge, and creativity, drive economic growth, and accelerate social gains through job creation and the implementation of projects that improve quality of life.

Nine award-winning projects were selected after passing all six evaluation stages and receiving the highest scores during the second edition of the award. The winning projects covered five fields out of six and they included the following: two projects in green technology and environmental sustainability, one project in agriculture and two projects in labor market and economic productivity solutions, three projects offering educational solutions, and one project in culture and arts. The projects' financial and in-kind investment for the year 2020 was approximately one million Jordanian dinars over two years, which is considered the largest funding amount for innovative projects in the Kingdom.

As part of its investment in the award-winning innovation projects, the Foundation launched the Deep Dive II training program, which is aimed at providing specialized training courses for winners and their teams. The courses covered several areas over a period of six months and helped the winners to develop their projects so that they could achieve their goals.

The nine projects began to implement their objectives during 2021, with full completion expected during 2022.

Abdul Hameed Shoman Creativity Award for Children and Youth Abd'e

Stemming from the Foundation's belief in encouraging and motivating children and youth innovation and creativity, the Foundation relaunched the Abdul Hameed Shoman Creativity Award for Children and Youth (Abd'e) in 2018. The award, which originally ran between 1988 and 2003, targets children and youth aged 8-18 years old across the Kingdom.

The relaunched award opened the door to creativity in seven fields: drawing, sculpture and ceramics, article writing, poetry, music, dance, and scientific innovation. A total of 902 completed applications were received from Jordanian and Arab students from across the Kingdom. Competitors were qualified for specialized trainings, after which the winners were honored and awarded USD 1,000 each at a special award ceremony.

This award reflects the Foundation's belief in the pivotal role children and youth have in shaping the future. The intention behind the award is to enhance the creative works of children and youth in different literary, performance, and artistic fields, and scientific innovation. These creative activities help to develop children's minds, ultimately leading to an enlightened generation of children and youth. The award also aims to promote healthy competition among children and youth, showcase their talents and enrich their minds, develop their literary and artistic tastes, skills, and capabilities, and support scientific innovation. The award promotes and develops self-expression among children and youth through imagination and sound Arabic linguistic proficiency and fosters a culture of creativity through the discovery of talents at an early age. A committee of experts oversees the awards, while jury members and advisors with proven experience and expertise in the selected fields are appointed annually.

Scientific research

This year, the Abdul Hameed Shoman Foundation succeeded in contributing to scientific progress at the local and Arab levels with the Abdul Hameed Shoman Award for Arab Researchers, the first Arab award for scientific research. Seven researchers from different Arab countries won in the fields of medical and health sciences, engineering sciences, basic sciences, economic and administration sciences, and agriculture and technology. The award winners were honored in a virtual award ceremony. A distinguished group of Arab researchers, scientists, scholars, and representatives of several Arab awards participated in the ceremony under the patronage of H. E. Mr. Sabih Al-Masri, chairman of the board of directors of Arab Bank and chairman of the board of directors of the Abdul Hameed Shoman Foundation. Since the launch of the award in 1982, there have been 454 winning researchers from diverse Arab countries.

The Foundation continued to support applied research in universities, institutions, and research centers in Jordan through the Abdul Hameed Shoman Scientific Research Support Fund, the first fund of its kind to be supported by the private sector. In 2021, the Foundation followed up on 33 research projects that received supported in the past, eight of which are aimed at researching the impacts of the COVID-19 pandemic. As a result, six scientific papers were published this year in peer-reviewed international and Arab scientific journals. One hundred and fifty scientific papers have now been published through Fund-supported research since 2000.

To improve the status of scientific research in the humanities and social sciences, the Foundation worked on an integrated plan to address the challenges it faces and to explore ways to develop it in cooperation with the Ministry of Higher Education. Included is training on scientific research in the humanities and social sciences that aims to enhance the research capabilities of researchers from Jordanian universities and increase their knowledge and skills. Fifteen researchers received the training, resulting in actual scientific research on the work of the Abdul Hameed Shoman Foundation and how to develop it.

A new support fund for scientific research was launched last year in cooperation with the Massachusetts Institute of Technology (MIT). The aim behind this fund is to provide seed funding for joint scientific research for researchers from MIT and their counterparts from Jordan. Twelve research projects were submitted, six of which are being supported with approximately JOD 100,000. Implementation of these grants is underway.

Abdul Hameed Shoman Award for Children's Literature

The Abdul Hameed Shoman Award for Children's Literature was launched in 2006 to elevate the quality of Arabic literature produced for children with the aim of encouraging children to read and stimulating their imagination and creativity. Since its launch, 45 writers from different Arab countries have won the award, and the Foundation published 17 of the winning works.

To finalize the award requirements for this year, the Scientific Committee identified the theme for the 15th edition of the award as "Diary of a Boy and a Girl". Although the new theme is not a well-known topic within the Arab world, several entries were received with high quality content. There were 435 completed entries from 31 Arab and non-Arab countries, with 86 entries from Jordan. The award was presented to three women from Egypt, Jordan, and Saudi Arabia during a virtual award ceremony under the patronage of H.E the Minister of Culture with the participation of a distinguished group of authors and literary enthusiasts. The winning stories from 2020 will be published in both paper and digital formats.

The Foundation conducted a four-day training workshop called "The Basics of Children Story Book Writing" at which 19 male and female writers were joined by authors, publishers, and Jordanian storywriters. The workshop was delivered by the best Jordanian trainers with the aim of educating the participants on writing techniques for children's stories and introducing them to the importance of educational aspects within children's literature, including the importance of distinguishing between writing for children and about children. The workshop also covered writing techniques and story elements in terms of language, characters, plot, ending, the stages of constructing the idea behind the story, and writing.

Abdul Hameed Shoman Public Library/ Jabal Amman and Al-Ashrafieh

The Abdul Hameed Shoman Library continued to develop its services and programs to serve its visitors and community members. During 2021 it achieved better results than in 2020, while maintaining health and safety measures. The library contributed to the government's pandemic efforts by providing free PCR tests and offering two vaccine doses to its visitors and employees.

The public library has implemented all the programs and activities included in its strategic plan, including holding three training courses in scientific research and critical thinking that were open to the public. As part of the geographic expansion of its services and programs, the library conducted the same training in Irbid and in Zarqa for university students. It also held 148 specialized (one-on-one) training sessions for library visitors on how to use the available resources and five educational sessions on modern technological topics for community members. The library also implemented the writer and book program, whereby five meetings were held virtually and one hybrid (in-person and virtual) meeting with distinguished writers. In addition, the library held 12 book launches and book signings, 13 workshops and training programs on life skills and self-development (nine onsite and four virtual), and two poetry evenings.

To encourage reading, the library organized a "Reading Marathon" event at which 164 individuals read 25,986 pages. The library also promoted 32 books and reading-related activities through videos that were broadcast on the Foundation's social media channels. It also hosted 22 sessions for three reading clubs to discuss cultural and literary books. The library continues to promote newly arrived books, the most borrowed books, and books of the week, and presented 24 awards to subscribers who borrowed the most books at both libraries.

To enhance the universities' educational outputs within the library sciences and information specialty, the library trained 13 students on all library work, programs, and services. It also held eight training sessions in the Jabal Amman and Al-Ashrafieh branches at which both topic and trainers were from the community and volunteered to deliver the training.

In 2021, the library improved the design of its space and upgraded its facilities to better suit its role as a hub for meeting, collaboration and realizing one's passions. Modification included the introduction of the quiet room, which aims to provide focused alone time for researchers and scholars, and a vibrant "free space" for different creative functions and activities.

During the year the library also launched a series of new programs, including Podcast "X", through which 11 influential and pioneering figures were interviewed about their professional and personal experience, and the general challenges in their fields of work. The aim was to introduce a selection of role models through voice dialogues broadcast on global platforms.

The library also launched the "Read in 10" reading competition, which attracted 498 entrants who read and rated books over the period of 10 months. To stay in touch with its beneficiaries, the "Ask a librarian" and the "Recommended for you" services were created. The "free space" enabled visitors to display their literary, cultural, and artistic talents. Nine talented people participated this year by performing five types of talents – acting, poetry, storytelling, singing, and the skill of playing with a ball – in the presence of 40 people.

The library carried out a first-of-its-kind "Night at the Library" at which 26 people participated. This activity turned the library into a large home, hosting participants for a night of fun cultural activities.

To develop critical thinking skills and meaningful entertainment for its visitors, the library provided board games and chessboards at both the Jabal Amman and Al-Ashrafieh branches. Around 141 players participated monthly.

As part of its digital transformation, the library launched the electronic library card instead and introduced an online registration process. It also introduced a student membership to make it easier for students to join the library for a nominal subscription fee.

The library signed a partnership agreement with Al-Karak Creativity Club to achieve mutual objectives on knowledge dissemination within the local community and to encourage reading. Through this partnership, the Shoman Public Library was able to provide its services and cultural activities to the people of Karak governorate and surrounding areas through the club's library.

At the global level, the library contributed to the IFLA Journal with an article on the efforts to bring the services and programs of the public and children's library to different areas of the Kingdom.

Despite COVID-19, the library hosted 91,628 visitors, of whom 14,725 visited Al-Ashrafieh branch, with 1,552 new subscriptions to the library, of which 219 were in Al-Ashrafieh branch, and 38,217 books were borrowed by 15,907 borrowers, of which 2,529 borrowers were from Al -Ashrafieh branch. The number of e-books borrowed was 1,273 books. The books read inside the library reached 34,100 books, of which 8,222 books were read in the Al-Ashrafieh branch. The number of databases used reached 14,615 databases, 1,879 of which were accessed from Al-Ashrafieh branch. The year 2021 witnessed a decrease in the library's statistics, due to the closure of the library during the renovation process. Working hours at Al-Ashrafieh branch were also reduced as a result of COVID-19 restrictions.

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

The Knowledge Path Library is focused on reviving the role of books in children's lives. Its mission is to promote reading by providing a friendly and enjoyable environment that contributes to the development of a confident and capable generation.

The re-opening of the Knowledge Path Library for children and youth in 2013 made available a free and lively space for children of all ages and backgrounds in which to meet, search, and discover together through interactive reading and creative activities.

Despite COVID-19 restrictions, the library resumed its cultural services and activities, taking all precautionary measures to prevent the spread of the virus, and continued to develop virtual activities.

The Knowledge Path Library increased its media and marketing efforts across social media platforms and held many activities remotely to reach as many children and parents as possible. It also strengthened its presence on Facebook to reach around 800,000 people and shared 804 posts that promoted reading on the Knowledge Path group, including interactive questions, book quotes, interactive activities, and storytelling. Around 192 books were added to our online library this year, bringing the total number of e-books to 394 and giving readers access to books wherever they are.

The library also organized 12 summer and winter clubs. Four clubs were held onsite in the two branches and were attended by 3,375 children and youth, while two clubs were held virtually (one summer and one winter) during which 10 videos were filmed and published. Six clubs were held in Zarqa, Karak, Irbid, Madaba, and Mafraq.

The library engaged parents by holding several events, including an early childhood skills training session, a remote training program entitled "A Home that Reads" which was held over 10 sessions to strengthen the role of parents in raising a reading-loving generation, and two remote dialogue sessions, "Astronomical Chat" and "Children's Poetry". Two awareness sessions were held for mothers on the importance of financial saving in collaboration with Arab Bank as part of the Central Bank's Financial Savings Initiative "Save to Thrive". As part of the financial literacy program held in the library for children ages 7-11, six introductory sessions were held for parents on the concept of financial literacy and the importance of educating children on the topic.

The library carried out 1,319 hybrid storytelling activities (in-person and virtually) for all age groups up to the age of 16 years. It hosted eight female and male Jordanian children's books authors to launch their new books, five of which were held onsite while two were held virtually.

A total of 951 children and youth participated in a total of 124 youth club sessions held throughout the year.

The Knowledge Path Library held the Science Film Festival with the aim of showing a range of scientific films followed by scientific demonstrations. Six episodes were filmed and broadcasted on various scientific topics, reaching a total of 19,152 views. In addition, 129 science activities were held at both branches of the library and were attended by 2,024 children, 31 activities were broadcasted live, reaching 19,785 views, and six scientific workshops were held for 205 youth. Other Science Film Festivals were held in Karak and Zarqa governorates with a total of 440 children and youth present.

This year, the “16 before 16” reading competition for children and youth was launched in its fourth edition, which was implemented in a hybrid model (in-person and virtual) to reach all governorates across the Kingdom.

Cooperation between the library and children hospitals continued, with 30 field visits to Al-Bashir Hospital and 11 storytelling activities for children at King Hussein Cancer Center. There were two school visits to the library and 45 school field visits were conducted, at which the team held storytelling sessions and other creative activities. The library’s role in supporting the educational process was not limited to field visits alone. It also held 87 literacy support and strengthening sessions, which benefited 654 students in the subjects of Arabic, English, French, and mathematics).

The library held seven sessions of the Youth Forum program this year. It is aimed at encouraging critical thinking, creativity, and an interest in philosophy in children and youth.

The library continued to hold a range of extracurricular programs, including board games, during the year at the rate of two sessions per week in both library branches. A night at the library event was held, which attracted 17 youth. The aim was to strengthen the relationship between them and the library and enhanced their life skills and self-confidence. The library also launched the Youth Club program at the beginning of November 2021, with a total of three sessions held this year.

The library team carried out two training courses, “Basics of Scientific Research” and “The Basics of Creative Writing,” and implemented eight training programs on financial literacy (five sessions per program) which were attended by 133 children.

The library relaunched its cinema program during the second half of the year and held 10 screenings, out of which five were held at the library’s two branches (five in each branch). The screenings were followed by discussions with children and youth to address different topics touched upon by these films to develop their artistic and critical thinking skills.

To reach all community segments, the library signed an agreement with Watan Satellite Company (Roya TV Group), to provide digital content produced by the Knowledge Path Library and broadcast it on Roya Kids online platforms. The aim is to reach as many children and young people as possible inside and outside Jordan with enriching cultural and educational digital content. Another agreement was signed with Ahlan Simsim to enrich the current educational content of Abdul Hameed Shoman Foundation’s activities and programs to generation that loves to read. Finally, an agreement was signed with Bravo Software to give Knowledge Path Library visitors free access to the “Bravo Bravo” edutainment application, which aims to strengthen Arabic language skills in children aged between seven and 11 years.

For the second year in a row, the library supported the United Nations Youth Model Program team, an annual three-day international conference that promotes dialogue about global issues among young people and encourages them to find solutions to these problems. As part of its support, the library provided 10 sessions of training for 21 youth to be able to participate in the program.

Despite the challenges of the pandemic this year, the library welcomed 29,599 children (15,628 in the Jabal Amman branch, and 13,971 in the Al-Ashrafieh branch), and around 34,693 books were borrowed (17,639 from Jabal Amman branch and 17,054 from Al-Ashrafieh branch). In addition, 1,290 e-books were borrowed from the Knowledge Path electronic library from all around the Kingdom.

Young Innovator’s Lab

The Young Innovator’s Lab promotes critical thinking and innovation among children and youth and develops their research and analysis capabilities. The Foundation held two exhibitions in Amman and Zarqa for the 5th edition of the Young Innovators Lab, during which 11 children’s projects were exhibited (five projects from Amman and six from Zarqa).

Innovation Workshop

The Innovation Workshop is a secure space aimed for the development of innovative solutions and thinking skills among children and youth. Training workshops, research tools, and demonstrations are held there to attract children and youth to science and technology. All activities and training are linked with knowledge resources available at the Abdul Hameed Shoman Public Library and Knowledge Path Library. Between January and November 2021, seven innovation workshops were held, attended by 165 children.

The partnership between the Foundation and The Crown Prince Foundation’s Techworks continued for the second year in a row with the aim of supporting children, youth, and the community and enhance Jordan’s innovation environment through creativity and innovation and the help of experts and specialists.

Cultural Forum

To allow a wide audience to interact with scientists, intellectuals, authors, creators, experts, and politicians, the Abdul Hameed Shoman Cultural Forum continued to hold its Monday program. The forum held 38 cultural events on a wide range of topics and themes, including education, politics, environment, economy, public affairs, literature, and culture. The weekly events were attended (both in person and remotely) by more than 6955 people, despite the challenges of the pandemic.

Nine Arab experts were hosted in the forum’s discussions (six males, three females), with one from outside the Arab world. Additionally, the forum hosted local experts (57 males, 28 females). The discussions were moderated by 26 male facilitators and 12 female facilitators.

The forum also organized several events in collaboration with the World Bank, including a round table with representatives from civil society institutions in Jordan.

In addition, the World Bank report, Jordan Economic Observatory: A Long Road Fraught With Uncertainty, Spring 2021, was launched. The forum also hosted a discussion on the topic of Social Security Funds: Are They in Danger?, which included the participation of the World Bank's social protection expert and the director-general of the Social Security Corporation.

During the year, the forum hosted many special events that were well received and praised, including a dialogue with H. E. the Minister of Health on the coronavirus vaccine, a discussion of Dr. Omar Hatamleh's book, Among Minds, and a ceremony celebrating the publication of Mr. Taher al-Masri's memoirs, The Truth is White. Prof. Hind Abul Shaar was chosen as the guest of the year for 2021. He was honored at ceremony attended by 22 local personalities and an audience of 124.

To promote literature and the arts, the Forum organized two workshops, one on creative writing attended by 10 participants, and the second on article writing, attended by 13 participants and led by the Cultural Forum and Literary Awards manager at the Foundation.

Cinema

The Foundation's Cinema section continued to present international and Arab film screenings and hold discussions on international film masterpieces every Tuesday evening. In 2021, 40 screenings were held, 39 of which were onsite. There was one virtual screening. Open-air screenings were also held for the first time, which are to become a staple for summer performances next year.

The cinema section continues to nurture its film library with new international films translated into Arabic. In addition, it held one specialized workshop in 2021, "Digital Technology Workshop in Contemporary Cinema". The program also held a film week entitled "African Film Nights", at which several of Africa's most acclaimed films from the past few years were screened. A total of 236 people attended the film week over three days.

In 2021, a Cinema Club program was introduced to bring together film lovers to discuss various film themes each month. Nine sessions were held with a total of 234 attendees.

The cinema section held two activities to spread the culture of cinema through social media. The first was creative cinematic scenes, showing great scenes from a selection of films with subtexts explaining key visuals and intellectual ideas behind the selected scene. During the year, 22 scenes were selected and posted on social media. The second post is "Film of the Month" a short video that explains and introduces cinematic masterpieces in engaging way. Eight videos were presented and received high praise from the public.

The cinema section hosted local film screenings that enhance interaction with community organizations, including regular screenings for the 1970 Jordan University's Alumni Club. Through its diverse activities, the cinema program has attracted more than 2,000 people.

Abdel Hameed Shoman Musical Evenings

In 2014, the Foundation launched a music program for showcasing promising Jordanian talent, celebrating local musicians, and introducing Arab and international music to a wider audience. The Abdul Hameed Shoman Musical Evenings are held for free once a month. The program also celebrates notable Arab and international musicians and artists and encourages collaboration between them and Jordanian musicians during the Music Festival Evenings held in downtown Amman.

In 2021, the Foundation set up a new form of performance aimed at blending various forms of art together and launched a collection of musical evenings titled "Sound and Color." These performances were held outdoors for the first time on the Foundation's rooftop and also highlighted visual artworks from the Foundation's collection of Jordanian and Arab artists. This year the Foundation celebrated 100 evenings since the launch of the program.

The Foundation also held six evenings at its premises to showcase young Jordanian artists and highlight local and Arab abstract artists through an exhibition of their work. Despite the challenges posed by COVID-19, the evenings were attended by more than 920 people, and streamed live to 30,686 online guests.

Grant and support programs during the years (2014-2021)

The Abdul Hameed Shoman Foundation believes in investing in intellectual, cultural, and social creativity. Each year, it provides annual grants and support to creators in Jordan and Palestine to enable them to continue to contribute to cultural, artistic, and scientific activity in these countries.

The Foundation provides two programs:

(1) The Arts and Literature Grants Program has supported more than 149 projects between 2014 and 2020 across six sectors: performing arts, audiovisual arts, festivals and cultural activities, cultural national heritage, artistic and literary spaces, and library development support.

Through this program, the Foundation contributes to the development of literary and artistic talents and skills by supporting artists and authors, especially youth, promoting cultural diversity, and ensuring access to arts for all by supporting projects that enrich and disseminate Arabic literary and artistic content through live and digital media, and by supporting artistic and literary spaces.

(2) The Thought Leadership Grants Program supports four sectors: scientific research conferences, scientific activities, scientific spaces, educational applications, and youth forums and debates. Between 2014 and 2020, more than 81 projects were supported.

Through this program, the Foundation seeks to promote free thinking and thought leadership by supporting projects that encourage education and scientific research and support the educational development.

Through the Grants and Support Program, more than 230 educational and cultural projects have received JOD 8 million in funding over the past eight years in Jordan and Palestine.

During the pandemic, the Foundation focused most of its efforts on supporting and monitoring the work of its grant recipients. Despite the restrictions imposed by the pandemic, 14 of the 18 projects supported in 2020-2021 achieved their main objectives and outputs.

In 2021, the Foundation provided financial support to the Jordanian Family Library at its 15th term (Centennial anniversary of Jordan) of the Ministry of Culture valued at JD 10,000. The Abdul Hameed Shoman Foundation has supported this project over the past 15 years for a total amount of over JD 130,000.

The Foundation also held a series of workshops in project management and entrepreneurship for 12 students from several Jordanian universities in three Hult Prize-qualifying teams to raise their technical, financial, and administrative capabilities and help them pass the final stages of the award, which will be held in Britain.

The digital transformation of the organization

During 2021 the Foundation continued to implement its vision of digital transformation through facilitating access to information, simplifying and integrating procedures within a single sign-on system, and improving the services offered to beneficiaries through its programs.

The Foundation improved the digital services added in 2020 and worked on integrating them with other electronic services, such as the electronic indexing service for children and adults, searching the contents of the library over the Internet, self-service book borrowing, renewal, and book reserving, and using digital library services across different devices and phone applications.

Here are the highlights of the Foundation’s digital transformation so far:

- Launch of an online system for all the organization’s awards and competitions.
- Launch of a unified registration system to unify the accounts of its beneficiaries into one single account.
- Launch of an electronic platform for beneficiaries to submit suggestions and follow up electronically.
- Launch of the customer relationship management system.
- Launch of the new website, which is the gateway to interactive electronic services with beneficiaries.
- Launch of the electronic registration system for the beneficiaries of the public library and the Knowledge Path Library, including the introduction of electronic membership cards.
- Launch of the e-points system, “Nuqati”, which gives visitors and members of the public library, event attendees, and beneficiaries incentives depending on the number of points collected.
- Launch of the electronic archiving system.
- Launch of a new version of the human resources system and an interactive mobile application for employees.
- Launch of the decision support system.
- Launch of the new version of the financial system and new services for the organization’s employees.

The systems listed above make it possible to apply for awards using online applications, enable the completion of evaluation processes, and make it straightforward extract electronic executive and analytical reports.

Through its communication channels, the Foundation has reached 28 million accounts and half a million followers during the year. It has generated 11.5 million views from the video clips it published on its accounts and provided cultural content and information on the organization’s programs and services. The team also actively participated in 39 cultural seminars and conferences as evaluators, speakers, and participants.

Arab Bank Group

Arab Bank plc

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

USD '000

ARAB BANK GROUP	Notes	31 December 2021	31 December 2020	
Cash and balances with central banks	8	12 006 994	10 807 627	ASSETS
Balances with banks and financial institutions	9	3 756 284	4 601 165	
Deposits with banks and financial institutions	10	275 494	288 165	
Financial assets at fair value through profit or loss	11	72 343	304 054	
Financial derivatives - positive fair value	43	86 585	91 510	
Direct credit facilities at amortized cost	13	31 188 786	23 907 858	
Financial assets at fair value through other comprehensive income	12	687 854	409 715	
Other financial assets at amortized cost	14	10 561 173	8 762 789	
Investments in associates	15	3 412 899	3 804 212	
Fixed assets	16	531 955	458 518	
Other assets	17	976 269	763 137	
Deferred tax assets	18	248 498	214 933	
Total Assets		**63 805 134**	**54 413 683**	
Banks' and financial institutions' deposits	19	3 992 699	3 974 226	LIABILITIES AND OWNERS' EQUITY
Customers' deposits	20	44 485 511	36 235 138	
Cash margin	21	2 607 131	2 483 253	
Financial derivatives - negative fair value	43	95 809	170 956	
Borrowed funds	22	622 460	609 791	
Provision for income tax	23	202 477	275 406	
Other provisions	24	217 629	230 069	
Other liabilities	25	1 252 771	1 040 409	
Deferred tax liabilities	26	7 295	5 672	
Total Liabilities		**53 483 782**	**45 024 920**	
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	1 141 824	
General banking risks reserve	31	154 171	224 274	
Reserves with associates		1 540 896	1 540 896	
Foreign currency translation reserve	32	(291 987)	(160 209)	
Investments revaluation reserve	33	(312 553)	(295 797)	
Retained earnings	35	2 967 984	2 775 635	
Total Equity Attributable to the Shareholders of the Bank		**9 326 730**	**9 282 915**	
Perpetual tier 1 capital bonds	34	438 449	-	
Non-controlling interests	35	556 173	105 848	
Total Shareholders' Equity		**10 321 352**	**9 388 763**	
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**63 805 134**	**54 413 683**	

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

CONSOLIDATED STATEMENT OF INCOME

USD '000

ARAB BANK GROUP

		Notes	2021	2020
REVENUE	Interest income	36	2 208 981	2 068 368
	Less: interest expense	37	858 554	865 306
	Net interest income		**1 350 427**	**1 203 062**
	Net commissions income	38	347 956	270 398
	Net interest and commissions income		**1 698 383**	**1 473 460**
	Foreign exchange differences		110 933	100 624
	Gain from financial assets at fair value through profit or loss	39	4 197	3 580
	Dividends on financial assets at fair value through other comprehensive income	12	6 088	5 710
	Group's share of profits of associates	15	276 818	296 365
	Other revenue	40	73 246	51 296
	TOTAL INCOME		**2 169 665**	**1 931 035**
EXPENSES	Employees' expenses	41	597 361	509 633
	Other expenses	42	378 504	314 420
	Depreciation and amortization	16 , 17	83 635	63 350
	Provision for impairment - ECL	7	560 093	658 330
	Impairment of investments held for sale		50 000	13 000
	Other provisions	24	11 977	22 221
	TOTAL EXPENSES		**1 681 570**	**1 580 954**
PROFIT FOR THE YEAR	**PROFIT FOR THE YEAR BEFORE INCOME TAX**		**488 095**	**350 081**
	Less: Income tax expense	23	173 578	154 797
	PROFIT FOR THE YEAR		**314 517**	**195 284**
	Attributable to :			
	Bank's shareholders		306 721	192 791
	Non-controlling interests	35	7 796	2 493
	Total		**314 517**	**195 284**
	Earnings per share attributable to the Bank's Shareholders			
	- Basic and Diluted (US Dollars)	57	0.46	0.30

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

USD '000

ARAB BANK GROUP

	2021	2020
Profit for the Year	**314 517**	**195 284**
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	(134 776)	105 061
Revaluation on financial assets at fair value through other comprehensive income	(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	(22 057)	1 848
Change in investments revaluation reserve	(17 325)	4 101
(Loss) from sale of financial assets at fair value through other comprehensive income	(4 732)	(2 253)
Total Other Comprehensive Income Items - after tax	**(157 933)**	**106 909**
TOTAL COMPREHNSIVE INCOME FOR THE YEAR	**156 584**	**302 193**
Attributable to :		
- Bank's shareholders	155 976	285 538
- Non-controlling interests	608	16 655
Total	**156 584**	**302 193**

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

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

ARAB BANK GROUP

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

		Notes	Share Capital	Share Premium	Statutory Reserve	Voluntary Reserve	General Reserve
2020	**Balance at the Beginning of the year**		**926 615**	**1 225 747**	**926 615**	**977 315**	**1 141 824**
	Profit for the year		-	-	-	-	-
	Other comprehensive income for the year		-	-	-	-	-
	Total Comprehensive Income for the Year		**-**	**-**	**-**	**-**	**-**
	Transferred from general banking risk reserve		-	-	-	-	-
	Transferred from Investments revaluation reserve to retained earnings		-	-	-	-	-
	Investments revaluation reserve transferred to non-controlling interests		-	-	-	-	-
	Dividends	35	-	-	-	-	-
	Changes in associate equity		-	-	-	-	-
	Adjustments during the year		-	-	-	-	-
	Balance at the End of the Year		**926 615**	**1 225 747**	**926 615**	**977 315**	**1 141 824**

- Retained earnings include restricted deferred tax assets in the amount of USD 248.5 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 2021.
- The Bank cannot use a restricted amount of USD 312.6 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 2021.

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

USD '000

General Banking Risks Reserve	Reserves with Associates	Foreign Currency Translation Reserve	Investments Revaluation Reserve	Retained Earnings	Total Equity Attributable to the Shareholders of the Bank	Non-Controlling Interests	Perpetual Bonds (Tier 1 Capital)	Total Share holders' Equity
224 274	**1 540 896**	**(160 209)**	**(295 797)**	**2 775 635**	**9 282 915**	**105 848**	**-**	**9 388 763**
-	-	-	-	306 721	306 721	7 796	-	314 517
-	-	(131 778)	(18 967)	-	(150 745)	(7 188)	-	(157 933)
-	**-**	**(131 778)**	**(18 967)**	**306 721**	**155 976**	**608**	**-**	**156 584**
(70 103)	-	-	-	-	-	-	-	-
-	-	-	2 211	(2 211)	-	-	-	-
-	-	-	-	(111 944)	(111 944)	(2 115)	-	(114 059)
-	-	-	-	-	-	466 817	188 449	655 266
-	-	-	-	-	-	-	250 000	250 000
-	-	-	-	(217)	(217)	(14 985)	-	(15 202)
154 171	**1 540 896**	**(291 987)**	**(312 553)**	**2 967 984**	**9 326 730**	**556 173**	**438 449**	**10 321 352**
238 952	**1 540 896**	**(252 925)**	**(298 403)**	**2 584 537**	**9 011 173**	**91 278**	**-**	**9 102 451**
-	-	-	-	192 791	192 791	2 493	-	195 284
-	-	92 716	31	-	92 747	14 162	-	106 909
-	**-**	**92 716**	**31**	**192 791**	**285 538**	**16 655**	**-**	**302 193**
(14 678)	-	-	-	14 678	-	-	-	-
-	-	-	2 575	(2 575)	-	-	-	-
-	-	-	-	-	-	(322)	-	(322)
-	-	-	-	-	-	(1 763)	-	(1 763)
-	-	-	-	(5 504)	(5 504)	-	-	(5 504)
-	-	-	-	(8 292)	(8 292)	-	-	(8 292)
224 274	**1 540 896**	**(160 209)**	**(295 797)**	**2 775 635**	**9 282 915**	**105 848**	**-**	**9 388 763**

CONSOLIDATED STATEMENT OF CASH FLOWS

ARAB BANK GROUP

USD '000

		Notes	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES	**Profit for the year before income tax**		**488 095**	**350 081**
	Adjustments for:			
	- Depreciation	16	69 151	48 906
	- Amortization of intangible assets	17	14 484	14 444
	- Depreciation right of use assets	17	23 749	17 297
	- Expected credit losses on financial assets	7	560 093	658 330
	- Net accrued interest		(110 253)	(50 881)
	- (Gain) from sale of fixed assets		(8 114)	(795)
	- (Gain) from revaluation of financial assets at fair value through profit or loss	39	(2 971)	(516)
	- Dividends from financial assets at fair value through other comprehensive income	12	(6 088)	(5 710)
	- Group's share of profits of associates	15	(276 818)	(296 365)
	- Provision for impairment of investments held for sale		50 000	13 000
	- Other provisions		11 977	22 221
	Total		**813 305**	**770 012**
	(Increase) decrease in assets:			
	Balances with central banks (maturing after 3 months)		-	68 001
	Deposits with banks and financial institutions (maturing after 3 months)		48 270	24 326
	Direct credit facilities at amortized cost		(891 783)	(450 370)
	Financial assets at fair value through profit and loss		235 729	215 515
	Other assets and financial derivatives		130 131	(52 949)
	Increase (decrease) in liabilities:			
	Bank and financial institutions deposits (maturing after 3 months)		(547 462)	362 743
	Customers' deposits		1 093 724	3 080 143
	Cash margin		123 878	(599 500)
	Other liabilities and financial derivatives		(168 051)	43 622
	Net Cash generated from operating activities before Income Tax		**837 741**	**3 461 543**
	Income tax paid	23	(284 360)	(284 714)
	Net Cash generated from operating activities		**553 381**	**3 176 829**
CASH FLOWS FROM INVESTING ACTIVITIES	(Purchase) of financial assets at fair value through other comprehensive income		(175 386)	(23 751)
	(Purchase) Maturity of other financial assets at amortized cost		(1 290 286)	131 029
	(Increase) of investments in associates	15	(96)	(139 532)
	Acquisition of Oman Arab Bank	6	689 119	-
	Dividends received from associates	15	194 106	143 364
	Dividends from financial assets at fair value through other comprehensive income	12	6 088	5 710
	(Increase) in fixed assets - Net	16	(77 348)	(47 827)
	Proceeds from selling fixed assets		42 039	2 672
	(Purchase) of intangible assets - Net	17	(26 868)	(18 425)
	Net Cash (used in) generated from Investing Activities		**(638 632)**	**53 240**
CASH FLOWS FROM FINANCING ACTIVITIES	(Decrease) Increase in borrowed funds		(39 279)	276 855
	Increase in Perpetual Bonds		250 000	-
	Interest on Perpetual Bonds		(29 382)	-
	Dividends paid to shareholders		(114 211)	(928)
	Dividends paid to non-controlling interests		(2 115)	(1 763)
	Net Cash generated From Financing Activities		**65 013**	**274 164**
	Net (Decrease) Increase in Cash and Cash Equivalents		(20 238)	3 504 233
	Exchange differences - change in foreign exchange rates		(131 778)	92 716
	Cash and cash equivalent at the beginning of the year		12 412 068	8 815 119
	Cash and Cash Equivalent at the End of the Year	**59**	**12 260 052**	**12 412 068**
	Operational cash flows from interest			
	Interest Received		2 368 443	2 089 363
	Interest Paid		809 345	937 182

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 77 branches in Jordan and 130 branches abroad. Also, the Bank operates through its subsidiaries and Arab Bank (Switzerland).

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

The accompanying consolidated financial statements were approved by the Board of Directors in its meeting number (1) on 30 January 2022 and are subject to the approval of the General Assembly.

2. (a) Basis of Preparation

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

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

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

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

2. (b) Basis of Consolidation

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

Company Name	Percentage of ownership (%)		Date of Acquisition	Principal Activity	Place of Incorporation	Paid-up Capital
	2021	**2020**				
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

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 adopted in the preparation of the consolidated financial statements are consistent with those used in the preparation of the consolidated financial statements for the year ended 31 December 2020, except for the adoption of the following new standards effective as of 1 January 2021:

Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:

- To require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest,
- To permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued,
- To provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

The Group expects to have a minimal impact because the transition is done and expected to be done on economically equivalent rates and therefore no material modification gain or loss will take place.

Covid-19-Related Rent Concessions beyond 30 June 2021 Amendments to IFRS 16

On 28th May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease Modification.

The amendment was intended to apply until 30th June 2021, but as the impact of the Covid-19 pandemic is continuing, on 31st March 2021, the IASB extended the period of application of the practical expedient to 30th June 2022. The amendment applies to annual reporting periods beginning on or after 1st April 2021.

However, the Group has not received Covid-19-related rent concessions, but plans to apply the practical expedient if it becomes applicable within allowed period of application.

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 acquiree.

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

Any contingent consideration to be transferred by the acquirer will be recognised 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 recognised 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 recognised 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 recognised 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 recognised 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 acquiree 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, which currently refers to Libor, will be updated to reflect the transition to the new reference rate for the hedging item and the hedging instrument in every case. Economic equivalency will be maintained and therefore no material P&L impact is anticipated.

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

- o Designating an alternative benchmark rate as the hedged risk.
- o 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 holds investments in assets of countries with negative interest rates. The Bank discloses interest paid on these assets as interest expense.

Fee and commission income

Fee income can be divided into the following two categories:

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

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

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

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

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

Financial Instruments – Initial Recognition

Date of recognition

Financial assets and liabilities, with the exception of loans and advances to customers and balances due to customers, are initially recognized on the trade date, i.e., the date that the 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. Trade 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 profit. 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 loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognized as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognized loans are classified as Stage 1 for ECL measurement purposes.

If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the 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 the two rating methodology (AB Internal Rating and 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 recent developments and the abnormal situation resulted from COVID-19 pandemic, an additional downside scenario was used by the management for calculating the ECL for the year ended 31 December 2020 and until 30 June 2021. During the third quarter of the year 2021 the management resolved to use three scenarios using probability weight for each scenario based on the management best estimate for their likelihood. For certain countries, management continued to use more than three scenarios based on their judgment and as a response for developments of COVID – 19 pandemic in these countries. Below are the weights for each scenario for the years 2021 and 2020:

Scenario	Assigned weighted average 31 December 2021	Assigned weighted average 31 December 2020
Baseline	45%	35%
Upside	20%	15%
Downside 1	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 four 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 four 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 four 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 four 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.

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.

Hyperinflationary economies

According to the criteria established by IAS 29, in order to assess whether an economy has a hyperinflationary inflation rate, the country's economic environment is evaluated, analyzing whether certain circumstances exist, such as:

- The country's population prefers to keep its wealth or savings in non-monetary assets or in a relatively stable foreign currency;
- Prices may be quoted in another relatively stable foreign currency;
- Sales and purchases on credit take place at prices that compensate for the expected loss of purchasing power during the credit period, even if the period is short;
- Interest rates, wages and prices are linked to a price index; and
- The cumulative inflation rate over three years is approaching or exceeds 100%.

The Group has assessed that the economy of Yemen is considered hyperinflationary considering the above criteria and hence the requirements of IAS 29 have been applied accordingly.

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 four future macroeconomic scenarios.

The base case scenario will be based on macroeconomic forecasts (e.g.: GDP, inflation, interest rate). Upside, downside1 and downside 2 scenarios will be set relative to our base case scenario based on reasonably possible alternative macroeconomic conditions.

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

• Definition of default

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

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

The 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. Currently, Arab Bank has the power and the ability to appoint majority of OAB Board of Directors (five out of nine) as a result of the amendments on OAB's Article of Association. Accordingly, the Group has obtained control over OAB and it was classified as a subsidiary.

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

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

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

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

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

Analysis of cash flows resulted from the control:

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

7 - PROVISION FOR IMPAIRMENT - ECL

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

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

			2020		
	Notes	Stage 1	Stage 2	Stage 3	**Total**
		USD '000	USD '000	USD '000	**USD '000**
Balances with central banks	8	54	133 538	-	**133 592**
Balances with banks and financial institutions	9	429	-	-	**429**
Deposits with banks and financial institutions	10	1 021	-	-	**1 021**
Direct credit facilities at amortized cost	13	26 824	152 915	323 398	**503 137**
Debt instruments included in financial assets at amortized cost	14	111	1 091	(402)	**800**
Indirect facilities	25	320	12 928	6 103	**19 351**
Total		**28 759**	**300 472**	**329 099**	**658 330**

8 - CASH AND BALANCES WITH CENTRAL BANKS

The details of this item are as follows:

	31 December	
	2021	**2020**
	USD '000	USD '000
Cash in vaults	774 302	673 453
Balances with central banks:		
- Current accounts	4 868 254	4 614 615
- Time and notice	5 082 189	3 749 222
- Mandatory cash reserve	1 484 161	1 613 267
- Certificates of deposit	-	299 421
Less: Net ECL Charges	(201 912)	(142 351)
Total	**12 006 994**	**10 807 627**

- Except for the mandatory cash reserve, there are no restricted balances at Central Banks.
- Balances and certificates of deposit maturing after three months amounted to USD 25 million as of 31 December 2021 (USD 25 million as of 31 December 2020).

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

	31 December 2021				31 December 2020
	Stage 1	Stage 2	Stage 3	**Total**	**Total**
	USD '000	USD '000	USD '000	USD '000	USD '000
Low risk / performing	10 715 769	-	-	10 715 769	9 711 578
Acceptable risk / performing	-	718 835	-	718 835	564 947
Total	**10 715 769**	**718 835**	**-**	**11 434 604**	**10 276 525**

-Probability of default at low risk 0.0% - 0.22%
-Probability of default at acceptable risk 0.22% - 28%

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

	31 December 2021				31 December 2020
	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	9 711 578	564 947	-	**10 276 525**	**7 380 833**
Acquisition of Oman Arab Bank (Note 6)	470 346	-	-	**470 346**	**-**
Amended balance at the beginning of the year	10 181 924	564 947	-	**10 746 871**	**7 380 833**
New balances (Additions)	1 653 198	153 888	-	**1 807 086**	**3 074 063**
Repaid balance	(917 455)	-	-	**(917 455)**	**(261 483)**
Translation Adjustments	(201 898)	-	-	**(201 898)**	**83 112**
Balance at the end of the year	**10 715 769**	**718 835**	**-**	**11 434 604**	**10 276 525**

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

	31 December 2021				31 December 2020
	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	2 797	139 554	-	**142 351**	**8 808**
New ECL charges during the year	339	60 449	-	**60 788**	**135 117**
Recoveries	(588)	-	-	**(588)**	**(1 525)**
Translation Adjustments	(639)	-	-	**(639)**	**(49)**
Balance at the end of the year	**1 909**	**200 003**	**-**	**201 912**	**142 351**

9 - BALANCES WITH BANKS AND FINANCIAL INSTITUTIONS

The details of this item are as follows:

Local banks and financial institutions

	31 December	
	2021	**2020**
	USD '000	USD '000
Current accounts	3 561	4 241
Time deposits maturing within 3 months	163 197	197 091
Total	**166 758**	**201 332**

Abroad Banks and financial institutions

	31 December	
	2021	**2020**
	USD '000	USD '000
Current accounts	1 281 946	1 918 206
Time deposits maturing within 3 months	2 310 345	2 484 520
Total	**3 592 291**	**4 402 726**
Less: Net ECL Charges	(2 765)	(2 893)
Total balances with Banks and Financial Institutions Local and Abroad	**3 756 284**	**4 601 165**

- There are no non interest bearing balances as of 31 December 2021 and 2020.
- There are no restricted balances as of 31 December 2021 and 2020.

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 2021				**31 December 2020**
	Stage 1	Stage 2	Stage 3	**Total**	**Total**
	USD '000	USD '000	USD '000	**USD '000**	**USD '000**
Low risk / performing	2 841 637	-	-	**2 841 637**	**3 693 046**
Acceptable risk / performing	917 412	-	-	**917 412**	**911 012**
Total	**3 759 049**	**-**	**-**	**3 759 049**	**4 604 058**

-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 2021				**31 December 2020**
	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	4 604 058	-	-	**4 604 058**	**4 260 931**
Acquisition of Oman Arab Bank (Note 6)	181 127	-	-	**181 127**	**-**
Amended balance at the beginning of the year	4 785 185	-	-	**4 785 185**	**4 260 931**
New balances (Additions)	724 798	-	-	**724 798**	**363 850**
Repaid balances (excluding write offs)	(1 685 881)	-	-	**(1 685 881)**	**(130 416)**
Transfers to stage 1	-	-	-	**-**	**-**
Transfers to stage 2	-	-	-	**-**	**-**
Transfers to stage 3	-	-	-	**-**	**-**
Translation Adjustments	(65 053)	-	-	**(65 053)**	**109 693**
Balance at the end of the year	**3 759 049**	**-**	**-**	**3 759 049**	**4 604 058**

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

	31 December 2021				31 December 2020
	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	2 893	-	-	**2 893**	**2 338**
Acquisition of Oman Arab Bank (Note 6)	106	-	-	**106**	**-**
Amended balance at the beginning of the year	2 999	-	-	**2 999**	**2 338**
New ECL charges during the year	529	-	-	**529**	**1 568**
Recoveries (excluding write offs)	(680)	-	-	**(680)**	**(1 139)**
Transfers to stage 1	-	-	-	**-**	**-**
Transfers to stage 2	-	-	-	**-**	**-**
Transfers to stage 3	-	-	-	**-**	**-**
Adjustments during the year	1	-	-	**1**	**(3)**
Translation Adjustments	(84)	-	-	**(84)**	**129**
Balance at the end of the year	**2 765**	**-**	**-**	**2 765**	**2 893**

10 - DEPOSITS WITH BANKS AND FINANCIAL INSTITUTIONS

The details of this item are as follows:

	31 December	
Local banks and financial institutions	**2021**	**2020**
	USD '000	USD '000
Time deposits maturing after 6 months and before 9 months	21 150	20 552
Time deposits maturing after 9 months and before one year	6 161	33 280
Time deposits maturing after one year	47 610	21 150
Total	**74 921**	**74 982**

	31 December	
Abroad banks and financial institutions	**2021**	**2020**
	USD '000	USD '000
Time deposits maturing after 3 months and before 6 months	148 112	110 419
Time deposits maturing after 6 months and before 9 months	53 307	100 354
Time deposits maturing after 9 months and before one year	-	5 153
Total	**201 419**	**215 926**
Less: Net ECL Charges	(846)	(2 743)
Total Deposits with banks and financial institutions Local and Abroad	**275 494**	**288 165**

- There are no restricted deposits as of 31 December 2021 and 2020.

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 2021				31 December 2020
	Stage 1	Stage 2	Stage 3	**Total**	**Total**
	USD '000	USD '000	USD '000	**USD '000**	**USD '000**
Low risk / performing	182 268	-	-	**182 268**	**137 258**
Acceptable risk / performing	94 072	-	-	**94 072**	**153 650**
Total	**276 340**	**-**	**-**	**276 340**	**290 908**

-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 2021				31 December 2020
	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	290 908	-	-	**290 908**	**315 234**
New balances (Additions)	27 413	-	-	**27 413**	**110 422**
Repaid balances	(32 282)	-	-	**(32 282)**	**(143 615)**
Translation Adjustments	(9 699)	-	-	**(9 699)**	**8 867**
Balance at the end of the year	**276 340**	**-**	**-**	**276 340**	**290 908**

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

	31 December 2021				31 December 2020
	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	2 743	-	-	**2 743**	**1 678**
New ECL charges during the year	90	-	-	**90**	**1 801**
Recoveries	(1 900)	-	-	**(1 900)**	**(780)**
Adjustments during the year	(1)	-	-	**(1)**	**3**
Translation Adjustments	(86)	-	-	**(86)**	**41**
Balance at the end of the year	**846**	**-**	**-**	**846**	**2 743**

11 - FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The details of this item are as follows:

	31 December	
	2021	**2020**
	USD '000	USD '000
Treasury bills and Government bonds	4 727	79 694
Corporate bonds	35 390	204 136
Corporate shares	12 091	2 532
Mutual funds	20 135	17 692
Total	**72 343**	**304 054**

	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**

	31 December 2020		
	Designated as FV	Carried Mandatorily at FV	**Total**
	USD '000	USD '000	**USD '000**
Treasury bills and Government bonds	79 694	-	**79 694**
Corporate bonds	204 136	-	**204 136**
Corporate shares	-	2 532	**2 532**
Mutual funds	-	17 692	**17 692**
Total	**283 830**	**20 224**	**304 054**

12 - FINANCIAL ASSETS AT FAIR VALUE THROUGH OCI

The details of this item are as follows:

	31 December	
	2021	**2020**
	USD '000	USD '000
Quoted shares	163 766	122 363
Un-quoted shares	211 587	287 352
Governmental bonds and bonds guaranteed by the government	219 330	-
Corporate bonds through OCI	93 643	-
Less: Net ECL Charges	(472)	-
Total	**687 854**	**409 715**

* Cash dividends from the investments in shares above amounted to USD 6.1 million for the year ended 31 December 2021 (USD 5.7 million as of 31 December 2020).

	31 December 2021			
	USD '000	USD '000	USD '000	USD '000
	Stage 1	Stage 2	Stage 3	**Total**
Balance at the beginning of the year	-	-	-	-
Acquisition of Oman Arab Bank (Note 6)	26	-	1 039	**1 065**
Adjusted Balance at the beginning of the year	**26**	**-**	**1 039**	**1 065**
Net ECL Charges (reversals) for the period / year	446	-	(1 039)	(593)
Balance at the end of the period / year	**472**	**-**	**-**	**472**

	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**

	31 December 2020		
	Designated as FV	Carried Mandatorily at FV	**Total**
	USD '000	USD '000	**USD '000**
Quoted shares	-	122 363	**122 363**
Un-quoted shares	-	287 352	**287 352**
Total	**-**	**409 715**	**409 715**

13 - DIRECT CREDIT FACILITIES AT AMORTIZED COST

The details of this item are as follows:	31 December 2021					
	Consumer Banking	Corporates		Banks and Financial Institutions	Government and Public Sector	**Total**
		Small and Medium	Large			
	USD '000	USD '000	USD '000	USD '000	USD '000	**USD '000**
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).

	31 December 2020					
	Consumer Banking	Corporates		Banks and Financial Institu-tions	Govern-ment and Public Sec-tor	**Total**
		Small and Medium	Large			
	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
Discounted bills *	68 294	91 600	549 247	157 770	13 764	880 675
Overdrafts *	92 404	1 136 980	3 359 056	5 662	442 991	5 037 093
Loans and advances *	3 533 021	1 967 850	11 255 638	32 626	906 931	17 696 066
Real-estate loans	2 336 319	145 412	210 500	-	-	2 692 231
Credit cards	185 802	-	-	-	-	185 802
Total	**6 215 840**	**3 341 842**	**15 374 441**	**196 058**	**1 363 686**	**26 491 867**
Less: Interest and commission in suspense	92 524	115 426	411 265	53	-	619 268
Provision for impairment - ECL	260 547	300 441	1 390 880	5 230	7 643	1 964 741
Total	**353 071**	**415 867**	**1 802 145**	**5 283**	**7 643**	**2 584 009**
Net Direct Credit Facilities at Amortized Cost	**5 862 769**	**2 925 975**	**13 572 296**	**190 775**	**1 356 043**	**23 907 858**

* Net of interest and commission received in advance, which amounted to USD 123.5 million as of 31 December 2020.

- Rescheduled loans during the year ended 31 December 2020 amounted to USD 491.7 million.
- Restructured loans (transferred from non performing to watch list loans) during the year ended 31 December 2020 amounted to USD 8 million.
- Direct credit facilities granted to and guaranteed by the Government of Jordan as of 31 December 2020 amounted to USD 77.9 million, or 0.3% of total direct credit facilities.
- Non-performing direct credit facilities as of 31 December 2020 amounted to USD 2358.4 million, or 8.9% of total direct credit facilities.
- Non-performing direct credit facilities (net of interest and commission in suspense) as of 31 December 2020 amounted to USD 1763.3 million or 6.8% of direct credit facilities (after deducting interest and commission in suspense).

The details of the movement on 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**	The total includes movement on the real-estate loans provision as follows:
	USD '000	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**	**36 921**
Acquisition of Oman Arab Bank (Note 6)	36 973	48 852	148 319	-	4 626	**238 770**	42 044
Amended balance at the beginning of the year	**297 520**	**349 293**	**1 539 199**	**5 230**	**12 269**	**2 203 511**	**78 965**
ECL charges during the year	52 993	75 124	410 690	1 868	(26)	**540 649**	15 380
Recoveries	(25 380)	(22 821)	(99 685)	(1 398)	(380)	**(149 664)**	(5 523)
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**	(4)
Used from provision (written off or transferred to off statement of financial position)	(13 255)	(5 105)	(25 763)	-	-	**(44 123)**	(1 520)
Adjustments during the year	655	(10 622)	(1 326)	2	350	**(10 941)**	331
Translation Adjustments	(3 982)	(7 136)	(9 881)	(191)	(316)	**(21 506)**	(58)
Balance at the End of the Year	**312 222**	**397 379**	**1 856 016**	**5 511**	**12 006**	**2 583 134**	**87 571**

The details of the movement of the provision for impairment - ECL for direct credit facilities at amortized cost as of 31 December 2020 was as follows:

	31 December 2020						
		Corporates					
	Consumer Banking	Small and Medium	Large	Banks and Financial Institutions	Government and Public Sector	**Total**	The total includes movement on the real - estates loans provision as follows:
	USD '000	USD '000	USD '000	USD '000	USD '000	**USD '000**	USD '000
Balance at the beginning of the year	165 691	236 333	1 222 169	5 013	3 956	**1 633 162**	20 720
ECL charges during the year	67 307	92 667	345 868	1 601	3 666	**511 109**	14 244
Recoveries	(13 230)	(16 682)	(63 756)	(1 054)	(725)	**(95 447)**	(2 290)
Transferred to Stage 1	(343)	(456)	(2 165)	-	(112)	**(3 076)**	(36)
Transferred to Stage 2	(11)	(1 716)	(34 171)	-	112	**(35 786)**	298
Transferred to Stage 3	354	2 172	36 336	-	-	**38 862**	(262)
Impact on year end ECL caused by transfers between stages during the year	20 763	5 267	60 808	-	637	**87 475**	4 157
Used from provision (written off or transferred to off statement of financial position)	(3 452)	(1 515)	(151 362)	-	-	**(156 329)**	(56)
Adjustments during the year	20 991	(18 032)	(23 729)	-	-	**(20 770)**	130
Translation Adjustments	2 477	2 403	882	(330)	109	**5 541**	16
Balance at the End of the Year	**260 547**	**300 441**	**1 390 880**	**5 230**	**7 643**	**1 964 741**	**36 921**

- 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 2021 and in 31 December 2020.
- Impairment is assessed based on individual customer accounts.

* Non-performing direct credit facilities transferred to off consolidated statement of financial position amounted to USD 33.5million as of 31 December 2021. (USD 175.3 million as of 31 December 2020) 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 2021							
			Corporates					
	Due from Banks	Other Financial Assets	Large	Small and Medium	Banks and Financial Institutions	Government and Public Sector	Items off State-ment of Financial Position	**Total**
	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
Upside (20%)	124 863	24 986	1 738 685	383 960	5 248	9 536	130 970	**2 418 248**
Base case (45%)	132 714	26 928	1 787 751	390 006	5 369	10 664	136 397	**2 489 829**
Downside 1 (35%)	345 226	50 635	2 010 831	414 526	5 844	15 143	165 538	**3 007 743**

	31 December 2020							
			Corporates					
	Due from Banks	Other Financial Assets	Large	Small and Medium	Banks and Financial Institutions	Government and Public Sector	Items off State-ment of Financial Position	**Total**
	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
Upside (15%)	126 477	34 214	1 188 717	256 772	4 470	6 532	78 585	**1 695 767**
Base case (35%)	135 682	36 704	1 275 231	275 460	4 795	7 007	84 305	**1 819 184**
Downside 1 (20%)	156 634	42 372	1 472 154	317 997	5 536	8 090	97 323	**2 100 106**
Downside 2 (30%)	167 333	45 266	1 572 703	339 716	5 914	8 642	103 970	**2 243 544**

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

31 December 2021		**31 December 2020**	
Upside (20%)	299 782	Upside (30%)	249 214
Base case (45%)	305 383	Base case (40%)	257 993
Downside 1 (35%)	328 127	Downside (30%)	275 286

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 2021						
		Corporates					
	Consumer Banking	Small and Medium	Large	Banks and Financial Institu-tions	Govern-ment and Public Sector	**Total**	The total includes interest and commission in suspense movement on real - estates loans as follows:
	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**

	31 December 2020						
		Corporates					
	Consumer Banking	Small and Medium	Large	Banks and Financial Institu-tions	Govern-ment and Public Sector	**Total**	The total includes interest and commission in suspense movement on real - estates loans as follows:
	USD '000	USD '000	USD '000	USD '000	USD '000	**USD '000**	USD '000
Balance at the beginning of the year	71 191	110 022	359 718	59	-	**540 990**	13 611
Interest and commission suspended during the year	20 019	20 317	100 421	-	-	**140 757**	5 793
Interest and commission in suspense settled (written off or transferred to off consolidated statement of financial position)	(4 259)	(4 148)	(26 905)	-	-	**(35 312)**	(190)
Recoveries	(3 855)	(1 857)	(15 733)	-	-	**(21 445)**	(1 771)
Adjustments during the year	8 941	(9 140)	199	-	-	**-**	-
Translation adjustments	487	232	(6 435)	(6)	-	**(5 722)**	(28)
Balance at the End of the Year	**92 524**	**115 426**	**411 265**	**53**	**-**	**619 268**	**17 415**

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

	Inside Jordan	Outside Jordan	31 December 2021	31 December 2020	ECL 31 December 2021
Economic Sector	USD '000	USD '000	USD '000	USD '000	USD '000
Consumer Banking	3 236 202	5 687 062	8 923 264	5 862 769	312 222
Industry and mining	1 420 496	3 270 347	4 690 843	4 573 963	511 174
Constructions	467 552	1 823 518	2 291 070	1 864 976	473 866
Real - Estates	312 747	1 523 598	1 836 345	1 630 077	73 428
Trade	1 326 276	2 762 394	4 088 670	3 906 963	368 867
Agriculture	184 144	532 290	716 434	335 015	53 015
Tourism and Hotels	255 653	757 853	1 013 506	633 796	74 309
Transportations	115 967	405 881	521 848	353 413	69 645
Shares	-	35 939	35 939	11 985	4 891
General Services	924 554	3 286 324	4 210 878	3 188 083	624 200
Banks and Financial Institutions	21 274	351 414	372 688	190 775	5 511
Government and Public Sector	196 393	2 290 908	2 487 301	1 356 043	12 006
Net Direct Credit Facilities at amortized Cost	**8 461 258**	**22 727 528**	**31 188 786**	**23 907 858**	**2 583 134**

	31 December 2021							
	Direct Credit Facilities (excluding Interest in suspense)				Provision for impairment			
	Stage 1	Stage 2	Stage 3	**Total**	Stage 1	Stage 2	Stage 3	**Total**
	USD '000	USD '000	USD '000	**USD '000**	USD '000	USD '000	USD '000	**USD '000**
Inside Jordan	6 876 916	1 690 316	376 229	**8 943 461**	25 263	129 323	327 614	**482 200**
Outside Jordan	19 668 232	3 421 267	1 738 960	**24 828 459**	76 570	525 677	1 498 687	**2 100 934**
Total	**26 545 148**	**5 111 583**	**2 115 189**	**33 771 920**	**101 833**	**655 000**	**1 826 301**	**2 583 134**

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 2021				31 December 2020
	Stage 1	Stage 2	Stage 3	**Total**	Total
	USD '000	USD '000	USD '000	**USD '000**	USD '000
Low risk / performing	6 817 272	-	-	**6 817 272**	5 518 512
Acceptable risk / performing	19 729 551	5 148 329	-	**24 877 880**	18 614 936
Non-performing:					
- Substandard	-	-	148 380	**148 380**	240 839
- Doubtful	-	-	297 949	**297 949**	448 661
- Problematic	-	-	2 408 982	**2 408 982**	1 668 919
Total	**26 546 823**	**5 148 329**	**2 855 311**	**34 550 463**	**26 491 867**

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

	31 December 2021				31 December 2020
	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	**20 784 373**	**3 349 075**	**2 358 419**	**26 491 867**	**26 134 777**
Acquisition of Oman Arab Bank (Note 6)	5 198 858	1 594 511	318 335	**7 111 704**	**-**
Amended balance at the beginning of the year	**25 983 231**	**4 943 586**	**2 676 754**	**33 603 571**	**26 134 777**
New balances (Additions)	7 466 453	985 969	270 552	**8 722 974**	**6 589 513**
Repaid balances	(5 973 225)	(1 237 964)	(124 922)	**(7 336 111)**	**(6 300 493)**
Transfers to stage 1	558 642	(547 861)	(10 781)	-	-
Transfers to stage 2	(1 195 595)	1 236 334	(40 739)	-	-
Transfers to stage 3	(39 901)	(176 679)	216 580	-	-
Written off balances or transferred to off statement of financial position	-	(954)	(73 865)	**(74 819)**	**(190 347)**
Translation Adjustments	(252 782)	(54 102)	(58 268)	**(365 152)**	**258 417**
Total	**26 546 823**	**5 148 329**	**2 855 311**	**34 550 463**	**26 491 867**

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

	31 December 2021				31 December 2020
	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	**120 651**	**440 147**	**1 403 943**	**1 964 741**	**1 633 162**
Acquisition of Oman Arab Bank (Note 6)	25 386	76 070	137 314	**238 770**	**-**
Amended balance at the beginning of the year	**146 037**	**516 217**	**1 541 257**	**2 203 511**	**1 633 162**
ECL charges during the year	3 561	189 355	347 733	**540 649**	**511 109**
Recoveries	(39 641)	(44 730)	(65 293)	**(149 664)**	**(95 447)**
Transfers to stage 1	5 827	(5 599)	(228)	-	-
Transfers to stage 2	(12 148)	14 824	(2 676)	-	-
Transfers to stage 3	(267)	(49 768)	50 035	-	-
Impact on year end ECL caused by transfers between stages during the year	-	40 440	24 768	**65 208**	**87 475**
Written off balances or transferred to off statement of financial position	-	(954)	(43 169)	**(44 123)**	**(156 329)**
Adjustments during the year	464	(3 641)	(7 764)	**(10 941)**	**(20 770)**
Translation Adjustments	(2 000)	(1 144)	(18 362)	**(21 506)**	**5 541**
Total	**101 833**	**655 000**	**1 826 301**	**2 583 134**	**1 964 741**

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 2021				31 December 2020
	Stage 1	Stage 2	Stage 3	**Total**	**Total**
	USD '000	USD '000	USD '000	**USD '000**	**USD '000**
Low risk / performing	1 540 463	-	-	**1 540 463**	**1 126 771**
Acceptable risk / performing	7 220 230	168 085	-	**7 388 315**	**4 719 734**
Non-performing:					
- Substandard	-	-	39 845	**39 845**	**52 036**
- Doubtful	-	-	41 286	**41 286**	**36 538**
- Problematic	-	-	331 861	**331 861**	**280 761**
Total	**8 760 693**	**168 085**	**412 992**	**9 341 770**	**6 215 840**

-Probability of default at low risk 2.0% - 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 2021				31 December 2020
	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	**5 678 575**	**167 930**	**369 335**	**6 215 840**	**5 844 211**
Acquisition of Oman Arab Bank (Note 6)	2 638 991	38 929	61 128	**2 739 048**	-
Amended balance at the beginning of the year	**8 317 566**	**206 859**	**430 463**	**8 954 888**	**5 844 211**
New balances (Additions)	1 809 282	17 964	50 670	**1 877 916**	**1 315 985**
Repaid balances (excluding write offs)	(1 284 978)	(74 172)	(35 797)	**(1 394 947)**	**(1 011 250)**
Transfers to stage 1	79 746	(69 995)	(9 751)	-	-
Transfers to stage 2	(74 247)	107 316	(33 069)	-	-
Transfers to stage 3	(21 409)	(18 508)	39 917	-	-
Written off balances or transferred to off statement of financial position	-	-	(21 971)	**(21 971)**	**(7 612)**
Adjustments during the year	-	-	-	-	-
Translation Adjustments	(65 267)	(1 379)	(7 470)	**(74 116)**	**74 506**
Total	**8 760 693**	**168 085**	**412 992**	**9 341 770**	**6 215 840**

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

	31 December 2021				31 December 2020
	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	**27 135**	**18 216**	**215 196**	**260 547**	**165 691**
Acquisition of Oman Arab Bank (Note 6)	10 445	3 818	22 710	**36 973**	-
Amended balance at the beginning of the year	**37 580**	**22 034**	**237 906**	**297 520**	**165 691**
ECL charges during the year	5 730	7 285	39 978	**52 993**	**67 307**
Recoveries (excluding write offs)	(4 278)	(1 964)	(19 138)	**(25 380)**	**(13 230)**
Transfers to stage 1	1 274	(1 114)	(160)	-	-
Transfers to stage 2	(159)	2 731	(2 572)	-	-
Transfers to stage 3	(193)	(1 329)	1 522	-	-
Impact on year end ECL caused by transfers between stages during the year	-	487	3 184	**3 671**	**20 763**
Written off balances or transferred to off statement of financial position	-	-	(13 255)	**(13 255)**	**(3 452)**
Adjustments during the year	(167)	97	725	**655**	**20 991**
Translation Adjustments	(228)	(42)	(3 712)	**(3 982)**	**2 477**
Total	**39 559**	**28 185**	**244 478**	**312 222**	**260 547**

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 2021				31 December 2020
	Stage 1	Stage 2	Stage 3	**Total**	**Total**
	USD '000	USD '000	USD '000	**USD '000**	**USD '000**
Low risk / performing	1 645 083	-	-	**1 645 083**	**1 227 985**
Acceptable risk / performing	1 335 759	802 066	-	**2 137 825**	**1 695 664**
Non-performing:					
- Substandard	-	-	28 279	**28 279**	**14 958**
- Doubtful	-	-	55 071	**55 071**	**53 161**
- Problematic	-	-	488 900	**488 900**	**350 074**
Total	**2 980 842**	**802 066**	**572 250**	**4 355 158**	**3 341 842**

-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 2021				31 December 2020
	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	**2 333 131**	**590 518**	**418 193**	**3 341 842**	**3 344 680**
Acquisition of Oman Arab Bank (Note 6)	247 944	195 790	70 939	**514 673**	-
Amended balance at the beginning of the year	**2 581 075**	**786 308**	**489 132**	**3 856 515**	**3 344 680**
New balances (Additions)	1 046 427	136 550	59 362	**1 242 339**	**578 484**
Repaid balances	(504 401)	(120 929)	(40 068)	**(665 398)**	**(666 826)**
Transfers to stage 1	64 506	(63 910)	(596)	**-**	**-**
Transfers to stage 2	(148 159)	151 948	(3 789)	**-**	**-**
Transfers to stage 3	(17 052)	(69 700)	86 752	**-**	**-**
Written off balances or transferred to off statement of financial position	-	(954)	(7 811)	**(8 765)**	**(5 178)**
Adjustments during the year	-	-	-	**-**	**-**
Translation Adjustments	(41 554)	(17 247)	(10 732)	**(69 533)**	**90 682**
Total	**2 980 842**	**802 066**	**572 250**	**4 355 158**	**3 341 842**

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

	31 December 2021				31 December 2020
	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	**14 900**	**61 438**	**224 103**	**300 441**	**236 333**
Acquisition of Oman Arab Bank (Note 6)	2 748	12 748	33 356	**48 852**	-
Amended balance at the beginning of the year	**17 648**	**74 186**	**257 459**	**349 293**	**236 333**
ECL charges during the year	(945)	27 379	48 690	**75 124**	**92 667**
Recoveries	(4 809)	(2 911)	(15 101)	**(22 821)**	**(16 682)**
Transfers to stage 1	414	(414)	-	**-**	**-**
Transfers to stage 2	(857)	863	(6)	**-**	**-**
Transfers to stage 3	(61)	(29 930)	29 991	**-**	**-**
Impact on year end ECL caused by transfers between stages during the year	-	4 541	14 105	**18 646**	**5 267**
Written off balances or transferred to off statement of financial position	-	(954)	(4 151)	**(5 105)**	**(1 515)**
Adjustments during the year	(1 770)	(6 513)	(2 339)	**(10 622)**	**(18 032)**
Translation Adjustments	(170)	(2 662)	(4 304)	**(7 136)**	**2 403**
Total	**9 450**	**63 585**	**324 344**	**397 379**	**300 441**

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 2021				31 December 2020
	Stage 1	Stage 2	Stage 3	**Total**	**Total**
	USD '000	USD '000	USD '000	**USD '000**	**USD '000**
Low risk / performing	2 381 758	-	-	**2 381 758**	**2 246 233**
Acceptable risk / performing	9 690 303	4 038 577	-	**13 728 880**	**11 562 042**
Non-performing:					
- Substandard	-	-	80 009	**80 009**	**173 845**
- Doubtful	-	-	201 592	**201 592**	**358 962**
- Problematic	-	-	1 583 741	**1 583 741**	**1 033 359**
Total	**12 072 061**	**4 038 577**	**1 865 342**	**17 975 980**	**15 374 441**

-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 2021				31 December 2020
	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	**11 370 155**	**2 438 120**	**1 566 166**	**15 374 441**	**15 633 572**
Acquisition of Oman Arab Bank (Note 6)	1 442 014	1 349 433	186 268	**2 977 715**	-
Amended balance at the beginning of the year	**12 812 169**	**3 787 553**	**1 752 434**	**18 352 156**	**15 633 572**
New balances (Additions)	3 359 437	830 581	160 273	**4 350 291**	**3 890 417**
Repaid balances	(3 402 667)	(1 030 264)	(49 000)	**(4 481 931)**	**(4 046 167)**
Transfers to stage 1	325 270	(324 836)	(434)	-	-
Transfers to stage 2	(892 807)	896 688	(3 881)	-	-
Transfers to stage 3	(1 440)	(88 471)	89 911	-	-
Written off balances or transferred to off statement of financial position	-	-	(44 083)	**(44 083)**	**(177 557)**
Adjustments during the year	-	-	-	-	-
Translation Adjustments	(127 901)	(32 674)	(39 878)	**(200 453)**	**74 176**
Total	**12 072 061**	**4 038 577**	**1 865 342**	**17 975 980**	**15 374 441**

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

	31 December 2021				31 December 2020
	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	**72 487**	**358 420**	**959 973**	**1 390 880**	**1 222 169**
Acquisition of Oman Arab Bank (Note 6)	7 572	59 499	81 248	**148 319**	-
Amended balance at the beginning of the year	**80 059**	**417 919**	**1 041 221**	**1 539 199**	**1 222 169**
ECL charges during the year	(1 680)	153 441	258 929	**410 690**	**345 868**
Recoveries	(28 959)	(39 672)	(31 054)	**(99 685)**	**(63 756)**
Transfers to stage 1	4 118	(4 050)	(68)	-	-
Transfers to stage 2	(10 668)	10 766	(98)	-	-
Transfers to stage 3	(13)	(18 509)	18 522	-	-
Impact on year end ECL caused by transfers between stages during the year	-	35 303	7 479	**42 782**	**60 808**
Written off balances or transferred to off statement of financial position	-	-	(25 763)	**(25 763)**	**(151 362)**
Adjustments during the year	2 059	2 767	(6 152)	**(1 326)**	**(23 729)**
Translation Adjustments	(1 375)	1 653	(10 159)	**(9 881)**	**882**
Total	**43 541**	**559 618**	**1 252 857**	**1 856 016**	**1 390 880**

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 2021				31 December 2020
	Stage 1	Stage 2	Stage 3	**Total**	**Total**
	USD '000	USD '000	USD '000	**USD '000**	**USD '000**
Low risk / performing	137 290	-	-	**137 290**	**70 097**
Acceptable risk / performing	209 342	27 630	-	**236 972**	**121 790**
Non-performing:					
- Substandard	-	-	-	-	-
- Doubtful	-	-	-	-	-
- Problematic	-	-	3 986	**3 986**	**4 171**
Total	**346 632**	**27 630**	**3 986**	**378 248**	**196 058**

-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 2021				31 December 2020
	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	**191 887**	**-**	**4 171**	**196 058**	**256 627**
New balances (Additions)	422 906	-	-	**422 906**	**182 899**
Repaid balances	(238 099)	-	-	**(238 099)**	**(244 468)**
Transfers to stage 1	-	-	-	-	-
Transfers to stage 2	(27 630)	27 630	-	-	-
Transfers to stage 3	-	-	-	-	-
Written off balances or transferred to off statement of financial position	-	-	-	-	-
Adjustments during the year	-	-	-	-	-
Translation Adjustments	(2 432)	-	(185)	**(2 617)**	**1 000**
Total	**346 632**	**27 630**	**3 986**	**378 248**	**196 058**

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

	31 December 2021				31 December 2020
	Stage 1	Stage 2	Stage 3	**Total**	**Total**
	USD '000	USD '000	USD '000	**USD '000**	**USD '000**
Balance at the beginning of the year	**1 110**	**-**	**4 120**	**5 230**	**5 013**
ECL charges during the year	826	1 042	-	**1 868**	**1 601**
Recoveries	(1 215)	(183)	-	**(1 398)**	**(1 054)**
Transfers to stage 1	-	-	-	-	-
Transfers to stage 2	-	-	-	-	-
Transfers to stage 3	-	-	-	-	-
Adjustments during the year	(6)	8	-	**2**	-
Translation Adjustments	(8)	-	(183)	**(191)**	**(330)**
Total	**707**	**867**	**3 937**	**5 511**	**5 230**

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 2021				31 December 2020
	Stage 1	Stage 2	Stage 3	**Total**	**Total**
	USD '000	USD '000	USD '000	**USD '000**	**USD '000**
Low risk / performing	1 112 678	-	-	**1 112 678**	**847 426**
Acceptable risk / performing	1 273 917	111 971	-	**1 385 888**	**515 706**
Non-performing:					
- Substandard	-	-	247	**247**	**-**
- Doubtful	-	-	-	**-**	**-**
- Problematic	-	-	494	**494**	**554**
Total	**2 386 595**	**111 971**	**741**	**2 499 307**	**1 363 686**

-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 2021				31 December 2020
	Stage 1	Stage 2	Stage 3	**Total**	**Total**
	USD '000	USD '000	USD '000	**USD '000**	**USD '000**
Balance at the beginning of the year	**1 210 625**	**152 507**	**554**	**1 363 686**	**1 055 687**
Acquisition of Oman Arab Bank (Note 6)	869 909	10 359	-	**880 268**	**-**
Amended balance at the end of year	**2 080 534**	**162 866**	**554**	**2 243 954**	**1 055 687**
New balances (Additions)	828 401	874	247	**829 522**	**621 728**
Repaid balances	(543 080)	(12 599)	(57)	**(555 736)**	**(331 782)**
Transfers to stage 1	89 120	(89 120)	-	**-**	**-**
Transfers to stage 2	(52 752)	52 752	-	**-**	**-**
Transfers to stage 3	-	-	-	**-**	**-**
Translation Adjustments	(15 628)	(2 802)	(3)	**(18 433)**	**18 053**
Total	**2 386 595**	**111 971**	**741**	**2 499 307**	**1 363 686**

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

	31 December 2021				31 December 2020
	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	**5 019**	**2 073**	**551**	**7 643**	**3 956**
Acquisition of Oman Arab Bank (Note 6)	4 621	5	-	**4 626**	**-**
Amended balance at the end of year	**9 640**	**2 078**	**551**	**12 269**	**3 956**
ECL charges during the year	(370)	208	136	**(26)**	**3 666**
Recoveries	(380)	-	-	**(380)**	**(725)**
Transfers to stage 1	21	(21)	-	**-**	**-**
Transfers to stage 2	(464)	464	-	**-**	**-**
Transfers to stage 3	-	-	-	**-**	**-**
Impact on year end ECL caused by transfers between stages during the year	-	109	-	**109**	**637**
Adjustments during the year	348	-	2	**350**	**-**
Translation Adjustments	(219)	(93)	(4)	**(316)**	**109**
Total	**8 576**	**2 745**	**685**	**12 006**	**7 643**

14 - OTHER FINANCIAL ASSETS AT AMORTIZED COST

The details of this item are as follows:

	31 December 2021	31 December 2020
	USD '000	USD '000
Treasury bills	2 229 828	1 965 105
Government bonds and bonds guaranteed by the government	6 954 163	5 583 556
Corporate bonds	1 411 547	1 254 161
Less: Net ECL Charges	(34 365)	(40 033)
Total	**10 561 173**	**8 762 789**

Analysis of bonds based on interest nature:

	31 December 2021	31 December 2020
	USD '000	USD '000
Floating interest rate	742 911	491 348
Fixed interest rate	9 852 627	8 311 474
Less: Net ECL Charges	(34 365)	(40 033)
Total	**10 561 173**	**8 762 789**

Analysis of financial assets based on market quotation:

Financial assets quoted in the market:	31 December 2021	31 December 2020
	USD '000	USD '000
Treasury bills	1 099 121	216 465
Government bonds and bonds guaranteed by the government	2 298 270	1 131 354
Corporate bonds	1 286 285	1 149 860
Total	**4 683 676**	**2 497 679**

Financial assets unquoted in the market:	31 December 2021	31 December 2020
	USD '000	USD '000
Treasury bills	1 130 707	1 748 640
Government bonds and bonds guaranteed by the government	4 655 893	4 452 202
Corporate bonds	125 262	104 301
Total	**5 911 862**	**6 305 143**
Less: Net ECL Charges	(34 365)	(40 033)
Grand Total	**10 561 173**	**8 762 789**

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 2021				31 December 2020
	Stage 1	Stage 2	Stage 3	**Total**	**Total**
Internal rating grade performing	USD '000	USD '000	USD '000	**USD '000**	**USD '000**
Low risk / performing	10 500 203	-	-	**10 500 203**	**8 430 731**
Acceptable risk / performing	10 373	84 962	-	**95 335**	**372 091**
Total	**10 510 576**	**84 962**	-	**10 595 538**	**8 802 822**

-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 2021				31 December 2020
	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	**8 669 791**	**133 031**	-	**8 802 822**	**8 935 335**
Acquisition of Oman Arab Bank (Note 6)	493 672	-	-	**493 672**	-
Amended balance at the beginning of the year	**9 163 463**	**133 031**	-	**9 296 494**	**8 935 335**
New investments (Additions)	8 797 578	-	-	**8 797 578**	**7 220 351**
Matured investments	(6 739 490)	(53 337)	-	**(6 792 827)**	**(7 438 208)**
Transfers to stage 1	-	-	-	-	-
Transfers to stage 2	(5 639)	5 639	-	-	-
Transfers to stage 3	-	-	-	-	-
Investments written off	-	-	-	-	**(4 776)**
Adjustments during the year	(2)	-	-	**(2)**	-
Translation Adjustments	(705 334)	(371)	-	**(705 705)**	**90 120**
Total	**10 510 576**	**84 962**	-	**10 595 538**	**8 802 822**

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

	31 December 2021				31 December 2020
	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	**19 200**	**20 833**	-	**40 033**	**40 717**
Acquisition of Oman Arab Bank (Note 6)	174	-	-	**174**	-
Amended balance at the beginning of the year	**19 374**	**20 833**	-	**40 207**	**40 717**
ECL charges during the year	1 452	(680)	-	**772**	**13 395**
Recoveries from matured investments	(7 101)	-	-	**(7 101)**	**(12 595)**
Transfers to stage 1	-	-	-	-	-
Transfers to stage 2	-	-	-	-	-
Transfers to stage 3	-	-	-	-	-
Investments written off	-	-	-	-	**(4 374)**
Adjustments during the year	1 085	(148)	-	**937**	**2 407**
Translation Adjustments	(422)	(28)	-	**(450)**	**483**
Total	**14 388**	**19 977**	-	**34 365**	**40 033**

During the year ended 31 December 2021 certain financial assets at amortized cost amounted to USD 62 million were sold (USD 81.1 million during the year ended 31 December 2020).

15 - INVESTMENT IN ASSOCIATES

The details of this item are as follows:

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

	31 December 2020						
	Ownership and Voting Rights	Investment Carrying Value	Place of Incorporation	Fair Value	Published Financial Statements Date	Principal Activity	Date of Acquisition
	%	USD '000					
Oman Arab Bank S.A.O.	49.00	499 805	Oman	420 665	2020	Banking	1984
Arab National Bank	40.00	3 231 147	Saudi Arabia	3 216 000	2020	Banking	1979
Arabia Insurance Company	42.51	38 455	Lebanon	Unquoted	2019	Insurance	1972
Commercial buildings	35.39	9 631	Lebanon	Unquoted	2019	Real Estate Operating Lease	1966
Ubhar Capital SAOC (An Associate Company of Arab Bank Switzerland)	34.00	9 678	Oman	Unquoted	2020	Investment and Financial Services	2016
Other Associates (Mostly owned by Arab Tunisian Bank)*	Various	15 496	Various			Various	
Total		**3 804 212**					

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

	2021	2020
	USD '000	USD '000
Balance at the beginning of the year	3 804 212	3 513 651
Purchase of investments in associates	96	139 532
Acquisition of Oman Arab Bank (Note 6)	(499 805)	-
Group's share of profits for the year	276 818	296 365
Dividends received	(194 106)	(143 364)
Translation Adjustment	3 614	1 270
Group's share of other changes in equity	22 070	(3 242)
Balance at the end of the year	**3 412 899**	**3 804 212**
Group's share of taxes	**70 356**	**69 862**

* This account represents mostly the investments in Arab Tunisian Lease Company, Arabia Sicaf and Arab Tunisian Invest Company amounting to USD 10 million, USD 1.9 million and USD 0.688 million respectively, as of 31 December 2021. (As of 31 December 2020 these investments amounted to USD 10.5 million, USD 2 million and USD 1 million respectively.)

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

	31 December 2021	31 December 2020
	USD '000	USD '000
Oman Arab Bank S.A.O.	-	9 947
Arab National Bank	280 186	283 982
Arabia Insurance Company	(4 605)	1 583
Other	1 237	853
Total	**276 818**	**296 365**

The Group's share of associates are as follows:

	2021			2020			
	Arab National Bank	Others	**Total**	Arab National Bank	Oman Arab Bank	Others	**Total**
	USD '000	USD '000	**USD '000**	USD '000	USD '000	USD '000	**USD '000**
Total Assets	20 553 685	294 855	**20 848 540**	19 664 106	4 224 625	264 464	**24 153 195**
Total Liabilities	17 434 986	221 768	**17 656 754**	16 432 959	3 724 820	191 204	**20 348 983**
Total Revenue	625 348	16 428	**641 776**	624 315	130 407	18 554	**773 276**
Total Expenses	345 162	19 796	**364 958**	340 333	120 460	16 118	**476 911**
Net Profit	**280 186**	**(3 368)**	**276 818**	**283 982**	**9 947**	**2 436**	**296 365**

16 - FIXED ASSETS

The details of this item are as follows:

	Land	Buildings	Furniture, Fixtures and Equip-ment	Computers and Com-munication Equipment	Motor Vehicles	Other	**Total**
Historical Cost:	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	**USD '000**
Balance as of 1 January 2020	**67 955**	**438 400**	**215 621**	**174 737**	**15 312**	**90 573**	**1 002 598**
Additions	29 599	24 958	36 721	23 166	975	6 083	**121 502**
Disposals	(99)	(75 064)	(1 588)	(823)	(760)	(2 977)	**(81 311)**
Adjustments during the year	-	-	10	(10)	-	-	**-**
Translation Adjustments	(1 084)	2 294	503	2 078	168	1 896	**5 855**
Balance as of 31 December 2020	**96 371**	**390 588**	**251 267**	**199 148**	**15 695**	**95 575**	**1 048 644**
Acquisition 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 at 31 December 2021	118 267	394 195	294 544	317 350	17 591	112 929	**1 254 876**
Accumulated Depreciation :							
Balance as of 1 January 2020	**-**	**155 775**	**176 182**	**134 540**	**10 782**	**64 202**	**541 481**
Depreciation charge for the year	-	10 051	11 635	19 441	1 537	6 242	**48 906**
Disposals	-	(3)	(1 647)	(836)	(643)	(2 630)	**(5 759)**
Adjustments during the year	-	-	-	-	-	-	**-**
Translation adjustments	-	1 520	542	1 858	121	1 457	**5 498**
Balance as of 31 December 2020	**-**	**167 343**	**186 712**	**155 003**	**11 797**	**69 271**	**590 126**
Acquisition 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 at 31 December 2021	**-**	**181 064**	**227 238**	**220 527**	**13 320**	**80 772**	**722 921**
Net Book Value as of 31 December 2021	**118 267**	**213 131**	**67 306**	**96 823**	**4 271**	**32 157**	**531 955**
Net Book Value as of 31 December 2020	**96 371**	**223 245**	**64 555**	**44 145**	**3 898**	**26 304**	**458 518**

* The cost of fully depreciated fixed assets amounted to USD 428.8 million as of 31 December 2021 (USD 335.2 million as of 31 December 2020).

17 - OTHER ASSETS

The details of this item are as follows:

	31 December 2021	31 December 2020
	USD '000	USD '000
Accrued interest receivable	351 575	192 113
Prepaid expenses	56 352	71 568
Foreclosed assets *	163 793	152 401
Intangible assets **	35 106	34 272
Right of use assets ***	96 752	86 315
Other miscellaneous assets	272 691	226 468
Total	**976 269**	**763 137**

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

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

	31 December 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**
Acquisition of Oman Arab Bank (Note 6)	-	-	-	-
Amended 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 impairment losses	(1 759)	(583)	-	**(2 342)**
Impairment losses charged to income	-	-	-	**-**
Translation adjustments	(293)	(629)	-	**(922)**
Balance at the end of the year	**72 405**	**91 117**	**271**	**163 793**

	31 December 2020			
	Land	Buildings	Other	**Total**
	USD '000	USD '000	USD '000	**USD '000**
Balance at the beginning of the year	**51 803**	**69 654**	**-**	**121 457**
Additions	24 990	16 733	271	**41 994**
Disposals	(1 700)	(1 824)	-	**(3 524)**
Provision for impairment and impairment losses	(3 802)	(753)	-	**(4 555)**
Impairment losses charged to income	-	-	-	**-**
Translation adjustments	(1 695)	(1 276)	-	**(2 971)**
Balance at the End of the Year	**69 596**	**82 534**	**271**	**152 401**

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

	31 December 2021	31 December 2020
	USD '000	USD '000
Balance at the beginning of the year	**34 272**	**29 820**
Additions	26 867	18 425
Disposals	-	-
Amortization charge for the year	(14 484)	(14 444)
Adjustment during the year and translation adjustments	(11 549)	471
Balance at the End of the Year	**35 106**	**34 272**

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

	31 December 2021	31 December 2020
	USD '000	USD '000
Balance at the beginning of the year	**86 315**	**98 608**
Additions	34 186	5 004
Depreciation	(23 749)	(17 297)
Balance at the End of the Year	**96 752**	**86 315**

18. Deferred Tax Assets

The details of this item are as follows :

	31 December 2021							
	Balance at the Beginning of the Year	Acquisition of Oman Arab Bank (Note 6)	Amended beginning Balance	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
ECL on direct credit facilities at amortized cost	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**

	31 December 2020							
	Balance at the Beginning of the Year	Acquisition of Oman Arab Bank (Note 6)	Amended beginning Balance	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
ECL on direct credit facilities at amortized cost	376 802	-	376 802	315 180	(99 694)	1 392	593 680	147 028
End-of-Service indemnity	72 173	-	72 173	7 920	(4 087)	777	76 783	22 038
Interest in suspense	52 497	-	52 497	43 661	(16 252)	-	79 906	19 937
Other	113 399	-	113 399	4 772	(35 580)	(2 164)	80 427	25 930
Total	**614 871**	**-**	**614 871**	**371 533**	**(155 613)**	**5**	**830 796**	**214 933**

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

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

	31 December	
	2021	2020
	USD '000	USD '000
Balance at the beginning of the year	**214 933**	**155 385**
Acquisition of Oman Arab Bank (Note 6)	6 387	-
Amended Balance at the beginning of the year	**221 320**	**155 385**
Additions during the year	114 579	105 382
Amortized during the year	(86 985)	(45 846)
Adjustments during the year and translation adjustments	(416)	12
Balance at the end of the year	**248 498**	**214 933**

19 - BANKS AND FINANCIAL INSTITUTIONS DEPOSITS

The details of this item are as follows:

	31 December 2021			31 December 2020		
	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	-	641 238	641 238	-	746 957	746 957
Time deposits	80 181	3 271 280	3 351 461	104 836	3 122 433	3 227 269
Total	**80 181**	**3 912 518**	**3 992 699**	**104 836**	**3 869 390**	**3 974 226**

20 - CUSTOMER DEPOSITS

The details of this item are as follows:

	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**

	31 December 2020				
	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	9 878 466	2 482 453	2 583 737	221 441	15 166 097
Savings	3 574 548	113 032	15 119	63 868	3 766 567
Time and notice	9 202 810	1 382 303	3 482 528	2 524 787	16 592 428
Certificates of deposit	507 979	69 222	94 423	38 422	710 046
Total	**23 163 803**	**4 047 010**	**6 175 807**	**2 848 518**	**36 235 138**

- Government of Jordan and Jordanian public sector deposits amounted to USD 1197.7 million, or 2.7% of total customer deposits as of 31 December 2021 (USD 1057.7 million or 2.9 % of total customer deposits as of 31 December 2020).
- Non-interest bearing deposits amounted to USD 16012.4 million, or 36.0% of total customer deposits as of 31 December 2021 (USD 13732.4 million or 37.9% of total customer deposits as of 31 December 2020).
- Blocked deposits amounted to USD 131.5 million, or 0.30% of total customer deposits as of 31 December 2021 (USD 159.8 million or 0.4% of total customer deposit as of 31 December 2020).
- Dormant deposits amounted to USD 418 million, or 0.9% of total customer deposits as of 31 December 2021 (USD 492.1 million or 1.4% of total customer deposits as of 31 December 2020).

21 - CASH MARGIN

The details of this item are as follows:

	31 December	
	2021	**2020**
	USD '000	USD '000
Against direct credit facilities at amortized cost	1 773 098	1 750 146
Against indirect credit facilities	824 147	723 870
Against margin trading	3 049	2 421
Other cash margins	6 837	6 816
Total	**2 607 131**	**2 483 253**

22 - BORROWED FUNDS

The details of this item are as follows:

	31 December	
	2021	**2020**
	USD '000	USD '000
From Central Banks *	159 466	167 340
From banks and financial institutions **	462 994	442 451
Total	**622 460**	**609 791**

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

	31 December	
	2021	**2020**
	USD '000	USD '000
Floating interest rate	351 975	364 386
Fixed interest rate	270 485	245 405
Total	**622 460**	**609 791**

* 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 2021 amounted to USD 3.38 million (USD 3.95 million as of 31 December 2020).

* During 2014, Arab Bank (Jordan branches) signed a loan agreement with the Central Bank of Jordan amounting to USD 3.95 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 Balance of the loan as of 31 December 2021 amounted to USD 1.46 million (USD 2 million as of 31 December 2020).

* Until December 31, 2020, 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 102.3 million as of 31 December 2021 (USD 98.2 million as of 31 December 2020)

* 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 2021 amounted to USD 4.3 million (USD 4.822 million as of 31 December 2020).

* 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 a fixed 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 2021 amounted to USD 6.582 million (USD 6.6 million as of 31 December 2020).

* During 2021, Arab Bank (Jordan branches) granted loans against diminishing advances in response to the Central Bank of Jordan program to support SMEs to face COVID-19 with 0% fixed interest rate, These loans are repaid on long term extended to 42 months, with a grace period up to 12 months. These loans as of 31 December 2021 amounted to USD 41.4 (USD 51.765 million of 31 December 2020).

* During 2018, Arab Bank (Jordan branches) signed loans agreements with European investment Bank amounting to USD 331 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 2021 amounted to USD 72.7 million (USD 90.88 million as of 31 December 2020)

* During 2020, Arab Bank (Jordan branches) withdrew the second installment in the amount of USD 69.82 million for the duration of 7 years with a floating interest rate of (1.652%+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 March 2022 and the last one will be on 16 March 2026. the Balance of the loan as of 31 December 2021 amounted to USD 62.84 million (the Balance of the loan as of 31 December 2020 amounted to USD 69.82 million.).

* During 2021, Arab Bank (Jordan branches) withdrew the third installment in the amount of USD 161.81 million for the duration of 7 years with a floating interest rate of (1.853%+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 2022 and the last one will be on 15 March 2027.

** During 2019 Arab National Leasing Co. signed loan agreement with Jordanian Mortgage Refinance Company for a duration of two years with a fixed interest rate of 5.6% , the balance of the loan as of 31 December 2021 amounted to USD 7.1 million (USD 7.1 million as of 31 December 2020)

** Arab Tunisian Bank borrowed amounts from banks and financial institutions, as well issued syndicated term loans, the balance amounted to USD 158.6 million as of 31 December 2021 (USD 106.1 million as of 31 December 2020) 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	
	2021	**2020**
	USD '000	USD '000
Loans maturing within one year	75 226	8 986
Loans maturing after 1 year and less than 3 years	22 691	29 478
Loans maturing after 3 years	60 666	67 672
Total	**158 583**	**106 136**

23 - PROVISIONS FOR INCOME TAX

The details of this item are as follows:

	31 December	
	2021	**2020**
	USD '000	USD '000
Balance at the beginning of the year	**275 406**	**345 054**
Acquisition of Oman Arab Bank (Note 6)	11 706	-
Amended Balance at the beginning of the year	**287 112**	**345 054**
Income tax charge	199 725	215 066
Income tax paid	(284 360)	(284 714)
Balance at the end of the year	**202 477**	**275 406**

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

	31 December	
	2021	**2020**
	USD '000	USD '000
Income tax charge for the year	199 725	215 066
Deferred tax assets for the year	(114 083)	(104 791)
Amortization of deferred tax assets	86 270	45 648
Deferred tax liabilities for the year	1 710	2 364
Amortization of deferred tax liabilities	(44)	(3 490)
Total	**173 578**	**154 797**

'- 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 2021 and 2020 .

- Arab Bank Group effective tax rate was 35.6% as of 31 December 2021 and 44.2% as of 31 December 2020.

-The subsidiaries and branches of Arab Bank Group have reached recent tax settlements ranging between 2020 such as Arab Bank United Arab Emirates and Arab Sudanese Bank and 2019 such as Arab Bank Egypt and Arab Investment Group Jordan Co.

24 - OTHER PROVISIONS

The details of this item are as follows:

	31 December 2021					
	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	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**

	31 December 2020					
	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	122 761	14 607	(10 912)	(38)	162	126 580
Legal cases	9 744	872	(627)	(1 249)	43	8 783
Other	94 016	10 737	(6 907)	(2 708)	(432)	94 706
Total	226 521	**26 216**	**(18 446)**	**(3 995)**	**(227)**	**230 069**

25 - OTHER LIABILITIES

The details of this item are as follows:

	31 December	
	2021	**2020**
	USD '000	USD '000
Accrued interest payable	189 031	139 822
Notes payable	189 180	203 883
Interest and commission received in advance	90 755	61 133
Accrued expenses	131 428	90 349
Dividends payable to shareholders	17 138	19 405
Provision for impairment - ECL of the indirect credit facilities*	145 511	91 950
Lease liabilities	98 361	84 245
Other miscellaneous liabilities	391 367	349 622
Total	**1 252 771**	**1 040 409**

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 2021				31 December 2020
	Stage 1	Stage 2	Stage 3	Total	Total
	USD '000	USD '000	USD '000	USD '000	USD '000
Low risk / performing	818 875	-	-	818 875	770 296
Acceptable risk / performing	16 061 240	974 585	-	17 035 825	14 697 556
Non-performing:	-	-	162 820	162 820	168 269
Total	**16 880 115**	**974 585**	**162 820**	**18 017 520**	**15 636 121**

-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 2021				31 December 2020
	Stage 1	Stage 2	Stage 3	Total	Total
	USD '000	USD '000	USD '000	USD '000	USD '000
Balance at beginning of the year	**14 814 760**	**653 092**	**168 269**	**15 636 121**	**17 161 524**
Acquisition of Oman Arab Bank (Note 6)	1 577 228	790 004	604	2 367 836	-
Amended Balance at the beginning of the year	**16 391 988**	**1 443 096**	**168 873**	**18 003 957**	**17 161 524**
New balances (Additions)	4 690 267	178 631	18 046	4 886 944	5 000 322
Matured balances	(3 926 267)	(726 918)	(29 082)	(4 682 267)	(6 549 797)
Transfers to stage 1	139 238	(139 174)	(64)	-	-
Transfers to stage 2	(244 273)	244 632	(359)	-	-
Transfers to stage 3	(1 210)	(475)	1 685	-	-
Translation Adjustments	(169 628)	(25 207)	3 721	(191 114)	24 072
Balance at the end of the year	**16 880 115**	**974 585**	**162 820**	**18 017 520**	**15 636 121**

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

	31 December 2021				31 December 2020
	Stage 1	Stage 2	Stage 3	Total	Total
	USD '000	USD '000	USD '000	USD '000	USD '000
Balance at beginning of the year	**36 363**	**27 457**	**28 130**	**91 950**	**59 213**
Acquisition of Oman Arab Bank (Note 6)	571	556	442	1 569	-
Amended Balance at the beginning of the year	**36 934**	**28 013**	**28 572**	**93 519**	**59 213**
ECL charges during the year	4 190	11 174	64 168	79 532	29 568
Recoveries	(11 918)	(14 917)	(114)	(26 949)	(13 137)
Transfers to stage 1	116	(116)	-	-	-
Transfers to stage 2	(609)	708	(99)	-	-
Transfers to stage 3	(1)	(2)	3	-	-
Impact on year end ECL caused by transfers between stages during the year	-	-	-	-	2 920
Adjustments during the year	16	(34)	175	157	12 993
Translation Adjustments	789	(1 277)	(260)	(748)	393
Balance at the end of the year	**29 517**	**23 549**	**92 445**	**145 511**	**91 950**

26 - DEFERRED TAX LIABILITIES

Items attributable to deferred tax liabilities are as follows:

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

	31 December 2020					
	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	31 792	12 094	(21 720)	1 152	23 318	5 672
Total	**31 792**	**12 094**	**(21 720)**	**1 152**	**23 318**	**5 672**

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

	31 December	
	2021	**2020**
	USD '000	USD '000
Balance at the beginning of the year	5 672	6 402
Additions during the year	1 717	2 364
Amortized during the year	(44)	(3 542)
Adjustments during the year and translation adjustments	(50)	448
Balance at the end of the year	**7 295**	**5 672**

27 - SHARE CAPITAL AND SHARE PREMIUM

a .Share Capital amounted to USD 926.6 million distributed to 640.8 million shares as of 31 December 2021 and 2020 with an authorized capital of 640.8 million shares (at a par value of USD 1.41 per share).

b. Share premium amounted to USD 1225.7 million as of 31 December 2021 and 2020.

28 - STATUTORY RESERVE

Statutory reserve amounted to USD 926.6 million as of 31 December 2021 (USD 926.6 million as of 31 December 2020) according to the regulations of the Central Bank of Jordan and Companies Law and 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 2021 and 2020. 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 2021 (USD 1141.8 million as of 31 December 2020) . 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 RISK RESERVE

The general banking risk reserve amounted to USD 154.2 million as of 31 December 2021 (USD 224.3 million as of 31 December 2020).

32 - FOREIGN CURRENCY TRANSLATION RESERVE

The details of this item are as follows:

	31 December	
	2021	**2020**
	USD '000	USD '000
Balance at the beginning of the year	(160 209)	(252 925)
Changes during the year	(131 778)	92 716
Balance at the end of the year	**(291 987)**	**(160 209)**

33 - INVESTMENT REVALUATION RESERVE

The details of this item are as follows:	31 December	
	2021	**2020**
	USD '000	USD '000
Balance at the beginning of the year	(295 797)	(298 403)
Change in fair value during the year	(18 967)	31
Net realized losses transferred to retained earnings	2 211	2 575
Balance at the End of the Year	**(312 553)**	**(295 797)**

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 cent 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 cent 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 cent 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 Bond under note (a) has First Call Date on 29 January 2022 the Bank has recalled these Bonds supsecuantly and 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 bond meybe 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	
	2021	**2020**
	USD '000	USD '000
Balance at the beginning of the year	**2 775 635**	**2 584 537**
Profit for the year Attributable to Shareholders of the Bank	306 721	192 791
Investments revaluation reserve transferred to retained earnings	(2 211)	(2 575)
Dividends paid *	(111 944)	-
Transferred from / to general banking risk reserve	-	14 678
Changes in associates equity	-	(5 504)
Adjustments during the year	(217)	(8 292)
Balance at the end of the year **	**2 967 984**	**2 775 635**

* Arab Bank plc Board of Directors recommended a 20% of USD 1.4 par value as cash dividend, equivalent to USD 180.7 million, for the year 2021. This proposal is subject to the approval of the General Assembly of shareholders. (The General Assembly of the Arab Bank plc in its meeting held on 25 March 2021 approved the recommendation of the Bank's Board of Directors to distribute 12% of par value as cash dividends for the year 2020 equivalent to USD 108.4 million).

The details of non-controlling interests are as follows:

	31 December 2021			31 December 2020		
	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	57 098	(2 572)	35.76	68 057	(618)
Arab Bank Syria	48.71	23 192	(1 188)	48.71	22 318	671
Al Nisr Al Arabi Insurance Company plc	50.00	15 626	2 175	50.00	15 473	2 440
Oman Arab Bank S.A.O.	51.00	460 257	9 381		-	-
Total		**556 173**	**7 796**		**105 848**	**2 493**

The following are some basic financial data related to basic subsidiaries that contains non controlling interests:

	31 December 2021				31 December 2020		
	Arab Tunisian Bank	Arab Bank Syria	Oman Arab Bank S.A.O.	Al Nisr Al Arabi Insurance Company plc	Arab Tunisian Bank	Arab Bank Syria	Al Nisr Al Arabi Insurance Company plc
	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
Total Assets	2 651 149	116 137	8 878 484	176 515	2 703 848	123 901	161 942
Total Liabilities	2 467 207	68 388	7 537 570	145 259	2 513 530	77 950	130 996
Net Assets	**183 942**	**47 749**	**1 340 914**	**31 256**	**190 318**	**45 951**	**30 946**
Total Income	93 567	2 337	297 800	13 524	94 792	3 746	14 230
Total Expenses	100 760	4 775	279 405	9 174	96 521	2 364	9 350
Net Profit (Loss)	**(7 193)**	**(2 438)**	**18 395**	**4 350**	**(1 729)**	**1 382**	**4 880**

36 - INTEREST INCOME

The details of this item are as follows:	2021	2020
	USD '000	USD '000
Direct credit facilities at amortized cost *	1 695 777	1 470 197
Central banks	60 136	42 558
Banks and financial institutions	16 118	38 036
Financial assets at fair value through profit or loss	13 483	15 467
Financial assets at fair value through OCI	7 971	-
Other financial assets at amortized cost	415 496	502 110
Total	**2 208 981**	**2 068 368**

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

	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**

	2020					
	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	4 286	12 175	27 574	3 366	2 033	49 434
Overdrafts	11 323	75 186	204 084	223	18 363	309 179
Loans and advances	254 094	108 292	538 222	3 021	39 679	943 308
Real estate loans	127 178	9 198	11 537	-	-	147 913
Credit cards	20 363	-	-	-	-	20 363
Total	**417 244**	**204 851**	**781 417**	**6 610**	**60 075**	**1 470 197**

37 - INTEREST EXPENSE

The details of this item are as follows::	2021	2020
	USD '000	USD '000
Customers' deposits *	747 636	715 643
Banks' and financial institutions' deposits	38 982	67 129
Cash margins	25 212	41 440
Borrowed funds	20 942	14 271
Deposit insurance fees	25 782	26 823
Total	**858 554**	**865 306**

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

	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**

	2020				
	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	22 284	4 135	14 827	5 505	46 751
Savings	43 233	1 387	111	157	44 888
Time and notice	287 232	36 649	165 823	63 544	553 248
Certificates of deposit	55 406	4 256	10 018	1 076	70 756
Total	**408 155**	**46 427**	**190 779**	**70 282**	**715 643**

38 - NET COMMISSION INCOME

The details of this item are as follows:

	2021	2020
	USD '000	USD '000
Commission income:		
- Direct credit facilities at amortized cost	95 893	75 760
- Indirect credit facilities	122 296	110 599
- Assets under management	31 005	24 059
- Other	162 413	112 568
Less: commission expense	(63 651)	(52 588)
Net Commission Income	**347 956**	**270 398**

39 - GAINS FROM FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The details of this item are as follows:

	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**

	2020			
	Realized Gains	Unrealized Gains (Losses)	Dividends	Total
	USD '000	USD '000	USD '000	USD '000
Treasury bills and bonds	3 011	(224)	-	2 787
Companies shares	-	147	53	200
Mutual funds	-	593	-	593
Total	**3 011**	**516**	**53**	**3 580**

40 - OTHER REVENUE

The details of this item are as follows:

	2021	2020
	USD '000	USD '000
Revenue from customer services	14 239	14 246
Safe box rent	3 438	3 936
Gain (Loss) from derivatives	964	(732)
Miscellaneous revenue	54 605	33 846
Total	**73 246**	**51 296**

41 - EMPLOYEES' EXPENSES

The details of this item are as follows:

	2021	2020
	USD '000	USD '000
Salaries and other benefits	435 557	371 098
Social security	44 160	37 265
Savings fund	6 177	3 052
Indemnity compensation	3 270	2 058
Medical	19 521	15 123
Training	3 220	1 718
Allowances	67 996	69 129
Other	17 460	10 190
Total	**597 361**	**509 633**

42 - OTHER EXPENSES

The details of this item are as follows:

	2021	2020
	USD '000	USD '000
Occupancy	99 089	77 391
Office	77 662	60 714
Services	53 535	42 357
Fees	21 019	15 656
Information technology	67 966	55 602
Other administrative expenses	59 233	62 700
Total	**378 504**	**314 420**

43 - FINANCIAL DERIVATIVES

The details of this item is as follows:

	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**

	31 December 2020						
				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	2 469	2 412	118 065	44 083	67 968	2 017	3 997
Interest rate swaps	20 028	22 634	1 443 508	304 765	347 653	501 948	289 142
Foreign currency forward contracts	29 174	91 283	11 369 879	9 001 494	2 366 389	1 996	-
Derivatives held for trading	**51 671**	**116 329**	**12 931 452**	**9 350 342**	**2 782 010**	**505 961**	**293 139**
Interest rate swaps	39 839	54 627	2 117 272	199 626	569 603	1 100 915	247 128
Foreign currency forward contracts	-	-	71 444	71 431	13	-	-
Derivatives held for fair value hedge	**39 839**	**54 627**	**2 188 716**	**271 057**	**569 616**	**1 100 915**	**247 128**
Total	**91 510**	**170 956**	**15 120 168**	**9 621 399**	**3 351 626**	**1 606 876**	**540 267**

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	
	2021	**2020**	**2021**	**2020**	**2021**	**2020**
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Revenues	607 738	609 004	1 561 927	1 322 031	2 169 665	1 931 035
Assets	18 830 934	17 376 980	44 974 200	37 036 703	63 805 134	54 413 683
Capital Expenditures	32 439	20 064	72 274	119 863	104 713	139 927

45. BUSINESS SEGMENTS

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

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

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

1. Corporate and Institutional Banking

This Group provides banking services and finances the following: corporate sector, private projects, foreign trading, small and medium sized projects, and banks and financial institutions.

2. Treasury Group

This group is considered a source of financing for the Group, in general, and for the strategic business units, in particular. It steers the financing of the Group, and manages both the Group's cash liquidity and market risks.

Moreover, this group is responsible for the management of the Group's assets and liabilities within the frame set by the Assets and Liabilities Committee.

This group is considered the main source in determining the internal transfer prices within the Group's business units, in addition to being a central unit for the financial organization and main dealing in the following:

- Foreign exchange.
- Foreign exchange derivatives.
- Money market instruments.
- Certificates of deposit.
- Interest rate swaps.
- Other various derivatives.

3. Consumer Banking

The Consumer Banking division is focused on offering customers an extensive range of feature-rich value proposition through its vast branch network and integrated direct banking channels, both locally and regionally. Consumer Banking provides a comprehensive range of programs that are specifically designed to cater to the needs of a diverse customer base. These range from Jeel Al Arabi, the special program for children, to Elite, the exclusive service offered to our high net worth clients. The bank believes in building meaningful customer relationships, placing client needs at the heart of our services and constantly reassessing those services in line with evolving customer needs and expectations.

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.

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

Information about the Group's Business Segments

	31 December 2021					
	Corporate and Institutional Banking	Treasury	Consumer Banking		Other	Total
			Elite	Retail Banking		
	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
Total income	980 001	543 038	(67 622)	397 819	316 429	2 169 665
Net inter-segment interest income	(116 222)	(303 387)	245 101	174 508	-	-
Less :ECL expense on financial assets	477 437	51 372	960	30 324	-	560 093
Other provisions	3 105	1 129	1 449	6 294	-	11 977
Direct administrative expenses	160 542	24 590	39 747	227 673	61 393	513 945
Result of operations of segments	222 695	162 560	135 323	308 036	255 036	1 083 650
Indirect expenses on segments	251 336	78 216	52 788	211 031	2 184	595 555
Profit (Loss) for the year before income tax	**(28 641)**	**84 344**	**82 535**	**97 005**	**252 852**	**488 095**
Income tax expense	(10 184)	29 994	29 351	34 497	89 920	173 578
Profit (Loss) for the Year	**(18 457)**	**54 350**	**53 184**	**62 508**	**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**

Information about the Group's Business Segments

	31 December 2020					
	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	900 864	578 722	(121 126)	241 424	331 151	1 931 035
Net inter-segment interest income	(102 151)	(370 277)	313 154	159 274	-	-
ECL expense on financial assets	447 649	135 844	3 671	71 166	-	658 330
Other provisions	7 078	3 441	3 375	8 327	-	22 221
Direct administrative expenses	137 423	24 331	38 203	185 239	8 980	394 176
Result of operations of segments	206 563	44 829	146 779	135 966	322 171	856 308
Indirect expenses on segments	204 338	59 059	52 559	174 908	15 363	506 227
Profit for the year before income tax	**2 225**	**(14 230)**	**94 220**	**(38 942)**	**306 808**	**350 081**
Income tax expense	984	(6 292)	41 662	(17 219)	135 662	154 797
Profit for the Year	**1 241**	**(7 938)**	**52 558**	**(21 723)**	**171 146**	**195 284**
Depreciation and amortization	20 365	5 126	6 431	31 428	-	63 350
Other information						
Segment assets	17 753 573	22 137 997	3 960 125	5 056 345	1 701 431	50 609 471
Inter-segment assets	-	-	12 414 665	3 367 033	5 817 812	-
Investment in associates	-	-	-	-	3 804 212	3 804 212
TOTAL ASSETS	**17 753 573**	**22 137 997**	**16 374 790**	**8 423 378**	**11 323 455**	**54 413 683**
Segment liabilities	14 986 115	3 305 945	16 374 790	8 423 378	1 934 692	45 024 920
Shareholders' equity	-	-	-	-	9 388 763	9 388 763
Inter-segment liabilities	2 767 458	18 832 052	-	-	-	-
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**17 753 573**	**22 137 997**	**16 374 790**	**8 423 378**	**11 323 455**	**54 413 683**

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.

Hyperinflationary economy

The economy of the Republic of Yemen where the Group has a branch is deemed as a hyperinflationary economy, therefore the financial statements of the branch were adjusted so that they are stated in terms of the current measuring unit at the end of the reporting period.

This involves restatement of income and expenses to reflect changes in the general price index from the start of the reporting period, restatement of non-monetary items in the statement of financial position in order to reflect the current purchasing power as at the period end using a general price index from the date when they were first recognized and restatement of the components of owners' equity, except retained earnings, by applying a general price index from the dates the components were contributed or otherwise arose. The impact of applying the requirements of IAS 29 on the branch resulted in an adjustment to the equity with a total amount of USD 10.7 million and a loss on the net monetary position for the current year amounted to USD 10.5 million which was included in the consolidated statement of income.

Since the operations of the branch are translated into the functional currency of the Group, which is a non-hyperinflationary economy, comparative amounts of the branch included in 2020 financial statements are not restated (i.e., not adjusted for subsequent changes in the price level or subsequent changes in exchange rates).

The main implications of the above are as follows:

- The historical cost of non-monetary assets and liabilities and various components of equity are adjusted from their date of acquisition to the year ended 31 December 2021;
- Income statement is adjusted to reflect the financial gain or loss caused by the impact of inflation during the year on net monetary assets or liabilities (gain or loss of purchasing power); and
- The cumulative impact of the accounting restatement to adjust for the effects of hyperinflation for year 2021 is reflected in the consolidated statement of changes in equity.

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	
	2021	**2020**
	USD '000	USD '000
Credit risk exposures relating to items on the consolidated statement of financial position:		
Balances with central banks	11 232 692	10 134 174
Balances with banks and financial institutions	3 756 284	4 601 165
Deposits with banks and financial institutions	275 494	288 165
Financial assets at fair value through profit or loss	40 117	283 830
Financial assets at fair value through OCI	312 501	-
Direct credit facilities at amortized cost	**31 188 786**	**23 907 858**
Consumer Banking	8 923 264	5 862 769
Small and Medium Corporate	3 814 125	2 925 975
Large Corporate	15 591 408	13 572 296
Banks and financial institutions	372 688	190 775
Government and public sector	2 487 301	1 356 043
Other financial assets at amortized cost	10 561 173	8 762 789
financial derivatives - positive fair value	86 585	91 510
Other assets	407 927	263 681
Total Credit Exposure related to items on the consolidated statement of financial position:	**57 861 559**	**48 333 172**
Credit risk exposures relating to items off the consolidated statement of financial position:		
Total of indirect facilities.	**17 872 009**	**15 544 171**
Grand Total for Credit Exposure	**75 733 568**	**63 877 343**

The table above shows the maximum limit of the bank credit risk as of 31 December 2021 and 2020 excluding collaterals and risks mitigations.

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

	Total Credit Risk Exposure	Cash	Banks accepted letters of guarantees
	USD '000	USD '000	USD '000
Credit exposures relating to items on statement of financial position:			
Balances with central banks	11 434 604	-	-
Balances with banks and financial institutions	3 759 049	-	-
Deposits with banks and financial institutions	276 340	-	-
Financial assets at fair value through profit or loss	40 117	-	-
Financial assets at fair value through OCI	312 973	-	-
Direct credit facilities at amortized cost	**34 550 463**	**1 643 876**	**347 918**
Consumer Banking	9 341 770	462 623	5 328
Small and Medium Corporates	4 355 158	363 506	48 410
Large Corporates	17 975 980	817 491	267 659
Banks and Financial Institutions	378 248	-	226
Government and Public Sector	2 499 307	256	26 295
Other financial assets at amortized cost	10 595 538	-	-
Financial derivatives - positive fair value	86 585	-	-
Other assets	407 927	-	-
Total	**61 463 596**	**1 643 876**	**347 918**
Credit exposures relating to items off statement of financial position	**18 017 520**	**704 416**	**61 033**
Grand Total	**79 481 116**	**2 348 292**	**408 951**
Grand Total as of 31 December 2020	**66 741 322**	**2 433 458**	**281 428**

						31 December 2021
Fair Value of Collaterals						
Real estate properties	Listed securities	Vehicles and equipment	Other	Total	Net Exposure	Expected Credit Loss
USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
-	-	-	-	-	11 434 604	201 912
-	-	-	-	-	3 759 049	2 765
-	-	-	-	-	276 340	846
-	-	-	-	-	40 117	-
-	-	-	-	-	312 973	472
5 526 017	**1 171 803**	**490 222**	**5 156 906**	**14 336 742**	**20 213 721**	**2 583 134**
584 536	4 206	85 130	1 684 812	2 826 635	6 515 135	312 222
1 154 769	206 450	30 637	506 549	2 310 321	2 044 837	397 379
3 780 367	960 735	374 455	2 762 305	8 963 012	9 012 968	1 856 016
-	412	-	10 082	10 720	367 528	5 511
6 345	-	-	193 158	226 054	2 273 253	12 006
-	-	-	-	-	10 595 538	34 365
-	-	-	-	-	86 585	-
-	-	-	-	-	407 927	-
5 526 017	**1 171 803**	**490 222**	**5 156 906**	**14 336 742**	**47 126 854**	**2 823 494**
199 194	**17 807**	**17 971**	**2 235 069**	**3 235 490**	**14 782 030**	**145 511**
5 725 211	**1 189 610**	**508 193**	**7 391 975**	**17 572 232**	**61 908 884**	**2 969 005**
4 132 042	**572 098**	**624 263**	**6 996 956**	**15 040 245**	**51 701 077**	**2 244 711**

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

	Total Credit Risk Exposure	Cash	Banks accepted letters of guarantees
	USD '000	USD '000	USD '000
Credit exposures relating to items on statement of financial position:			
Cash and balances with central banks	-	-	-
Balances with banks and financial institutions	-	-	-
Deposits with banks and financial institutions	-	-	-
Financial assets at fair value through profit or loss	-	-	-
Financial assets at fair value through OCI	-	-	-
Direct credit facilities at amortized cost	**2 855 311**	**21 702**	**5 917**
Consumer Banking	412 992	7 027	418
Small and Medium Corporates	572 250	1 612	2 001
Large Corporates	1 865 342	13 063	3 462
Banks and Financial Institutions	3 986	-	-
Government and Public Sector	741	-	36
Other financial assets at amortized cost	-	-	-
Financial derivatives - positive fair value	-	-	-
Other assets	-	-	-
Total	**2 855 311**	**21 702**	**5 917**
Credit exposures relating to items off statement of financial position	**162 820**	**111 635**	**3 738**
Grand Total	**3 018 131**	**133 337**	**9 655**
Grand Total as of 31 December 2020	**2 526 688**	**17 564**	**4 622**

							31 December 2021
	Fair Value of Collaterals						
	Real estate properties	Listed securities	Vehicles and equipment	Other	Total	Net Exposure	Expected Credit Loss
	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	199 150	**2 187**	**16 834**	**73 696**	**319 486**	**2 535 825**	**1 826 301**
	17 935	1	121	20 175	45 677	367 315	244 478
	66 062	209	975	17 461	88 320	483 930	324 344
	115 153	1 977	15 738	36 059	185 452	1 679 890	1 252 857
	-	-	-	-	-	3 986	3 937
	-	-	-	1	37	704	685
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	199 150	**2 187**	**16 834**	**73 696**	**319 486**	**2 535 825**	**1 826 301**
	13 182	**15 321**	**-**	**97 235**	**241 111**	**(78 291)**	**92 445**
	212 332	**17 508**	**16 834**	**170 931**	**560 597**	**2 457 534**	**1 918 746**
	270 003	**6 569**	**36 213**	**163 750**	**498 721**	**2 027 967**	**1 432 073**

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 2021					
	Stage 2		Stage 3		Total Reclassified Credit Risk Exposure	Percentage of Reclassified Credit Risk Exposure (%)
	Total Credit Risk Exposure	Reclassified Credit Risk Exposure	Total Credit Risk Exposure	Reclassified Credit Risk Exposure		
	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
Credit exposures relating to items on statement of financial position:						
Balances with central banks	718 835	-	-	-	-	0%
Balances with banks and financial institutions	-	-	-	-	-	-
Deposits with banks and financial institutions	-	-	-	-	-	-
Financial assets at fair value through profit or loss	-	-	-	-	-	-
Direct credit facilities at amortized cost	5 148 329	511 794	2 855 311	165 060	676 854	8.5%
Other financial assets at amortized cost	84 962	5 639	-	-	5 639	6.6%
Total	**5 952 126**	**517 433**	**2 855 311**	**165 060**	**682 493**	**7.7%**
Credit exposures relating to items off statement of financial position	**974 585**	**104 983**	**162 820**	**1 262**	**106 245**	**9.3%**
Grand Total	**6 926 711**	**622 416**	**3 018 131**	**166 322**	**788 738**	**7.9%**
Grand Total as of 31 December 2020	**4 700 145**	**706 453**	**2 526 688**	**585 320**	**1 291 773**	**17.9%**

	31 December 2021					
	Stage 2		Stage 3		Total Reclassified Expected Credit Loss	Percentage of Reclassified Expected Credit Loss (%)
	Total Expected Credit Loss	Reclassified Expected Credit Loss	Total Expected Credit Loss	Reclassified Expected Credit Loss		
	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
Credit exposures relating to items on statement of financial position:						
Balances with central banks	200 003	-	-	-	-	0.0%
Balances with banks and financial institutions	-	-	-	-	-	-
Deposits with banks and financial institutions	-	-	-	-	-	-
Financial assets at fair value through profit or loss	-	-	-	-	-	-
Direct credit facilities at amortized cost	655 000	(40 543)	1 826 301	47 131	6 588	0.3%
Other financial assets at amortized cost	19 977	-	-	-	-	0.0%
Total	**874 980**	**(40 543)**	**1 826 301**	**47 131**	**6 588**	**0.2%**
Credit exposures relating to items off statement of financial position	**23 549**	**590**	**92 445**	**(96)**	**494**	**0.4%**
Grand Total	**898 529**	**(39 953)**	**1 918 746**	**47 035**	**7 082**	**0.3%**
Grand Total as of 31 December 2020	**627 991**	**(35 403)**	**1 432 073**	**38 892**	**3 489**	**0.2%**

- Expected Credit Losses for Reclassified Credit Exposures:

	31 December 2021						
	Reclassified Credit Exposures			Expected Credit Losses for Reclassified Credit Exposures:			
	Reclassified Credit Exposures from Stage 2	Reclassified Credit Exposures from Stage 3	Total Reclassified Credit Exposures	Stage 2 (Individual)	Stage 2 (Collective)	Stage 3	Total
	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
Credit exposures relating to items on statement of financial position:							
Balances with central banks	-	-	-	-	-	-	-
Balances with banks and financial institutions	-	-	-	-	-	-	-
Deposits with banks and financial institutions	-	-	-	-	-	-	-
Financial assets at fair value through profit or loss	-	-	-	-	-	-	-
Direct credit facilities at amortized cost	511 794	165 060	676 854	(878)	775	71 899	71 796
Other financial assets at amortized cost	5 639	-	5 639	-	-	-	-
Total	**517 433**	**165 060**	**682 493**	**(878)**	**775**	**71 899**	**71 796**
			-				
Credit exposures relating to items off statement of financial position	**104 983**	**1 262**	**106 245**	**590**	**-**	**(96)**	**494**
Grand Total	**622 416**	**166 322**	**788 738**	**(288)**	**775**	**71 803**	**72 290**
Grand Total as of 31 December 2020	**706 453**	**585 320**	**1 291 773**	**(6 016)**	**5 834**	**94 066**	**93 884**

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 2021			
	Financial Assets at Fair Value Through Profit or Loss	Financial Assets at Fair Value Through OCI	Other Financial Assets at Amortized Cost	Total
Credit rating	USD '000	USD '000	USD '000	USD '000
Private sector:				
AAA to A-	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**

	31 December 2020		
	Financial Assets at Fair Value Through Profit or Loss	Other Financial Assets at Amortized Cost	Total
Credit rating	USD '000	USD '000	USD '000
Private sector:			
AAA to A-	185 726	845 683	1 031 409
BBB+ to B-	-	217 899	217 899
Below B-	9 607	-	9 607
Unrated	8 803	182 412	191 215
Governments and public sector	79 694	7 516 795	7 596 489
Total	**283 830**	**8 762 789**	**9 046 619**

E. Credit exposure categorized by geographical distribution:

	31 December 2021						
	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	4 757 842	4 369 654	264	2 095 889	-	9 043	11 232 692
Balances and deposits with banks and financial institutions	241 510	1 104 007	307 540	1 725 326	556 972	96 423	4 031 778
Financial assets at fair value through profit or loss	-	5 118	9 983	19 295	-	5 721	40 117
Financial assets at fair value through OCI	-	230 105	-	82 396	-	-	312 501
Direct credit facilities at amortized cost	**8 461 258**	**20 057 580**	**372 251**	**1 402 488**	**31 154**	**864 055**	**31 188 786**
Consumer Banking	3 236 202	5 151 783	100	132 634	20 281	382 264	8 923 264
Small and Medium Corporates	852 829	1 923 720	96 177	688 813	10 168	242 418	3 814 125
Large Corporates	4 154 560	10 431 000	264 305	501 465	705	239 373	15 591 408
Banks and Financial Institutions	21 274	346 499	1 714	3 201	-	-	372 688
Government and public Sector	196 393	2 204 578	9 955	76 375	-	-	2 487 301
Other financial assets at amortized cost	4 362 301	5 189 814	75 482	509 762	148 129	275 685	10 561 173
financial derivatives - positive fair value	8 805	54 005	660	22 895	43	177	86 585
Other assets	68 959	310 980	767	24 455	470	2 296	407 927
Total	**17 900 675**	**31 321 263**	**766 947**	**5 882 506**	**736 768**	**1 253 400**	**57 861 559**
Total - as of 31 December 2020	**16 418 323**	**22 638 240**	**881 341**	**6 373 923**	**845 506**	**1 175 839**	**48 333 172**

* Excluding Other Arab Countries

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

	31 December 2021					
	Stage 1		Stage 2		Stage 3	Total
	(Individual)	(Collective)	(Individual)	(Collective)		
	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
Jordan	13 112 303	3 178 123	1 515 384	45 602	49 263	17 900 675
Other Arab Countries	22 624 493	5 031 066	3 362 497	72 803	230 404	31 321 263
Asia*	754 989	100	11 858	-	-	766 947
Europe	5 736 824	122 437	12 139	5 224	5 882	5 882 506
America	716 487	20 281	-	-	-	736 768
Rest of the World	866 485	368 686	2 345	12 536	3 348	1 253 400
Total	**43 811 581**	**8 720 693**	**4 904 223**	**136 165**	**288 897**	**57 861 559**
Total as of 31 December 2020	**38 899 712**	**5 651 051**	**3 276 149**	**147 799**	**358 461**	**48 333 172**

* Excluding Arab Countries.

F. Credit exposure categorized by economic sector

	Consumer Banking	Industry and Mining	Constructions	Real Estate	Trade
	USD '000	USD '000	USD '000	USD '000	USD '000
Balances with Central Banks	-	-	-	-	-
Balances and deposits with banks and financial institutions	-	-	-	-	-
Financial assets at fair value through profit or loss	-	-	-	-	-
Financial assets at fair value through OCI	-	-	-	-	-
Direct credit facilities at amortized cost	8 923 264	4 690 843	2 291 070	1 836 345	4 088 670
Other financial assets at amortized cost	-	110 517	-	6 947	-
Financial derivatives - positive fair value	82	375	7	-	703
Other assets	32 314	32 512	23 430	14 073	35 217
Total	**8 955 660**	**4 834 247**	**2 314 507**	**1 857 365**	**4 124 590**
Total as of 31 December 2020	**5 883 353**	**4 700 198**	**1 872 257**	**1 643 625**	**3 926 238**

Corporates							31 December 2021
Agriculture	Tourism and Hotels	Transportation	Shares	General Services	Banks and Financial Institutions	Government and Public Sector	Total
USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
-	-	-	-	-	-	11 232 692	11 232 692
-	-	-	-	-	4 031 778	-	4 031 778
-	-	-	-	-	40 117	-	40 117
-	-	-	-	40 715	52 442	219 344	312 501
716 434	1 013 506	521 848	35 939	4 210 878	372 688	2 487 301	31 188 786
-	-	-	-	305 273	985 073	9 153 363	10 561 173
-	-	-	-	12 382	72 809	227	86 585
2 648	7 905	7 395	-	126 550	35 633	90 250	407 927
719 082	**1 021 411**	**529 243**	**35 939**	**4 695 798**	**5 590 540**	**23 183 177**	**57 861 559**
336 602	**636 983**	**358 558**	**11 985**	**3 510 756**	**6 259 677**	**19 192 940**	**48 333 172**

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

	31 December 2021					
	Stage 1		Stage 2		Stage 3	Total
	(Individual)	(Collective)	(Individual)	(Collective)		
	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
Consumer Banking	32 402	8 720 693	-	136 165	66 400	8 955 660
Industry and Mining	3 888 969	-	935 225	-	10 053	4 834 247
Constructions	1 460 550	-	790 546	-	63 411	2 314 507
Real Estate	1 346 113	-	503 080	-	8 172	1 857 365
Trade	3 242 694	-	835 378	-	46 518	4 124 590
Agriculture	576 596	-	137 254	-	5 232	719 082
Tourism and Hotels	555 727	-	405 422	-	60 262	1 021 411
Transportation	386 274	-	139 759	-	3 210	529 243
Shares	35 939	-	-	-	-	35 939
General Service	4 232 460	-	437 753	-	25 585	4 695 798
Banks and Financial Institutions	5 563 777	-	26 763	-	-	5 590 540
Government and Public Sector	22 490 081	-	693 043	-	53	23 183 177
Total	**43 811 582**	**8 720 693**	**4 904 223**	**136 165**	**288 896**	**57 861 559**
Total as of 31 December 2020	**38 899 712**	**5 651 051**	**3 276 149**	**147 799**	**358 461**	**48 333 172**

48 - MARKET RISK

Market Risk Sensitivity

Assuming market prices as at December 31, 2021 and 2020 change by 5%, the impact on statement of income and shareholders equity will be as follows::

	31 December 2021			31 December 2020		
	Statement of Income	Sharehold-ers' Equity	Total	Statement of Income	Sharehold-ers' Equity	Total
	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
Interest rate sensitivity	44 340	-	44 340	34 215	-	34 215
Foreign exchange rate sensitivity	1 461	6 189	7 650	668	6 780	7 448
Equity instruments price sensitivity	1 611	18 768	20 379	1 011	20 486	21 497
Total	**47 412**	**24 957**	**72 369**	**35 894**	**27 266**	**63 160**

49 - INTEREST RATE RISK

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	-	-	3 888 154	9 748 530
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	8 665 694	4 121 799	2 900 416	5 974 199	4 171 222	5 355 456	-	31 188 786
Financial assets at fair value through other comprehensive income	-	-	-	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	**17 950 012**	**7 099 668**	**3 890 638**	**7 685 190**	**8 108 985**	**7 697 408**	**11 373 232**	**63 805 133**
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	11 293 752	4 550 808	3 082 193	5 183 401	2 482 650	1 880 257	16 012 450	44 485 511
Cash margin	574 188	827 002	332 976	260 018	168 726	118 662	325 559	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	145 785	92 229	51 977	22 903	95 451	15 982	924 253	1 348 580
Deferred tax liabilities	-	-	-	-	-	-	7 295	7 295
Total liabilities	**13 969 048**	**7 027 560**	**3 737 875**	**5 574 544**	**2 773 365**	**2 070 489**	**18 330 901**	**53 483 782**
Gap	**3 980 964**	**72 108**	**152 763**	**2 110 646**	**5 335 620**	**5 626 919**	**(6 957 668)**	**10 321 352**

Below is the Group Exposure to interest rate volatility as of 31 December 2020 (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	-	-	-	-	-	-	673 453	673 453
Mandatory cash reserve	-	-	-	-	-	-	1 613 267	1 613 267
Balances with central banks	3 841 204	561 880	-	-	25 000	-	4 092 823	8 520 907
Balances and deposits with banks and financial institutions	3 730 747	848 164	119 607	170 319	20 493	-	-	4 889 330
Financial assets at fair value through profit or loss	7 128	30 695	2 500	47 321	133 994	62 192	20 224	304 054
Direct credit facilities at amortized cost	8 112 608	3 368 324	3 059 725	1 825 026	2 418 899	5 123 276	-	23 907 858
Financial assets at fair value through OCI	-	-	-	-	-	-	409 715	409 715
Other financial assets at amortized cost	1 342 698	1 237 244	723 662	1 424 066	2 929 114	1 106 005	-	8 762 789
Investments in associates	-	-	-	-	-	-	3 804 212	3 804 212
Fixed assets	-	-	-	-	-	-	458 518	458 518
Other assets and financial derivatives - positive fair value	85 890	44 664	56 956	12 702	58 266	12 863	583 306	854 647
Deferred tax assets	-	-	-	-	-	-	214 933	214 933
TOTAL ASSETS	**17 120 275**	**6 090 971**	**3 962 450**	**3 479 434**	**5 585 766**	**6 304 336**	**11 870 451**	**54 413 683**
LIABILITIES								
Banks and financial institutions' deposits	1 580 838	669 833	836 839	56 032	82 509	1 218	746 957	3 974 226
Customer deposits	10 841 019	4 274 800	2 630 853	4 126 637	533 001	96 423	13 732 405	36 235 138
Cash margin	567 159	1 113 940	228 895	243 415	24 503	18 882	286 459	2 483 253
Borrowed funds	123 372	345 304	28 183	13 219	32 476	67 237	-	609 791
Provision for income tax	-	-	-	-	-	-	275 406	275 406
Other provisions	-	-	-	-	-	-	230 069	230 069
Other liabilities and financial derivatives - negative fair value	197 025	66 562	56 736	16 787	8 039	4 591	861 625	1 211 365
Deferred tax liabilities	-	-	-	-	-	-	5 672	5 672
Total liabilities	**13 309 413**	**6 470 439**	**3 781 506**	**4 456 090**	**680 528**	**188 351**	**16 138 593**	**45 024 920**
Gap	**3 810 862**	**(379 468)**	**180 944**	**(976 656)**	**4 905 238**	**6 115 985**	**(4 268 142)**	**9 388 763**

Inter Bank Offered Rate (IBOR) Reforms

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates (IBORs) with alternative nearly risk-free rates (referred to as 'IBOR reform'). The Group has exposures to IBORs on its financial instruments, some of which have already been transitioned, and others which will be replaced at the transition date and as part of these market-wide initiatives.

The Group closely monitors the market and the output from the various industry working groups managing the transition to new benchmark interest rates. This includes announcements made by the IBOR regulators.

LIBOR referenced in Arab Bank contracts will be replaced by the following overnight Risk Free Rates (RFR), as per market best practice:

Currency	IBOR	Alternative Reference Rate	Transition Date
USD	USD LIBOR (3 / 6 Months)	Secured Overnight Financing Rate (SOFR)	June 2023
GBP	GBP LIBOR	Sterling Overnight Index Average (SONIA)	December 2021
EUR	EURIBOR / EUR LIBOR	Euro Short-Term Rate (€STR)	December 2021
CHF	CHF LIBOR	Swiss Average Rate Overnight (SARON)	December 2021
JPY	JPY LIBOR	Tokyo Overnight Average Rate (TONAR)	December 2021

It is the aim of the Bank to maintain economic equivalency, by ensuring that the financial terms of the migration are in line with market practice on spread adjustments. ISDA's spread adjustments fixed on 5th of March 2021, will be added to the original spread over LIBOR at the time of the transition. As a result, no material profit or loss impact is anticipated.

For contracts denominated in EUR, GBP, CHF or JPY, migration took place at the time of the transition. For contracts denominated in USD, and referencing 1M, 3M, 6M and 12M LIBOR, migration will take place on or before 30th of June 2023.

Derivatives

The bank confirms adherence to the ISDA IBOR Protocol. All derivatives adhere to the contractual fallback provisions which will take effect for derivatives contracts referencing LIBOR rates at the transition and upon cessation events.

Hedge Accounting

Hedge documentation, which currently refers to LIBOR, will be updated to reflect the transition to the new reference rate for the hedging item and the hedging instrument in every case. Economic equivalency will be maintained at the time of transition and therefore no material profit or loss impact is anticipated.

Total amounts of unreformed contracts, including those with an appropriate fallback clause is around USD 2.4 billion.

50 - LIQUIDITY RISK

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

	Within 1 month	After 1 months and till 3 months	After 3 months and till 6 months	After 6 months and till one year	After one year and till 3 years	After 3 years	Not tied to a specific maturity	Total
Liabilities	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
Banks and financial institutions' deposits	1 987 422	1 118 122	255 016	54 333	338	560	577 461	3 993 252
Customer deposits	9 622 679	4 534 567	3 118 374	5 217 805	2 598 708	462 807	19 086 805	44 641 745
Cash margin	576 007	825 745	333 518	262 172	170 199	118 974	325 687	2 612 302
Borrowed funds	12 436	54 142	15 093	37 796	92 537	412 623	-	624 627
Provision for income tax	-	-	-	-	-	-	202 477	202 477
Other Provisions	-	-	-	-	-	-	217 629	217 629
Financial derivatives - negative fair value	44 832	15 684	4 599	4 230	13 912	12 552	-	95 808
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**	**53 647 906**
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**

The below is the distribution of the liabilities (undiscounted) according to the residual maturity as of 31 December 2020.

	Within 1 month	After 1 months and till 3 months	After 3 months and till 6 months	After 6 months and till one year	After one year and till 3 years	After 3 years	Not tied to a specific maturity	Total
Liabilities	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
Banks and financial institutions' deposits	1 579 616	609 576	1 035 296	45 035	83 532	1 218	621 870	3 976 143
Customer deposits	9 299 583	4 365 837	2 573 272	3 958 578	875 175	192 001	15 166 097	36 430 543
Cash margin	567 550	1 114 246	229 532	245 379	24 503	18 881	286 459	2 486 550
Borrowed funds	7 878	11 964	12 865	8 210	108 302	460 746	-	609 965
Provision for income tax	-	-	-	-	-	-	275 406	275 406
Other Provisions	-	-	-	-	-	-	230 069	230 069
Financial derivatives - negative fair value	60 024	17 409	11 602	12 386	49 645	19 890	-	170 956
Other liabilities	105 321	20 156	32 998	7 704	8 034	4 573	861 623	1 040 409
Deferred tax liabilities	-	-	-	-	-	-	5 672	5 672
Total Liabilities	**11 619 972**	**6 139 188**	**3 895 565**	**4 277 292**	**1 149 191**	**697 309**	**17 447 196**	**45 225 713**
Total Assets according to expected maturities	**12 136 537**	**4 552 044**	**3 103 825**	**3 696 577**	**7 574 387**	**9 311 484**	**14 038 829**	**54 413 683**

51 - NET FOREIGN CURRENCY POSITIONS

The details of this item are as follows:	31 December 2021		31 December 2020	
	Base currency in thousands	Equivalent in USD '000	Base currency in thousands	Equivalent in USD '000
USD	96 908	96 908	9 029	9 029
GBP	(32 706)	(44 079)	26 081	35 525
EUR	6 794	7 692	18 167	22 319
JPY	23 737	3 854	14 753	(143)
CHF	(1 767)	(1 928)	(1 260)	(1 428)
Other currencies *	-	(33 210)	-	(78 653)
		29 237		**(13 351)**

* Various foreign currencies translated to US Dollars.

52 - FAIR VALUE HIERARCHY

Financial instruments include financial assets and financial liabilities.
The Bank uses the following methods and alternatives of valuating and presenting the fair value of financial instruments:

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

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

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

Financial assets / Financial liabilities	Fair Value as at 31 December		Fair Value Hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
	2021	2020				
Financial assets at fair value	**USD '000**	**USD '000**				
Financial assets at fair value through profit or loss						
Government Bonds and bills	4 727	79 694	Level 1	Quoted	Not Applicable	Not Applicable
Corporate bonds	35 390	204 136	Level 1	Quoted	Not Applicable	Not Applicable
Shares and mutual funds	32 226	20 224	Level 1	Quoted	Not Applicable	Not Applicable
Total Financial Assets at fair value through Profit or Loss	**72 343**	**304 054**				
Financial derivatives - positive fair value	86 585	91 510	Level 2	Through Comparison of similar financial instruments	Not Applicable	Not Applicable
Financial assets at fair value through other comprehensive income:						
Quoted shares	163 766	122 363	Level 1	Quoted Shares	Not Applicable	Not Applicable
Unquoted shares	211 587	287 352	Level 2	Through using the index sector in the market	Not Applicable	Not Applicable
Governmental and Corporate bonds through OCI	312 501	-	Level 2	Through using the index sector in the market	Not Applicable	Not Applicable
Total Financial Assets at FVTOCI	**687 854**	**409 715**				
Total Financial Assets at Fair Value	**846 782**	**805 279**				
Financial Liabilities at Fair Value						
Financial derivatives - negative fair value	95 809	170 956	Level 2	Through Comparison of similar financial instruments	Not Applicable	Not Applicable
Total Financial Liabilities at Fair Value	**95 809**	**170 956**				

There were no transfers between Level 1 and 2 during 2021 & 2020.

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 2021		31 December 2020		Fair value Hierarchy
	Book value	Fair value	Book value	Fair value	
	USD '000	USD '000	USD '000	USD '000	
Financial assets not calculated at fair value					
Mandatory reserve , time and notice and certificates of deposits at Central Banks	6 364 438	6 366 814	5 519 559	5 520 337	Level 2
Balances and Deposits with banks and Financial institutions	4 031 778	4 035 980	4 889 330	4 890 794	Level 2
Direct credit facilities at amortized cost	31 188 786	31 405 827	23 907 858	23 985 577	Level 2
Other Financial assets at amortized cost	10 561 173	10 675 565	8 762 789	8 859 096	Level 1 & 2
Total financial assets not calculated at fair value	**52 146 175**	**52 484 186**	**43 079 536**	**43 255 804**	
Financial liabilities not calculated at fair value					
Banks' and financial institutions' deposits	3 992 699	3 995 172	3 974 226	3 984 107	Level 2
Customer deposits	44 485 511	44 639 198	36 235 138	36 328 603	Level 2
Cash margin	2 607 131	2 613 711	2 483 253	2 491 389	Level 2
Borrowed funds	622 460	628 132	609 791	615 966	Level 2
Total financial liabilities not calculated at fair value	**51 707 801**	**51 876 213**	**43 302 408**	**43 420 065**	

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

53 - ANALYSIS FOR ASSETS AND LIABILITIES MATURITIES

The below is an analysis for assets and liabilities maturities according to the expected period to be recovered or settled as at 31 December 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 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
Provision for income tax	202 477	-	202 477
Other Provisions	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**

The below is an analysis for assets and liabilities maturities according to the expected period to be recovered or settled as at 31 December 2020:

	UP to one year	More than one year	Total
	USD '000	USD '000	USD '000
Assets			
Cash at vaults	673 453	-	673 453
Mandatory cash reserve	1 613 267	-	1 613 267
Balances with central banks	8 495 907	25 000	8 520 907
Balances and deposits with banks and financial institutions	4 868 180	21 150	4 889 330
Financial assets at fair value through profit or loss	77 805	226 249	304 054
Direct credit facilities at amortized cost	11 774 548	12 133 310	23 907 858
Financial assets at fair value through other comprehensive income	-	409 715	409 715
Other financial assets at amortized cost	4 488 236	4 274 553	8 762 789
Investment in associates	-	3 804 212	3 804 212
Fixed assets	48 906	409 612	458 518
Other assets and financial derivatives - positive fair value	649 565	205 082	854 647
Deferred tax assets	214 933	-	214 933
Total assets	**32 904 800**	**21 508 883**	**54 413 683**
Liabilities			
Banks' and financial institutions' deposits	3 890 499	83 727	3 974 226
Customer deposits	35 371 384	863 754	36 235 138
Cash margin	2 442 532	40 721	2 483 253
Borrowed funds	49 116	560 675	609 791
Other Provisions	230 069	-	230 069
Provision for Income Tax	275 406	-	275 406
Other liabilities and financial derivatives - negative fair value	1 177 486	33 879	1 211 365
Deferred tax liabilities	5 672	-	5 672
Total liabilities	**43 442 164**	**1 582 756**	**45 024 920**
Net	**(10 537 364)**	**19 926 127**	**9 388 763**

54 - CONTRACTUAL MATURITY OF THE CONTINGENT ACCOUNTS

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

	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**

	31 December 2020			
	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	1 618 727	92 907	-	1 711 634
Acceptances	584 809	5 743	-	590 552
Letters of guarantee:				
- Payment guarantees	1 190 935	121 408	74 204	1 386 547
- Performance guarantees	3 319 003	1 228 769	183 237	4 731 009
- Other guarantees	2 615 665	316 772	34 233	2 966 670
Unutilized credit facilities	3 901 956	314 266	33 487	4 249 709
Total	**13 231 095**	**2 079 865**	**325 161**	**15 636 121**
Constructions projects contracts	3 502	-	-	3 502
Procurement contracts	10 537	3 033	2 528	16 098
Total	**14 039**	**3 033**	**2 528**	**19 600**

55 - CAPITAL MANAGEMENT AN LIQUIDUTY

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	
	2021	**2020**
	USD '000	USD '000
Common Equity Tier 1	9 376 735	9 006 760
Regulatory Adjustments (Deductions from Common Equity Tier 1)	(2 894 909)	(3 356 130)
Additional Tier 1	273 411	439
Deductions from Additional Tier 1	(12 987)	-
Supplementary Capital	388 384	416 260
Regulatory Capital	**7 130 634**	**6 067 329**
Risk-weighted assets (RWA)	**43 132 067**	**36 180 487**
Common Equity Tier 1 Ratio	**%15.03**	**%15.62**
Tier 1 Capital Ratio	**%15.63**	**%15.62**
Capital Adequacy Ratio	**%16.53**	**%16.77**

- 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 222% as of 31 December 2021 and 254% as of 31 December 2020 (According to Central Bank of Jordan Memo 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 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 Members of the Board of Directors	-	291 628	975 382	43 875
Total	**154 301**	**291 628**	**984 233**	**69 736**

	31 December 2020			
	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	197 484	-	20 940	71 161
Major Shareholders and Member of the Board of Directors	-	279 057	671 215	89 512
Total	**197 484**	**279 057**	**692 155**	**160 673**

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

The details of transactions with related parties are as follows:

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

	31 December 2020	
	Interest Income	Interest Expense
	USD '000	USD '000
Associated companies	1 750	127

- Direct credit facilitates granted to key management personnel amounted to USD 1.4 million and indirect credit facilities amounted to USD 14.1 thousand as of 31 December 2021 (USD 1.8 million direct credit facilities and USD 217.1 thousand indirect credit facilities as of 31 December 2020).
- Deposits of key management personnel amounted to USD 4.2 million as of 31 December 2021 (USD 5.4 million as of 31 December 2020).
- 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 65.6 million for the year ended on 31 December 2021 (USD 68.9 million for the year ended on 31 December 2020).

57 - EARNINGS PER SHARE

The details of this item are as follows:

	31 December	
	2021	**2020**
	USD '000	USD '000
Profit for the year attributable to Shareholders of the Bank	306 721	192 791
Less : The Group's share of Interest on Perpetual Bonds	(14 397)	-
Net Profit for the year attributable to Shareholders of the Bank	292 324	192 791
	Thousand Shares	
Average number of shares	640 800	640 800
	USD / Share	
Earnings Per Share (Basic and diluted)	0.46	0.30

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 2021 amounted to USD 5971 million (USD 5094 million as of 31 December 2020). 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	
	2021	**2020**
	USD '000	USD '000
Cash and balances with central banks maturing within 3 months	12 183 906	10 924 978
Add: balances with banks and financial institutions maturing within 3 months	3 759 049	4 604 058
Less: banks and financial institutions deposits maturing within 3 months	3 682 903	3 116 968
Total	**12 260 052**	**12 412 068**

60. LEGAL CASES

There are lawsuits filed against the Group totaling USD 334.3 million as of 31 December 2021, (USD 289.1 million as of 31 December 2020). 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 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. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) which was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

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

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. This standard is not applicable to the Group.

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.

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.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively.

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

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

The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

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

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted.

The amendments is not applicable to 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.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Group will apply the amendments 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.

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.

62. COMPARATIVE FIGURES

Some of the comparative figures in the consolidated financial statements for the year 2020 have been reclassified to be consistent with the year 2021 presentation, with no effect on profit and equity for the year 2020.

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

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 2021, 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 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

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

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Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended 31 December 2021. 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 note (13) 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.

Credit facilities 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 2021, the Group's gross credit facilities amounted to USD 34.6 billion and the related impairment provision amounted to USD 2.6 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</td></tr>
</table>

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	independence of the experts involved in this exercise. 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 Loss ("ECL") calculations, we held discussions with management and corroborated the assumptions using publicly available information. • We assessed the financial statements disclosures to ensure compliance with IFRS 9. Refer to the accounting policies, critical accounting estimates and judgments, disclosures of credit facilities and on ECL in notes (4), (5), (7) and (13) 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	**How the key audit matter was addressed in the audit:**
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 2021, the unquoted equities, positive and negative fair value of derivatives amounted to USD 212 million, USD 87 million and USD 96 million, respectively.	Our audit procedures included, amongst others, an assessment of the methodology and the appropriateness of the valuation models and inputs used to value the unquoted equities and derivatives. As part of these audit procedures, we assessed the reasonableness of key inputs used in the valuation such as the expected cash flows, discount rate by benchmarking them with external data. Disclosures of unquoted investments and derivatives are detailed in notes (12) and (43) to the consolidated financial statements.

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Other information included in the Group's 2021 annual report.

Other information consists of the information included in the Bank's 2021 Annual Report other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information. The Bank's 2021 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.

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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
7 February 2022

ERNST & YOUNG
Amman - Jordan

STATEMENT OF FINANCIAL POSITION

JD '000

ARAB BANK Plc

	Notes	31 December 2021	31 December 2020
ASSETS			
Cash and balances with central banks	7	5 685 990	4 833 256
Balances with banks and financial institutions	8	2 641 667	3 498 702
Deposits with banks and financial institutions	9	63 964	63 451
Financial assets at fair value through profit or loss	10	3 353	48 657
Financial derivatives - positive fair value	42	32 335	43 227
Direct credit facilities at amortized cost - Net	12	11 445 175	11 649 462
Financial assets at fair value through other comprehensive income	11	133 601	154 564
Other financial assets at amortized cost	13	5 822 079	5 078 701
Investments in subsidiaries and associates	14	1 048 722	1 074 381
Fixed assets	15	215 995	225 022
Other assets	16	363 586	381 058
Deferred tax assets	17	159 012	138 612
TOTAL ASSETS		**27 615 479**	**27 189 093**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Banks' and financial institutions' deposits	18	2 205 560	2 031 064
Customer deposits	19	18 981 110	18 483 736
Cash margin	20	1 535 811	1 672 994
Financial derivatives - negative fair value	42	22 504	53 063
Borrowed funds	21	323 991	352 203
Provision for income tax	22	85 130	108 031
Other provisions	23	138 578	145 503
Other liabilities	24	503 881	487 807
Deferred tax liabilities	25	2 894	2 123
Total Liabilities		**23 799 459**	**23 336 524**
Share capital	26	640 800	640 800
Share premium	26	859 626	859 626
Statutory reserve	27	640 800	640 800
Voluntary reserve	28	614 920	614 920
General reserve	29	583 695	583 695
General banking risks reserve	30	108 494	108 494
Foreign currency translation reserve	31	(260 168)	(159 966)
Investment revaluation reserve	32	(238 493)	(215 968)
Retained earnings	33	866 346	780 168
Total Shareholders' Equity		**3 816 020**	**3 852 569**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**27 615 479**	**27 189 093**

The accompanying notes from (1) to (60) are an integral part of these financial statements and should be read with them.

STATEMENT OF INCOME

JD '000

ARAB BANK Plc

		Notes	2021	2020
REVENUE	Interest income	34	967 477	1 141 265
	Less: Interest expense	35	343 843	462 421
	Net Interest Income		**623 634**	**678 844**
	Net commission income	36	141 531	128 404
	Net Interest and Commission Income		**765 165**	**807 248**
	Foreign exchange differences		47 816	43 302
	Gain from financial assets at fair value through profit or loss	37	867	2 617
	Dividends from financial assets at fair value through other comprehensive income	11	2 989	3 159
	Dividends from subsidiaries and associates	38	88 440	52 742
	Other revenue \ Net	39	26 396	19 730
	TOTAL INCOME		**931 673**	**928 798**
EXPENSES	Employees expenses	40	219 214	230 016
	Other expenses	41	170 119	173 014
	Depreciation and amortization	15,16	33 507	32 888
	Provision for impairment - ECL	6	255 471	404 870
	Impairment of investments held for sale		35 461	9 220
	Other provisions	23	7 359	10 169
	TOTAL EXPENSES		**721 131**	**860 177**
	PROFIT FOR THE YEAR BEFORE INCOME TAX		**210 542**	**68 621**
	Less: Income tax expense	22	54 441	46 821
	PROFIT FOR THE YEAR		**156 101**	**21 800**

The accompanying notes from (1) to (60) are an integral part of these financial statements and should be read with them.

STATEMENT OF COMPREHENSIVE INCOME

JD '000

ARAB BANK Plc

	Notes	2021	2020
Profit for the year		**156 101**	**21 800**
Add: Other comprehensive income items - after tax			
Items that will be subsequently transferred to the statement of income			
Exchange differences arising on the translation of foreign operations	31	(100 202)	38 431
Items that will not be subsequently transferred to the statement of income			
Change in fair value of financial assets at fair value through other comprehansice income	**32**	**(22 375)**	**(2 904)**
Net change in fair value of financial assets at fair value through other comprehensive income		(22 525)	(1 022)
Gain (Loss) from sale of financial assets at fair value through other comprehensive income	32	150	(1 882)
Total Other Comprehensive Income Items - After Tax		**(122 577)**	**35 527**
TOAL COMPREHENSIVE INCOME FOR THE YEAR		**33 524**	**57 327**

The accompanying notes from (1) to (60) are an integral part of these financial statements and should be read with them.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

ARAB BANK Plc

		Notes	Share Capital	Share Premium	Statutory Reserve
2021	**Balance at the beginning of the year**		**640 800**	**859 626**	**640 800**
	Profit for the year		-	-	-
	Other comprehensive income for the year		-	-	-
	Total Comprehensive Income for the Year		-	-	-
	Investment revaluation reserve transferred to retained earnings		-	-	-
	Dividends Paid	33	-	-	-
	Adjustments during the year		-	-	-
	Balance at the End of the Year		**640 800**	**859 626**	**640 800**
2020	**Balance at the beginning of the year**		**640 800**	**859 626**	**640 800**
	Profit for the year		-	-	-
	Other comprehensive income for the year		-	-	-
	Total Comprehensive Income for the Year		**-**	**-**	**-**
	Transferred from general banking risk reserve		-	-	-
	Investment revaluation reserve transferred to retained earnings		-	-	-
	Balance at the End of the Year		**640 800**	**859 626**	**640 800**

* Retained earnings include restricted deferred tax assets in the amount of JD 159 million. Restricted retained earnings that cannot be distributed or otherwise utilized except under certain circumstances as a result of adopting certain International Accounting Standards amounted to JD 2 million as of 31 December 2021.

* The negative balance of the investments revaluation reserve in the amount of JD 238.5 million as of 31 December 2021 is restricted according to the Jordan Securities Commission instructions and Central Bank of Jordan.

The accompanying notes from (1) to (60) are an integral part of these financial statements and should be read with them.

JD '000

Voluntary Reserve	General Reserve	General Banking Risk Reserve	Foreign Currency Translation Reserve	Investment Revaluation Reserve	Retained Earnings	Total Shareholders Equity
614 920	**583 695**	**108 494**	**(159 966)**	**(215 968)**	**780 168**	**3 852 569**
-	-	-	-	-	156 101	156 101
-	-	-	(100 202)	(22 375)	-	(122 577)
-	-	-	(100 202)	(22 375)	156 101	33 524
-	-	-	-	(150)	150	-
-	-	-	-	-	(76 897)	(76 897)
-	-	-	-	-	6 824	6 824
614 920	**583 695**	**108 494**	**(260 168)**	**(238 493)**	**866 346**	**3 816 020**
614 920	**583 695**	**108 795**	**(198 397)**	**(214 946)**	**759 949**	**3 795 242**
-	-	-	-	-	21 800	21 800
-	-	-	38 431	(2 904)	-	35 527
-	**-**	**-**	**38 431**	**(2 904)**	**21 800**	**57 327**
-	-	(301)	-	-	301	-
-	-	-	-	1 882	(1 882)	-
614 920	**583 695**	**108 494**	**(159 966)**	**(215 968)**	**780 168**	**3 852 569**

JD '000

ARAB BANK Plc

		Notes	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES	**Profit for the year before tax**		**210 542**	**68 621**
	Adjustments for:			
	Depreciation	15	25 872	24 981
	Amortization of intangible assets	16	7 635	7 907
	Depreciation right of use assets	16	10 232	10 069
	Provision for impairment - ECL	6	255 471	404 870
	Net accrued Interest		(31 580)	55 897
	(Gain) from sale of fixed assets		(541)	(321)
	(Gain) from revaluation of financial assets at fair value through profit or Loss	37	(2)	(492)
	Dividends from financial assets at fair value through other comprehensive income	11	(2 989)	(3 159)
	Dividends from subsidiaries and associates	38	(88 440)	(52 742)
	Impairment of investment held for sale		35 461	9 220
	Other provisions	23	7 359	10 169
	Total		**429 020**	**535 020**
	(Increase) Decrease in Assets			
	Balances with central banks (maturing after 3 months)		-	48 252
	Deposits with banks and financial institutions (maturing after 3 months)		(166)	101 498
	Direct credit facilities at amortized cost		(13 592)	(37 599)
	Financial assets at fair value through profit or loss		45 306	120 855
	Other assets and financial derivatives		(23 994)	(48 043)
	(Decrease) Increase in Liabilities:			
	Banks and financial institutions deposits (maturing after 3 months)		(388 409)	462 817
	Customer deposits		497 374	1 057 899
	Cash margin		(137 183)	(408 058)
	Other liabilities and financial derivatives		(16 799)	(24 001)
	Net Cash Generated by Operating Activities before Income Tax		**391 557**	**1 808 640**
	Income tax paid	22	(96 934)	(138 186)
	Net Cash Generated by Operating Activities		**294 623**	**1 670 454**
CASH FLOWS FROM INVESTING ACTIVITIES	(Purchase) Sale of financial assets at fair value through other comprehensive income		(1 412)	296
	(Purchase) Maturity of other financial assets at amortized cost		(740 309)	102 353
	(Paid for) investments in associates and subsidiaries - Net		(17 524)	(104 674)
	Dividends from subsidiaries and associates - net	38	88 440	52 742
	Dividends from financial assets at fair value through other comprehensive income	11	2 989	3 159
	(Purchase) in fixed assets - net	15	(24 291)	(24 384)
	Proceeds from selling fixed assets		5 812	1 597
	(Purchase) of intangible assets - Net		(10 412)	(8 658)
	Net Cash flows from (Used in) Investing Activities		**(696 707)**	**22 431**
CASH FLOWS FROM FINANCING ACTIVITIES	(Decrease) Increase in borrowed funds		(28 212)	170 621
	Dividends paid to shareholders		(77 818)	(658)
	Net Cash flows from (Used in) Financing Activities		**(106 030)**	**169 963**
	Net (Decrease) Increase in cash and cash equivalent		(508 114)	1 862 848
	Exchange differences - change in foreign exchange rates		(56 157)	(9 752)
	Cash and cash equivalent at the beginning of the year		6 970 506	5 117 410
	Cash and Cash Equivalent at the End of the Year	**57**	**6 406 235**	**6 970 506**
	Operational cash flows from interest:			
	Interest Received		947 096	1 159 170
	Interest Paid		355 042	500 413

The accompanying notes from (1) to (60) are an integral part of these financial statements and should be read with them.

(1) General

Arab Bank was established in 1930 and is registered as a Jordanian public shareholding limited company. The Head Office of the Bank is domiciled in Amman - Hashemite Kingdom of Jordan and the Bank operates worldwide through its 77 branches in Jordan and 130 branches abroad. Also, the bank operates through its subsidiaries and Arab Bank (Switzerland).

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

The accompanying financial statements was approved by the Board of Directors in its meeting Number (1) on 30 January 2022 and are subject to the approval of the General Assembly.

(2) Basis of Preparation of the Financial Statements

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

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

The financial statements of Arab Bank PLC are presented in conjunction with the consolidated financial statements of Arab Bank Group and which form integral part of the Bank's financial statements.

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

The financial statements have been presented in Jordanian Dinars, which is the functional currency of the Bank.

Basis of presentation of the financial statements

The accompanying financial statement of Arab Bank PLC comprise the financial statements of Arab Bank branches within the Hashemite Kingdom of Jordan and its foreign branches after excluding balances and transactions between the branches. Transactions on the way at the end of the year are shown under other assets or other liabilities as the case may be. The financial statements of the Bank's branches operating outside the Hashemite Kingdom of Jordan are translated into Jordanian Dinars at the prevailing rates as of the balance sheet date.

The Bank prepares consolidated financial statements for the Bank, its subsidiaries and Arab Bank (Switzerland) Limited.

(3) Changes of Accounting Policies

The accounting policies adopted in the preparation of the financial statements are consistent with those used in the preparation of the financial statements for the year ended 31 December 2020, except for the adoption of the following new standards effective as of 1 January 2021:

Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:

- To require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest,
- To permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued,
- To provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

The Bank expects to have a minimal impact because the transition is done and expected to be done on economically equivalent rates and therefore no material modification gain or loss will take place.

Covid-19-Related Rent Concessions beyond 30 June 2021 Amendments to IFRS 16

On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease Modification.

The amendment was intended to apply until 30 June 2021, but as the impact of the Covid-19 pandemic is continuing, on 31 March 2021, the IASB extended the period of application of the practical expedient to 30 June 2022. The amendment applies to annual reporting periods beginning on or after 1 April 2021.

However, the Bank has not received Covid-19-related rent concessions, but plans to apply the practical expedient if it becomes applicable within allowed period of application.

4. Significant Accounting Policies

Hedges directly affected by Interest Rate Benchmark Reform

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

At the time of the transition to risk free rates, hedge documentation, which currently refers to Libor, will be updated to reflect the transition to the new reference rate for the hedging item and the hedging instrument in every case. Economic equivalency will be maintained and therefore no material P&L impact is anticipated.

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

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

Recognition of Interest Income

The effective interest rate method

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

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

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

Interest and similar income and expense

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

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

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

Fee and commission income

Fee income can be divided into the following two categories:

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

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

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

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

Financial Instruments – Initial Recognition

Date of recognition

Financial assets and liabilities, with the exception of loans and advances to customers and balances due to customers, are initially recognized on the trade date, i.e., the date that the Bank becomes a party to the contractual provisions of the instrument.

This includes regular way trades: purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place. Loans and advances to customers are recognized when funds are transferred to the customers' accounts. The Bank recognizes balances due to customers when funds are transferred to the Bank.

Initial measurement of financial instruments

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

Day 1 profit or loss

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

Measurement categories of financial assets and liabilities

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

- Amortized cost
- FVOCI
- FVTPL

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

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

Financial Assets and Liabilities

Due from banks, loans and advances to customers and financial investments at amortized cost

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

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

The details of these conditions are outlined below.

Business model assessment

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

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

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

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

The SPPI test

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

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

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

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

Derivatives recorded at fair value through profit or loss

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

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

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

Debt instruments at FVOCI

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

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

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

Equity instruments at FVOCI

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

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

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

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

Financial guarantees, letters of credit and undrawn loan commitments

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

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

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

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

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

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

Derecognition of financial assets and liabilities

Derecognition due to substantial modification of terms and conditions

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

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

Derecognition other than for substantial modification

A. Financial assets

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

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

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

Or

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

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

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

A transfer only qualifies for derecognition if either:

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

Or

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

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

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

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

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

B. Financial liabilities

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

Impairment of financial assets

Overview of the ECL principles

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

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

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

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

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

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

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

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

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

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

The Bank's internal credit rating system:

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

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

The calculation of ECLs

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

Scenario	Assigned weighted average 31 December 2021	Assigned weighted average 31 December 2020
Baseline	45%	35%
Upside	20%	15%
Downside 1	35%	20%
Downside 2	-	30%

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

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

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

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

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

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

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

The mechanism of the ECL method are summarized below:

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

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

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

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

Financial guarantee contracts The Bank's liability under each guarantee is measured at the higher of the amount initially recognized less cumulative amortization recognized in the statement of income, and the ECL provision. For this purpose, the Bank estimates ECLs based on the present value of the expected payments to reimburse the holder for a credit loss that it incurs. The shortfalls are discounted by the risk-adjusted interest rate relevant to the exposure. The calculation is made using a probability-weighting of the four scenarios. The ECLs related to financial guarantee contracts are recognized within other liabilities.

Debt instruments measured at fair value through OCI

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

Credit cards and other revolving facilities

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

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

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

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

Forward looking information

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

- GDP growth
- Unemployment rates
- Central Bank base rates

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

Collateral valuation

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

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

Collateral repossessed

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

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

Write-offs

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

Modified loans

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

Leases

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

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

Right-of-use assets

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

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

Lease liabilities

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

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

Short term and low value assets lease

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

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

Foreign currency translation

Transactions and balances

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

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

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

Translation of financial statements of foreign entities operating under hyperinflationary economy

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

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

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

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

Fixed assets

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

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

Land and assets under construction are not depreciated.

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

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

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

Impairment of non-financial assets -

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

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

Intangible Assets

Goodwill

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

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

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

Other Intangible Assets

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

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

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

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

Repurchase and Resale Agreements

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

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

Capital

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

Investments in Associates

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

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

The Bank's investments in its associates are accounted at cost.

Investments in subsidiaries

A subsidiary is an entity that is under the control of the Bank. Control is achieved when the Bank has the power to govern the financial and operating policies of the subsidiary in order to obtain benefits from its activities.

The Bank's investments in its subsidiaries are accounted at cost when preparing the financial statements of the Bank.

Dividends are recognized after being approved by the general assembly.

Income Taxes

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

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

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

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

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

Fair value

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

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

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

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

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

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

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

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

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

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

Financial derivatives

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

Financial derivatives held for hedge purposes

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

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

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

The ineffective portion is recognized in the statement of income.

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

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

Financial derivatives for trading

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

Foreclosed assets

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

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

Provisions

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

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

Segments Information

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

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

Assets under Management

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

Offsetting

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

Cash and cash equivalents

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

5. Significant accounting judgements, estimates and assumptions

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

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

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

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

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

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

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

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

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

- Management frequently reviews financial assets stated at amortized cost and compares to fair value to estimate any impairment in their value. The impairment amount is taken to the statement of income for the year.

- **Fair value hierarchy:**

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

- **Provisions for impairment - ECL**

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

- **Hyperinflationary economies**

According to the criteria established by IAS 29, in order to assess whether an economy has a hyperinflationary inflation rate, the country's economic environment is evaluated, analyzing whether certain circumstances exist, such as:

• The country's population prefers to keep its wealth or savings in non-monetary assets or in a relatively stable foreign currency;

• Prices may be quoted in another relatively stable foreign currency;

• Sales and purchases on credit take place at prices that compensate for the expected loss of purchasing power during the credit period, even if the period is short;

• Interest rates, wages and prices are linked to a price index; and

• The cumulative inflation rate over three years is approaching or exceeds 100%.

The Bank has assessed that the economy of Yemen is considered hyperinflationary considering the above criteria and hence the requirements of IAS 29 have been applied accordingly.

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

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

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

- Retail Portfolio: on Collective Basis based on the product level (Loans, Housing Loans, Car Loans, and Credit Cards)

- Corporate Portfolio: individual basis at customer/ facility level

- Financial Institutions: Individual Basis at Bank/ facility Level.

- Debt instruments measured at amortized cost: Individual Level at Instrument level.

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

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

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

1. We have established thresholds for significant increases in credit risk based on movement in the customer's internal credit grade and the related PDs relative to initial recognition.

2. Restructuring and/or Rescheduling on the customers' accounts/ facilities during the assessment period is considered as indicator for SICR.

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

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

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

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

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

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

The base case scenario will be based on macroeconomic forecasts (e.g.: GDP, inflation, interest rate). Upside, downside 1 and downside 2 scenarios will be set relative to our base case scenario based on reasonably possible alternative macroeconomic conditions.

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

- **Definition of default**

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

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

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

- The obligor is considered unlikely to pay its credit obligations in full

- The obligor is past due for 90 days or more on any material credit obligation.

- **Expected Life**

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

Compliance of the IFRS 9 implementation

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

6 - Provision for impairment - ECL:

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

	31 December 2021				
	Notes	Stage 1	Stage 2	Stage 3	**Total**
		JD '000	JD '000	JD '000	JD '000
Balances with central banks	7	(336)	3 486	-	**3 150**
Balances with banks and financial institutions	8	(148)	-	-	**(148)**
Deposits with banks and financial institutions	9	(347)	-	-	**(347)**
Direct credit facilities at amortized cost	12	(22 438)	113 190	127 127	**217 879**
Debt instruments included in financial assets at amortized cost	13	(2 588)	(481)	-	**(3 069)**
Indirect facilities	24	(5 008)	(2 529)	45 543	**38 006**
Total		**(30 865)**	**113 666**	**172 670**	**255 471**

	31 December 2020				
	Notes	Stage 1	Stage 2	Stage 3	**Total**
		JD '000	JD '000	JD '000	JD '000
Balances with central banks	7	321	76 977	-	**77 298**
Balances with banks and financial institutions	8	(24)	-	-	**(24)**
Deposits with banks and financial institutions	9	(344)	-	-	**(344)**
Direct credit facilities at amortized cost	12	18 245	104 897	191 361	**314 503**
Debt instruments included in financial assets at amortized cost	13	1 414	1 482	(210)	**2 686**
Indirect facilities	24	(1 236)	7 650	4 337	**10 751**
Total		**18 376**	**191 006**	**195 488**	**404 870**

7 - CASH AND BALANCES WITH CENTRAL BANKS

The details of this item are as follows:

	31 December	
	2021	**2020**
	JD '000	JD '000
Cash in vaults	429 853	422 391
Balances with central banks:	-	-
- Current accounts	1 211 484	1 007 933
- Time and notice	3 193 278	2 237 728
- Mandatory cash reserve	936 723	1 035 110
- Certificates of deposit	-	212 355
Less: Net ECL Charges	(85 348)	(82 261)
Total	**5 685 990**	**4 833 256**

- Except for the mandatory cash reserve, there are no restricted balances at Central Banks.
- Balances and certificates of deposit maturing after three months amounted to JD 17.7 million as of 31 December 2021 (JD 17.7 million as of 31 December 2020).

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 2021				31 December 2020
	Stage 1	Stage 2	Stage 3	Total	Total
	JD '000	JD '000	JD '000	JD '000	JD '000
Low risk / performing	4 831 736	-	-	4 831 736	4 092 455
Acceptable risk / performing	-	509 749	-	509 749	400 671
Total	**4 831 736**	**509 749**	**-**	**5 341 485**	**4 493 126**

-Probability of default at low risk 0.0% - 0.22%
-Probability of default at acceptable risk 0.22% - 28%

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

	31 December 2021				31 December 2020
	Stage 1	Stage 2	Stage 3	Total	Total
	JD '000	JD '000	JD '000	JD '000	JD '000
Balance at the beginning of the year	4 092 455	400 671	-	4 493 126	3 428 575
New balances (Additions)	1 040 310	109 078	-	1 149 388	1 279 708
Repaid balances (excluding write offs)	(261 183)	-	-	(261 183)	(206 775)
Translation Adjustments	(39 846)	-	-	(39 846)	(8 382)
Total	**4 831 736**	**509 749**	**-**	**5 341 485**	**4 493 126**

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

	31 December 2021				31 December 2020
	Stage 1	Stage 2	Stage 3	Total	**Total**
	JD '000	JD '000	JD '000	JD '000	**JD '000**
Balance at the beginning of the year	1 017	81 244	-	82 261	**4 974**
ECL charges during the year	81	3 486	-	3 567	**77 990**
Recoveries (excluding write offs)	(417)	-	-	(417)	**(692)**
Translation Adjustments	(63)	-	-	(63)	**(11)**
Total	**618**	**84 730**	**-**	**85 348**	**82 261**

8 - BALANCES WITH BANKS AND FINANCIAL INSTITUTIONS

Local banks and financial institutions

	31 December	
	2021	**2020**
	JD '000	JD '000
Current accounts	1 552	412
Time deposits maturing within 3 months	101 783	123 896
Total	**103 335**	**124 308**

Abroad Banks and financial institutions

	31 December	
	2021	**2020**
	JD '000	JD '000
Current accounts	658 795	998 295
Time deposits maturing within 3 months	1 879 869	2 376 584
Total	**2 538 664**	**3 374 879**
Less: Net ECL Charges	**(332)**	**(485)**
Total balances with Banks and Financial Institutions Local and Abroad	**2 641 667**	**3 498 702**

There are no non-interest bearing balances as of 31 December 2021 and 2020.
There are no restricted balances as of 31 December 2021 and 2020.

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 2021				31 December 2020
	Stage 1	Stage 2	Stage 3	Total	**Total**
	JD '000	JD '000	JD '000	JD '000	**JD '000**
Low risk / performing	2 515 345	-	-	2 515 345	**3 288 673**
Acceptable risk / performing	126 654	-	-	126 654	**210 514**
Total	**2 641 999**	**-**	**-**	**2 641 999**	**3 499 187**

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

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

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

	31 December 2021				31 December 2020
	Stage 1	Stage 2	Stage 3	Total	**Total**
	JD '000	JD '000	JD '000	JD '000	**JD '000**
Balance at the beginning of the year	3 499 187	-	-	3 499 187	**3 264 971**
New balances (Additions)	202 714	-	-	202 714	**610 258**
Repaid balances (excluding write offs)	(1 055 149)	-	-	(1 055 149)	**(368 469)**
Translation Adjustments	(4 753)	-	-	(4 753)	**(7 573)**
Total	**2 641 999**	**-**	**-**	**2 641 999**	**3 499 187**

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

	31 December 2021				31 December 2020
	Stage 1	Stage 2	Stage 3	Total	**Total**
	JD '000	JD '000	JD '000	JD '000	**JD '000**
Balance at the beginning of the year	485	-	-	485	**513**
ECL charges during the year	269	-	-	269	**776**
Recoveries (excluding write offs)	(417)	-	-	(417)	**(800)**
Adjustments during the year	-	-	-	-	**(2)**
Translation Adjustments	(5)	-	-	(5)	**(2)**
Total	**332**	**-**	**-**	**332**	**485**

9 - DEPOSITS WITH BANKS AND FINANCIAL INSTITUTIONS

The details of this item are as follows:

	31 December	
Deposits with local banks and financial institutions	**2021**	**2020**
	JD '000	JD '000
Time deposits maturing after 6 months and before 9 months	15 000	14 576
Time deposits maturing after 9 months and before one year	-	19 378
Time deposits maturing after one year	33 766	15 000
Total	**48 766**	**48 954**

Deposits with abroad banks and financial institutions	31 December 2021	31 December 2020
	JD '000	JD '000
Time deposits maturing after 3 months and before 6 months	15 324	7 090
Time deposits maturing after 9 months and before one year	-	7 880
Total	**15 324**	**14 970**
Less: Net ECL Charges	**(126)**	**(473)**
Total Deposits with banks and financial institutions Local and Abroad	**63 964**	**63 451**

- There are no restricted deposits as of 31 December 2021 and 2020.

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 2021				**31 December 2020**
	Stage 1	Stage 2	Stage 3	Total	**Total**
	JD '000	JD '000	JD '000	JD '000	**JD '000**
Low risk / performing	64 090	-	-	64 090	**63 924**
Acceptable risk / performing	-	-	-	-	**-**
Total	**64 090**	**-**	**-**	**64 090**	**63 924**

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

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

The movement on total Deposits with banks and financial institutions is as follows:

	31 December 2021				**31 December 2020**
	Stage 1	Stage 2	Stage 3	Total	**Total**
	JD '000	JD '000	JD '000	JD '000	**JD '000**
Balance at the beginning of the year	63 924	-	-	63 924	**165 424**
New balances (Additions)	355	-	-	355	**8 234**
Repaid balances (excluding write offs)	(189)	-	-	(189)	**(109 734)**
Total	**64 090**	**-**	**-**	**64 090**	**63 924**

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

	31 December 2021				**31 December 2020**
	Stage 1	Stage 2	Stage 3	Total	**Total**
	JD '000	JD '000	JD '000	JD '000	**JD '000**
Balance at the beginning of the year	473	-	-	473	**815**
ECL charges during the year	21	-	-	21	**194**
Recoveries (excluding write offs)	(368)	-	-	(368)	**(538)**
Adjustments during the year	-	-	-	-	**2**
Total	**126**	**-**	**-**	**126**	**473**

10 - FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The details of this item are as follows:

	31 December	
	2021	2020
	JD '000	JD '000
Treasury bills and Government bonds	3 353	47 642
Corporate shares	-	1 015
Total	**3 353**	**48 657**

	2021		
	Designated as FV	Carried Mandatorily at FV	Total
	JD '000	JD '000	JD '000
Treasury bills and Government bonds	3 353	-	3 353
Corporate shares	-	-	-
Total	**3 353**	**-**	**3 353**

	2020		
	Designated as FV	Carried Mandatorily at FV	Total
	JD '000	JD '000	JD '000
Treasury bills and Government bonds	47 642	-	47 642
Corporate shares	-	1 015	1 015
Total	**47 642**	**1 015**	**48 657**

11 - FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The details of this item are as follows:

	31 December	
	2021	2020
	JD '000	JD '000
Quoted shares	77 960	67 810
Unquoted shares	55 641	86 754
Total	**133 601**	**154 564**

	2021		
	Designated as FV	Carried Mandatorily at FV	Total
	JD '000	JD '000	JD '000
Quoted shares	-	77 960	77 960
Unquoted shares	-	55 641	55 641
Total	**-**	**133 601**	**133 601**

	2020		
	Designated as FV	Carried Mandatorily at FV	Total
	JD '000	JD '000	JD '000
Quoted shares	-	67 810	67 810
Unquoted shares	-	86 754	86 754
Total	**-**	**154 564**	**154 564**

* Cash dividends on the investments above amounted to JD 3 million for the year ended 31 December 2021 (JD 3.2 million for the year ended 31 December 2020).

12 - DIRECT CREDIT FACILITIES AT AMORTIZED COST

The details of this item are as follows:

	31 December 2021					
	Consumer Banking	Corporates		Banks and Financial Institutions	Government and Public Sector	Total
		Small and Medium	Large			
	JD '000	JD '000	JD '000	JD '000	JD '000	JD '000
Discounted bills *	31 890	31 603	275 871	135 278	-	474 642
Overdrafts *	25 202	523 517	2 049 546	2 539	224 696	2 825 500
Loans and advances *	1 369 372	664 962	5 875 525	44 777	722 807	8 677 443
Real-estate loans	1 052 986	1 355	-	-	-	1 054 341
Credit cards	93 371	-	-	-	-	93 371
Total	**2 572 821**	**1 221 437**	**8 200 942**	**182 594**	**947 503**	**13 125 297**
Less: Interest and commission in suspense	54 631	77 664	264 162	35	-	396 492
Provision for impairment -ECL	141 243	162 975	973 773	3 295	2 344	1 283 630
Total	**195 874**	**240 639**	**1 237 935**	**3 330**	**2 344**	**1 680 122**
Net Direct Credit Facilities at Amortized Cost	**2 376 947**	**980 798**	**6 963 007**	**179 264**	**945 159**	**11 445 175**

* Net of interest and commission received in advance, which amounted to JD 18.3 million as at 31 December 2021.
- Rescheduled loans during the year ended 31 December 2021 amounted to JD 726 million.
- There were no restructured loans (transferred from non performing to watch list loans) during the year ended 31 December 2021.
- Direct credit facilities granted to and guaranteed by Government of Jordan as of 31 December 2021 amounted to JD 71 million or 0.54% of total direct credit facilities.
- Non-performing direct credit facilities as of 31 December 2021 amounted to JD 1316.7 million or 10.0% of total direct credit facilities.
- Non-performing direct credit facilities, net of interest and commission in suspense, as of 31 December 2021 amounted to JD 946.6 million or 7.4% of direct credit facilities, after deducting interest and commission in suspense.

	31 December 2020					
	Consumer Banking	Corporates		Banks and Financial Institutions	Government and Public Sector	Total
		Small and Medium	Large			
	JD '000	JD '000	JD '000	JD '000	JD '000	JD '000
Discounted bills *	41 662	34 013	270 813	31 392	1 031	378 911
Overdrafts *	23 070	544 827	2 218 736	2 664	243 159	3 032 456
Loans and advances *	1 284 402	697 351	6 027 897	42 982	487 953	8 540 585
Real-estate loans	1 045 119	1 277	-	-	-	1 046 396
Credit cards	84 703	-	-	-	-	84 703
Total	**2 478 956**	**1 277 468**	**8 517 446**	**77 038**	**732 143**	**13 083 051**
Less: Interest and commission in suspense	49 572	70 062	218 650	34	-	338 318
Provision for impairment - ECL	138 259	143 937	808 368	2 849	1 858	1 095 271
Total	**187 831**	**213 999**	**1 027 018**	**2 883**	**1 858**	**1 433 589**
Net Direct Credit Facilities at Amortized Cost	**2 291 125**	**1 063 469**	**7 490 428**	**74 155**	**730 285**	**11 649 462**

* Net of interest and commission received in advance, which amounted to JD 18.9 million as at 31 December 2020.
- Rescheduled loans during the year ended 31 December 2020 amounted to JD 339.5 million.
- Restructured loans (transferred from non performing to watch list loans) amounted to JD 4.2 million during the year ended 31 December 2020.
- Direct credit facilities granted to and guaranteed by Government of Jordan as of 31 December 2020 amounted to JD 55.2 million or 0.42% of total direct credit facilities.
- Non-performing direct credit facilities as of 31 December 2020 amounted to JD 1260.3 million or 9.6 % of total direct credit facilities.
- Non-performing direct credit facilities, net of interest and commission in suspense, as of 31 December 2020 amounted to JD 938.4 million or 7.4 % of direct credit facilities, after deducting interest and commission in suspense.

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

	31 December 2021						
	Consumer Banking	Corporates: Small and Medium	Corporates: Large	Banks and Financial Institutions	Government and Public Sector	Total	The Total includes movement on the real-estate loans provision as follows
	JD '000	JD '000	JD '000	JD '000	JD '000	JD '000	JD '000
Balance at the beginning of the year	138 259	143 937	808 368	2 849	1 858	1 095 271	20 858
ECL charges during the year	20 355	27 878	216 364	1 004	590	266 191	9 025
Recoveries	(13 292)	(10 844)	(67 788)	(438)	(230)	(92 592)	(2 726)
Transferred to Stage 1	(64)	(342)	(4 504)	-	(164)	(5 074)	-
Transferred to Stage 2	1 104	(20 803)	(8 290)	-	164	(27 825)	-
Transferred to Stage 3	(1 040)	21 145	12 794	-	-	32 899	-
Impact on year end ECL caused by transfers between stages during the year	1 743	12 743	29 912	-	(118)	44 280	(247)
Used from provision (written off or transferred to off statement of financial position)*	(5 907)	(2 579)	(17 935)	-	-	(26 421)	-
Adjsutments during the year	(5)	(6 267)	5 932	4	246	(90)	17
Translation Adjustments	90	(1 893)	(1 080)	(124)	(2)	(3 009)	(9)
Balance at the End of the Year	**141 243**	**162 975**	**973 773**	**3 295**	**2 344**	**1 283 630**	**26 918**

The details of movement on the provision for impairment of ECL are as follows:

	31 December 2020						
	Consumer Banking	Corporates: Small and Medium	Corporates: Large	Banks and Financial Institutions	Government and Public Sector	Total	The Total includes movement on the real-estate loans provision as follows
	JD '000	JD '000	JD '000	JD '000	JD '000	JD '000	JD '000
Balance at the beginning of the year	90 084	113 500	687 628	3 080	954	895 246	9 878
ECL charges during the year	44 419	32 911	230 807	576	823	309 536	9 055
Recoveries	(9 221)	(6 418)	(34 943)	(557)	(386)	(51 525)	(883)
Transferred to Stage 1	(393)	(292)	(1 641)	-	(79)	(2 405)	(72)
Transferred to Stage 2	54	(1 376)	(24 425)	-	79	(25 668)	56
Transferred to Stage 3	339	1 668	26 066	-	-	28 073	16
Impact on year end ECL caused by transfers between stages during the year	14 667	3 441	37 932	-	452	56 492	2 837
Used from provision (written off or transferred to off statement of financial position)*	(2 393)	(1 075)	(107 348)	-	-	(110 816)	(39)
Adjsutments during the year	(10)	33	(8 723)	-	-	(8 700)	-
Translation Adjustments	713	1 545	3 015	(250)	15	5 038	10
Balance at the End of the Year	**138 259**	**143 937**	**808 368**	**2 849**	**1 858**	**1 095 271**	**20 858**

- 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 2021 and 2020.
- Impairment is assessed based on individual customer accounts.

* Non-performing direct credit facilities transferred to off statement of financial position amounted to JD 14.7 million as of 31 December 2021 (JD 124 million as of 31 December 2020) noting that these non-performing direct credit facilities are fully covered by set provisions and suspended interest.

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

	31 December 2021							
			Direct Credit Facilities at Amortized Coat					
	Due from Banks	Other Financial Assets	Small and Medium Corporates	Large Corporates	Banks and Financial Institutions	Government and Public Sector	items off statement of financial position	**Total**
	JD '000	JD '000	JD '000	JD '000	JD '000	JD '000	JD '000	**JD '000**
Upside (20%)	52 130	6 348	158 008	905 120	3 163	1 833	69 032	**1 195 634**
Base case (45%)	55 408	6 842	160 246	933 830	3 224	2 066	70 430	**1 232 046**
Downside 1 (35%)	144 132	12 865	169 322	1 064 359	3 462	2 994	77 937	**1 475 071**

	31 December 2020							
			Direct Credit Facilities at Amortized Coat					
	Due from Banks	Other Financial Assets	Small and Medium Corporates	Large Corporates	Banks and Financial Institutions	Government and Public Sector	items off statement of financial position	**Total**
	JD '000	JD '000	JD '000	JD '000	JD '000	JD '000	JD '000	**JD '000**
Upside (15%)	70 932	10 160	122 685	689 014	2 428	1 584	29 690	**926 493**
Base case (35%)	76 190	10 913	131 780	740 090	2 608	1 701	31 891	**995 174**
Downside 1 (20%)	88 159	12 628	152 481	856 351	3 018	1 968	36 901	**1 151 505**
Downside 2 (30%)	94 270	13 503	163 051	915 714	3 227	2 105	39 459	**1 231 328**

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

31 December 2021		**31 December 2020**	
	JD '000		JD '000
Upside (20%)	135 208	Upside (30%)	133 138
Base case (45%)	137 927	Base case (40%)	136 489
Downside 1 (35%)	148 955	Downside (30%)	145 740

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

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

	31 December 2021						
		Corporates					
	Consumer Banking	Small and Medium	Large	Banks and Financial Institutions	Government and Public Sector	Total	The total includes interest and commission in suspense movement on real-estate loans as follows
	JD '000	JD '000	JD '000	JD '000	JD '000	JD '000	JD '000
Balance at the beginning of the year	49 572	70 062	218 650	34	-	338 318	11 800
Interest and commission suspended during the year	12 715	13 053	58 036	-	-	83 804	3 358
Interest and commission in suspense settled (written off or transferred to off statement of financial position)	(4 432)	(2 753)	(10 143)	-	-	(17 328)	(161)
Intrest and commission settled (transferd to revenues)	(3 178)	(1 191)	(1 893)	-	-	(6 262)	(1 557)
Adjustments during the year	(1)	(686)	685	2	-	-	-
Translation adjustments	(45)	(821)	(1 173)	(1)	-	(2 040)	(1)
Balance at the End of the Year	**54 631**	**77 664**	**264 162**	**35**	**-**	**396 492**	**13 439**

	31 December 2020						
		Corporates					
	Consumer Banking	Small and Medium	Large	Banks and Financial Institutions	Government and Public Sector	Total	The total includes interest and commission in suspnese movement on real-estate loans as follows
	JD '000	JD '000	JD '000	JD '000	JD '000	JD '000	JD '000
Balance at the beginning of the year	42 427	63 455	190 999	38	-	296 919	9 386
Interest and commission suspended during the year	12 657	10 119	56 604	-	-	79 380	3 672
Interest and commission in suspense settled (written off or transferred to off statement of financial position)	(3 020)	(2 916)	(18 898)	-	-	(24 834)	(135)
Intrest and commission settled (transferd to revenues)	(2 516)	(581)	(10 124)	-	-	(13 221)	(1 123)
Adjustments during the year	-	-	-	-	-	-	-
Translation adjustments	24	(15)	69	(4)	-	74	-
Balance at the End of the Year	**49 572**	**70 062**	**218 650**	**34**	**-**	**338 318**	**11 800**

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

	Inside Jordan	Outside Jordan	31 December 2021	31 December 2020	ECL 31 December 2021
Economic Sector	JD '000	JD '000	**JD '000**	JD '000	**JD '000**
Consumer Banking	1 057 038	1 319 909	**2 376 947**	2 291 125	**141 243**
Industry and Mining	792 464	1 541 626	**2 334 090**	2 462 812	**248 434**
Constructions	274 443	740 462	**1 014 905**	1 119 932	**277 481**
Real Estate	119 566	526 545	**646 111**	790 038	**17 380**
Trade	783 008	1 186 550	**1 969 558**	2 088 879	**176 627**
Agriculture	92 219	18 677	**110 896**	118 191	**9 334**
Tourism and Hotels	177 268	51 709	**228 977**	216 779	**12 080**
Transportation	34 590	82 608	**117 198**	143 985	**31 208**
Shares	-	5 313	**5 313**	8 500	**1 883**
General Service	630 645	886 112	**1 516 757**	1 604 781	**362 321**
Banks and Financial Institutions	13 861	165 403	**179 264**	74 155	**3 295**
Government and Public Sector	139 285	805 874	**945 159**	730 285	**2 344**
Net Direct Credit Direct Facilities at Amortized Cost	**4 114 387**	**7 330 788**	**11 445 175**	**11 649 462**	**1 283 630**

	31 December 2021							
	Direct Credit Facilites (excluding Interest in suspense)				Provision for impairment			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	JD '000	JD '000	JD '000	JD '000	JD '000	JD '000	JD '000	JD '000
Inside Jordan	3 095 816	1 087 457	235 030	4 418 303	13 708	89 508	200 700	303 916
Outside Jordan	6 702 965	896 013	711 524	8 310 502	24 735	287 989	666 990	979 714
Total	**9 798 781**	**1 983 470**	**946 554**	**12 728 805**	**38 443**	**377 497**	**867 690**	**1 283 630**

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 2021				31 December 2020
	Stage 1	Stage 2	Stage 3	Total	**Total**
	JD '000	JD '000	JD '000	JD '000	**JD '000**
Low risk / performing	1 464 059	-	-	1 464 059	**1 206 010**
Acceptable risk / performing	8 335 034	2 009 514	-	10 344 548	**10 616 704**
Non-performing:					
- Substandard	-	-	25 932	25 932	**113 285**
- Doubtful	-	-	73 287	73 287	**211 978**
- Problematic	-	-	1 217 471	1 217 471	**935 074**
Total	**9 799 093**	**2 009 514**	**1 316 690**	**13 125 297**	**13 083 051**

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

	31 December 2021				31 December 2020
	Stage 1	Stage 2	Stage 3	**Total**	**Total**
	JD '000	JD '000	JD '000	**JD '000**	**JD '000**
Balance at the beginning of the year	10 039 784	1 782 930	1 260 337	**13 083 051**	**13 118 531**
New balances (Additions)	2 513 747	157 968	105 468	**2 777 183**	**3 464 362**
Repaid balances (excluding write offs)	(2 297 614)	(290 999)	(78 352)	**(2 666 965)**	**(3 349 643)**
Transfers to stage 1	327 734	(322 693)	(5 041)	**-**	**-**
Transfers to stage 2	(746 942)	759 730	(12 788)	**-**	**-**
Transfers to stage 3	(19 948)	(76 282)	96 230	**-**	**-**
Written off balances or transferred to off statement of financial position	-	-	(42 876)	**(42 876)**	**(134 771)**
Adjustments during the year	-	-	-	**-**	**-**
Translation Adjustments	(17 668)	(1 140)	(6 288)	**(25 096)**	**(15 428)**
Total	**9 799 093**	**2 009 514**	**1 316 690**	**13 125 297**	**13 083 051**

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

	31 December 2021				31 December 2020
	Stage 1	Stage 2	Stage 3	**Total**	**Total**
	JD '000	JD '000	JD '000	**JD '000**	**JD '000**
Balance at the beginning of the year	66 460	291 791	737 020	**1 095 271**	**895 246**
ECL charges during the year	2 010	116 247	147 934	**266 191**	**309 536**
Recoveries (excluding write offs)	(24 448)	(31 075)	(37 069)	**(92 592)**	**(51 525)**
Transfers to stage 1	1 917	(1 880)	(37)	**-**	**-**
Transfers to stage 2	(6 867)	8 584	(1 717)	**-**	**-**
Transfers to stage 3	(124)	(34 529)	34 653	**-**	**-**
Impact on year end ECL caused by transfers between stages during the year	-	28 018	16 262	**44 280**	**56 492**
Written off balances or transferred to off statement of financial position	-	-	(26 421)	**(26 421)**	**(110 816)**
Adjustments during the year	4	(28)	(66)	**(90)**	**(8 700)**
Translation Adjustments	(509)	369	(2 869)	**(3 009)**	**5 038**
Total	**38 443**	**377 497**	**867 690**	**1 283 630**	**1 095 271**

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 2021				31 December 2020
	Stage 1	Stage 2	Stage 3	**Total**	**Total**
	JD '000	JD '000	JD '000	**JD '000**	**JD '000**
Low risk / performing	223 000	-	-	223 000	**208 488**
Acceptable risk / performing	2 104 303	70 885	-	2 175 188	**2 084 941**
Non-performing:					
- Substandard		-	13 225	13 225	**31 024**
- Doubtful		-	17 532	17 532	**17 498**
- Problematic		-	143 876	143 876	**137 005**
Total	**2 327 303**	**70 885**	**174 633**	**2 572 821**	**2 478 956**

-Probability of default at low risk 2.0% - 3.5%

-Probability of default at acceptable risk 3.5% - 57%

-Probability of default at High risk 100%

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

	31 December 2021				31 December 2020
	Stage 1	Stage 2	Stage 3	Total	**Total**
	JD '000	JD '000	JD '000	JD '000	**JD '000**
Balance at the beginning of the year	2 209 752	83 677	185 527	2 478 956	2 509 498
New balances (Additions)	447 817	7 098	27 796	482 711	345 567
Repaid balances (excluding write offs)	(317 382)	(39 134)	(21 253)	(377 769)	(370 984)
Transfers to stage 1	33 680	(28 836)	(4 844)	-	-
Transfers to stage 2	(37 850)	50 596	(12 746)	-	-
Transfers to stage 3	(8 303)	(2 516)	10 819	-	-
Written off balances or transferred to off statement of financial position	-	-	(10 339)	(10 339)	(5 397)
Adjustments during the year	-	-	-	-	-
Translation Adjustments	(411)	-	(327)	(738)	272
Total	**2 327 303**	**70 885**	**174 633**	**2 572 821**	**2 478 956**

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

	31 December 2021				31 December 2020
	Stage 1	Stage 2	Stage 3	Total	**Total**
	JD '000	JD '000	JD '000	JD '000	**JD '000**
Balance at the beginning of the year	16 573	12 015	109 671	138 259	90 084
ECL charges during the year	2 943	4 581	12 831	20 355	44 419
Recoveries (excluding write offs)	(2 656)	(1 239)	(9 397)	(13 292)	(9 221)
Transfers to stage 1	91	(54)	(37)	-	-
Transfers to stage 2	(57)	1 774	(1 717)	-	-
Transfers to stage 3	(98)	(616)	714	-	-
Impact on year end ECL caused by transfers between stages during the year	-	(383)	2 126	1 743	14 667
Written off balances or transferred to off statement of financial position	-	-	(5 907)	(5 907)	(2 393)
Adjustments during the year	(26)	-	21	(5)	(10)
Translation Adjustments	-	1	89	90	713
Total	**16 770**	**16 079**	**108 394**	**141 243**	**138 259**

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 2021				31 December 2020
	Stage 1	Stage 2	Stage 3	Total	Total
	JD '000	JD '000	JD '000	JD '000	JD '000
Low risk / performing	125 361	-	-	125 361	126 289
Acceptable risk / performing	619 305	244 060	-	863 365	959 645
Non-performing:					
- Substandard	-	-	12 707	12 707	2 812
- Doubtful	-	-	1 025	1 025	5 600
- Problematic	-	-	218 979	218 979	183 122
Total	**744 666**	**244 060**	**232 711**	**1 221 437**	**1 277 468**

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

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

	31 December 2021				31 December 2020
	Stage 1	Stage 2	Stage 3	Total	**Total**
	JD '000	JD '000	JD '000	JD '000	**JD '000**
Balance at the beginning of the year	857 658	228 276	191 534	1 277 468	**1 328 361**
New balances (Additions)	170 947	29 947	22 941	223 835	**238 379**
Repaid balances (excluding write offs)	(215 322)	(30 557)	(24 230)	(270 109)	**(284 653)**
Transfers to stage 1	40 749	(40 552)	(197)	-	**-**
Transfers to stage 2	(95 901)	95 943	(42)	-	**-**
Transfers to stage 3	(10 958)	(38 907)	49 865	-	**-**
Written off balances or transferred to off statement of financial position	-	-	(5 121)	(5 121)	**(3 646)**
Adjustments during the year	-	-	-	-	**-**
Translation Adjustments	(2 507)	(90)	(2 039)	(4 636)	**(973)**
Total	**744 666**	**244 060**	**232 711**	**1 221 437**	**1 277 468**

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

	31 December 2021				31 December 2020
	Stage 1	Stage 2	Stage 3	Total	**Total**
	JD '000	JD '000	JD '000	JD '000	**JD '000**
Balance at the beginning of the year	5 261	36 426	102 250	143 937	**113 500**
ECL charges during the year	(583)	13 359	15 102	27 878	**32 911**
Recoveries (excluding write offs)	(1 571)	(1 623)	(7 650)	(10 844)	**(6 418)**
Transfers to stage 1	203	(203)	-	-	**-**
Transfers to stage 2	(519)	519	-	-	**-**
Transfers to stage 3	(26)	(21 119)	21 145	-	**-**
Impact on year end ECL caused by transfers between stages during the year	-	2 887	9 856	12 743	**3 441**
Written off balances or transferred to off statement of financial position	-	-	(2 579)	(2 579)	**(1 075)**
Adjustments during the year	(860)	(3 673)	(1 734)	(6 267)	**33**
Translation Adjustments	116	(1 561)	(448)	(1 893)	**1 545**
Total	**2 021**	**25 012**	**135 942**	**162 975**	**143 937**

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 2021				31 December 2020
	Stage 1	Stage 2	Stage 3	Total	**Total**
	JD '000	JD '000	JD '000	JD '000	**JD '000**
Low risk / performing	410 610	-	-	410 610	**435 391**
Acceptable risk / performing	5 234 841	1 648 684	-	6 883 525	**7 201 443**
Non-performing:					
- Substandard	-	-	-	-	**79 449**
- Doubtful	-	-	54 730	54 730	**188 880**
- Problematic	-	-	852 077	852 077	**612 283**
Total	**5 645 451**	**1 648 684**	**906 807**	**8 200 942**	**8 517 446**

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

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

	31 December 2021				31 December 2020
	Stage 1	Stage 2	Stage 3	Total	**Total**
	JD '000	JD '000	JD '000	JD '000	**JD '000**
Balance at the beginning of the year	6 245 847	1 390 987	880 612	8 517 446	**8 614 306**
New balances (Additions)	1 278 230	120 923	54 731	1 453 884	**2 412 753**
Repaid balances (excluding write offs)	(1 472 239)	(218 268)	(32 869)	(1 723 376)	**(2 369 409)**
Transfers to stage 1	190 100	(190 100)	-	-	**-**
Transfers to stage 2	(581 051)	581 051	-	-	**-**
Transfers to stage 3	(687)	(34 859)	35 546	-	**-**
Written off balances or transferred to off statement of financial position	-	-	(27 416)	(27 416)	**(125 728)**
Adjustments during the year	-	-	-	-	**-**
Translation Adjustments	(14 749)	(1 050)	(3 797)	(19 596)	**(14 476)**
Total	**5 645 451**	**1 648 684**	**906 807**	**8 200 942**	**8 517 446**

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

	31 December 2021				31 December 2020
	Stage 1	Stage 2	Stage 3	Total	**Total**
	JD '000	JD '000	JD '000	JD '000	**JD '000**
Balance at the beginning of the year	43 078	242 819	522 471	808 368	**687 628**
ECL charges during the year	(1 043)	97 406	120 001	216 364	**230 807**
Recoveries (excluding write offs)	(19 683)	(28 083)	(20 022)	(67 788)	**(34 943)**
Transfers to stage 1	1 608	(1 608)	-	-	**-**
Transfers to stage 2	(6 112)	6 112	-	-	**-**
Transfers to stage 3	-	(12 794)	12 794	-	**-**
Impact on year end ECL caused by transfers between stages during the year	-	25 632	4 280	29 912	**37 932**
Written off balances or transferred to off statement of financial position	-	-	(17 935)	(17 935)	**(107 348)**
Adjustments during the year	646	3 639	1 647	5 932	**(8 723)**
Translation Adjustments	(622)	1 928	(2 386)	(1 080)	**3 015**
Total	**17 872**	**335 051**	**620 850**	**973 773**	**808 368**

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 2021				31 December 2020
	Stage 1	Stage 2	Stage 3	Total	**Total**
	JD '000	JD '000	JD '000	JD '000	**JD '000**
Low risk / performing	97 055	-	-	97 055	**39 151**
Acceptable risk / performing	63 404	19 596	-	83 000	**35 223**
Non-performing:					
- Substandard	-	-	-	-	**-**
- Doubtful	-	-	-	-	**-**
- Problematic	-	-	2 539	2 539	**2 664**
Total	**160 459**	**19 596**	**2 539**	**182 594**	**77 038**

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

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

	31 December 2021				31 December 2020
	Stage 1	Stage 2	Stage 3	Total	**Total**
	JD '000	JD '000	JD '000	JD '000	**JD '000**
Balance at the beginning of the year	74 374	-	2 664	77 038	**130 330**
New balances (Additions)	195 100	-	-	195 100	**48 367**
Repaid balances (excluding write offs)	(89 419)	-	-	(89 419)	**(101 408)**
Transfers to stage 1	-	-	-	-	**-**
Transfers to stage 2	(19 596)	19 596	-	-	**-**
Transfers to stage 3	-	-	-	-	**-**
Written off balances or transferred to off statement of financial position	-	-	-	-	**-**
Adjustments during the year	-	-	-	-	**-**
Translation Adjustments	-	-	(125)	(125)	**(251)**
Total	**160 459**	**19 596**	**2 539**	**182 594**	**77 038**

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

	31 December 2021				31 December 2020
	Stage 1	Stage 2	Stage 3	Total	**Total**
	JD '000	JD '000	JD '000	JD '000	**JD '000**
Balance at the beginning of the year	221	-	2 628	2 849	**3 080**
ECL charges during the year	265	739	-	1 004	**576**
Recoveries (excluding write offs)	(308)	(130)	-	(438)	**(557)**
Transfers to stage 1	-	-	-	-	**-**
Transfers to stage 2	-	-	-	-	**-**
Transfers to stage 3	-	-	-	-	**-**
Impact on year end ECL caused by transfers between stages during the year	-	-	-	-	**-**
written off balances or transferred to off statement of financial position	-	-	-	-	**-**
Adjustments during the year	(2)	6	-	4	**-**
Translation Adjustments	-	-	(124)	(124)	**(250)**
Total	**176**	**615**	**2 504**	**3 295**	**2 849**

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 2021				31 December 2020
	Stage 1	Stage 2	Stage 3	Total	**Total**
	JD '000	JD '000	JD '000	JD '000	**JD '000**
Low risk / performing	608 033	-	-	608 033	**396 691**
Acceptable risk / performing	313 181	26 289	-	339 470	**335 452**
Total	**921 214**	**26 289**	**-**	**947 503**	**732 143**

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

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

	31 December 2021				31 December 2020
	Stage 1	Stage 2	Stage 3	Total	**Total**
	JD '000	JD '000	JD '000	JD '000	**JD '000**
Balance at the beginning of the year	652 153	79 990	-	732 143	**536 036**
New balances (Additions)	421 653	-	-	421 653	**419 296**
Repaid balances (excluding write offs)	(203 252)	(3 040)	-	(206 292)	**(223 189)**
Transfers to stage 1	63 205	(63 205)	-	-	**-**
Transfers to stage 2	(12 544)	12 544	-	-	**-**
Transfers to stage 3	-	-	-	-	**-**
Written off balances or transferred to off statement of financial position	-	-	-	-	**-**
Adjustments during the year	-	-	-	-	**-**
Translation Adjustments	(1)	-	-	(1)	**-**
Total	**921 214**	**26 289**	**-**	**947 503**	**732 143**

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

	31 December 2021				31 December 2020
	Stage 1	Stage 2	Stage 3	Total	**Total**
	JD '000	JD '000	JD '000	JD '000	**JD '000**
Balance at the beginning of the year	1 327	531	-	1 858	**954**
ECL charges during the year	428	162	-	590	**823**
Recoveries (excluding write offs)	(230)	-	-	(230)	**(386)**
Transfers to stage 1	15	(15)	-	-	**-**
Transfers to stage 2	(179)	179	-	-	**-**
Transfers to stage 3	-	-	-	-	**-**
Impact on year end ECL caused by transfers between stages during the year	-	(118)	-	(118)	**452**
Written off balances or transferred to off statement of financial position	-	-	-	-	**-**
Adjustments during the year	246	-	-	246	**-**
Translation Adjustments	(3)	1	-	(2)	**15**
Total	**1 604**	**740**	**-**	**2 344**	**1 858**

13 - OTHER FINANCIAL ASSETS AT AMORTIZED COST

The details of this item are as follows:

	31 December	
	2021	**2020**
	JD '000	JD '000
Treasury bills	1 514 183	1 324 645
Government bonds and bonds guaranteed by the government	4 006 035	3 534 493
Corporate bonds	310 712	231 483
Less: Net ECL Charges	(8 851)	(11 920)
Total	**5 822 079**	**5 078 701**

Analysis of bonds based on interest nature:

	31 December	
	2021	**2020**
	JD '000	JD '000
Floating interest rate	87 889	83 856
Fixed interest rate	5 743 041	5 006 765
Total	**5 830 930**	**5 090 621**
Less: Net ECL Charges	(8 851)	(11 920)
Grand Total	**5 822 079**	**5 078 701**

Analysis of financial assets based on market quotation:

	31 December	
	2021	**2020**
Financial assets quoted in the market:	JD '000	JD '000
Treasury bills	779 518	146 429
Government bonds and bonds guaranteed by the government	944 202	575 622
Corporate bonds	237 223	178 147
Total	**1 960 943**	**900 198**

	31 December	
	2021	**2020**
Financial assets unquoted in the market:	JD '000	JD '000
Treasury bills	734 665	1 178 216
Government bonds and bonds guaranteed by the government	3 061 833	2 958 871
Corporate bonds	73 489	53 336
Total	**3 869 987**	**4 190 423**
Less: Net ECL Charges	**(8 851)**	**(11 920)**
Grand Total	**5 822 079**	**5 078 701**

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 2021				**31 December 2020**
	Stage 1	Stage 2	Stage 3	Total	**Total**
	JD '000	JD '000	JD '000	JD '000	**JD '000**
Low risk / performing	5 724 112	-	-	5 724 112	**4 934 916**
Acceptable risk / performing	59 541	47 277	-	106 818	**155 705**
Total	**5 783 653**	**47 277**	**-**	**5 830 930**	**5 090 621**

-Probability of default at low risk 0,0% - 0.9%
-Probability of default at acceptable risk 0.9% - 40.2%
-Probability of default at High risk 100%

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

	31 December 2021				31 December 2020
	Stage 1	Stage 2	Stage 3	Total	**Total**
	JD '000	JD '000	JD '000	JD '000	**JD '000**
Balance at the beginning of the year	5 009 611	81 010	-	5 090 621	**5 195 592**
New investments (Additions)	5 902 499	-	-	5 902 499	**4 895 053**
Matured investments	(4 666 383)	(37 732)	-	(4 704 115)	**(4 998 917)**
Transfers to stage 1	-	-	-	-	**-**
Transfers to stage 2	(3 999)	3 999	-	-	**-**
Transfers to stage 3	-	-	-	-	**-**
Written off investments	(1)	-	-	(1)	**(2 832)**
Adjustments during the year	-	-	-	-	**-**
Translation Adjustments	(458 074)	-	-	(458 074)	1 725
Total	**5 783 653**	**47 277**	**-**	**5 830 930**	**5 090 621**

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

	31 December 2021				31 December 2020
	Stage 1	Stage 2	Stage 3	Total	**Total**
	JD '000	JD '000	JD '000	JD '000	**JD '000**
Balance at the beginning of the year	7 834	4 086	-	11 920	**11 852**
ECL charges during the year	671	(481)	-	190	**8 816**
Recoveries from matured investments	(3 259)	-	-	(3 259)	**(6 130)**
Transfers to stage 1	-	-	-	-	**-**
Transfers to stage 2	-	-	-	-	**-**
Transfers to stage 3	-	-	-	-	**-**
Impact on year end ECL caused by transfers between stages during the year	-	-	-	-	**-**
Written off investments	-	-	-	-	**(2 622)**
Adjustments during the year	-	-	-	-	**-**
Translation Adjustments	-	-	-	-	**4**
Total	**5 246**	**3 605**	**-**	**8 851**	**11 920**

There were no sold other financial assets at amortized cost during the year ended 31 December 2021 (The amount of the sold other financial assets at amortized cost during the year ended 31 December 2020 is JD 38.3 million).

14. Investment in Subsidiaries and Associates

The details of this item are as follows:

	31 December 2021		31 December 2020		Place of Incorporation	Principal activity	Date of Ownership
	Ownership and Voting Right	Cost	Ownership and Voting Right	Cost			
	%	JD '000	%	JD '000			
Europe Arab Bank plc	100.00	457 719	100.00	496 655	U.K.	Banking	2006
Arab Bank Australia Limited	100.00	61 326	100.00	65 166	Australia	Banking	1994
Islamic International Arab Bank	100.00	73 500	100.00	73 500	Jordan	Banking	1997
Arab National Leasing Company Ltd	100.00	15 000	100.00	15 000	Jordan	Finance leasing	1996
Al-Arabi Investment Group Ltd	100.00	8 900	100.00	8 900	Jordan	Financial services	1996
Arab Sudanese Bank Limited	100.00	1 820	100.00	1 512	Sudan	Banking	2008
Al Arabi Investment Group Limited - Palestine	100.00	1 600	100.00	1 600	Palestine	Financial services	2009
Arab Tunisian Bank	64.24	52 737	64.24	38 220	Tunisia	Banking	1982
Arab Bank Syria	51.29	733	51.29	2 001	Syria	Banking	2005
Al-Nisr Al Arabi plc	50.00	11 250	50.00	11 250	Jordan	Insurance	2006
Oman Arab Bank	49.00	174 802	49.00	174 802	Oman	Banking	1984
Arab National Bank	40.00	161 534	40.00	161 534	KSA	Banking	1979
Arabia Insurance Company S.A.L	42.51	5 324	42.51	5 324	Lebanon	Insurance	1972
Commercial Building Company S.A.L	35.24	380	35.24	380	Lebanon	Real estate operating leasing	1966
Other	-	22 097	-	18 537			
Grand Total		**1 048 722**		**1 074 381**			

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

	31 December	
	2021	**2020**
	JD '000	JD '000
Balance at the beginning of the year	1 074 381	921 524
Purchase of additional investments	17 524	104 674
Translation adjustment	(43 183)	48 183
Balance at the End of the Year	**1 048 722**	**1 074 381**

15 - FIXED ASSETS

The details of this item are as follows:

	Land	Buildings	Furniture, Fixtures and Equipment	Computers and Communication Equipment	Motor Vehicles	Others	Total
	JD '000	JD '000	JD '000	JD '000	JD '000	JD '000	JD '000
Historical Cost :							
Balance as of 1 January 2020	**38 221**	**221 755**	**133 168**	**80 770**	**7 083**	**26 707**	**507 704**
Additions	20 992	17 326	24 871	10 682	115	2 650	76 636
Disposals	(64)	(53 240)	(550)	(213)	(16)	(1 163)	(55 246)
Adjustments during the year	-	-	-	-	-	-	-
Translation adjustments	(231)	(1 442)	103	267	(5)	(45)	(1 353)
Balance as of 31 December 2020	**58 918**	**184 399**	**157 592**	**91 506**	**7 177**	**28 149**	**527 741**
Additions	-	2 792	5 763	12 616	214	2 906	24 291
Disposals	-	(4 159)	(861)	(1 163)	(19)	(4 193)	(10 395)
Adjustments during the year	3 233	(3 956)	678	41	-	-	(4)
Translation adjustments	(193)	(2 791)	(1 447)	(1 844)	(93)	(19)	(6 387)
Balance as of 31 December 2021	**61 958**	**176 285**	**161 725**	**101 156**	**7 279**	**26 843**	**535 246**
Accumulated Depreciation :							
Balance as of 1 January 2020	**-**	**84 853**	**110 493**	**59 911**	**5 144**	**18 580**	**278 981**
Depreciation charge for the year	-	4 884	7 076	9 834	622	2 565	24 981
Disposals	-	(2)	(542)	(207)	(16)	(951)	(1 718)
Adjustments during the year	-	-	-	-	-	-	-
Translation adjustments	-	141	115	235	(8)	(8)	475
Balance as of 31 December 2020	**-**	**89 876**	**117 142**	**69 773**	**5 742**	**20 186**	**302 719**
Depreciation charge for the year	-	4 870	8 264	9 648	531	2 559	25 872
Disposals	-	(242)	(749)	(1 079)	(19)	(3 035)	(5 124)
Adjustments during the year	-	(152)	97	4	32	-	(19)
Translation adjustments	-	(1 235)	(1 245)	(1 620)	(91)	(6)	(4 197)
Balance as of 31 December 2021	**-**	**93 117**	**123 509**	**76 726**	**6 195**	**19 704**	**319 251**
Net Book Value as of 31 December 2021	**61 958**	**83 168**	**38 216**	**24 430**	**1 084**	**7 139**	**215 995**
Net Book Value as of 31 December 2020	**58 918**	**94 523**	**40 450**	**21 733**	**1 435**	**7 963**	**225 022**

The cost of the fully depreciated fixed assets amounted to JD 188.7 million as of 31 December 2021 (JD 175.2 million as of 31 December 2020).

16. Other Assets

The details of this item are as follows:

	31 December	
	2021	2020
	JD '000	JD '000
Accrued interest receivable	122 275	101 894
Prepaid expenses	21 970	29 426
Foreclosed assets *	95 859	89 122
Intangible assets **	14 878	12 101
Right of Use Assets ***	42 595	47 007
Other miscellaneous assets	66 009	101 508
Total	**363 586**	**381 058**

* 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:

	2021			
	Land	Buildings	Others	Total
	JD '000	JD '000	JD '000	JD '000
Balance at the beginning of the year	37 216	51 906	-	89 122
Additions	3 787	13 574	-	17 361
Disposals	(284)	(8 645)	-	(8 929)
Provision for impairment and Impairment Loss	(1 038)	(237)	-	(1 275)
Translation Adjustment	(30)	(390)	-	(420)
Balance at the End of the Year	**39 651**	**56 208**	**-**	**95 859**

	2020			
	Land	Buildings	Others	Total
	JD '000	JD '000	JD '000	JD '000
Balance at the beginning of the year	33 226	44 607	-	77 833
Additions	6 024	9 683	-	15 707
Disposals	(583)	(1 047)	-	(1 630)
Provision for impairment and Impairment Loss	(1 451)	(469)	-	(1 920)
Translation Adjustment	-	(868)	-	(868)
Balance at the End of the Year	**37 216**	**51 906**	**-**	**89 122**

**** The movement on intangible assets was as follows:**

	31 December 2021	
	2021	2020
	JD '000	JD '000
Balance at the beginning of the year	12 101	11 858
Additions	10 375	8 150
Disposals and adjustments during the year	37	-
Amortization during the year	(7 635)	(7 907)
Balance at the End of the Year	**14 878**	**12 101**

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

	2021	2020
	JD '000	JD '000
Balance at the beginning of the year	47 007	52 916
Additions	5 820	4 160
Depreciation	(10 232)	(10 069)
Balance at the End of the Year	**42 595**	**47 007**

17. Deferred Tax Assets

The details of this item are as follows:

Items attributable to deferred tax assets are as follows	31 December 2021					
	Balance at the Beginning of the Year	Amounts Added	Amounts Released	Adjustments During the Year and Translation Adjustments	Balance at the End of the Year	Deferred Tax
	JD '000	JD '000	JD '000	JD '000	JD '000	JD '000
Expected Credit Losses - direct credit facilities at amortized cost	400 724	210 958	(142 676)	(99)	468 907	115 283
End-of-Service indemnity	44 713	2 767	(7 373)	-	40 107	11 670
Interest in suspense (paid tax)	56 181	43 644	(29 092)	-	70 733	18 313
Others	22 931	19 662	(4 152)	(27)	38 414	13 746
Total	**524 549**	**277 031**	**(183 293)**	**(126)**	**618 161**	**159 012**

	31 December 2020					
	Balance at the Beginning of the Year	Amounts Added	Amounts Released	Adjustments During the Year and Translation Adjustments	Balance at the End of the Year	Deferred Tax
	JD '000	JD '000	JD '000	JD '000	JD '000	JD '000
Expected Credit Losses - direct credit facilities at amortized cost	249 286	220 774	(69 211)	(125)	400 724	99 318
End-of-Service indemnity	42 227	5 250	(2 764)	-	44 713	13 120
Interest in suspense (paid tax)	36 921	30 737	(11 477)	-	56 181	14 003
Others	40 133	2 142	(16 656)	(2 688)	22 931	12 171
Total	**368 567**	**258 903**	**(100 108)**	**(2 813)**	**524 549**	**138 612**

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

	2021	2020
	JD '000	JD '000
Balance at the beginning of the year	138 612	96 069
Additions during the year	78 584	73 566
Amortized during the year	(58 165)	(30 500)
Adjustments during the year and translation adjustments	(19)	(523)
Balance at the End of the Year	**159 012**	**138 612**

18 - BANKS AND FINANCIAL INSTITUTIONS DEPOSITS

The details of this item are as follows:

	31 December 2021			31 December 2020		
	Inside Jordan	Outside Jordan	Total	Inside Jordan	Outside Jordan	Total
	JD '000	JD '000	JD '000	JD '000	JD '000	JD '000
Current and demand	18 432	82 553	100 985	16 166	132 728	148 894
Time deposits	56 866	2 047 709	2 104 575	74 352	1 807 818	1 882 170
Total	**75 298**	**2 130 262**	**2 205 560**	**90 518**	**1 940 546**	**2 031 064**

19 - CUSTOMER DEPOSITS

The details of this item are as follows:

	31 December 2021				
	Consumer Banking	Corporates		Government and public sector	Total
		Small and medium	Large		
	JD '000	JD '000	JD '000	JD '000	JD '000
Current and demand	5 061 121	1 213 713	1 674 987	185 154	8 134 975
Savings	2 089 440	5 532	5 565	28	2 100 565
Time and notice	4 591 633	605 246	1 755 030	1 359 400	8 311 309
Certificates of deposit	430 498	-	3 763	-	434 261
Total	**12 172 692**	**1 824 491**	**3 439 345**	**1 544 582**	**18 981 110**

	31 December 2020				
	Consumer Banking	Corporates		Government and public sector	Total
		Small and medium	Large		
	JD '000	JD '000	JD '000	JD '000	JD '000
Current and demand	4 640 799	1 220 147	1 442 339	95 222	7 398 507
Savings	1 878 709	6 244	2 507	31	1 887 491
Time and notice	4 882 846	637 722	1 943 776	1 386 444	8 850 788
Certificates of deposit	346 378	411	161	-	346 950
Total	**11 748 732**	**1 864 524**	**3 388 783**	**1 481 697**	**18 483 736**

- Government of Jordan and Jordanian Public Sector deposits amounted to JD 496.5 million, or 2.6% of total customer deposits as of 31 December 2021 (JD 470.1 million, or 2.5% of total customer deposits as of 31 December 2020).
- Non-interest bearing deposits amounted to JD 6909.3 million, or 36.4% of total customer deposits as of 31 December 2021 (JD 6451.3 million, or 34.9 % of total customer deposits as of 31 December 2020).
- Blocked deposits amounted to JD 33.3 million, or 0.18% of total customer deposits as of 31 December 2021 (JD 51.1 million, or 0.28% of total customer deposits as of 31 December 2020).
- Dormant deposits amounted to JD 211.7 million, or 1.1% of total customer deposits as of 31 December 2021 (JD 237.4 million, or 1.3% of total customer deposits as of 31 December 2020).

20 - CASH MARGIN

The details of this item are as follows:

	31 December	
	2021	**2020**
	JD '000	JD '000
Against direct credit facilities at amortized cost	925 976	925 293
Against indirect credit facilities	606 622	744 918
Against margin trading	2 162	1 717
Other cash margins	1 051	1 066
Total	**1 535 811**	**1 672 994**

21 - BORROWED FUNDS

The details of this item are as follows:

	31 December	
	2021	**2020**
	JD '000	JD '000
From central banks*	113 096	118 681
From banks and financial institutions**	210 895	233 522
Total	**323 991**	**352 203**

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

	31 December	
	2021	**2020**
	JD '000	JD '000
Floating interest rate	221 024	239 626
Fixed interest rate	102 967	112 577
Total	**323 991**	**352 203**

* During 2013, Arab Bank (Jordan branches) signed a loan agreement with the Central Bank of Jordan amounting to JD 4 million, for the duration of 15 years of which 5 years are grace period with an interest rate of (2.5%) for the year 2013 and a floating interest rate of (1.8%+LIBOR 6 months) for the years after 2013. The agreement aims to support SMEs and Extra Small Companies. The loan is repaid semi-annually, with installments in March and September of each year. The Balance of the loan as of 31 December 2021 amounted to JD 2.4 million (JD 2.8 million as of 31 December 2020).

* During 2014, Arab Bank (Jordan branches) signed a loan agreement with the Central Bank of Jordan amounting to JD 2.8 million, for the duration of 10 years of which 3 years are grace period and with a fixed interest rate of 2.5%. The agreement aims to support SMEs and Extra Small Companies. The loan is repaid semi-annually, with installments in March and September of each year. The Balance of the loan as of 31 December 2021 amounted to JD 1.036 million (JD 1.428 Million as of 31 December 2020).

* Until December 31, 2021, 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 JD 72.560 million as of December 31, 2021 (JD 69.652 million as of 31 December 2020).

* During 2016, Arab Bank (Jordan branches) signed a loan agreement with the Central Bank of Jordan amounting to JD 3.6 million, for the duration of 15 years of which 5 years are grace period with a floating interest rate of (1.85%+LIBOR 6 months). The agreement aims to support SMEs and Extra Small Companies. The loan is repaid semi-annually, with installments in March and September of each year. The Balance of the loan as of 31 December 2021 amounted to JD 3.060 million (JD 3.420 million as of 31 December 2020).

* During 2017, Arab Bank (Jordan branches) signed a loan agreement with the Central Bank of Jordan amounting to JD 7.7 million, for the duration of 22 years of which 5 years are grace period with a fixed 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 2021 amounted to JD 4.668 million (JD 4.668 million as of 31 December 2020).

* During 2021, Arab Bank (Jordan branches) granted loans against diminishing advances in response to the Central Bank of Jordan program to support SMEs to face COVID-19 with 0% fixed interest rate, These loans are repaid on long term extended to 42 months, with a grace period up to 12 months. These loans as of 31 December 2021 amounted to 29.371 (JD 36.713 million of 31 December 2020).

** During 2018, Arab Bank (Jordan branches) signed loans agreements with European investment Bank amounting to JD 235 million, for the duration of 7 years, in the same year Arab Bank withdrew the first installment in the amount of JD 70.9 million for the duration of 7 years with a floating interest rate of (1.541%+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 2021 amounted to JD 51.564 million (JD 64.455 million as of 31 December 2020)

** During 2020, Arab Bank (Jordan branches) withdrew the second installment in the amount of JD 49.521 million for the duration of 7 years with a floating interest rate of (1.652%+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 2021 amounted to JD 44.569 million (the Balance of the loan as of 31 December 2020 amounted to JD 49.521 million)

** During 2020, Arab Bank (Jordan branches) withdrew the third installment in the amount of JD 114.762 million for the duration of 7 years with a floating interest rate of (1.704%+LIBOR 6 months) the interest is repaid in 2 installments during the year, the loan is repaid semi-annually in March and September of each year, the first installment will fall due on 15 September 2022 and the last one will be on 15 March 2027.

22. Provision for Income Tax

The details of this item are as follows:

	31 December	
	2021	**2020**
	JD '000	JD '000
Balance at the beginning of the year	108 031	157 562
Income tax charge	74 033	88 655
Income tax paid	(96 934)	(138 186)
Balance at the End of the Year	**85 130**	**108 031**

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

	31 December	
	2021	**2020**
	JD '000	JD '000
Income tax charge for the year	74 033	88 655
Deferred tax assets for the year	(78 528)	(73 258)
Amortization of deferred tax assets	58 165	30 500
Deferred tax liabilities for the year	801	927
Amortization of deferred tax liabilities	(30)	(3)
Total	**54 441**	**46 821**

- The bank has calculated the income tax expense according to The Jordanian income tax law No. 34/2014 amend, for the years ended in 2021 and 2020.
- The Banking income tax rate in Jordan is 38 % (35% income tax + 3% national contribution tax). While the income tax rate in the countries where the Bank has investments and branches ranges from zero to 38% as of 31 December 2021 and 2020.
- Arab Bank PLC effective tax rate was 25.9% as of 31 December 2021 and 68.2% as of 31 December 2020.
- The branches of Arab bank Plc have reached a recent tax settlements ranging between 2020 as for Arab Bank United Arab Emirates and 2019 as for Arab Bank Egypt as of 31 December 2021.

23. Other Provisions

The details of this item are as follows:

	31 December 2021					
	Balance at the Beginning ot the year	Additions	Utilized or transferred during the year	Returned to income	Adjustments during the year Translation adjustments	Balance at the end of the year
	JD '000	JD '000	JD '000	JD '000	JD '000	JD '000
End-of-service indemnity	83 085	5 346	(8 937)	(34)	(4 698)	74 762
Legal cases	5 081	984	(81)	(1 940)	(47)	3 997
Other	57 337	3 019	(549)	(16)	28	59 819
Total	**145 503**	**9 349**	**(9 567)**	**(1 990)**	**(4 717)**	**138 578**

	31 December 2020					
	Beginning Balance	Additions	Utilized or transferred	Returned to income	Adjustments \ Translation	Ending Balance
	JD '000	JD '000	JD '000	JD '000	JD '000	JD '000
End-of-service indemnity	81 066	9 516	(7 493)	(27)	23	83 085
Legal cases	5 105	85	(108)	(5)	4	5 081
Other	56 711	642	-	(42)	26	57 337
Total	**142 882**	**10 243**	**(7 601)**	**(74)**	**53**	**145 503**

24 - OTHER LIABILITIES

The details of this item are as follows:

	31 December	
	2021	**2020**
	JD '000	JD '000
Accrued interest payable	75 535	86 734
Notes payable	111 342	102 733
Interest and commission received in advance	44 549	40 763
Accrued expenses	30 546	31 007
Dividends payable to shareholders	12 841	13 762
Lease Contracts Liabilites	41 378	45 723
Provision for impairment - ECL of the indirect credit facilities*	72 778	34 833
Other miscellaneous liabilities	114 912	132 252
Total	**503 881**	**487 807**

Indirect Credit Facilities

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

	31 December 2021				31 December 2020
	Stage 1	Stage 2	Stage 3	Total	Total
	JD '000	JD '000	JD '000	JD '000	JD '000
Low risk / performing	649 672	-	-	649 672	763 949
Acceptable risk / performing	8 809 163	201 984	-	9 011 147	8 797 290
Non-performing	-	-	104 316	104 316	111 566
Total	**9 458 835**	**201 984**	**104 316**	**9 765 135**	**9 672 805**

-Probability of default at low risk 0.0% - 0.12%

-Probability of default at acceptable risk 0.12% - 24%

-Probability of default at High risk 100%

The movement on total balances of indirect credit facilities is as follows:

	31 December 2021				31 December 2020
	Stage 1	Stage 2	Stage 3	Total	Total
	JD '000	JD '000	JD '000	JD '000	JD '000
Balance at the beginning of the year	9 258 949	302 290	111 566	9 672 805	10 781 567
New balances (Additions)	2 248 124	84 403	12 068	2 344 595	3 134 321
Matured balances	(2 035 380)	(154 185)	(19 852)	(2 209 417)	(4 179 643)
Transfers to stage 1	93 325	(93 283)	(42)	-	-
Transfers to stage 2	(63 116)	63 126	(10)	-	-
Transfers to stage 3	(754)	(297)	1 051	-	-
Translation Adjustments	(42 313)	(70)	(465)	(42 848)	(63 440)
Balance at the end of the year	**9 458 835**	**201 984**	**104 316**	**9 765 135**	**9 672 805**

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

	31 December 2021				31 December 2020
	Stage 1	Stage 2	Stage 3	Total	Total
	JD '000	JD '000	JD '000	JD '000	JD '000
Balance at the beginning of the year	11 110	10 134	13 589	34 833	15 289
ECL charges during the year	2 194	6 745	45 620	54 559	17 718
Recoveries	(7 202)	(10 168)	(77)	(17 447)	(9 027)
Transfers to stage 1	24	(24)	-	-	-
Transfers to stage 2	(406)	406	-	-	-
Transfers to stage 3	(1)	(1)	2	-	-
Impact on year end ECL caused by transfers between stages during the year	-	894	-	894	2 060
Adjustments during the year	1	3	94	98	8 700
Translation Adjustments	752	(791)	(120)	(159)	93
Balance at the end of the year	**6 472**	**7 198**	**59 108**	**72 778**	**34 833**

25 - DEFERRED TAX LIABILITIES

Items attributable to deferred tax liabilities are as follows:

	31 December 2021					
	Beginning Balance	Amounts Added	Amounts Released	Translation Adjustments	Ending Balance	Deferred Tax
	JD '000	JD '000	JD '000	JD '000	JD '000	JD '000
Other	9 482	3 596	(162)	-	12 916	2 894
Total	**9 482**	**3 596**	**(162)**	**-**	**12 916**	**2 894**

	31 December 2020					
	Beginning Balance	Amounts Added	Amounts Released	Translation Adjustments	Ending Balance	Deferred Tax
	JD '000	JD '000	JD '000	JD '000	JD '000	JD '000
Other	5 326	4 159	(11)	8	9 482	2 123
Total	**5 326**	**4 159**	**(11)**	**8**	**9 482**	**2 123**

- The details of movement on deferred tax liabilities are as follows:

	2021	2020
	JD '000	JD '000
Balance at the beginning of the year	2 123	1 197
Additions during the year	801	925
Amortized during the year	(30)	-
Adjustments during the year and Translation Adjustments	-	1
Balance at the End of the Year	**2 894**	**2 123**

26 - SHARE CAPITAL AND SHARE PREMIUM

A. Share capital amounted to JD 640.8 million distributed on 640.8 million shares as of 31 December 2021 and 2020 with an authorized capital of JD 640.8 million shares (at par value of JD 1 per share).

B. Share premium amounted to JD 859.6 million as at 31 December 2021 and 2020.

27 - STATUTORY RESERVE

The statutory reserve amounted to JD 640.8 million as at 31 December 2021 and 2020 according to the regulations of the central bank of Jordan and companies law and it can't be distributed to the shareholders of the bank.

28 - VOLUNTARY RESERVE

The voluntary reserve amounted to JD 614.9 million as at 31 December 2021 and 2020. This reserve is used for the purposes determined by the Board of Directors, and the General Assembly has the right to distribute it in whole or part thereof to shareholders as dividends.

29 - GENERAL RESERVE

The general reserve amounted to JD 583.7 million as of 31 December 2021 and 2020. This reserve is used for purposes determined by the Board of Directors, and the General Assembly has the right to distribute it in whole or part thereof to shareholders as dividends.

30 - GENERAL BANKING RISK RESERVE

The general banking risk reserve amounted to JD 108.5 million as at 31 December 2021 (JD 108.5 million as at 31 December 2020).

31 - FOREIGN CURRENCY TRANSLATION RESERVE

The details of this item are as follows:

	31 December	
	2021	2020
	JD '000	JD '000
Balance at the beginning of the year	(159 966)	(198 397)
changes during the year	(100 202)	38 431
Balance at the End of the Year	**(260 168)**	**(159 966)**

32 - INVESTMENT REVALUATION RESERVE

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

The details of this item are as follows:	31 December	
	2021	**2020**
	JD '000	JD '000
Balance at the beginning of the year	(215 968)	(214 946)
Change in fair value during the year	(22 375)	(2 904)
Net realized losses transferred to retained earnings	(150)	1 882
Balance at the End of the Year *	**(238 493)**	**(215 968)**

33 - RETAINED EARNINGS

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

	31 December	
	2021	**2020**
	JD '000	JD '000
Balance at the beginning of the year	780 168	759 949
Profit for the year	156 101	21 800
Investments revaluation reserve transferred to retained earnings	150	(1 882)
Dividends paid *	(76 897)	-
Transferred from general banking risk reserve	-	301
Adjustment during the year	6 824	-
Balance at the End of the Year	**866 346**	**780 168**

* Arab Bank plc Board of Directors recommended a 20% of JD 1 par value as cash dividend, equivalent to JD 128.2 million, for the year 2021. This proposal is subject to the approval of the General Assembly of shareholders. (The General Assembly of the Arab Bank plc in its meeting held on 25 March 2021 approved the recommendation of the Bank's Board of Directors to distribute 12% of par value as cash dividends for the year 2020 equivalent to JD 76.9 million).

34 - INTEREST INCOME

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

The details of this item are as follows:	31 December	
	2021	**2020**
	JD '000	JD '000
Direct credit facilities at amortized cost *	651 861	742 515
Central Banks	50 661	36 432
Banks and financial institutions deposits	8 369	27 997
Financial assets at fair value through profit or loss	7 791	7 851
Other financial assets at amortized cost	248 795	326 470
Total	**967 477**	**1 141 265**

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

	2021					
	Consumer Banking	Corporates		Banks and Financial Institutions	Government and Public Sector	Total
		Small and Medium	Large			
	JD '000	JD '000	JD '000	JD '000	JD '000	JD '000
Discounted bills	1 206	4 168	7 884	1 272	-	14 530
Overdrafts	1 516	27 803	122 730	1	12 401	164 451
Loans and advances	100 875	39 131	242 624	1 706	23 112	407 448
Real estate loans	52 454	24	-	-	-	52 478
Credit cards	12 954	-	-	-	-	12 954
Total	**169 005**	**71 126**	**373 238**	**2 979**	**35 513**	**651 861**

	2020					
	Consumer Banking	Corporates		Banks and Financial Institutions	Government and Public Sector	Total
		Small and Medium	Large			
	JD '000	JD '000	JD '000	JD '000	JD '000	JD '000
Discounted bills	2 146	5 386	10 163	1 577	54	19 326
Overdrafts	2 542	43 172	134 310	1	10 193	190 218
Loans and advances	104 051	39 636	295 545	2 140	22 760	464 132
Real estate loans	54 362	38	-	-	-	54 400
Credit cards	14 439	-	-	-	-	14 439
Total	**177 540**	**88 232**	**440 018**	**3 718**	**33 007**	**742 515**

35 - INTEREST EXPENSE

The details of this item are as follows:

	31 December	
	2021	2020
	JD '000	JD '000
Customer deposits *	295 519	386 299
Banks' and financial institutions' deposits	13 632	28 441
Cash margins	17 456	28 942
Borrowed funds	4 852	5 534
Deposit insurance fees	12 384	13 205
Total	**343 843**	**462 421**

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

	2021				
	Consumer Banking	Corporates		Government and Public Sector	Total
		Small and Medium	Large		
	JD '000	JD '000	JD '000	JD '000	JD '000
Current and demand	17 759	1 724	9 132	949	29 564
Savings	5 855	137	5	-	5 997
Time and notice	101 302	12 458	35 165	70 565	219 490
Certificates of deposit	40 197	4	267	-	40 468
Total	**165 113**	**14 323**	**44 569**	**71 514**	**295 519**

	2020				
	Consumer Banking	Corporates		Government and Public Sector	Total
		Small and Medium	Large		
	JD '000	JD '000	JD '000	JD '000	JD '000
Current and demand	15 270	1 673	7 932	611	25 486
Savings	12 153	269	3	-	12 425
Time and notice	161 132	19 467	99 489	34 156	314 244
Certificates of deposit	34 127	13	4	-	34 144
Total	**222 682**	**21 422**	**107 428**	**34 767**	**386 299**

36. Net Commission Income

The details of this item are as follows:

	31 December	
	2021	**2020**
	JD '000	JD '000
Commission income:		
Direct credit facilities at amortized cost	48 470	46 781
Indirect credit facilities	57 188	57 625
Other	68 083	52 381
Less: Commission expense	(32 210)	(28 383)
Net Commission Income	**141 531**	**128 404**

37 - GAINS FROM FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The details of this item are as follows:

	2021			
	Realized Gains	Unrealized Gains	Dividends	Total
	JD '000	JD '000	JD '000	JD '000
Treasury bills and bonds	865	2	-	867
Corporate shares	-	-	-	-
Total	**865**	**2**	**-**	**867**

	2020			
	Realized Gains	Unrealized Gains	Dividends	Total
	JD '000	JD '000	JD '000	JD '000
Treasury bills and bonds	2 088	387	-	2 475
Corporate shares	-	105	37	142
Total	**2 088**	**492**	**37**	**2 617**

38 - DIVIDENDS FROM SUBSIDIARES AND ASSOCIATES

The details of this item are as follows:

	31 December	
	2021	**2020**
	JD '000	JD '000
Islamic International Arab Bank plc	12 000	-
Arab National Leasing Company L.L.C	3 000	5 000
Al-Nisr Al Arabi Insurance Company plc	1 500	1 250
Al-Arabi Investment Group Company L.L.C	400	850
Arab Sudanese Bank Limited	-	950
Total Dividends from Subsidiaries	**16 900**	**8 050**
Arab National Bank	71 540	31 330
Oman Arab Bank	-	13 362
Total Dividends from Associates	**71 540**	**44 692**
Total Dividends from Subsidiaries and Associates	**88 440**	**52 742**

39 - OTHER REVENUE

The details of this item are as follows:

	2021	2020
	JD '000	JD '000
Revenue from customer services	7 566	7 358
Safe box rent	1 090	839
Gains from derivatives	683	3
Miscellaneous revenue	17 057	11 530
Total	**26 396**	**19 730**

40. Employees' Expenses

The details of this item are as follows:

	2021	2020
	JD '000	JD '000
Salaries and benefits	160 593	158 837
Social security	12 830	13 135
Savings fund	1 548	1 602
Indemnity compensation	2 070	1 495
Medical	9 038	8 064
Training	1 388	720
Allowances	26 515	41 180
Other	5 232	4 983
Total	**219 214**	**230 016**

41 - OTHER EXPENSES

The details of this item are as follows:

	2021	2020
	JD '000	JD '000
Occupancy	40 452	38 920
Office	38 227	34 082
Services	29 096	28 145
Fees	8 944	9 392
Information technology	28 550	29 468
Other administrative expenses	24 850	33 007
Total	**170 119**	**173 014**

42 - FINANCIAL DERIVATIVES

- The details of movement on financial derivatives are as follows:

	31 December 2021						
				Notional amounts by maturity			
	Positive Fair Value	Negative Fair Value	Total Notional Amount	Within 3 Months	From 3 Months to 1 Years	From 1 Year to 3 Years	More than 3 Years
	JD '000	JD '000	JD '000	JD '000	JD '000	JD '000	JD '000
Interest rate swaps	7 090	4 326	2 069 266	149 979	409 596	460 834	1 048 857
Foreign currency forward contracts	6 957	-	6 295 316	5 113 419	1 124 821	57 076	-
Derivatives held for trading	**14 047**	**4 326**	**8 364 582**	**5 263 398**	**1 534 417**	**517 910**	**1 048 857**
Interest rate swaps	18 288	18 178	773 673	-	238 924	238 873	295 876
Foreign currency forward contracts	-	-	-	-	-	-	-
Derivatives held for fair value hedge	**18 288**	**18 178**	**773 673**	**-**	**238 924**	**238 873**	**295 876**
Interest rate swaps	-	-	-	-	-	-	-
Foreign currency forward contracts	-	-	-	-	-	-	-
Derivatives held for cash flow hedge	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total	**32 335**	**22 504**	**9 138 255**	**5 263 398**	**1 773 341**	**756 783**	**1 344 733**

	31 December 2020						
				Notional amounts by maturity			
	Positive Fair Value	Negative Fair Value	Total Notional Amount	Within 3 Months	From 3 Months to 1 Years	From 1 Year to 3 Years	More than 3 Years
	JD '000	JD '000	JD '000	JD '000	JD '000	JD '000	JD '000
Interest rate swaps	13 033	10 042	856 501	218 982	221 179	241 721	174 619
Foreign currency forward contracts	2 810	14 730	5 502 467	4 282 724	1 218 327	1 416	-
Derivatives held for trading	**15 843**	**24 772**	**6 358 968**	**4 501 706**	**1 439 506**	**243 137**	**174 619**
Interest rate swaps	27 384	28 291	1 062 897	134 456	294 815	563 670	69 956
Foreign currency forward contracts	-	-	-	-	-	-	-
Derivatives held for fair value hedge	**27 384**	**28 291**	**1 062 897**	**134 456**	**294 815**	**563 670**	**69 956**
Interest rate swaps	-	-	-	-	-	-	-
Foreign currency forward contracts	-	-	-	-	-	-	-
Derivatives held for cash flow hedge	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total	**43 227**	**53 063**	**7 421 865**	**4 636 162**	**1 734 321**	**806 807**	**244 575**

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

43 - CONCENTRATION OF ASSETS AND REVENUES AND CAPITAL EXPENDITURES ACCORDING TO THE GEOGRAPHICAL DISTRIBUTION

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

	Inside Jordan		Outside Jordan		Total	
	2021	**2020**	**2021**	**2020**	**2021**	**2020**
	JD '000	JD '000	JD '000	JD '000	JD '000	JD '000
Revenue	339 450	335 853	592 223	592 945	931 673	928 798
Assets	10 349 331	9 501 981	17 266 148	17 687 112	27 615 479	27 189 093
Capital expenditures	17 111	12 311	17 555	72 475	34 666	84 786

44 BUSINESS SEGMENTS

The Bank has an integrated group of products and services dedicated to serve the Bank's cus-tomers 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

This Bank provides banking services and finances the following: corporate sector, private pro-jects, foreign trading, small and medium sized projects, and banks and financial institutions.

2. Treasury Bank

This Bank is considered a source of financing for the Bank, in general, and for the strategic busi-ness units, in particular. It steers the financing of the Bank, and manages both the Bank's cash liquidity and market risks.

Moreover, this Bank is responsible for the management of the Bank's assets and liabilities within the frame set by the Assets and Liabilities Committee.

This Bank is considered the main source in determining the internal transfer prices within the Bank's business units, in addition to being a central unit for the financial organization and main dealing in the following:

- Foreign exchange.
- Foreign exchange derivatives.
- Money market instruments.
- Certificates of deposit.
- Interest rate swaps.
- Other various derivatives.

3. Consumer Banking

The Consumer Banking division is focused on offering customers an extensive range of feature-rich value proposition through its vast branch network and integrated direct banking channels, both locally and regionally. Consumer Banking provides a comprehensive range of programs that are specifically designed to cater to the needs of a diverse customer base. These range from Jeel Al Arabi, the special program for children, to Elite, the exclusive service offered to our high net worth clients. The Bank believes in building meaningful customer relationships, placing client needs at the heart of our services and constantly reassessing those services in line with evolv-ing customer needs and expectations.

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 ser-vices and channels. A key element of the bank's long term strategy is to offer banking services at a regional level by introducing cross-border solutions to our Elite and Arabi Premium clients throughout the Bank's branch network and online banking services.

Information about the Bank's Business Segments

	31 December 2021					
	Corporate and Institutional Banking	Treasury	Consumer Banking		Other	Total
			Elite	Retail Banking		
	JD '000	JD '000	JD '000	JD '000	JD '000	JD '000
Total income	466 475	320 262	(86 740)	134 332	97 344	931 673
Net inter-segment interest income	(26 171)	(191 551)	170 892	46 830	-	-
Less:						
Provision for impairment -ECL	245 888	596	(652)	9 639	-	255 471
Other provisions	2 370	910	589	3 490	-	7 359
Direct administrative expenses	69 670	8 414	13 969	97 317	42 284	231 654
Result of operations of segments	**122 376**	**118 791**	**70 246**	**70 716**	**55 060**	**437 189**
Indirect expenses on segments	103 332	24 256	15 574	81 936	1 549	226 647
Profit for the year before income tax	**19 044**	**94 535**	**54 672**	**(11 220)**	**53 511**	**210 542**
Income tax expense	4 924	24 444	14 137	(2 901)	13 837	54 441
Profit (loss) for the Year	**14 120**	**70 091**	**40 535**	**(8 319)**	**39 674**	**156 101**
Depreciation and amortization	11 756	2 593	1 555	17 603	-	33 507
Other Information						
Segment assets	9 981 743	13 083 657	642 381	2 225 261	633 715	26 566 757
Inter-segment assets	-	-	8 670 267	1 101 211	2 930 727	-
Investments in associates and subsidiaries	-	-	-	-	1 048 722	1 048 722
Total Assets	**9 981 743**	**13 083 657**	**9 312 648**	**3 326 472**	**4 613 164**	**27 615 479**
Segment liabilities	8 481 596	1 881 599	9 312 648	3 326 472	797 144	23 799 459
Shareholders' equity	-	-	-	-	3 816 020	3 816 020
Inter-segment liabilities	1 500 147	11 202 058	-	-	-	-
Total Liabilities and Shareholders' Equity	**9 981 743**	**13 083 657**	**9 312 648**	**3 326 472**	**4 613 164**	**27 615 479**

Information about the Bank's Business Segments

	31 December 2020					
	Corporate and Institutional Banking	Treasury	Consumer Banking		Other	Total
			Elite	Retail Banking		
	JD '000	JD '000	JD '000	JD '000	JD '000	JD '000
Total income	494 596	381 615	(114 983)	105 947	61 623	928 798
Net inter-segment interest income	(39 827)	(247 371)	211 203	75 995	-	-
Less:						
Provision for impairment -ECL	275 385	79 619	2 587	47 279	-	404 870
Other provisions	3 785	931	647	4 806	-	10 169
Direct administrative expenses	69 817	9 400	12 903	93 824	-	185 944
Result of operations of segment	**105 782**	**44 294**	**80 083**	**36 033**	**61 623**	**327 815**
Less: Indirect expenses on segments	115 967	26 424	18 563	96 565	1 675	259 194
Profit for the year before income tax	**(10 185)**	**17 870**	**61 520**	**(60 532)**	**59 948**	**68 621**
Income tax expense	(6 950)	12 193	41 977	(41 302)	40 903	46 821
Profit (loss) for the Year	**(3 235)**	**5 677**	**19 543**	**(19 230)**	**19 045**	**21 800**
Depreciation and amortization	11 622	2 452	1 620	17 194	-	32 888
Other Information						
Segment assets	9 763 999	12 939 211	634 485	2 137 756	639 261	26 114 712
Inter-segment assets	-	-	8 179 479	1 256 182	3 089 529	-
Investments in associates and subsidiaries	-	-	-	-	1 074 381	1 074 381
Total Assets	**9 763 999**	**12 939 211**	**8 813 964**	**3 393 938**	**4 803 171**	**27 189 093**
Segment liabilities	8 482 128	1 695 892	8 813 964	3 393 938	950 602	23 336 524
Shareholders' equity	-	-	-	-	3 852 569	3 852 569
Inter-segment liabilities	1 281 871	11 243 319	-	-	-	-
Total Liabilities and Shareholders' Equity	**9 763 999**	**12 939 211**	**8 813 964**	**3 393 938**	**4 803 171**	**27 189 093**

45. BANKING RISK MANAGEMENT

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

As part of the risk governance structure of the Bank, and as the second level of control, Bank Risk Management is responsible for ensuring that the Bank has a robust system for the identifi-cation 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 vari-ous sectors and various geographic locations inside and outside the Kingdom.

Note (46 - 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 in-creases in assets and meet obligations as they come due, without incurring unacceptable losses. Arab Bank has built a robust infrastructure of policies, processes and people, in order to ensure that all obligations are met in a timely manner, under all circumstances and without undue cost. The Bank uses a variety of tools to measure liquidity risk in the balance sheet. These metrics help the Bank to plan and manage its funding and help to identify any mismatches in assets and liabilities which may expose the Bank to roll risk.

Note (49) shows the maturities of the assets and liabilities of the Bank.

d. Market Risk

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

Note (47) shows the details of market risk sensitivity analysis.

1. Interest Rate Risk

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

Derivatives held for risk management purposes and hedge accounting:

The Bank holds derivatives for risk management purposes, some of which are designated as hedging relationships and management is in the process of assessing the impact.

Note (48) shows the details of the interest rate risk sensitivity of the Bank.

2. Capital Market Exposures

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

3. Foreign Exchange Risk

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

Note (50) shows the net positions of foreign currencies.

e. Hyperinflationary economy

The economy of the Republic of Yemen where the Bank has a branch is deemed as a hyperinfla-tionary economy, therefore the financial statements of the branch were adjusted so that they are stated in terms of the current measuring unit at the end of the reporting period.

This involves restatement of income and expenses to reflect changes in the general price index from the start of the reporting period, restatement of non-monetary items in the statement of fi-nancial position in order to reflect the current purchasing power as at the period end using a general price index from the date when they were first recognized and restatement of the com-ponents of owners' equity, except retained earnings, by applying a general price index from the dates the components were contributed or otherwise arose. The impact of applying the require-ments of IAS 29 on the branch resulted in an adjustment to the equity with a total amount of JD 7.6 million and a loss on the net monetary position for the current year amounted to JD 7.4 million which was included in the statement of income.

Since the operations of the branch are translated into the functional currency of the Bank, which is a non-hyperinflationary economy, comparative amounts of the branch included in 2020 finan-cial statements are not restated (i.e., not adjusted for subsequent changes in the price level or subsequent changes in exchange rates).

The main implications of the above are as follows:

- The historical cost of non-monetary assets and liabilities and various components of equi-ty are adjusted from their date of acquisition to the year ended 31 December 2021;
- Income statement is adjusted to reflect the financial gain or loss caused by the impact of inflation during the year on net monetary assets or liabilities (gain or loss of purchasing power); and

The cumulative impact of the accounting restatement to adjust for the effects of hyperinflation for year 2021 is reflected in the statement of changes in equity.

f. Operational Risk

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

46 - CREDIT RISK

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

	31 December	
	2021	**2020**
	JD '000	JD '000
Credit risk exposures relating to items on statement of financial position:		
Balances with central banks	5 256 137	4 410 865
Balances with banks and financial institutions	2 641 667	3 498 702
Deposits with banks and financial institutions	63 964	63 451
Financial assets at fair value through profit or loss	3 353	47 642
Direct credit facilities at amortized cost	**11 445 175**	**11 649 462**
Consumer banking	2 376 947	2 291 125
Small and medium corporate	980 798	1 063 469
Large corporate	6 963 007	7 490 428
Banks and financial institutions	179 264	74 155
Government and public sector	945 159	730 285
Other financial assets at amortized cost	5 822 079	5 078 701
financial derivatives - positive fair value	32 335	43 227
Other assets	144 245	131 320
Total credit exposure related to items on statement of financial position:	**25 408 955**	**24 923 370**
Total items off the statement of financial position	**9 692 357**	**9 637 972**
Grand Total	**35 101 312**	**34 561 342**

The table above shows the maximum limit of the bank credit risk as of 31 December 2021 and 2020 excluding collaterals or risks mitigations.

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

	Total Credit Risk Exposure	Fair Value of Collaterals		
		Cash	Banks accepted letters of guarantees	Real estate properties
	JD '000	JD '000	JD '000	JD '000
Credit exposures relating to items on statement of financial position:				
Balances with central banks	5 341 485	-	-	-
Balances with banks and financial institutions	2 641 999	-	-	-
Deposits with banks and financial institutions	64 090	-	-	-
Financial assets at fair value through profit or loss	3 353	-	-	-
Direct credit facilities at amortized cost	**13 125 297**	**653 344**	**116 870**	**1 693 072**
Consumer Banking	2 572 821	222 226	14	30 403
Small and Medium Corporates	1 221 437	103 009	27 811	360 362
Large Corporates	8 200 942	327 996	89 045	1 297 807
Banks and Financial Institutions	182 594	-	-	-
Government and Public Sector	947 503	113	-	4 500
Other financial assets at amortized cost	5 830 930	-	-	-
Financial derivatives - positive fair value	32 335	-	-	-
Other assets	144 245	-	-	-
Total Credit exposures relating to items on statement of financial position	**27 183 734**	**653 344**	**116 870**	**1 693 072**
Total Credit exposures relating to items off statement of financial position	**9 765 135**	**611 000**	**33 145**	**95 318**
Grand Total	**36 948 869**	**1 264 344**	**150 015**	**1 788 390**
Grand Total as of 31 December 2020	**36 124 903**	**1 399 011**	**162 904**	**1 974 292**

						31 December 2021
	Listed securities	Vehicles and equipment	Other	Total	Net Exposure	Expected Credit Loss
	JD '000	JD '000	JD '000	JD '000	JD '000	JD '000
	-	-	-	-	5 341 485	85 348
	-	-	-	-	2 641 999	332
	-	-	-	-	64 090	126
	-	-	-	-	3 353	-
	295 748	**279 994**	**2 857 793**	**5 896 821**	**7 228 476**	**1 283 630**
	2 688	251	779 985	1 035 567	1 537 254	141 243
	2 282	18 136	247 153	758 753	462 684	162 975
	290 778	261 607	1 686 819	3 954 052	4 246 890	973 773
	-	-	7 120	7 120	175 474	3 295
	-	-	136 716	141 329	806 174	2 344
	-	-	-	-	5 830 930	8 851
	-	-	-	-	32 335	-
	-	-	-	-	144 245	-
	295 748	**279 994**	**2 857 793**	**5 896 821**	**21 286 913**	**1 378 287**
	1 763	**12 746**	**1 565 695**	**2 319 667**	**7 445 468**	**72 778**
	297 511	**292 740**	**4 423 488**	**8 216 488**	**28 732 381**	**1 451 065**
	259 601	**376 775**	**4 217 893**	**8 390 476**	**27 734 427**	**1 225 243**

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

	Total Credit Risk Exposure	Cash	Banks accepted letters of guarantees
	JD '000	JD '000	JD '000
Credit exposures relating to items on statement of financial position:			
Balances with central banks	-	-	-
Balances with banks and financial institutions	-	-	-
Deposits with banks and financial institutions	-	-	-
Financial assets at fair value through profit or loss	-	-	-
Direct credit facilities at amortized cost	**1 316 690**	**10 100**	**-**
Consumer Banking	174 633	76	-
Small and Medium Corporates	232 711	908	-
Large Corporates	906 807	9 116	-
Banks and Financial Institutions	2 539	-	-
Government and Public Sector	-	-	-
Other financial assets at amortized cost	-	-	-
Financial derivatives - positive fair value	-	-	-
Other assets	-	-	-
Total Credit exposures relating to items on statement of financial position	**1 316 690**	**10 100**	**-**
Total Credit exposures relating to items off statement of financial position	**104 316**	**-**	**-**
Grand Total	**1 421 006**	**10 100**	**-**
Grand Total as of 31 December 2020	**1 371 903**	**12 085**	**139**

							31 December 2021
	Fair Value of Collaterals						
	Real estate properties	Listed securities	Vehicles and equipment	Other	Total	Net Exposure	Expected Credit Loss
	JD '000	JD '000	JD '000	JD '000	JD '000	JD '000	JD '000
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	103 208	**257**	**11 537**	**40 184**	**165 286**	**1 151 404**	**867 690**
	6 275	-	71	10 656	17 078	157 555	108 394
	28 941	148	305	7 238	37 540	195 171	135 942
	67 992	109	11 161	22 290	110 668	796 139	620 850
	-	-	-	-	-	2 539	2 504
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	103 208	**257**	**11 537**	**40 184**	**165 286**	**1 151 404**	**867 690**
	-	**-**	**-**	**-**	**-**	**104 316**	**59 108**
	103 208	**257**	**11 537**	**40 184**	**165 286**	**1 255 720**	**926 798**
	113 159	**84**	**24 716**	**27 825**	**178 008**	**1 193 895**	**750 609**

- Reclassified Credit Exposures :

	31 December 2021					
	Stage 2		Stage 3			
	Total Credit Risk Exposure	Reclassified Credit Risk Exposure	Total Credit Risk Exposure	Reclassified Credit Risk Exposure	Total Reclassified Credit Risk Exposure	Percentage of Reclassified Credit Risk Exposure (%)
	JD '000	JD '000	JD '000	JD '000	JD '000	JD '000
Credit exposures relating to items on statement of financial position:						
Balances with central banks	509 749	-	-	-	-	0.0%
Direct credit facilities at amortized cost	2 009 514	360 755	1 316 690	78 401	439 156	13.2%
Other financial assets at amortized cost	47 277	3 999	-	-	3 999	8.5%
Total Credit exposures relating to items on statement of financial position	**2 566 540**	**364 754**	**1 316 690**	**78 401**	**443 155**	**11.4%**
Total Credit exposures relating to items off statement of financial position	**201 984**	**(30 454)**	**104 316**	**999**	**(29 455)**	**-9.6%**
Grand Total	**2 768 524**	**334 300**	**1 421 006**	**79 400**	**413 700**	**9.9%**
Grand Total as of 31 December 2020	**2 566 901**	**439 133**	**1 371 903**	**368 905**	**808 038**	**20.5%**

- Reclassified Expected Credit Losses :

	31 December 2021					
	Stage 2		Stage 3			
	Total Expected Credit Loss	Reclassified Expected Credit Loss	Total Expected Credit Loss	Reclassified Expected Credit Loss	Total Reclassified Expected Credit Loss	Percentage of Reclassified Expected Credit Loss (%)
	JD '000	JD '000	JD '000	JD '000	JD '000	JD '000
Credit exposures relating to items on statement of financial position:						
Balances with central banks	84 730	-	-	-	-	0.0%
Direct credit facilities at amortized cost	377 497	(27 825)	867 690	32 899	5 074	0.4%
Other financial assets at amortized cost	3 605	-	-	-	-	0.0%
Total Credit exposures relating to items on statement of financial position	**465 832**	**(27 825)**	**867 690**	**32 899**	**5 074**	**0.4%**
Total Credit exposures relating to items off statement of financial position	**7 198**	**381**	**59 108**	**2**	**383**	**0.6%**
Grand Total	**473 030**	**(27 444)**	**926 798**	**32 901**	**5 457**	**0.4%**
Grand Total as of 31 December 2020	**387 255**	**(25 439)**	**750 609**	**28 093**	**2 654**	**0.2%**

- Expected Credit Losses for Reclassified Credit Exposures:

	31 December 2021						
	Reclassified Credit Exposures			Expected Credit Losses for Reclassified Credit Exposures:			
	Reclassified Credit Exposures from Stage 2	Reclassified Credit Exposures from Stage 3	Total Reclassified Credit Exposures	"Stage 2 (Individual)"	"Stage 2 (Collective)"	"Stage 3 "	Total
	JD '000	JD '000	JD '000	JD '000	JD '000	JD '000	JD '000
Credit exposures relating to items on statement of financial position:			-				
Other financial assets at amortized cost	360 755	78 401	439 156	(528)	721	49 161	49 354
Other assets and financial derivatives - positive fair value	3 999	-	3 999	-	-	-	-
Total Credit exposures relating to items on statement of financial position	**364 754**	**78 401**	**443 155**	**(528)**	**721**	**49 161**	**49 354**
Total Credit exposures relating to items off statement of financial position	**(30 454)**	**999**	**(29 455)**	**1 275**	**-**	**2**	**1 277**
Grand Total	**334 300**	**79 400**	**413 700**	**747**	**721**	**49 163**	**50 631**
Grand Total as of 31 December 2020	**439 133**	**368 905**	**808 038**	**(4 396)**	**4 188**	**61 414**	**61 206**

D. Classification of debt securities based on risk degree:

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

	31 December 2021		
	Financial Assets at Fair Value through Profit or Loss	Other Financial Assets at Amortized Cost	Total
Credit Rating	JD '000	JD '000	JD '000
Private sector:			
AAA to A-	-	216 994	216 994
BBB+ to B-	-	33 801	33 801
Below B-	-	-	-
Unrated	-	58 807	58 807
Government and public sector	3 353	5 512 477	5 515 830
Total	**3 353**	**5 822 079**	**5 825 432**

	31 December 2020		
	Financial Assets at Fair Value through Profit or Loss	Other Financial Assets at Amortized Cost	Total
Credit Rating	JD '000	JD '000	JD '000
Private sector:			
AAA to A-	-	155 942	155 942
BBB+ to B-	-	21 880	21 880
Below B-	-	-	-
Unrated	-	52 235	52 235
Government and public sector	47 642	4 848 644	4 896 286
Total	**47 642**	**5 078 701**	**5 126 343**

E. Credit exposure categorized by geographical distribution:

	31 December 2021						
	Jordan	Other Arab Countries	Asia *	Europe	America	Rest of the World	**Total**
	JD '000	JD '000	JD '000	JD '000	JD '000	JD '000	JD '000
Balances with central banks	2 530 681	2 725 269	187	-	-	-	**5 256 137**
Balances and deposits with banks and financial institutions	151 963	625 808	103 164	1 528 155	262 973	33 568	**2 705 631**
Financial assets at fair value through profit or loss	-	3 353	-	-	-	-	**3 353**
Direct credit facilities at amortized cost	**4 114 387**	**7 181 110**	**146 252**	**2 926**	**500**	**-**	**11 445 175**
Consumer Banking	1 057 038	1 319 362	71	476	-	-	2 376 947
Small and Medium Corporates	444 913	535 705	-	180	-	-	980 798
Large Corporates	2 459 290	4 365 311	137 906	-	500	-	6 963 007
Banks and Financial Institutions	13 861	161 918	1 215	2 270	-	-	179 264
Government and Public Sector	139 285	798 814	7 060	-	-	-	945 159
Other financial assets at amortized cost	2 979 660	2 794 024	25 870	-	22 525	-	**5 822 079**
Financial derivatives - positive fair value	5 725	26 583	-	27	-	-	**32 335**
Other assets	45 083	98 580	491	31	60	-	**144 245**
Total	**9 827 499**	**13 454 727**	**275 964**	**1 531 139**	**286 058**	**33 568**	**25 408 955**
Grand Total as of 31 December 2020	**8 979 773**	**13 291 215**	**513 475**	**1 697 909**	**422 419**	**18 579**	**24 923 370**

* Excluding Arab Countries

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

	31 December 2021					
	Stage 1		Stage 2		Stage 3	Total
	(Individual)	(Collective)	(Individual)	(Collective)		
	JD '000	JD '000	JD '000	JD '000	JD '000	JD '000
Jordan	7 763 003	1 032 221	980 442	17 503	34 330	9 827 499
Other Arab Countries	11 064 420	1 277 455	1 033 655	34 654	44 543	13 454 727
Asia*	267 483	71	8 410	-	-	275 964
Europe	1 530 663	476	-	-	-	1 531 139
America	286 058	-	-	-	-	286 058
Rest of the World	33 568	-	-	-	-	33 568
Total	**20 945 195**	**2 310 223**	**2 022 507**	**52 157**	**78 873**	**25 408 955**
Grand Total as of 31 December 2020	**20 657 696**	**2 192 851**	**1 801 182**	**70 304**	**201 337**	**24 923 370**

* Excluding Arab Countries.

F. Credit exposure categorized by economic sector

	Consumer Banking	Industry and Mining	Constructions	Real estate	Trade
	JD '000	JD '000	JD '000	JD '000	JD '000
Balances with Central Banks	-	-	-	-	-
Balances and deposits with banks and financial institutions	-	-	-	-	-
Financial assets at fair value through profit or loss	-	-	-	-	-
Direct credit facilities at amortized cost	2 376 947	2 334 090	1 014 905	646 111	1 969 558
Other financial assets at amortized cost	-	78 381	-	4 927	-
financial derivatives - positive fair value	58	266	5	-	498
Other assets	16 180	12 391	4 491	2 933	13 897
Total	**2 393 185**	**2 425 128**	**1 019 401**	**653 971**	**1 983 953**
Grand Total as of 31 December 2020	**2 302 527**	**2 531 421**	**1 123 570**	**797 057**	**2 097 919**

31 December 2021							
Corporates					Banks and Financial Institutions	Government and Public Sector	Total
Agriculture	Tourism and Hotels	Transportation	Shares	General Services			
JD '000	JD '000	JD '000	JD '000	JD '000	JD '000	JD '000	JD '000
-	-	-	-	-	-	5 256 137	5 256 137
-	-	-	-	-	2 705 631	-	2 705 631
-	-	-	-	-	-	3 353	3 353
110 896	228 977	117 198	5 313	1 516 757	179 264	945 159	11 445 175
-	-	-	-	21 057	205 239	5 512 475	5 822 079
-	-	-	-	5 264	26 083	161	32 335
358	606	362	-	17 059	20 588	55 380	144 245
111 254	**229 583**	**117 560**	**5 313**	**1 560 137**	**3 136 805**	**11 772 665**	**25 408 955**
118 430	**217 167**	**144 242**	**8 500**	**1 643 669**	**3 837 471**	**10 101 397**	**24 923 370**

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

	31 December 2021					
	Stage 1		Stage 2		Stage 3	Total
	(Individual)	(Collective)	(Individual)	(Collective)		
	JD '000	JD '000	JD '000	JD '000	JD '000	JD '000
Consumer Banking	16 235	2 310 223	-	52 157	14 570	2 393 185
Industry and Mining	1 981 387	-	405 532	-	38 209	2 425 128
Constructions	759 101	-	246 852	-	13 448	1 019 401
Real Estate	510 753	-	142 030	-	1 188	653 971
Trade	1 598 110	-	380 018	-	5 825	1 983 953
Agriculture	65 342	-	44 415	-	1 497	111 254
Tourism and Hotels	80 156	-	148 510	-	917	229 583
Transportation	58 649	-	58 682	-	229	117 560
Shares	5 313	-	-	-	-	5 313
General Service	1 473 903	-	83 244	-	2 990	1 560 137
Banks and Financial Institutions	3 117 824	-	18 981	-	-	3 136 805
Government and Public Sector	11 278 425	-	494 240	-	-	11 772 665
Total	**20 945 198**	**2 310 223**	**2 022 504**	**52 157**	**78 873**	**25 408 955**
Grand Total as of 31 December 2020	**20 657 696**	**2 192 851**	**1 801 182**	**70 304**	**201 337**	**24 923 370**

47 - MARKET RISK

Assuming market prices as at 31 December 2021 and 2020 change by 5%, the impact on statement of income and shareholders equity will be as follows:

	31 December 2021			31 December 2020		
	Statement of Income	Shareholders' Equity	Total	Statement of Income	Shareholders' Equity	Total
	JD '000	JD '000	JD '000	JD '000	JD '000	JD '000
Interest rate sensitivity	23 578	-	23 578	10 943	-	10 943
Foreign exchange rate sensitivity	1 362	29 511	30 873	597	30 994	31 591
Equity instruments price sensitivity	-	6 680	6 680	51	7 728	7 779
Total	**24 940**	**36 191**	**61 131**	**11 591**	**38 722**	**50 313**

48 - INTEREST RATE RISK

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

	Up to 1 Month	More than 1 Month and till 3 Months	More than 3 Months and till 6 Months	More than 6 Months and till 1 Year	More than 1 Year and till 3 Years	More than 3 Years	Not Tied to Interest Rate Risk	Total
	JD '000	JD '000	JD '000	JD '000	JD '000	JD '000	JD '000	JD '000
Assets								
Cash at vaults	-	-	-	-	-	-	429 853	429 853
Mandatory cash reserve	-	-	-	-	-	-	936 723	936 723
Balances with central banks	3 436 958	5 189	-	17 730	-	-	859 537	4 319 414
Balances and deposits with banks and financial institutions	1 396 249	1 154 575	15 323	14 874	33 766	-	90 844	2 705 631
Financial assets at fair value through profit or loss	-	1 753	968	67	562	3	-	3 353
Direct credit facilities at amortized cost	3 860 137	1 774 728	1 158 638	723 844	1 030 818	2 897 010	-	11 445 175
Financial assets at fair value through other comprehensive income	-	-	-	-	-	-	133 601	133 601
Other financial assets at amortized cost	418 083	922 770	545 934	899 824	2 288 527	746 941	-	5 822 079
Investment in subsidiaries and associates	-	-	-	-	-	-	1 048 722	1 048 722
Fixed assets	-	-	-	-	-	-	215 995	215 995
Other assets and financial derivatives - positive fair value	21 077	17 899	27 528	1 412	29 132	10 388	288 485	395 921
Deferred tax assets	-	-	-	-	-	-	159 012	159 012
Total assets	**9 132 504**	**3 876 914**	**1 748 391**	**1 657 751**	**3 382 805**	**3 654 342**	**4 162 772**	**27 615 479**
Liabilities								
Banks' and financial institutions' deposits	1 272 118	616 270	177 336	38 214	240	397	100 985	2 205 560
Customer deposits	6 470 669	1 964 365	1 226 193	1 713 837	589 102	107 686	6 909 258	18 981 110
Cash margin	361 769	560 517	219 325	148 502	58 114	9 089	178 495	1 535 811
Borrowed funds	85 373	221 433	10 017	4 182	2 986	-	-	323 991
Provision for income tax	-	-	-	-	-	-	85 130	85 130
Other Provisions	-	-	-	-	-	-	138 578	138 578
Other liabilities and financial derivatives - negative fair value	36 102	12 192	19 774	3 233	9 388	8 280	437 416	526 385
Deferred tax liabilities	-	-	-	-	-	-	2 894	2 894
Total liabilities	**8 226 031**	**3 374 777**	**1 652 645**	**1 907 968**	**659 830**	**125 452**	**7 852 756**	**23 799 459**
Gap	**906 473**	**502 137**	**95 746**	**(250 217)**	**2 722 975**	**3 528 890**	**(3 689 984)**	**3 816 020**

Exposure to interest rate volatility as of 31 December 2020 (classification is based on interest rate repricing or maturity date, whichever is nearer).

	Up to 1 Month	More than 1 Month and till 3 Months	More than 3 Months and till 6 Months	More than 6 Months and till 1 Year	More than 1 Year and till 3 Years	More than 3 Years	Not Tied to Interest Rate Risk	Total
	JD '000	JD '000	JD '000	JD '000	JD '000	JD '000	JD '000	JD '000
Assets								
Cash at vaults	-	-	-	-	-	-	422 391	422 391
Mandatory cash reserve	-	-	-	-	-	-	1 035 110	1 035 110
Balances with central banks	2 302 964	398 496	-	-	17 730	-	656 565	3 375 755
Balances and deposits with banks and financial institutions	2 195 836	1 302 867	7 090	41 826	14 534	-	-	3 562 153
Financial assets at fair value through profit or loss	286	133	1 772	3 465	12 838	29 148	1 015	48 657
Direct credit facilities at amortized cost	3 419 657	1 579 501	1 642 361	982 465	1 047 449	2 978 029	-	11 649 462
Financial assets at fair value through other comprehensive income	-	-	-	-	-	-	154 564	154 564
Other financial assets at amortized cost	838 234	736 367	445 687	915 925	1 765 265	377 223	-	5 078 701
Investment in subsidiaries and associates	-	-	-	-	-	-	1 074 381	1 074 381
Fixed assets	-	-	-	-	-	-	225 022	225 022
Other assets and financial derivatives - positive fair value	52 262	26 547	32 650	37	18 285	5	294 499	424 285
Deferred tax assets	-	-	-	-	-	-	138 612	138 612
Total assets	**8 809 239**	**4 043 911**	**2 129 560**	**1 943 718**	**2 876 101**	**3 384 405**	**4 002 159**	**27 189 093**
Liabilities								
Banks' and financial institutions' deposits	904 959	372 613	532 726	17 659	53 349	864	148 894	2 031 064
Customer deposits	6 239 286	2 263 258	1 320 826	1 863 503	281 174	64 378	6 451 311	18 483 736
Cash margin	388 018	789 879	157 475	161 191	17 378	13 391	145 662	1 672 994
Borrowed funds	87 393	244 544	15 423	3 951	892	-	-	352 203
Provision for income tax	-	-	-	-	-	-	108 031	108 031
Other Provisions	-	-	-	-	-	-	145 503	145 503
Other liabilities and financial derivatives - negative fair value	84 682	24 808	24 055	2 198	-	13	405 114	540 870
Deferred tax liabilities	-	-	-	-	-	-	2 123	2 123
Total liabilities	**7 704 338**	**3 695 102**	**2 050 505**	**2 048 502**	**352 793**	**78 646**	**7 406 638**	**23 336 524**
Gap	**1 104 901**	**348 809**	**79 055**	**(104 784)**	**2 523 308**	**3 305 759**	**(3 404 479)**	**3 852 569**

49 - LIQUIDITY RISK

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

	Within 1 Months	After 1 Month and till 3 Months	After 3 Months and till 6 Months	After 6 Months and till One Year	After One Year and till 3 Years	After 3 Years	Not Tied to a Specific Maturity	Total
	JD '000	JD '000	JD '000	JD '000	JD '000	JD '000	JD '000	JD '000
Liabilities								
Banks' and financial institutions' deposits	1 272 140	616 326	177 336	38 534	240	397	100 985	2 205 958
Customer deposits	5 349 365	1 945 355	1 243 112	1 736 975	671 385	822	8 134 973	19 081 987
Cash margin	363 074	559 625	219 710	150 029	59 159	9 310	178 568	1 539 475
Borrowed funds	484	8 248	9 065	14 100	44 290	249 340	-	325 527
Provision for income tax	-	-	-	-	-	-	85 130	85 130
Other provisions	-	-	-	-	-	-	138 578	138 578
Financial derivatives - negative fair value	1 973	94	1 645	1 102	9 388	8 280	22	22 504
Other liabilities	34 106	12 098	18 129	2 131	-	-	437 417	503 881
Deferred tax liabilities	-	-	-	-	-	-	2 894	2 894
Total Liabilities	**7 021 142**	**3 141 746**	**1 668 997**	**1 942 871**	**784 462**	**268 149**	**9 078 567**	**23 905 934**
Total assets according to expected maturities	**7 318 130**	**3 014 733**	**1 887 335**	**1 919 278**	**3 886 293**	**4 926 424**	**4 663 286**	**27 615 479**

The below is the distribution of the liabilities (undiscounted) according to the residual maturity as of 31 December 2020:

	Within 1 Months	After 1 Month and till 3 Months	After 3 Months and till 6 Months	After 6 Months and till One Year	After One Year and till 3 Years	After 3 Years	Not Tied to a Specific Maturity	Total
	JD '000	JD '000	JD '000	JD '000	JD '000	JD '000	JD '000	JD '000
Liabilities								
Banks' and financial institutions' deposits	905 172	372 678	532 731	17 706	54 327	864	148 894	2 032 372
Customer deposits	5 252 904	2 284 668	1 302 763	1 743 360	504 415	132 164	7 398 507	18 618 781
Cash margin	388 292	790 096	157 922	162 582	17 378	13 391	145 664	1 675 325
Borrowed funds	5 385	8 162	7 906	3 056	56 316	271 500	-	352 325
Provision for income tax	-	-	-	-	-	-	108 031	108 031
Other provisions	-	-	-	-	-	-	145 503	145 503
Financial derivatives - negative fair value	16 134	815	324	1 559	24 797	9 434	-	53 063
Other liabilities	50 236	12 146	18 110	2 198	-	-	405 117	487 807
Deferred tax liabilities	-	-	-	-	-	-	2 123	2 123
Total Liabilities	**6 618 123**	**3 468 565**	**2 019 756**	**1 930 461**	**657 233**	**427 353**	**8 353 839**	**23 475 330**
Total assets according to expected maturities	**6 808 882**	**3 075 293**	**1 676 203**	**1 958 534**	**3 562 106**	**4 909 097**	**5 198 978**	**27 189 093**

50. Net Foreign Currency Positions

The details of this item are as follows:	**31 December 2021**		**31 December 2020**	
	Base Currency in Thousand	Equivalent in JD '000	Base Currency in Thousand	Equivalent in JD '000
USD	86 915	61 642	44 618	31 644
GBP	1 040	994	(292)	(282)
EUR	(1 654)	(1 328)	8 474	7 384
JPY	80 856	498	32 875	226
Other currencies *	-	(34 560)	-	(50 903)
Total		**27 246**		**(11 931)**

* Various foreign currencies translated to Jordanian Dinars.

51 - FAIR VALUE HIERARCHY

Financial instruments include financial assets and financial liabilities.

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

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

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

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

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

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

Financial assets / Financial liabilities	Fair Value as at 31 December		Fair Value Hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
	2021	**2020**				
Financial assets at fair value	**JD '000**	**JD '000**				
Financial assets at fair value through profit or loss:						
Treasury bills and Bonds	3 353	47 642	Level 1	Quoted Shares	Not Applicable	Not Applicable
Shares and mutual funds	-	1 015	Level 1	Quoted Shares	Not Applicable	Not Applicable
Total Financial Assets at Fair Value through Profit or Loss	**3 353**	**48 657**				
Financial derivatives - positive fair value	32 335	43 227	Level 2	Through Comparison of similar financial instruments	Not Applicable	Not Applicable
Financial assets at fair value through other comprehensive income:						
Quoted shares	77 960	67 810	Level 1	Quoted Shares	Not Applicable	Not Applicable
Unquoted shares	55 641	86 754	Level 2	Through using the index sector in the market	Not Applicable	Not Applicable
Total financial assets at fair value through other comprehensive income	**133 601**	**154 564**				
Total Financial Assets at Fair Value	**169 289**	**246 448**				
Financial Liabilities at Fair Value						
Financial derivatives - negative fair value	22 504	53 063	Level 2	Through Comparison of similar financial instruments	Not Applicable	Not Applicable
Total Financial Liabilities at Fair Value	**22 504**	**53 063**				

There were no transfers between Level 1 and 2, during 2021 and 2020.

B. Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis.
Except as detailed in the following table, we believe that the carrying amounts of financial assets and financial liabilities recognized in the banks financial statements approximate their fair values:

	31 December 2021		31 December 2020		
	Book value	Fair value	Book value	Fair value	Fair Value Hierarchy
	JD '000	JD '000	JD '000	JD '000	
Financial assets not calculated at fair value					
Mandatory reserve time and notice and certificates of deposits with central banks	4 044 653	4 046 322	3 402 932	3 403 461	Level 2
Balances and Deposits with banks and financial institutions	2 705 631	2 707 911	3 562 153	3 563 017	Level 2
Direct credit facilities at amortized cost	11 445 175	11 495 278	11 649 462	11 684 026	Level 2
Other Financial assets at amortized cost	5 822 079	5 880 996	5 078 701	5 132 469	Level 1 & 2
Total financial assets not calculated at fair value	**24 017 538**	**24 130 507**	**23 693 248**	**23 782 973**	
Financial liabilities not calculated at fair value					
Banks' and financial institutions' deposits	2 205 560	2 206 419	2 031 064	2 036 501	Level 2
Customer deposits	18 981 110	19 035 467	18 483 736	18 542 349	Level 2
Cash margin	1 535 811	1 540 475	1 672 994	1 678 755	Level 2
Borrowed funds	323 991	325 188	352 203	353 571	Level 2
Total financial liabilities not calculated at fair value	**23 046 472**	**23 107 549**	**22 539 997**	**22 611 176**	

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

52 - ANALYSIS FOR ASSETS AND LIABILITIES MATURITIES

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

	UP to One Year	More than One Year	Total
	JD '000	JD '000	JD '000
Assets			
Cash at vaults	429 853	-	429 853
Mandatory cash reserve	936 723	-	936 723
Balances with central banks	4 319 414	-	4 319 414
Balances and deposits with banks and financial institutions	2 671 865	33 766	2 705 631
Financial assets at fair value through profit or loss	2 788	565	3 353
Direct credit facilities at amortized cost	5 785 759	5 659 416	11 445 175
Financial assets at fair value through other comprehensive income	-	133 601	133 601
Other financial assets at amortized cost	2 742 628	3 079 451	5 822 079
Investment in subsidiaries and associates	-	1 048 722	1 048 722
Fixed assets	25 872	190 123	215 995
Other assets and financial derivatives - positive fair value	356 401	39 520	395 921
Deferred tax assets	159 012	-	159 012
Total Assets	**17 430 315**	**10 185 164**	**27 615 479**
Liabilities			
Banks' and financial institutions' deposits	2 204 923	637	2 205 560
Customer deposits	18 388 323	592 787	18 981 110
Cash margin	1 467 823	67 988	1 535 811
Borrowed funds	30 364	293 627	323 991
Provision for income tax	85 130	-	85 130
Other provisions	138 578	-	138 578
Other liabilities and financial derivatives - negative fair value	508 717	17 668	526 385
Deferred tax liabilities	2 894	-	2 894
Total Liabilities	**22 826 752**	**972 707**	**23 799 459**
Net	**(5 396 437)**	**9 212 457**	**3 816 020**

The below is an analysis for assets and liabilities maturities according to the expected period to be recovered or settled as at 31 December 2020:

	UP to One Year	More than One Year	Total
	JD '000	JD '000	JD '000
Assets			
Cash at vaults	422 391	-	422 391
Mandatory cash reserve	1 035 110	-	1 035 110
Balances with central banks	3 358 025	17 730	3 375 755
Balances and deposits with banks and financial institutions	3 547 619	14 534	3 562 153
Financial assets at fair value through profit or loss	6 670	41 987	48 657
Direct credit facilities at amortized cost	5 531 933	6 117 529	11 649 462
Financial assets at fair value through other comprehensive income	-	154 564	154 564
Other financial assets at amortized cost	2 908 912	2 169 789	5 078 701
Investment in subsidiaries and associates	-	1 074 381	1 074 381
Fixed assets	24 981	200 041	225 022
Other assets and financial derivatives - positive fair value	314 651	109 634	424 285
Deferred tax assets	138 612	-	138 612
Total Assets	**17 288 904**	**9 900 189**	**27 189 093**
Liabilities			
Banks' and financial institutions' deposits	1 976 851	54 213	2 031 064
Customer deposits	17 971 992	511 744	18 483 736
Cash margin	1 644 113	28 881	1 672 994
Borrowed funds	24 387	327 816	352 203
Provision for income tax	108 031	-	108 031
Other provisions	145 503	-	145 503
Other liabilities and financial derivatives - negative fair value	540 870	-	540 870
Deferred tax liabilities	2 123	-	2 123
Total Liabilities	**22 413 870**	**922 654**	**23 336 524**
Net	**(5 124 966)**	**8 977 535**	**3 852 569**

53 - CONTRACTUAL MATURITY OF THE CONTINGENT ACCOUNTS

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

	31 December 2021			
	Within 1 year	After 1 year and before 5 years	After 5 years	Total
	JD '000	JD '000	JD '000	JD '000
Letters of credit	921 731	31 931	-	953 662
Acceptances	529 893	15 330	-	545 223
Letters of guarantee:				
- Payment guarantees	743 224	39 132	638	782 994
- Performance guarantees	2 090 755	833 914	8 882	2 933 551
- Other guarantees	1 519 748	206 714	3 792	1 730 254
Unutilized credit facilities	2 782 534	36 917	-	2 819 451
Total	**8 587 885**	**1 163 938**	**13 312**	**9 765 135**

	31 December 2021			
	JD '000	JD '000	JD '000	JD '000
Constructions projects contracts	477	-	-	477
Procurement contracts	11 586	1 187	1 604	14 377
Total	**12 063**	**1 187**	**1 604**	**14 854**

	31 December 2020			
	Within 1 year	After 1 year and before 5 years	After 5 years	Total
	JD '000	JD '000	JD '000	JD '000
Letters of credit	747 569	55 414	-	802 983
Acceptances	375 886	4 073	-	379 959
Letters of guarantee:				
- Payment guarantees	868 804	49 274	638	918 716
- Performance guarantees	2 113 111	810 181	13 993	2 937 285
- Other guarantees	1 852 237	213 478	5 907	2 071 622
Unutilized credit facilities	2 371 646	190 594	-	2 562 240
Total	**8 329 253**	**1 323 014**	**20 538**	**9 672 805**

	31 December 2020			
	JD '000	JD '000	JD '000	JD '000
Constructions projects contracts	1 088	-	-	1 088
Procurement contracts	7 473	2 151	1 793	11 417
Total	**8 561**	**2 151**	**1 793**	**12 505**

54 - CAPITAL MANAGEMENT AND LIQUIDUTY

The Bank manages it's capital to safeguard it's ability to continue it's operating activities while maximizing the return to shareholders. The composition of the regulatory capital as defined by Basel III Committee is as follows:

	31 December	
	2021	**2020**
	JD '000	JD '000
Common Equity Tier 1	3 577 401	3 665 214
Regulatory Adjustments (Deductions from Common Equity Tier 1)	(1 067 669)	(1 049 673)
Additional Tier 1	-	-
Supplementary Capital	159 730	195 873
Regulatory Adjustments (Deductions from Supplementary Capital)	**(6 148)**	**(13 229)**
Regulatory Capital	**2 663 314**	**2 798 185**
Risk-weighted assets (RWA)	**18 600 995**	**19 231 625**
Common Equity Tier 1 Ratio	**%13.49**	**%13.60**
Tier 1 Capital Ratio	**%13.49**	**%13.60**
Capital Adequacy Ratio	**%14.32**	**%14.55**

- The Board of Directors performs an overall review of the capital structure of the Bank on quarterly basis. As part of this review, the Board takes into consideration matters such as cost and risks of capital as integral factors in managing capital through setting dividend policies and capitalization of reserves.
- The liquidity coverage ratio is 211% as of 31 December 2021 and 207% as of 31 December 2020 (According to Central Bank of Jordan Memo no. 5/2020 the minimum liquidity coverage ratio is 100%).

55 - TRANSACTIONS WITH RELATED PARTIES

The details of this item are as follows:

	31 December 2021			
	Deposits owed from Related Parties	Direct Credit Facilities at Amortized Cost	Deposits owed to Related Parties	LCs, LGs, Unutilized Credit Facilities and Acceptances
	JD '000	JD '000	JD '000	JD '000
Sister and subsidiary companies	1 431 682	21 903	257 666	245 725
Associates companies	94 702	-	5 891	18 341
Major shareholders and members of the Board of Directors	-	196 489	500 750	31 117
Total	**1 526 384**	**218 392**	**764 307**	**295 183**

	31 December 2020			
	Deposits owed from Related Parties	Direct Credit Facilities at Amortized Cost	Deposits owed to Related Parties	LCs, LGs, Unutilized Credit Facilities and Acceptances
	JD '000	JD '000	JD '000	JD '000
Sister and subsidiary companies	1 287 793	23 625	104 169	138 445
Associates companies	123 000	-	12 924	31 233
Major shareholders and members of the Board of Directors	-	184 619	460 907	63 484
Total	**1 410 793**	**208 244**	**578 000**	**233 162**

Direct credit facilities granted to key management personnel amounted to JD 1 million and indirect credit facilities amounted to JD 10 thousands as of 31 December 2021 (Direct credit facilities JD 1.3 million and indirect credit facilities JD 154 thousand as of 31 December 2020).

Top management deposits amounted to JD 3.1 million as of 31 December 2021 (JD 3.9 million as of 31 December 2020).

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

The details of transactions with related parties are as follows:

	2021		2020	
	Interest Income	Interest Expense	Interest Income	Interest Expense
	JD '000	JD '000	JD '000	JD '000
Subsidiaries and sister companies	3 447	684	7 490	1 142
Associated companies	331	34	1 242	64
Total	**3 778**	**718**	**8 732**	**1 206**

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

The salaries and other fringe benefits of the Bank's key management personnel, inside and outside Jordan, amounted to JD 30.2 million for the year ended on 31 December 2021 (JD 32.5 million for the year ended on 31 December 2020).

56 - ASSETS UNDER MANAGEMENT

- There are no assets under management as of 31 December 2021 and 2020.

57 - CASH AND CASH EQUIVALENT

The details of this item are as follows:

	31 December	
	2021	**2020**
	JD '000	JD '000
Cash and balances with central banks maturing within 3 months	5 753 608	4 897 787
Add: Balances with banks and financial institutions maturing within 3 months	2 641 999	3 499 187
Less: Banks and financial institutions deposits maturing within 3 months	1 989 373	1 426 468
Total	**6 406 234**	**6 970 506**

58. LEGAL CASES

There are lawsuits filed against the Bank totaling JD 190.2 million as of 31 December 2021 (JD 171.7 million as of 31 December 2020). In the opinion of the management and the lawyers representing the Bank in the litigation at issue, the provisions taken in connection with the lawsuits are adequate.

59. STANDARDS ISSUED BUT NOT YET EFFECTIVE

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

IFRS 17 Insurance Contracts

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

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

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. This standard is not applicable to the Bank.

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

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

- What is meant by a right to defer settlement,
- That a right to defer must exist at the end of the reporting period,

That classification is unaffected by the likelihood that an entity will exercise its deferral right,

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

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

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

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.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively.

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

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

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

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

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

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

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

The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

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

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

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

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted.

The amendments are not applicable to the Bank.

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

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

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Bank will apply the amendments 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.

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

Definition of Accounting Estimates - Amendments to IAS 8

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

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

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

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

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

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

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

60. COMPARATIVE FIGURES

Some of the comparative figures in the financial statements for the year 2020 have been reclassified to be consistent with the year 2021 presentation, with no effect on profit and equity for the year 2020.

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Arab Bank PLC (a Public Shareholding Company) which comprise the statement of financial position as of 31 December 2021, and the statement of income, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as of 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

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

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Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended 31 December 2021. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter provided in that context .

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

<table>
<tr><td colspan="2">1. Inadequate allowances (ECL) for credit facilities
Refer to note (12) on the financial statements</td></tr>
<tr><td>Key audit matter

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

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

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

As of 31 December 2021, the Bank's gross credit facilities amounted to JD 13.1 billion and the related impairment provisions amounted to JD 1.3 billion. The impairment provision policy is presented in the accounting policies in note (4) to the financial statements.</td>
<td>How the key audit matter was addressed in the audit:

Our audit procedures included the following:

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

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

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

• We examined a sample of exposures, assessed on an individual basis and performed procedures to evaluate the following:
o Appropriateness of the bank's staging.
o Appropriateness of determining Exposure at Default, including the consideration of repayments in the cash flows and the resultant arithmetical calculations
o Appropriateness of the PD, EAD, LGD and EIR used for different exposures at different stages.
o Appropriateness of the internal rating and the objectivity, competence and independence of the experts involved in this exercise.</td></tr>
</table>

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	- Soundness and mathematical integrity of the ECL Model. - For exposures moved between stages we have checked the appropriateness of the Bank's determination of significant increase in credit risk and the resultant basis for classification of exposures into various stages. We also checked the timely identification of exposures with a significant deterioration in credit quality. - For exposures determined to be individually impaired we re-preformed the ECL calculation we also obtained an understanding of the latest developments in the counterparty's situation of the latest developments in estimate of future cash flows, current financial position any rescheduling or restructuring agreements. - For forward looking assumptions used by the Bank in its Expected Credit Loss ("ECL") calculations, we held discussions with management and corroborated the assumptions using publicly available information. - We assessed the financial statements, disclosures to ensure compliance with IFRS 9. Refer to the accounting policies, critical accounting estimates and judgments, disclosures of credit facilities and on ECL in notes 4, 5, 6 and 12 respectively to the financial statements.
2. Valuation of Unquoted Investments and Derivatives **Refer to notes (11) and (42) on the financial statements**	
Key audit matter The valuation of unquoted investments and derivatives are complex areas that require the use of models and forecasting of future cash flows including other factors to determine the fair value of investments and derivatives. As of 31 December 2021, the unquoted investments, positive and negative fair value derivatives amounted to JD 56 million, JD 32 million and JD 23 million.	**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 investments and derivatives. As part of these audit procedures, we assessed the reasonableness of key inputs used in the valuation such as the expected cash flows, discount rate by benchmarking them with external data. Disclosures of unquoted investments and derivatives are detailed in notes 11 and 42 to the financial statements.

Other information included in the Bank's 2021 annual report

Other information consists of the information included in The Bank's 2021 Annual Report other than the financial statements and our auditor's report thereon. Management is responsible for the other information. The Bank's 2021 Annual Report is expected to be made available to us after the date of this auditor's report.

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

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

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

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

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

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

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Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

Amman – Jordan
7 February 2022

ERNST & YOUNG
Amman - Jordan

ATTESTATION STATEMENT ON COMPANY'S CONTINUITY

The Board of Directors confirms that there are no significant issues that may affect the continued operations of the Bank during the financial year 2022.

Sabih Masri
Chairman

Mahmoud Malhas
Deputy Chairman

Hisham Attar
Representing
The Ministry of Finance
Saudi Arabia

Mohammad Almadi
Representing
The Social Security Corporation

Wahbe Tamari

Khaled Masri

Bassam Kanaan

Alaa Batayneh

Usama Mikdashi

Abbas Zuaiter

Suleiman Al-Masri

ATTESTATION ON THE FINANCIAL STATEMENTS

The Board of Directors confirms its responsibility for the preparation of the financial statements, and for implementing an effective internal control system in line with international standards.

Sabih Masri
Chairman

Mahmoud Malhas
Deputy Chairman

Hisham Attar
Representing
The Ministry of Finance
Saudi Arabia

Mohammad Almadi
Representing
The Social Security Corporation

Wahbe Tamari

Khaled Masri

Bassam Kanaan

Alaa Batayneh

Usama Mikdashi

Abbas Zuaiter

Suleiman Al-Masri

ATTESTATION STATEMENT ON COMPLETENESS OF FINANCIAL INFORMATION

The Chairman, the Chief Executive Officer and the Group Chief Financial Officer attest to the accuracy and completeness of the financial statements and the financial information of this report as at 31 December 2021.

Sabih Taher D. Masri
Chairman

Nemeh Elyas Sabbagh
Chief Executive Officer

Firas Jaser Zayyad
Chief Financial Officer

ATTESTATION STATEMENT CONFIRMING THAT NON OF THE BOARD OF DIRECTORS MEMEBERS OR THOSE RELATED TO THEM RECEIVED ANY BENEFITS, WHETHER MATERIAL OR IN-KIND

The Board of Directors confirms that none of its members or those related to them received any benefits, whether material or in-kind, for the fiscal year 2021.

Sabih Masri
Chairman

Mahmoud Malhas
Deputy Chairman

Hisham Attar
Representing
The Ministry of Finance
Saudi Arabia

Mohammad Almadi
Representing
The Social Security Corporation

Wahbe Tamari

Khaled Masri

Bassam Kanaan

Alaa Batayneh

Usama Mikdashi

Abbas Zuaiter

Suleiman Al-Masri

CORPORATE GOVERNANCE CODE

Introduction

Arab Bank attaches considerable importance to good corporate governance practices and the Board is committed to implementing the highest professional standards in all the Bank's activities. In this regard the Bank follows the instructions of the Central Bank of Jordan which adopted the Basel Committee's recommendations on Corporate Governance. The Bank also observes the requirements of the relevant regulatory / official entities in Jordan and in the other countries in which it operates.

A pioneer to commit to best practices of Corporate Governance in the Middle East, Arab Bank established the Audit Committee in early 1996 followed by the Corporate Governance Board Committee in 2002. The Nomination and Remuneration Committee was established in 2006, while the Risk Management Committee and the Strategy Committee were formed in 2007.

This Corporate Governance Code is based on the Code of Corporate Governance for Banks in Jordan and related instructions issued by the Central Bank of Jordan and after aligning it with the Jordanian Banking Law, the Companies Law in addition to the Memorandum and Articles of Association of the Bank.

This Code will continue to be reviewed and developed from time to time and whenever necessary to meet the Bank's changing needs and expectations and to keep up with the changes that may occur in the marketplace.

Article (1): Commitment to Corporate Governance

There is a consistent set of relationships between the Bank, its Board of Directors, Shareholders and other interest groups. The relationship structure deals with the general framework of the Bank's strategy and the necessary means to achieve its goals. The general framework of corporate governance ensures a fair treatment of all shareholders including minority and foreign shareholders. The Bank also recognizes the rights of all shareholders as stipulated by the law, and assures providing them with all necessary information on the Bank's activities and the commitment of its Board members and their accountability to the Bank and its Shareholders.

The Bank has amended this Code in compliance with the instructions of the Central Bank of Jordan issued in its circular No. 58/2014 "The Corporate Governance Regulations for Banks" and in alignment with its needs and policies. This Code has been approved by the Board of Directors in its meeting of 29/1/2015 and has been amended on 28/1/2016. On 27/10/2016 this Code was amended in compliance with the requirements of the Amended Corporate Governance Regulations for Banks issued by the Central Bank of Jordan No. 63/2016. An updated version has been posted on the Bank's website. It is also available to the public upon request. The Bank discloses its compliance with the Corporate Governance Code in its Annual Report.

Article (2): Definitions

In this Code (and unless the context requires otherwise) the following words and expressions shall have the meanings respectively assigned to them herein below:

a) Corporate Governance:

The system of rules by which the Bank is directed and controlled and which essentially involves identifying the Bank's corporate objectives and the framework for attaining them, the safe operation of the Bank's business, securing the interests of depositors, shareholders and other stakeholders, and compliance with the Bank's bylaws and internal policies.

b) Suitability: the fulfilment of certain requirements and criteria by the members of the Board and senior executives.

c) The Board: the Board of Directors of the Bank.

d) Stakeholders: any person/group/organization that has interest or concern in the Bank such as depositors, shareholders, employees, debtors, customers or competent regulatory authorities.

e) Major Shareholder: The person holding not less than (5%) of the Bank's share capital whether directly or indirectly.

f) An Executive Director: a member of the Board who is paid in consideration for his/her employment at the Bank.

g) An Independent Director: a member of the Board apart from major shareholders and who is not under control of any of them and who is not subject to any influences that may restrict his/her ability to make objective decisions for the benefit of the Bank and who satisfies the conditions set out in Article (3/c) of this Code.

h) Senior Executive Management: Include the Chief Executive Officer, Deputy Chief Executive Officer, Chief Financial Officer, Chief Operations Officer, Chief Risk Officer, Head of Audit, Head of Treasury, Head of Regulatory Compliance in addition to any other Bank employee who has an executive authority that is equal to the authority of any of the aforementioned and reports directly to the Chief Executive Officer.

Article (3): Composition of the Board

a) The Board shall be comprised of eleven non-executive members who shall be elected by the General Assembly for a term of four years. The Chairman and Deputy Chairman shall be elected by the members of the Board.

b) The Board shall have one third of its members as independent with a minimum of four members.

c) The Nomination and Remuneration Committee shall specify the necessary conditions that ensure the independence of the Board Member. The conditions shall include, at a minimum, that the independent member:

1. Has not been an executive member of the Board during the three years preceding the date of his election.
2. Has not been employed by the Bank or any of its subsidiaries in the three years preceding the date of his election.
3. Is not a relative (up to the second degree) of any of the other members of the Board or any Board member of the subsidiaries of the Bank or a relative of any of the Bank's major shareholders.
4. Is not a relative of any of the senior executive management members of the Bank or any of the senior executive management members of the subsidiaries of the Bank up to the second degree.
5. Is not a partner or employee of the external auditor of the Bank, or has been such a partner or employee during the past three years preceding the date of his election as member of the Board and is not a relative (up to the first degree) with the partner responsible for the audit.
6. Is not a major shareholder in the bank or a representative or associate of a major shareholder in the Bank, nor should his shareholding constitute, along with his associate shareholder, a major shareholding, nor is a major shareholder of one of the Bank's subsidiaries.
7. Has not been a member of the Board of Directors of the Bank or any of its subsidiaries or its management committee for more than eight consecutive years.
8. Has not obtained, personally or through any other company in which he is a Board Member or owner or a major shareholder, credit facilities from the bank in excess of 5% of the Bank's subscribed share capital, nor is a guarantor of a facility which amount is in excess of the said percentage.
9. Has adequate knowledge or experience in the financial and banking sectors.

Article (4): Board Meetings

a) The Board shall meet not less than 6 times per year.

b) Board members shall attend the meetings in person, if unable to attend, the member can give his/her views through video (video phone) after the approval of the Chairman. The Chairman and the Board Secretary shall endorse the minutes of the meeting and the legal quorum.

c) The Senior Executive Management should, and the Chairman should ensure that, the Members of the Board are provided with the agenda of the meeting and all relevant documents prior to the meetings.

d) Deliberations and proceedings of the meetings of the Board and its Committees shall be fully and accurately noted down along with any reservation that may be voiced by any member. Such minutes shall be duly and properly kept.

Article (5): Responsibilities of the Board of Directors

(1) The Board of Directors should:

a) Oversee and monitor the executive management and its performance, ensure the financial soundness and solvency of the Bank, and approve appropriate policies and procedures to supervise and control the Bank's performance.

b) Specify the strategic objectives of the Bank, instruct the executive management to set a strategy for achieving those objectives and approve the strategy and such work plans that are compatible therewith.

c) Approve a policy for monitoring and supervising the performance of the executive management by setting key performance indicators to gauge and observe performance and progress towards the implementation of the strategic plan of the Bank.

d) Ensure the availability of policies, plans and procedures for all the Bank's activities and that such policies, plans and procedures are in compliance with the relevant applicable legislation, are being circulated to all levels of management and are being regularly reviewed

e) Identify a corporate culture of high ethical standards and integrity alongside setting and enforcing clear lines of responsibility and accountability throughout the Bank.

f) Set Code of Conduct for the Board of Directors, the Executive Management and the employees and review them annually.

g) Bear the ultimate responsibility for the Bank's business including its financial status, and its compliance with the requirements of the Central Bank and such other regulatory authorities. The Board shall also be ultimately responsible for safeguarding the interests of the Stakeholders, ensuring that the Bank is being operated in accordance with its bylaws and internal policies and that effective supervision and control measures over the activities of the Bank, including those outsourced, are always available.

h) Appoint and accept the resignation or terminate the employment of any member of the Senior Executive Management based on the recommendation of the Nomination and Remuneration Committee. The Bank shall obtain a no – objection letter from the Central Bank of Jordan to the appointment, resignation or termination of employment of the Chief Executive Officer, and the audit, compliance and risk management directors.

i) Approve and annually review the internal control systems of the Bank and ensure that the internal and external auditors review the structure of these systems once a year at least.

j) Approve a succession plan and approve a policy for human resources and training.

k) Ensure the constant independence of the external auditor.

l) Approve and monitor the implementation of the risk management strategy including the Bank's risk tolerance/appetite and ensure that the Bank is not exposed to high risks, that the Board is cognizant of the operational environment and associated risks and that all needed risk management instruments and infra structure are available and able to identify, measure, control and supervise all kinds of risks to which the Bank may be exposed.

m) Ensure an adequate and reliable information management system covering all the activities of the Bank.

n) Ensure that the Bank's credit policy includes a corporate governance evaluation system for its corporate customers, in particular the public shareholding companies whereby the risk is evaluated by points of weakness and strength according to their implementation of sound corporate governance practices.

o) Ensure that the Bank adopts social initiatives in the field of environment, health and education.

p) Set a policy for Corporate Social Responsibility and its programs to support the local community and environment.

q) Adopt sufficient procedures to ensure clear separation of powers between controlling shareholders on the one part and executive management of the Bank on the other in order to reinforce sound corporate governance. The Board shall also attain proper mechanisms to limit the influence of the controlling shareholders through, inter alia, the following:

1. Preclude the employment of a controlling shareholder in a senior executive position.
2. Ensure that the Senior Executive Management obtains its authority solely from the Board and that it functions within the framework of the authorizations granted to it thereby.

r) Approve the organizational structure of the Bank that shows the administrative hierarchy including Board Committees and executive management.

s) Approve the strategies and policies at the Group level and its subsidiaries, approve the administrative structures for the subsidiaries and establish a corporate governance code at the Group level taking into account the instructions issued in this regard by the central banks or regulatory authorities in the countries in which the subsidiaries operate.

t) Determine the banking operations which require the approval of the Board of Directors subject always to limiting the scope of operations requiring the Board's approval in order not to prejudice the supervisory role of the Board and subject also to not granting the Board any executive authorities including the granting of credit to a single Board Member including the Chairman.

u) Establish Board Committees and determine their responsibilities.

v) Appoint the Secretary of the Board and determine his/her responsibilities which shall include: -

1. Attending all meetings of the Board and recording all deliberations, suggestions, objections, reservations, and results of voting on Board resolutions.
2. Setting the dates for the Board meetings in coordination with the Chairman.
3. Ensuring that all Board members sign the minutes of the meetings and the Board resolutions.
4. Monitor the implementation of the Board resolutions, and following-up on topics postponed from previous meetings.
5. Keeping records and documents of board meetings.
6. Ensuring that the draft resolutions intended to be issued by the Board are consistent with the applicable rules and regulations.
7. Prepare for the General Assembly meetings and to coordinate with the Board's Committees.
8. Submit the suitability attestations signed by each of the Board members to the Central Bank.

w) Allow direct communication between the members of the Board of Directors and its Committees with the executive management and the Secretary of the Board and facilitate the performance of their duties including seeking the assistance, at the expense of the Bank and upon the Board approval, of third parties provided always that the acts of the members of the Board do not influence the decisions of the executive management apart from through deliberations during the meetings of the Board or its Committees.

(2) Role of the chairman:

a) Encourage efficient relationship between the Board of Directors and the executive management.

b) Promote critical discussions of issues deliberated by the Board and ensure different views are expressed and discussed during the decision-making process.

c) Ensure that the Board Secretary provide the Board members with the minutes of previous meetings and get them signed, and ensure timely provision of board meetings' agendas and documents provided that the said agendas contain sufficient information about the items that will be discussed. The Secretary of the Board shall be responsible for providing the Board members with the documents.

d) Ensure that there exists a charter that sets out the Board of Directors' mandate and scope of work.

e) Encourage thorough discussions of strategic and critical issues by the Board.

f) Provide each Board Member, upon his election, with the laws and regulations that govern bank's activities and the instructions of the Central Bank of Jordan including this Corporate Governance Code and a manual outlining the rights, responsibilities and duties of the Member and the responsibilities and duties of the Secretary of the Board.

g) Provide each member with comprehensive summary of the Bank's activities upon his/her election or request.

h) To accommodate the Board members' needs for continuous enhancement of their knowledge and expertise and to allow new Board members, taking into consideration his/her banking background, to join a orientation program that includes at the minimum:

1. The organizational structure of the Bank, corporate governance and the code of conduct.
2. Corporate objectives and the Bank's strategic plan and approved policies.
3. The financial position of the Bank.
4. The Bank's risk structure and the risk management framework.

i) Discussing with each new Member and in cooperation with the Bank's legal Counsel, the duties and responsibilities of the Board, in particular; issues pertaining to the legal and regulatory requirements, the term of the Board membership, dates of the meetings, responsibilities and duties of the Board Committees, the amount of remuneration and the ability to seek and obtain an independent specialized opinion if the need arises.

(3) Members of the Board of Directors shall:

a) Have adequate knowledge of applicable legislation and principles pertaining to the banking industry and the operational environment of the Bank and keep up with major changes in these fields including the requirements of employment in Senior Executive Management positions.

b) Attend Board meetings, Board Committees and the General Assembly meetings.

c) Not disclose any Bank confidential information or use the same for his or another's benefit.

d) Prioritize the Bank's interest in all transactions with any other company in which he/she has a personal interest, not allow competition over business opportunities between the Bank and such other company, avert conflict of interests and disclose to the Board of Directors the details of any conflict of interest situation and abstain from attending or voting in the meeting in which such matter is to be discussed. Such disclosure should be recorded in the minutes of meeting.

e) Dedicate enough time to fulfill his/her duties as a member of the Board of Directors.

(4) The responsibility of the Board of Directors and its accountability:

a) Set and enforce clear guidelines for responsibility and accountability at all levels at the Bank and comply and ensure compliance therewith.

b) Ensure that the organizational chart clearly reflects the lines of responsibility and authority, which chart shall include at least the following supervisory levels:

1. Board of Directors and its Committees.
2. Separate departments for risk, compliance and internal audit that do not carry out daily executive tasks.
3. Units/employees not involved in the daily operations of the Bank's activities.

c) Ensure that the Senior Executive Management carries out its duties relating to the oversight of the day-to-day management of the Bank, contributes to the implementation of sound corporate governance, delegates duties to employees, establishes an effective management structure that promotes accountability, and ensures that the Bank's activities are consistent with the policies and procedures approved by the Board.

d) Approve appropriate controls systems that enables it to hold the Senior Executive Management accountable.

e) Ensure that there is no Chairman /Chief Executive

Officer duality and that neither the Chairman nor any of the Board members is related to the Chief Executive Officer up to the third degree.

Article (6): Chief Executive Officer

In addition to what is stipulated in the legislation, the Chief Executive Officer shall have the following responsibilities:

a) Develop the strategic objectives of the Bank.

b) Implement the Bank's strategies policies.

c) Implement the Board's decisions.

d) Provide guidance for the implementation of short and long-term action plans.

e) Communicate the Bank's vision, mission and strategy to the Bank's employees.

f) Inform the Board of all significant aspects of the Bank's operations.

g) Manage day-to-day operations of the Bank.

Article (7): Board Committees

Board Committees shall be formed by the Board from among its members. The Board shall define the Committees' objectives and delegate its authorities thereto according to the Charter of each Committee. These committees shall periodically submit its reports to the Board of Directors. The formation of these Committees shall not exonerate the Board from its responsibilities.

A member of the Board of Directors cannot be Chairman of more than one of these Committees (Corporate Governance, Audit, Nomination and Remuneration and Risk Management Committees). Moreover, a member of the Board of Directors cannot be chairman of more than two of the Board Committees.

The Board Committees are:

a. The Corporate Governance Committee:

1. The Committee shall comprise of, at least, three Board members provided that the majority of the members are independent directors and should include the Chairman of the Board. The Committee shall direct and examine the preparation and review of the corporate governance code and monitor its implementation.
2. The committee shall meet at least twice during the year.
3. Quorum of the meeting shall be deemed legal if attended by two thirds of the committee members.
4. The committee shall take its decisions by a majority of the votes of the attendees, votes by phone or video are allowed when the personal presence of the member is not possible, provided that the number of members present in person is not less than two thirds of the members of the committee, and that the percentage of personal attendance of the member is not less than 50% of the committee's meetings during the year.
5. The Corporate Governance Committee shall undertake the following:

a. Establish written work procedures to implement the regulations for Corporate Governance, review them and evaluate their implementation annually.

b. Ensure that the Bank complies with the corporate governance regulations issued by the regulatory authorities.

c. Review the regulators' observations regarding the implementation of corporate governance in the Bank and follow up on what has been done in this regard.

d. Prepare the corporate governance report and submit it to the Board.

b. The Audit Committee:

1. The Audit Committee shall be comprised of a chairman and two members at least, provided that the chairman and at least another member are independent members and also provided that the chairman of the Committee shall neither be the Chairman of the Board nor the chairman of any other Board Committee.
2. The Audit Committee members should have professional financial or accounting qualifications and practical experience in the fields of accountancy, finance or any other specializations or similar areas that are relevant to the Bank's business.
3. The Audit Committee shall meet periodically every three months as a minimum and shall submit its reports to the Board of Directors, provided that the number of its meetings is not less than four times per year, and that the minutes of these meetings are duly recorded.
4. The meeting shall be considered legal if attended by two thirds of the committee members.
5. The committee shall take its decisions by a majority of the votes of the attendees, in case the votes are equal, the chairman shall have the casting vote. Votes by phone or video are allowed when the personal presence of the member is not possible, provided that the number of members present in person is not less than two thirds of the members of the committee, and that the percentage of personal attendance of the member not less than 50% of the committee's meetings during the year.
6. The Audit Committee shall review the following:

a) The scope, results and adequacy of the Bank's internal and external audits.

b) Accountancy issues that will have a significant impact on the Bank's financial statements.

c) The Bank's internal controls.

7. The Audit Committee shall submit its recommendations to the Board regarding the external auditor's appointment / termination of appointment, remuneration, and other terms of engagement taking into account any non-audit services that they have performed, in addition to assessing the independence of the external auditor.

8. The Committee has the authority to obtain any information from executive management, and summon any executive or Board member to attend its meetings, the committee has at its disposal all the necessary capabilities including obtaining assistance from experts whenever necessary.

9. The Audit Committee shall meet, at least once a year, with each of the Bank's external auditor, the internal auditor, without the presence of the Senior Executive Management.

10. The Audit Committee shall review and monitor the procedures that enable employees to confidentially communicate any error in the financial reports or any other observation. The Committee shall ensure proper arrangements to ascertain an independent investigation and follow up.

11. The duties of any other Committee may not be merged with the duties of this Committee.

c. The Nomination & Remuneration Committee:

1. The Nomination and Remuneration Committee shall be comprised of at least three Board members the majority of whom including its Chairman shall be Independent members.

2. The Committee shall meet at least twice during the year.

3. The meeting shall be considered legal if attended by two thirds of the committee members.

4. The committee shall take its decisions by a majority of the votes of the attendees, in case the votes are equal, the chairman shall have the casting vote. Votes by phone or video are allowed when the personal presence of the member is not possible, provided that the number of members present in person is not less than two thirds of the members of the committee, and that the percentage of personal attendance of the member not less than 50% of the committee's meetings during the year.

5. Duties and responsibilities of the Nomination and Remuneration Committee shall be as follows:

a) Recommending qualified candidates for the membership of the Board of Directors taking into consideration the candidates' qualifications and skills. In case of re-nomination, the regular attendance of such candidate of Board meetings and active participation in the meetings shall be taken into consideration.

b) Identify competency requirements at the Senior Executive Management level and the basis for their selection and recommend to the Board the qualified candidates for appointment in Senior Executive Management jobs.

c) Ensuring that Board members attend workshops or seminars related to Banking topics with particular emphasis on Risk management, Corporate Governance and other latest updates in the banking industry.

d) Defining and annually reviewing the fulfilment of criteria that designates a member as independent.

e) Setting specific standards to evaluate the performance of the Board, its committees and the Chief Executive Officer objectively, and duly inform the relevant regulators of the outcome of this evaluation.

f) Review the succession plan policy and the policy for human resources and training and monitor their implementation annually.

g) Providing, upon request, background information and summaries to the members of the Board regarding certain significant matters about the Bank and ensure keeping the members up with material updates in the Banking industry.

h) Ensuring that there exists a Performance Incentives Policy and that such policy is being implemented and periodically reviewed. The Committee shall also recommend the compensation and benefit plan for the Chief Executive Officer and other senior executive managers.

i) Creating a clear methodology to ascertain that a member of the Board dedicates adequate time to carry out their duties as a Board member.

d. The Risk Management Committee:

1. The Risk Management Committee shall be comprised of three Board members (one of whom shall be an independent member and will be the Chairman of the Committee) in addition to the Chief Executive Officer and Head of Risk Management.

2. The Committee shall meet four times a year and whenever necessary.

3. The meeting shall be considered legal if attended by two thirds of the committee members.

4. The committee shall take its decisions by the majority of the votes of the attendees, in case the votes are equal, the chairman shall have the casting vote. Votes

by phone or video are allowed when the personal presence of the member is not possible, provided that the number of members present in person is not less than two thirds of the members of the committee, and that the percentage of personal attendance of the member is not less than 50% of the committee's meetings during the year.

5. Duties and responsibilities of The Risk Management committee shall include:

a) Annual review of the Bank's risk management strategy and framework, approve high level policies related to risk management operations and obtain the Board's approval.

b) Ensure that policies and frameworks for risk management are in place, ensure availability of the necessary tools and programs and review them annually.

c) Review the group risk management structure.

d) Annual review and approval of credit risk appetite limits for Arab Bank and lending limits authority for the Subsidiaries.

e) Annual review and approval of group risk appetite for operational, market and liquidity risks.

f) Ongoing monitoring of risk factors that might affect the risk profile of the Bank and submitting regular reports to the Board.

g) Identify any variance between the actual risk taken by the Bank and risk appetite, report them to the Board and continue to address them.

h) To create proper conditions that would ensure that all significant risks and any activities performed by the Bank that may expose it to higher than the acceptable risks are well identified, and to submit reports of the same to the Board of Directors and to follow up on them and find solutions thereof.

i) Ensure that there is a business continuity plan and review it periodically.

j) Review the results of the Internal Capital Adequacy Assessment Process (ICAAP).

k) Review the Recovery Plan according to the requirements of the Central Bank of Jordan.

l) Oversee/review the performance of credit portfolios.

m) Review the results of stress testing.

n) Oversee the development of the database necessary for risk management.

o) Discuss risk management reports.

e. The Corporate Strategy Committee:

1. The Corporate Strategy Committee shall be comprised of three Board members at least in addition to the Chairman of the Board, Chief Executive Officer and Deputy Chief Executive Officer.
2. The Committee shall meet whenever necessary.
3. The meeting is considered legal if attended by two thirds of the committee members.
4. The committee shall take its decisions by the majority of the votes of the attendees, in case the votes are equal, the chairman shall have the casting vote. Votes by phone or video are allowed when the personal presence of the member is not possible, provided that the number of members present in person is not less than two thirds of the members of the committee, and that the percentage of personal attendance of the member is not less than 50% of the committee's meetings during the year.
5. Duties of the Corporate Strategy Committee shall include:

a) Supervising all elements pertaining to the Bank's strategy and ensuring that there is in place general policies for the implementation of the Bank's strategy.

b) Approving all strategic decisions and providing direction to the executive management including strategies, action plans and following up on the implementation of strategies.

c) Reviewing and approving any new investments such as mergers, acquisitions, penetration of new markets, and disposing of any of the Bank's assets or of its subsidiaries or affiliates.

f. The Credit Committee:

1. The Credit Committee shall be comprised of the Chairman of the Board and four Board members, one of them may be independent and provided that none of them shall be a member of the Audit Committee. Members of the senior management may participate in the Committee's meetings.
2. The Committee shall meet whenever necessary.
3. The meeting shall be considered legal if attended by at least four members of the Board.
4. The committee takes its decisions by the majority votes of its members. Voting on its decisions is in person, and in the event that personal attendance is not possible, the member can express his/her point of view through the video or phone, and he has the right to vote and sign the minutes of the meeting, provided that this is duly documented, and that the member's personal attendance is not less than 50% of Committee meetings during the year.
5. The Board Credit Committee shall approve granting loans and credit which amounts exceed those within the authority of the credit committees headed by the CEO upon the recommendation of the credit

committees in the Bank and in accordance with the credit policy and credit limitations approved by the Board of Directors.

6. The Credit Committee shall regularly submit to the Board details of the credit facilities approved thereby.

g. The IT Governance Committee:

1. The Information Technology Governance Committee shall be comprised of at least three members of the Board, it is preferable to include in its membership individuals with experience or knowledge in information technology.
2. The IT Governance Committee can invite any of the bank's executives to attend its meetings to seek their opinion, including those involved in internal audit, members of Senior Executive Management or those involved in external audit.
3. The Committee shall meet at least quarterly.
4. The meeting shall be considered legal if attended by two thirds of the committee members.
5. The committee shall take its decisions by the majority of the votes of the attendees, in case the votes are equal, the chairman shall have the casting vote. Votes by phone or video are allowed when the personal presence of the member is not possible, provided that the number of members present in person is not less than two thirds of the members of the committee, and that the percentage of personal attendance of the member is not less than 50% of the committee's meetings during the year.
6. The IT Governance Committee shall regularly submit reports to the Board of Directors.
7. The IT Governance Committee shall carry out its duties according to the IT Governance & Management Manual approved by the Board of Directors.

h. The Compliance Committee:

1. The Compliance Committee shall be comprised of at least three Board Members provided that the majority of the members are independent directors.
2. The Committee shall meet at least (4) times per year.
3. The meeting shall be considered legal if attended by two thirds of the committee members.
4. The committee shall take its decisions by the majority of the votes of the attendees, in case the votes are equal, the chairman shall have the casting vote. Votes by phone or video are allowed when the personal presence of the member is not possible, provided that the number of members present in person is not less than two thirds of the members of the committee, and that the percentage of personal attendance of the member is not less than 50% of the committee's meetings during the year.
5. The Committee shall submit its reports to the Board of Directors.
6. The Committee shall exercise its duties and responsibilities as specified in the relevant laws and legislations, ensuring that necessary measures are taken to implement the values of integrity and professionalism within the Bank, thus ensuring that complying with the applicable laws, regulations and instructions, orders and applied standards is an essential objective that has to be applied.
7. The Committee shall supervise and monitor the operations of the Compliance Department and ensure that the Bank is in full compliance with the applicable legislations and regulatory requirements.

Article (8): Suitability of Board members:

a) The Board of Directors shall approve an effective policy to ensure suitability of its members provided that the said policy include the minimum standards, requirements and conditions that a nominated or elected member should fulfil and that such policy be reviewed whenever necessary. Sufficient procedures and controls should also be identified to ensure that all members fulfil and remain fulfilling those requirements.

b) The Chairman and Board members should meet the following criteria:

1. Not to be less than twenty-five years of age.
2. Not to be a member of the Board of any other bank in Jordan or its General Manager or employee unless the other bank is a subsidiary of Arab Bank's.
3. Not to be the Bank's lawyer, legal advisor or auditor.
4. Have a bachelor degree at a minimum specializing either in economics, finance, accounting or business administration or any other related field.
5. Not to be a government employee or employee of an official public institution unless he/she is a representative of that entity.
6. Not to be a member of the board of directors of more than five public shareholding companies in the Kingdom whether in a personal capacity or as representative of a legal entity.
7. Possess expertise of not less than 5 years in banking, finance or similar specializations.

c) The Chairman and members of the Board should each sign a Suitability Attestation in the approved form. The signed form shall be kept at the Bank and a copy thereof shall be sent to the Central Bank of Jordan along with the Member's Curriculum Vitae.

d) The Chairman shall ensure that any critical information that may adversely affect the suitability of any Member is disclosed to the Central Bank of Jordan.

Article (9): Suitability of Senior Executives:

a) The Board of Directors shall:

1. Approve a policy that would ensure the suitability of the members of the Senior Executive Management provided that such policy include the minimum criteria, procedures and controls that ought to be met by the members. The policy is to be reviewed by the Board of Directors from time to time and the Board should set out procedures, and adequate controls to ascertain that the criteria is being met by all members of the Senior Executive Management and they continue to be met.
2. Appoints a Chief Executive Officer of integrity, technical competence and banking experience after obtaining the no- objection from the Central Bank of Jordan.
3. Approve the appointment of any of the Senior Executive Management members after obtaining a no-objection statement from the Central Bank of Jordan.
4. Approve a succession plan for the Senior Executive Management and review the plan once at year at a minimum.
5. Timely disclose to the Central Bank of Jordan any material information that may adversely affect the suitability of any member of the Senior Executive Management.

b) The Following conditions should be fulfilled by an appointed senior executive:

The appointed member:

1. Should not be a member of the Board of Directors of any other bank in Jordan unless the other bank is a subsidiary of Arab Bank's.
2. Should be dedicated full time to the management of the Bank's business.
3. Should have, at a minimum, a bachelor degree in economics, finance, accounting or business administration or any other related field.
4. Should have a minimum of five year experience in banking or a related field, except for the position of Chief Executive Officer which occupant should have a minimum of ten year experience in banking.

c) A "no objection" letter should be obtained from the Central Bank of Jordan prior to the appointment of any Board Member to a Senior Executive Management office accordingly the Bank, prior to such appointment, ought to obtain from the candidate his/her Curriculum Vitae along with any academic certificates, certificates of expertise, certificate of good conduct and such other necessary documentation. The Member will also be asked to sign the approved Suitability Attestation form and the Bank will provide the Central Bank of Jordan with a copy thereof along with the Curriculum Vitae.

Article (10): Evaluating the performance of the Board and Senior Executives

a) The Board of Directors shall develop a mechanism to evaluate its performance and that of its members provided that such mechanism shall at least include the following:

1. Set specific goals and define the role of the Board to achieve these goals in a measurable manner.
2. Identify key performance indicators based on the plans and strategic goals and use them to measure the performance of the Board.
3. Communication between the Board and the shareholders and the regularity of such communication.
4. Regularity of the meetings of the Board of Directors with the senior executive management.
5. The member's participation in the Board meetings, comparing his/her performance with that of other Board members and getting the members feedback in order to improve the evaluation process.

b) The Nomination and Remuneration Committee shall be responsible for evaluation, on an annual basis, the performance of the Board as a whole, its committees and members, and inform the Central Bank of the results of such evaluation.

c) The Board shall, on an annual basis, evaluate the performance of the Chief Executive Officer according to an evaluation mechanism set by the Nomination and Remuneration Committee which shall include key performance indicators. The aspects of evaluation of the performance of the Chief Executive Officer shall include the administrative and financial operation of the Bank and the achievement of the medium and long term goals and strategies of the Bank. The Committee shall inform the Central Bank of Jordan of the results of the evaluation.

d) The Board shall adopt a system to measure the performance of the Bank's executives who are not members of the Board, and Chief Executive Officer. This system should include at a minimum the following:

1. To appropriately measure the extent of commitment to the framework of risk management, internal controls and regulatory requirements.
2. The total revenue and profitability shall not be the sole measurement indicator; risks related to basic operations and customer satisfaction should and such other indicators should also be considered.

3. Not using one's position of power and conflict of interests.

Article (11): The Remuneration for the Board and Executives

a) The Board of Directors shall adopt procedures to determine the remuneration of its members, based on the evaluation system, approved thereby.

b) The Nomination and Remuneration Committee shall be responsible for setting an objective and transparent remuneration policy for the Executive Management.

c) The Remuneration policy should include the following key points at a minimum:

1. To be structured to retain and recruit qualified and experienced executives, and to motivate them and promote their performance.
2. To be designed to ensure that it shall not to be used in a manner that might affect the soundness and reputation of the Bank.
3. To take into consideration the risks, liquidity, profits and its timing.
4. To ensure that remuneration is not based on the performance of the current year only but takes into consideration the medium and long term performance (3-5 years).
5. To reflect the goal, value and strategy of the Bank.
6. To define the form of the remuneration such as fees, salaries, allowances, bonuses, share options or any other form of benefits.
7. The possibility of postponing payment of a reasonable proportion of the remuneration. The amount of such proportion and the postponement period shall depend on the nature of the work, the risks associated therewith and the concerned executive's activities.
8. Executives of supervisory departments (risk management, audit, compliance, etc.) should not be given remunerations based on the performance the departments that they monitor.

Article (12): Conflict of Interests

a) Executives should avoid conflict of interests.

b) The Board shall adopt a policy and procedures to handle conflict of interests and disclose any such conflicts which may arise as a result of the inter-group relationships.

c) The Board shall adopt policies and procedures for dealing with related parties to include the definition of these parties, taking into consideration the regulations, terms of transactions, approval procedures and a mechanism to monitor these transactions, to ensure consistency with the policies and procedures.

d) The supervisory departments in the Bank shall ensure that any dealings involving the related parties have been carried out in accordance with the approved policy and procedures; the Audit Committee shall review and monitor all related parties' transactions and update the Board on the same.

e) The Board shall ascertain that the Senior Executive Management implement the adopted policies and procedures.

f) The Board shall adopt controls to manage the transfer of information within various departments, to prevent using such information for personal gain.

g) The Board should approve policies and a Code of Conduct and circulate the same to executives, that shall, at a minimum, include:

1. Executives not to use any inside information for personal gain.
2. Rules and procedures for managing dealings with related parties.
3. Situations that may result in conflict of interests.

h) The Board shall ensure that executive management exercise high integrity and avoid conflict of interests.

Article (13): Internal Audit

(1) The Board of Directors shall:

a) Ensure that the Bank's internal audit department is capable of fulfilling, among others, the following duties:

1. To ascertain that there are adequate internal controls of the Bank's and subsidiaries' activities and to ensure compliance therewith.
2. To ascertain adherence to internal policies, international standards and procedures, and applicable laws and regulations.
3. To audit the Bank's financial statements and administrative reports while ensuring accuracy and timeliness.
4. To assess compliance with the Corporate Governance Code.
5. To examine the comprehensiveness and accuracy of the stress tests in accordance with the methodology approved by the Board.
6. To ensure the accuracy of the procedures used for the internal evaluation of the Bank's capital adequacy.

b) To ensure and enhance the independence of internal auditors, ensure that they are well positioned in the bank's hierarchical structure and that they are well qualified to perform their duties including being entitled to access all records and information and to communicate with any employee of the Bank in order to perform their work and prepare reports with no external influence.

c) Take necessary measures to enhance the efficiency of the internal audit through:

1. Emphasize the importance of the internal audit function and reinforce that in the Bank.
2. Requiring timely correction of audit findings.

d) To adopt Internal Audit charter that includes duties, authorities and responsibilities of the Internal Audit, and circulate it within the Bank.

e) To ensure that the Internal Audit Department is under the direct supervision of the Audit Committee, and submit its reports directly to the Chairman of the Committee.

(2) The Audit Committee shall be responsible for:

a) Ensuring the sufficiency of human resources assigned to manage the internal audit work and to train them.

b) Ensuring rotation of internal auditors to audit the various aspects of the Bank's business at least every three years.

c) Ensuring that internal auditors are not assigned do any executive function.

d) Ensuring that all the Bank's activities are subject to audit including outsourced activities.

e) Evaluating the performance of staff and head of internal audit.

Article (14): External Audit

a) Rotation of external auditors should take place every 7 years at most.

b) The first seven years period shall be computed as of the year 2010.

c) The New external auditor firm (when rotation is implemented) shall work jointly with the old firm for the first year.

d) Apart from the joint audit, the old external auditor firm shall not be re-elected before at least two years from the date of its last election.

e) The independence of the external auditor is to be assessed annually by the Audit Committee.

f) The Board of Directors shall take necessary measures to timely correct any flaws in the internal control system or any other flaws identified by the external auditor.

Article (15): Risk Management

a) The risk management shall be responsible for monitoring compliance of the executive departments at the Bank with the levels of risk tolerance.

b) The Board of Directors shall ensure that correction measures and remedies are taken to mitigate risk exposures, and holding executive management accountable for exceeding the limits.

c) The Board of Directors shall ensure that the Risk Management Department conduct periodical stress tests to gauge the Bank's ability to absorb shocks and deal with high risks. The Board shall also have a fundamental role in approving the hypothesis and scenarios used and discuss the stress tests' results and approve the measures to be taken based on the said results.

d) The Board of Directors shall adopt a methodology for assessing capital adequacy. The methodology ought to be comprehensive, efficient and able to identify all risks that the Bank may face and shall take into consideration the Bank's strategic plan and capital plan. Additionally, the Board shall review the methodology regularly and ensure that it is duly implemented and that the Bank has adequate capital to face any risk.

e) Before approving any expansion in the Bank's activities, The Board of Directors will have to consider all associated risks and the skills and qualifications of the Risk Management Department's personnel.

f) The Board of Directors shall give sufficient authority to the Risk Management Department to report to the Risk Management Committee, have access to all information from the various departments within the Bank and to cooperate with other committees in order for it to fulfil its duties.

g) The Board of Directors should adopt a charter for the Bank's tolerable risks.

h) The responsibilities of the Risk Management Department shall include, without limitation,:

1. Reviewing the risk management framework before being approved by the Board of Directors.
2. Implementing the risk management strategy in addition to developing policies and procedures to manage all types of risks.
3. Developing methodologies to identify, measure, monitor and control all types of risks.
4. Reporting to the Board of Directors, through the Risk Management Committee, and with a copy to the Senior Executive Management, on the actual risk exposures for all the Bank's activities compared to the charter of tolerable risks, and to follow-up on the measures taken to remedy any negative deviations.

5. Verify the compatibility of the risk measurement methodologies with the applied management information systems.
6. Review and analyze all types of risks that the Bank may face.
7. Submitting recommendations to the Risk Management Committee on risk exposures and any exceptions to the risk management policy.
8. Providing necessary Bank risks information for use in the Bank's disclosures.

Article (16): Compliance

a) The Board shall award the Compliance Department with the necessary authority that would ensure submitting its reports directly to the Compliance Committee and continuous recruiting of an adequate number of well trained staff.

b) The Board shall approve the compliance policy, ensure its annual review and implementation.

c) The Board of Directors shall approve roles and responsibilities of the compliance management.

d) Compliance management shall submit its reports to the Compliance Committee with a copy to the Chief Executive Officer.

Article (17): Stakeholders' Rights

a) A mechanism shall be developed to guarantee communication with stakeholders by disclosing and providing relevant information about the Bank's activities through:

1. General Assembly meetings.
2. Annual Report.
3. Quarterly financial reports which enclose financial data, and the Board's report on the Bank's share trading and the Bank's financial status during the year.
4. The Bank's website.
5. Shareholders' division.

b) A part of the Bank's website shall be designated to clarify shareholders' rights and to encourage them to attend and vote at the General Assembly meetings. Also the documents of the General Assembly meetings, including the invitation and minutes of meetings, shall be published on the website.

Article (18): Disclosure and Transparency

a) The Board shall ensure that all financial and non-financial information that are of interest to the stakeholders shall be published.

b) The annual report shall include a statement to the effect that the Board is liable for the accuracy and completeness of the financial statements of the Bank and all other information in the report in addition to the adequacy of the internal control systems.

c) The Board shall ensure that the Bank's financial disclosures are consistent with the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Central Bank of Jordan regulations, and other relevant legislations and also that the executive management keep well informed of changes and updates on the related International Financial Reporting Standards.

d) The Board shall ensure that the Bank's annual and quarterly reports identify key financial and operational results that enables the shareholders to understand the financial position of the Bank.

e) The Board shall ensure that the annual report include, at a minimum, the following information:

1. Summary of the organizational chart of the Bank;
2. Summary of the roles and responsibilities of the Board Committees, and the authorities delegated to each Committee;
3. Useful information to stakeholders as identified in the Corporate Governance Code and the extent of compliance with the code;
4. Information about each Board member in terms of his/her qualifications, experience, shareholding, status (independent/non-executive, etc) membership in Board Committees, date of appointment, any other board memberships in the boards of other companies and remunerations of all forms for the previous year in addition to loans granted to the Member by the Bank and any other transaction that has taken between the Bank on the one part and the Member or related parties on the other;
5. Information about Risk Management Department, including its structure and nature of its operations and its development;
6. Number of Board and Board Committee meetings and attendance of each member at such meetings;
7. Names of each board member and senior executives who have resigned during the year;
8. Summary of the remuneration policy and full disclosure of all forms of remuneration to board members and executive management individually for the previous year;

9. A list of shareholders who own 1% or more of the share capital of the Bank, the ultimate beneficiary owner of such shareholdings or any part thereof, in addition to a clarification as to whether the shareholdings are wholly or partially pledged;
10. Attestations of all Board members confirming that he/she or any of the members' relatives did not receive any benefits from the Bank during his/her tenor, which has not been previously disclosed.

Arab Bank is one of the leading banks and financial institutions to implement corporate governance. The Bank has established the Audit Committee, the Nomination and Remuneration Committee, the Corporate Governance Committee and the Risk Management Committee also the Corporate Strategy Committee and Credit Committee, and this followed by established the other Committees IT Governance Committee and Compliance Committee. Arab Bank issued its first Corporate Governance Code in 2007 and continued to update this Code in alignment with the Regulations issued by the relevant regulatory authorities; also the Bank regularly makes necessary amendments to the Memorandum & Articles of Association, the internal controls and policies to comply with any legislative amendments related to banking regulations or the Companies Law and the Securities Commission.

Arab Bank put in place the following mechanism and procedures to assure the proper implementation of the Corporate Governance Regulations issued by all regulatory authorities, which is being revised annually:

1. Ensure that there exists an approved corporate governance code prepared in accordance with the Corporate Governance Regulations issued by the Central Bank of Jordan and the Jordan Securities Commission, and ensure that the code is being revised and updated in alignment with the requirement of the regulatory authorities.
2. Ensure that there exists a Charter for the Board of Directors and charters for all committees in alignment with the Regulations.
3. Ensure that there exists written and approved policies for the Bank's various activities in accordance with the Regulations.
4. Ensure that the Board of Directors' meetings are held in accordance with the Regulations.
5. Ensure that there exist timetables set for the work of the Board and committees to ensure that all tasks and responsibilities are carried out according to the instructions.
6. Ensure that the Board of Directors and its respective committees carry out an annual self-assessment prepared according to the Regulations.
7. Ensure that the supervisory departments (Audit, Risk, Compliance) submit their reports to the relevant committees of the Board of Directors.
8. Ensure that the new Board Member is enrolled in an Orientation Program.
9. Ensure timely provisions of the Board and the Committee invitations in addition to the related agenda documents.

In compliance with the Corporate Governance Regulations for Listed Shareholding Companies for the year 2017 issued by the Jordan Securities Commission, this report has been prepared to include the following data:

The names of the members of the Board of Directors of the Arab Bank

Name	Position	Independent / Non Independent	Executive / Non Executive
Mr. Sabih Taher Masri Since 27/3/1998	Chairman	Non Independent	Non Executive
Mr. Mahmoud Zuhdi Malhas Since 29/7/2021	Deputy Chairman	Independent	Non Executive
Ministry of Finance, Saudi Arabia Since 29/4/1966	Member	Non Independent	Non Executive
Represented by Mr. Hisham Mohammed Attar Since 29/3/2018		Non Independent	Non Executive
Social Security Corp. Since 20/9/2001	Member	Non Independent	Non Executive
Represented by Mr. Mohammed Adnan Al-Madi Since 15/12/2021		Non Independent	Non Executive
Mr. Wahbe Abdallah Tamari Since 31/3/2006	Member	Non Independent	Non Executive
Mr. Khaled Sabih Masri Since 25/1/2021	Member	Non Independent	Non Executive
Mr. Bassam Wa'el Kanaan Since 22/1/2013	Member	Non Independent	Non Executive
Mr. Abbas Farouq Zuaiter Since 27/3/2014	Member	Independent	Non Executive
H.E. Mr. Alaa Arif Batayneh Since 22/4/2015	Member	Non Independent	Non Executive
H.E. Mr. Suleiman Hafez AL-Masri Since 27/10/2016	Member	Independent	Non Executive
Mr. Usama Ramez Mikdashi Since 29/3/2018	Member	Independent	Non Executive

Executive positions in the Bank and the names of the persons who occupy them

Name	Position
Mr. Nemeh Elias Sabbagh	Chief Executive Officer
Ms. Randa Mohammad El Sadek	Deputy Chief Executive Officer
Mr. Ziyad Anwar Akrouk	EVP – Head of Group Risk
Mr. Mohammad Abdel Fattah Al Ghanamah	EVP – Chief Credit Officer
Mr. Mohammad Ahmad Khaled Masri	EVP – Head of Corporate & Institutional Banking
Mr. Antonio Mancuso Marcello	EVP – Head of Treasury
Mr. Naim Rasim K. AlHussaini	EVP – Head of Consumer Banking
Mr. Walid Muhi Eddin Al Samhouri	EVP – Jordan Country Head
Mr. Eric Jacques Modave	EVP – Chief Operating Officer
Mr. Firas Jaser Jamil Zayyad	SVP – Chief Financial Officer
Mr. Basem Ali Abdallah Al Imam	Board Secretary / Head of Legal Affairs
Ms. Rabab Jamil Said Abbadi	EVP – Head of Human Resource
Mr. Michael Matossian	EVP – Chief Compliance Officer
Mr. Fadi Joseph Zouein	EVP – Head of Internal Audit

Memberships of the Board of Directors (Natural person) held by the Board of Directors in Public Share-holding Companies inside Jordan

Name	Membership in the Boards of Public Shareholding Companies
Mr. Sabih Taher Masri	Chairman of the Board of Directors of ZARA Holding Co. - Jordan (since 5/1999).
Mr. Mahmoud Zuhdi Malhas	None
Mr. Wahbe Abdallah Tamari	None
Mr. Bassam Wa'el Kanaan	None
Mr. Abbas Farouq Zuaiter	None
H.E. Mr. Alaa Arif Batayneh	Chairman/ Jordan Petroleum Refinery Company plc (14/10/2020 - Present) and Member of the Board of Director since 2014. Member of the Board of Directors / Euro Arab Insurance group plc (June 2020 - Present).
H.E. Mr. Suleiman Hafez AL-Masri	None
Mr. Usama Ramez Mikdashi	None
Mr. Khaled Sabih Masri	Vice Chairman, Zara Holding (2005 - Present), and Board Member (1994 - Present). Chairman, Jordan Himmeh Mineral Co. (2000 - Present). Board Member, Jordan Hotel and Tourism Co. (1997 - Present).

The Name of the Corporate Governance Officer in the bank

- Mrs. Khulud Walid Khaled Eisawi / Head of Secretariat Department – Shareholders Section

List of Board Committees

- Corporate Governance Committee
- Audit Committee
- Nomination & Remuneration Committee
- Risk Management Committee
- Corporate Strategy Committee
- IT Governance Committee
- Compliance Committee
- Credit Committee

The names of the members of the Audit Committee and their financial and accounting qualifications

Member	Qualifications	Experience
Suleiman Hafez Suleiman Al Masri / Chairman	- Bachelor Degree in Trade / University of Alexandria - Beirut Branch 1968 - Financial and Management courses in the United States of America, United Kingdom and Austria	- Member of the Board of Trustees of The Higher Council for Science and Technology (2013-2017) - Minister of Finance (1997-1998) - Minister of Finance (2012-2013) - Minister of Post & Telecommunications (1998-1999) - Minister of Energy (2010) - Secretary General of the Ministry of Finance (1991-1996) - Chairman / Royal Jordanian Airlines (2014-2016) - Chairman / Social Security Investment Fund / Social Security Corporation (2013-2016) - Chairman / Electricity Regulatory Commission (2009-2010) - Chairman / Telecommunication Regulatory Commission (1998-1999) - Chairman / Jordan Telecommunications Corporation (1999-2001) - Chairman / Arab Potash Co. (2001-2003) - Chairman / KEMAPCO (Kemera Co.) for Fertilizers & Chemicals Industries (2001-2003) - Chairman / Jordan Bromine Co. (2001-2003) - Chairman / Free Zones Corp. & Jordan Investment Corp (1997-1999) - Member of Royal Commission for Modernization and Development (1993-1996) - Governor of the International Monetary Fund “Representing Jordan” for various periods - Deputy Governor of the Islamic Development Bank / Jeddah “Representing Jordan” (1991-1997) - Deputy Governor of the Arab Monetary Fund “Representing Jordan” (1991-1997) - Chairman of the Ministerial Development Committee for various periods - Member of the Board of Directors / Royal Jordanian Airlines (1991-1997) - Member of the Board of Directors / Jordan Electricity Authority (1991-1997) - Member of the Board of Directors / Social Security Corporation (1991-1997)

		- Member of the Board of Directors / Orphan Development Corp. (1991-1997) - Member of the Board of Directors / Agriculture Credit Corp. (1991-1997) - Member of the Board of Directors / Arab Engineering Industries (1992-1997) - Member of the Board of Directors / Civil Aviation Authority (1991-1997) - Member of the Board of Directors / Jordan Cement Factories Co. (1990-1997) - Member of the Board of Directors / Jordan Phosphate Co. (1992-1997) - Member of the Board of Directors / Arab African Bank (1991-1997) - Member of the Board of Directors / Arab Organisation for Agricultural Development (1992-1997) - Member of the Board of Directors / Royal Automobile Club of Jordan (2012-2020)
Mr. Mohammed Adnan Al-Madi Representative of Social Security Corporation / Member	- Master of Administrative Science/ Finance, University of Jordan1998 - Bachelor Degree in Accounting, Yarmouk University – Jordan 1992	- Manager of Equity Support Directorate – Social Security Investment Fund. (Oct. 2019 – present) - Manager of Internal Audit Unit - Social Security Investment Fund. (May 2003 – Oct. 2019) - Senior Internal Auditor – Central Bank of Jordan. (Jan. 1994 – May 2003) - Customer Relationship Officer – Arab Bank PLC. (Feb. 1993 - Dec. 1993) - External Auditor – Delloitte & Touch – Jordan. (Sep. 1992 – Feb. 1993) - Previous Board Member and Committees member of several companies, including, Housing Bank for Trade and Finance. Board Member of the Jordan Kuwait Bank, Capital Bank, The Jordan Petroleum Refinery Company, Daman Investments Company, The Jordan Petroleum Products Marketing Company, The National Jordanian Mineral Oils Industry, The Jordan Real Estate Development Company.

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

Name of the Chairman and members of the Corporate Governance Committee, Nomination and Remuneration Committee, and Risk Management Committee

Corporate Governance Committee	- Mr. Sabih Masri / Chairman - Mr. Suleiman Hafez Masri / Member - Mr. Abbas Zuaiter / Member
Nomination and Remuneration Committee	- Mr. Usama Mikdashi / Chairman - Mr. Sabih Masri / Member - Mr. Suleiman Hafez Masri / Member
Risk Management Committee	- Mr. Abbas Zuaiter / Chairman - Mr. Usama Mikdashi / Member - Social Security Corp. Represented by Mr. Mohammed Al-Madi / Member - Mr. Khaled Masri / Member - Chief Executive Officer / Member - Head of Group Risk / Member

Number of Board committees meeting during the year 2021 *

	Audit Committee **						Nomination & Remuneration Committee				Corporate Governance Committee	
	First	Second	Third	Forth	Fifth	Sixth	First	Second	Third	Forth	First	Second
Mr. Sabih Masri							✓	✓	✓	✓	✓	✓
Mr. Mahmoud Malhas												
Ministry of Finance, Saudi Arabia Represented by Mr. Hisham Attar												
Social Security Corp. Represented by Mr. Mohammed Al-Madi Since 15/12/2021	✓	✓	✓	✓	✓	✓						
Wahbe Tamari												
Mr. Khaled Masri Since 25/1/2021												
Mr. Bassam Kanaan												
Mr. Abbas Zuaiter	✓	✓	✓	✓		✓					✓	✓
Mr. Alaa Batayneh							✓					
Mr. Suleiman Masri	✓	✓	✓	✓	✓	✓	Since 27/6/2021	✓	✓	✓	✓	✓
Mr. Usama Mikdashi							Since 27/6/2021	✓	✓	✓		

* Roles and responsibilities of the committees are in compliance with the Corporate Governance Code.

** The Bank's external auditors attended five meetings of the Audit Committee.

*** The Corporate Strategy Committee includes members of the Executive Management: the Chief Executive Officer and the Deputy Chief Executive Officer, who attended the meeting of the Committee.

****The Risk Management Committee includes members of the Executive Management: the Chief Executive Officer and the Head of Group Risk, who attended all meetings of the Committee.

Strategy Committee ***	Risk Committee ****				IT Governance Committee				Compliance Committee				Credit Committee	
First	First	Second	Third	Forth	First	Second	Third	Forth	First	Second	Third	Forth	First	Second
✓													✓	✓
									✓	✓		✓		
	✓	✓	✓	✓										
✓					✓	✓	✓	✓					✓	✓
	✓	✓		✓	✓	✓	✓	✓						✓
✓					Since 27/6/2021			✓					✓	✓
✓	✓	✓	✓	✓										
					✓	✓	✓	✓					✓	✓
									✓	✓	✓	✓		
	✓	✓	✓	✓					✓	✓	✓	✓		

Number of Board meetings during the year 2021

Board of Directors	Meetings of the Board of Directors						
	First	Second	Third	Forth	Fifth	Sixth	Seventh
Mr. Sabih Masri / Chairman	✓	✓	✓	✓	✓	✓	✓
Mr. Mahmoud Malhas / Deputy Chairman Since 29/7/2021					✓	✓	✓
Ministry of Finance, Saudi Arabia / Member Represented by Mr. Hisham Attar	✓	✓	✓	✓		✓	✓
Social Security Corp. / Member Represented by Mr. Mohammed Al-Madi Since 15/12/2021	✓	✓	✓	✓	✓	✓	✓
Mr. Wahbe Tamari / Member	✓	✓	✓	✓	✓	✓	✓
Mr. Khaled Masri / Member Since 25/1/2021		✓	✓	✓	✓	✓	✓
Mr. Bassam Kanaan / Member	✓	✓	✓	✓	✓	✓	✓
Mr. Abbas Zuaiter / Member	✓	✓	✓	✓	✓	✓	✓
Mr. Alaa Batayneh / Member	✓	✓	✓	✓	✓	✓	✓
Mr. Suleiman AL-Masri / Member	✓	✓	✓	✓	✓	✓	✓
Mr. Usama Mikdashi / Member	✓	✓	✓	✓	✓	✓	✓

Sabih T. Masri
Chairman

DISCLOSURE ABOUT CORPORATE GOVERNANCE

Arab Bank confirms its commitment to apply all articles of the Corporate Governance Code as approved by the Board of Directors and published on the website.

Arab Bank approved and published the IT Governance Management Manual on its website in line with the regulations of the Central Bank of Jordan and confirms its commitment to apply all articles of the code.

AGENDA OF THE 92ND ORDINARY GENERAL ASSEMBLY:

1. Reciting the resolutions of the previous 91st General Assembly Ordinary Meeting.
2. Voting and approval of the report of the Board of Directors for the fiscal year 2021 and the future business plan of the Bank.
3. Voting and approval of the auditors' report for the fiscal year 2021 and voting on the financial statements and balance sheet of the Bank for the fiscal year 2021, and approval of the recommendation of the Board of Directors to pay dividends to shareholders at the rate of JOD 0.200 per share, i.e. 20% of the nominal value of the share being JOD 1.00.
4. Release of the members of the Board of Directors from liability for the fiscal year 2021.
5. Election of the Bank's auditors for the fiscal year 2022 and the determination of their remuneration.
6. Election of new members of the Board of Directors of Arab Bank plc for the next term of four years as of the date of the elections.

ADDRESSES OF ARAB BANK'S MAIN BRANCHES AND SUBSIDIARIES, AFFILIATES AND SISTER COMPANIES

Country	Address	
Jordan	General Management PO BOX 950545 Amman 11195 Jordan	Tel. 00962 (6) 5600000 Fax. 00962 (6) 5606793 00962 (6) 5606830
	Amman PO Box 68 Amman 11118 Jordan	Tel. 00962 (6) 4638161/9 Fax. 00962 (6) 4637082
	Shmeisani PO Box 950546 Amman 11195 Jordan	Tel. 00962 (6) 5000013 Fax. 00962 (6) 5670564
Palestine	PO Box 1476, Grand Park Hotel St. Al Masyoon - Ramallah Palestine	Tel. 00970 (2) 2978100 Fax. 00970 (2) 2982444
Bahrain	PO Box 813, Building 540, Road 1706 - Block 317, Diplomatic Area Kingdom of Bahrain	Tel. 00973 17549000 Fax. 00973 17541116
United Arab Emirates	Abu Dhabi: PO Box 875 Naser St., SH. Tahnoon Bin Moh'd Bldg.	Tel. 00971 (2) 6392225 Fax. 00971 (2) 6212370
	Dubai: PO Box 11364 Emaar Square. Bldg. no. 2	Tel. 00971 (4) 3737400 Fax. 00971 (4) 3385022
Lebanon	PO Box 11-1015 Riad El Solh Square Banks Street Commercial Buildings Co. Bldg. Beirut - Lebanon	Tel. 00961 (1) 981155 Fax. 00961 (1) 980299 00961 (1) 980803

ADDRESSES OF ARAB BANK'S MAIN BRANCHES AND SUBSIDIARIES, AFFILIATES AND SISTER COMPANIES

Country	Address	
Egypt	46 Gamet El Dowal El Arabia St. Mohandessein - Al Giza	Tel. 00 20 (2) 2599 7600 Fax. 00 20 (2) 2813 3116
Yemen	PO Box 475 & 1301 Zubairi St. Sana'a	Tel. 00967 (1) 276585/93 Fax. 00967 (1) 276583
Morocco	PO Box 13810 174 Mohamed V St. Casablanca	Tel. 00212 (5) 2222 3152 Fax. 00 212 (5) 2220 0233
Qatar	PO Box 172, Grand Hammed Area Avenue no. 119 Doha – Qatar	Tel. 00974 44387777 Fax. 00 974 44387677
Algeria	15 Boulevard du bonheur residence Chaabani Val D'Hydra Alger - Algeria	Tel: 00 213 (21) 60 87 25 Fax: 00 213 (21) 48 00 01
Singapore	3 Fraser street, Duo Tower #10-21, Singapore 189352	Tel. 0065 65330055 Fax. 0065 65322150
United States of America (New York Agency)	Federal Agency- New York 150 East 52nd St. New York , NY 10022 - 4213	Tel.: 001 (212) 7159700 Fax.: 001 (212) 5934632
China	Unit 4505-07, Floor 45th IFC Two, No. 8 Century Avenue, Pudong New District, Shanghai PRC Zip Code: 200120	Tel. 0086 (21) 61607700 Fax. 0086 (21) 61607722
South Korea (Representative Office)	Seoul Square Bldg., 5Fl. Hangangdaero 416 Jung-gu, Seoul 04637 South Korea	Tel. 0082 (2) 775 4290 Fax. 0082 (2) 775 4294

ADDRESSES OF ARAB BANK'S MAIN BRANCHES AND SUBSIDIARIES, AFFILIATES AND SISTER COMPANIES

Country	Address	
Europe Arab Bank plc **United Kingdom**	13-15 Moorgate London EC2R 6AD	Tel. 0044 (20) 73158500 Fax. 0044 (20) 76007620
France	Paris 41 Avenue de Friedland 75008 Paris (Entrance at the corner of rue Arsène Houssaye)	Tel. 0033 (1) 45616000 Fax. 0033 (1) 42890978
Italy	Corso Matteotti 1A 20121 Milan	Tel. 0039 (2) 76398521 Fax. 0039 (2) 782172
Germany	Niedenau 61-63 D-60325 Frankfurt am Main Germany	Tel. 0049 (69) 242590 Fax. 0049 (69) 235471
Arab Bank Australia Ltd.	Level 7, 20 Bridge Street Sydney NSW 200 Australia	Tel. 0061 (2) 93778900 Fax. 0061 (2) 92215428
Arab Bank (Switzerland) Ltd.	Geneva 10-12 Place de Longemalle P.O. Box 3575 CH - 1211 Geneva 3	Tel. 0041 (22) 7151211 Fax. 0041 (22) 7151311
	Zurich Nüschelerstrasse 1 P.O. Box 1065 CH–8001 Zurich	Tel. 0041 (44) 2657111 Fax. 0041 (44) 2657268
Finance Accountancy Mohassaba	24 Rue Neuve du Molard P.O.Box 3155 CH – 1211 Geneva 3	Tel . 0041 (22) 9083000 Fax. 0041 (22) 7387229
Islamic International Arab Bank	Wasfi Al-Tal St., Bldg. no. 20 P.O.Box 925802 Amman 11190 Jordan	Tel. 00962 (6) 5694901 Fax. 00962 (6) 5694914
Arab National Leasing Co.	Madina Monawwara St., Bldg. no. 255 P.O.Box 940638 Amman 11194 Jordan	Tel. 00962 (6) 5531649 Fax. 00962 (6) 5529891
Al- Arabi Investment Group Co.	Shmeisani, Esam Ajlouni St., Bldg. No. 3 P.O.Box 143156 Amman 11814 Jordan	Tel. 00962 (6) 5522239 Fax. 00962 (6) 5519064

ADDRESSES OF ARAB BANK'S MAIN BRANCHES AND SUBSIDIARIES, AFFILIATES AND SISTER COMPANIES

Country	Address	
Acabes for Financial Technologies	Esam Ajlouni St., Shmeisani, Bldg. No. 3 P.O.Box 950545 Amman 11195 Jordan	Tel. 00962 (6) 5203640 Fax. 00962 (6) 5673923
Al Arabi Investment Group Co. / Palestine	Ramallah, Old Town P.O.Box 1476 Palestine	Tel. 00970 (2) 2980240 Fax. 00970 (2) 2980249
Arab Sudanese Bank Ltd.	Wahat El- Khartoum Towers P.O.Box 955 Khartoum - Sudan	Tel. 00249 (15) 6550001 Fax. 00249 (15) 6550004
Arab Tunisian Bank	9 Hedi Nouira Street, Tunis 1001	Tel. 00216 (71) 351155 Fax. 00216 (71) 342852
Al Nisr Al Arabi Insurance Co.	Esam Ajlouni St., Bldg. no. 21 Shmeisani P.O.Box 9194 Amman 11191	Tel. 00962 (6) 5685171 Fax. 00962 (6) 5685890
Arab Bank - Syria	Mahdi Bin Baraka St., Abu Rummana P.O.Box 38 Damascus- Syria	Tel. 00963 (11) 9421 Fax. 00963 (11) 3349844
Oman Arab Bank	North Ghubra, P.O.Box 2240 PC 130 Sultanate of Oman	Tel. 00968 (24) 754000 Fax. 00968 (24) 797736
Turkland Bank	19 Mayis Mah. 19 Mayis Cad. Sisli Plaza A Blok No. 7 34360 Sisli- Istanbul – Turkey	Tel. 0090 (212) 3683434 Fax. 0090 (212) 3683535
Arab National Bank	P.O.Box 56921 Riyadh 11564 Saudi Arabia	Tel. 00966 (11) 4029000 Fax. 00966 (11) 4027747
Arabia Insurance Co.	Company's Bldg., Phoenicia St. P.O.Box 2172 - 11 Beirut – Lebanon	Tel. 00961 (1) 363610 Fax. 00961 (1) 363659
Commercial Building Co.	Riad El-Solh Sq., Banks St., P.O.Box 6498 - 11 Beirut - Lebanon	Tel. 00961 (1) 980750 00961 (1) 980751 Fax. 00961 (1) 980752