<u>ARAB BANK GROUP</u>

<u>CONSOLIDATED FINANCIAL STATEMENTS</u>

<u>31 DECEMBER 2021</u>

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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><td colspan="2">1. Inadequate allowances (ECL) for credit facilities
Refer to note (13) to the consolidated financial statements</td></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>

	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.

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.

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

ARAB BANK GROUP

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	31 December 2021 USD '000	31 December 2020 USD '000
ASSETS			
Cash and balances with central banks	8	12 006 994	10 807 627
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**
LIABILITIES AND OWNERS' EQUITY			
Banks' and financial institutions' deposits	19	3 992 699	3 974 226
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**
Equity			
Share capital	27	926 615	926 615
Share premium	27	1 225 747	1 225 747
Statutory reserve	28	926 615	926 615
Voluntary reserve	29	977 315	977 315
General reserve	30	1 211 927	1 141 824
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.

ARAB BANK GROUP

CONSOLIDATED STATEMENT OF INCOME

	Notes	2021	2020
REVENUE		**USD '000**	**USD '000**
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 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.

ARAB BANK GROUP

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2021	2020
	USD '000	**USD '000**
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.

ARAB BANK GROUP

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Notes	Share Capital	Share Premium	Statutory Reserve	Voluntary Reserve	General Reserve	General Banking Risks Reserve	Reserves with Associates	Foreign Currency Translation Reserve	Investments Revaluation Reserve	Retained Earnings	Total Equity Attributable to the Shareholders of the Bank	Non-Controlling Interests	Perpetual Bonds (Tier 1 Capital)	Total Share holders' Equity
		USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
For the year ended 2021															
Balance at the Beginning of the year		**926 615**	**1 225 747**	**926 615**	**977 315**	**1 141 824**	**224 274**	**1 540 896**	**(160 209)**	**(295 797)**	**2 775 635**	**9 282 915**	**105 848**	**-**	**9 388 763**
Profit for the year		-	-	-	-	-	-	-	-	-	306 721	306 721	7 796	-	**314 517**
Other comprehensive income for the year		-	-	-	-	-	-	-	(131 778)	(18 967)	-	(150 745)	(7 188)	-	(157 933)
Total Comprehensive Income for the Year		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(131 778)**	**(18 967)**	**306 721**	**155 976**	**608**	**-**	**156 584**
Transferred from general banking risk reserve		-	-	-	-	70 103	(70 103)	-	-	-	-	-	-	-	-
Transferred from Investments revaluation reserve to retained earnings		-	-	-	-	-	-	-	-	2 211	(2 211)	-	-	-	-
Dividends	35	-	-	-	-	-	-	-	-	-	(111 944)	(111 944)	(2 115)	-	(114 059)
Acquisition of Oman Arab Bank	6	-	-	-	-	-	-	-	-	-	-	-	466 817	188 449	655 266
Issuance of Perpetual Bonds (Tier 1 Capital)		-	-	-	-	-	-	-	-	-	-	-	-	250 000	250 000
Adjustments during the year		-	-	-	-	-	-	-	-	-	(217)	(217)	(14 985)	-	(15 202)
Balance at the End of the Year		**926 615**	**1 225 747**	**926 615**	**977 315**	**1 211 927**	**154 171**	**1 540 896**	**(291 987)**	**(312 553)**	**2 967 984**	**9 326 730**	**556 173**	**438 449**	**10 321 352**
For the year ended 2020															
Balance at the Beginning of the year		**926 615**	**1 225 747**	**926 615**	**977 315**	**1 141 824**	**238 952**	**1 540 896**	**(252 925)**	**(298 403)**	**2 584 537**	**9 011 173**	**91 278**	**-**	**9 102 451**
Profit for the year		-	-	-	-	-	-	-	-	-	192 791	192 791	2 493	-	**195 284**
Other comprehensive income for the year		-	-	-	-	-	-	-	92 716	31	-	92 747	14 162	-	**106 909**
Total Comprehensive Income for the Year		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**92 716**	**31**	**192 791**	**285 538**	**16 655**	**-**	**302 193**
Transferred from general banking risk reserve		-	-	-	-	-	(14 678)	-	-	-	14 678	-	-	-	-
Transferred from Investments revaluation reserve to retained earnings		-	-	-	-	-	-	-	-	2 575	(2 575)	-	-	-	-
Investments revaluation reserve transferred to non-controlling interests		-	-	-	-	-	-	-	-	-	-	-	(322)	-	**(322)**
Dividends	35	-	-	-	-	-	-	-	-	-	-	-	(1 763)	-	**(1 763)**
Changes in associate equity		-	-	-	-	-	-	-	-	-	(5 504)	(5 504)	-	-	**(5 504)**
Adjustments during the year		-	-	-	-	-	-	-	-	-	(8 292)	(8 292)	-	-	**(8 292)**
Balance at the End of the Year		**926 615**	**1 225 747**	**926 615**	**977 315**	**1 141 824**	**224 274**	**1 540 896**	**(160 209)**	**(295 797)**	**2 775 635**	**9 282 915**	**105 848**	**-**	**9 388 763**

- 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.

ARAB BANK GROUP

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		**USD '000**	**USD '000**
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 from Operating Activities before Income Tax		**837 741**	**3 461 543**
Income tax paid	23	(284 360)	(284 714)
Net Cash 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 generated (used in) 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 and the Central Bank of Jordan.

2. (A) BASIS OF PREPARATION

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

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

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

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

2. (B) BASIS OF CONSOLIDATION

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

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

Updating the description of the hedging instrument.

Recognition of Interest Income

The effective interest rate method

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

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

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

Interest and similar income and expense

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

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

The Bank also 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

<u>Date of recognition</u>

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

<u>Initial measurement of financial instruments</u>

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.

<u>Day 1 profit or loss</u>

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.

<u>The SPPI test</u>

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.

<u>Derivatives recorded at fair value through profit or loss</u>

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.

<u>Derecognition of financial assets and liabilities</u>

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.

<u>The Group's internal credit rating system:</u>

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 USD '000	31 December 2020 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 balances	(917 455)	-	-	**(917 455)**	**(261 483)**
Transfers to stage 1	-	-	-	**-**	**-**
Transfers to stage 2	-	-	-	**-**	**-**
Transfers to stage 3	-	-	-	**-**	**-**
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)**
Transfers to stage 1	-	-	-	**-**	**-**
Transfers to stage 2	-	-	-	**-**	**-**
Transfers to stage 3	-	-	-	**-**	**-**
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	(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	(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:

Local banks and financial institutions	**31 December 2021**	**31 December 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**

Abroad banks and financial institutions	**31 December 2021**	**31 December 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)**
Transfers to stage 1	-	-	-	-	-
Transfers to stage 2	-	-	-	-	-
Transfers to stage 3	-	-	-	-	-
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)**
Transfers to stage 1	-	-	-	-	-
Transfers to stage 2	-	-	-	-	-
Transfers to stage 3	-	-	-	-	-
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	31 December 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	31 December 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).

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

	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 year	**472**	**-**	**-**	**472**

The reversal of allowance for bonds at fair value through OCI for the year 2021 amounted to USD 593 thousands does not change the carrying amount of these investments, which are measured at fair value but gives rise to an equal and opposite loss in OCI.

	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 Institutions	Government and Public Sector	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						
	Consumer Banking	Corporates		Banks and Financial Institutions	Government and Public Sector	Total	The total includes movement on the real-estate loans provision as follows:
		Small and Medium	Large				
	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
Balance at the beginning of the year	**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						
	Consumer Banking	Corporates		Banks and Financial Institutions	Government and Public Sector	Total	The total includes movement on the real - estates loans provision as follows:
		Small and Medium	Large				
	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
Balance at the beginning of the year	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 provision for impairment - ECL (Without Consumer banking):

	31 December 2021							
			Corporates					
	Due from Banks	Other Financial Assets	Large Corporates	Small and Medium Corporates	Banks and Financial Institutions	Government and Public Sector	Items off Statement of Financial Position	**Total**
	USD '000	**USD '000**	**USD '000**	**USD '000**	**USD '000**	**USD '000**	**USD '000**	**USD '000**
Upside (20%)	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 Corporates	Small and Medium Corporates	Banks and Financial Institutions	Government and Public Sector	Items off Statement of Financial Position	**Total**
	USD '000	**USD '000**	**USD '000**	**USD '000**	**USD '000**	**USD '000**	**USD '000**	**USD '000**
Upside (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 provision for impairment - 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						
	Consumer Banking	Corporates		Banks and Financial Institutions	Government and Public Sector	Total	The total includes interest and commission in suspense movement on real - estates loans as follows:
		Small and Medium	Large				
	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
Balance at the beginning of the year	**92 524**	**115 426**	**411 265**	**53**	**-**	**619 268**	**17 415**
Acquisition of Oman Arab Bank (Note 6)	5 499	9 795	15 774	-	-	31 068	3 894
Amended balance at the beginning of the year	**98 023**	**125 221**	**427 039**	**53**	**-**	**650 336**	**21 309**
Interest and commission suspended during the year	23 826	26 865	136 612	-	-	**187 303**	8 333
Interest and commission in suspense settled (written off or transferred to off consolidated statement of financial position)	(8 680)	(3 885)	(19 311)	-	-	**(31 876)**	(227)
Recoveries	(5 541)	(2 803)	(5 122)	-	-	**(13 466)**	(3 690)
Adjustments during the year	274	(920)	647	(2)	-	**(1)**	2
Translation adjustments	(1 618)	(824)	(11 309)	(2)	-	**(13 753)**	-
Balance at the End of the Year	**106 284**	**143 654**	**528 556**	**49**	**-**	**778 543**	**25 727**

	31 December 2020						
	Consumer Banking	Corporates		Banks and Financial Institutions	Government and Public Sector	Total	The total includes interest and commission in suspense movement on real - estates loans as follows:
		Small and Medium	Large				
	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
Balance at the beginning of the year	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**
Balance at the end of the year	**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**
Balance at the end of the year	**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	(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**
Balance at the end of the year	**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	(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**
Balance at the end of the year	**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)**
Translation Adjustments	(41 554)	(17 247)	(10 732)	**(69 533)**	**90 682**
Balance at the end of the year	**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**
Balance at the end of the year	**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)**
Translation Adjustments	(127 901)	(32 674)	(39 878)	**(200 453)**	**74 176**
Balance at the end of the year	**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 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	**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**
Balance at the end of the year	**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	-	-	-	-	-
Translation Adjustments	(2 432)	-	(185)	**(2 617)**	**1 000**
Balance at the end of the year	**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)**
Balance at the end of the year	**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**
Balance at the end of the year	**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**
Balance at the end of the year	**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**
Balance at the end of the year	**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**
Balance at the end of the year	**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	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 Equipment	Computers and Communication Equipment	Motor Vehicles	Other	Total
Historical Cost:	**USD '000**	**USD '000**	**USD '000**	**USD '000**	**USD '000**	**USD '000**	**USD '000**
Balance as of 1 January 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	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**
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)**
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)**
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	2020
	USD '000	USD '000
Balance at the beginning of the year	34 272	29 820
Additions	26 867	18 425
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	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 - CUSTOMERS' 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	31 December 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	31 December 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.

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 subsequently 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 bonds may be recalled on any interest payment date thereafter subject to the prior consent of the regulatory authority.

35 - RETAINED EARNINGS AND NON-CONTROLLING INTERESTS

The movement of retained earnings are as follows:

	31 December	
	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	Arab Tunisian Bank	Arab Bank Syria	Al Nisr Al Arabi Insurance
	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 :

	31 December 2021									
		Fair Value of Collaterals								
	Total Credit Risk Exposure	Cash	Banks accepted letters of guarantees	Real estate properties	Listed securities	Vehicles and equipment	Other	**Total**	**Net Exposure**	**Expected Credit Loss**
	USD '000	**USD '000**	**USD '000**	**USD '000**	**USD '000**	**USD '000**	**USD '000**	**USD '000**	**USD '000**	**USD '000**
Credit exposures relating to items on statement of financial position:										
Balances with central banks	11 434 604	-	-	-	-	-	-	-	11 434 604	201 912
Balances with banks and financial institutions	3 759 049	-	-	-	-	-	-	-	3 759 049	2 765
Deposits with banks and financial institutions	276 340	-	-	-	-	-	-	-	276 340	846
Financial assets at fair value through profit or loss	40 117	-	-	-	-	-	-	-	40 117	-
Financial assets at fair value through OCI	312 973	-	-	-	-	-	-	-	312 973	472
Direct credit facilities at amortized cost	**34 550 463**	**1 643 876**	**347 918**	**5 526 017**	**1 171 803**	**490 222**	**5 156 906**	**14 336 742**	**20 213 721**	**2 583 134**
Consumer Banking	9 341 770	462 623	5 328	584 536	4 206	85 130	1 684 812	2 826 635	6 515 135	312 222
Small and Medium Corporates	4 355 158	363 506	48 410	1 154 769	206 450	30 637	506 549	2 310 321	2 044 837	397 379
Large Corporates	17 975 980	817 491	267 659	3 780 367	960 735	374 455	2 762 305	8 963 012	9 012 968	1 856 016
Banks and Financial Institutions	378 248	-	226	-	412	-	10 082	10 720	367 528	5 511
Government and Public Sector	2 499 307	256	26 295	6 345	-	-	193 158	226 054	2 273 253	12 006
Other financial assets at amortized cost	10 595 538	-	-	-	-	-	-	-	10 595 538	34 365
Financial derivatives - positive fair value	86 585	-	-	-	-	-	-	-	86 585	-
Other assets	407 927	-	-	-	-	-	-	-	407 927	-
Total	**61 463 596**	**1 643 876**	**347 918**	**5 526 017**	**1 171 803**	**490 222**	**5 156 906**	**14 336 742**	**47 126 854**	**2 823 494**
Credit exposures relating to items off statement of financial position	**18 017 520**	**704 416**	**61 033**	**199 194**	**17 807**	**17 971**	**2 235 069**	**3 235 490**	**14 782 030**	**145 511**
Grand Total	**79 481 116**	**2 348 292**	**408 951**	**5 725 211**	**1 189 610**	**508 193**	**7 391 975**	**17 572 232**	**61 908 884**	**2 969 005**
Grand Total as of 31 December 2020	**66 741 322**	**2 433 458**	**281 428**	**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 :

	31 December 2021									
		Fair Value of Collaterals								
	Total Credit Risk Exposure	Cash	Banks accepted letters of guarantees	Real estate properties	Listed securities	Vehicles and equipment	Other	**Total**	**Net Exposure**	**Expected Credit Loss**
	USD '000	**USD '000**	**USD '000**	**USD '000**	**USD '000**	**USD '000**	**USD '000**	**USD '000**	**USD '000**	**USD '000**
Credit exposures relating to items on statement of financial position:										
Cash and balances with central banks	-	-	-	-	-	-	-	-	-	-
Balances with banks and financial institutions	-	-	-	-	-	-	-	-	-	-
Deposits with banks and financial institutions	-	-	-	-	-	-	-	-	-	-
Financial assets at fair value through profit or loss	-	-	-	-	-	-	-	-	-	-
Financial assets at fair value through OCI	-	-	-	-	-	-	-	-	-	-
Direct credit facilities at amortized cost	**2 855 311**	**21 702**	**5 917**	**199 150**	**2 187**	**16 834**	**73 696**	**319 486**	**2 535 825**	**1 826 301**
Consumer Banking	412 992	7 027	418	17 935	1	121	20 175	45 677	367 315	244 478
Small and Medium Corporates	572 250	1 612	2 001	66 062	209	975	17 461	88 320	483 930	324 344
Large Corporates	1 865 342	13 063	3 462	115 153	1 977	15 738	36 059	185 452	1 679 890	1 252 857
Banks and Financial Institutions	3 986	-	-	-	-	-	-	-	3 986	3 937
Government and Public Sector	741	-	36	-	-	-	1	37	704	685
Other financial assets at amortized cost	-	-	-	-	-	-	-	-	-	-
Financial derivatives - positive fair value	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-	-
Total	**2 855 311**	**21 702**	**5 917**	**199 150**	**2 187**	**16 834**	**73 696**	**319 486**	**2 535 825**	**1 826 301**
Credit exposures relating to items off statement of financial position	**162 820**	**111 635**	**3 738**	**13 182**	**15 321**	**-**	**97 235**	**241 111**	**(78 291)**	**92 445**
Grand Total	**3 018 131**	**133 337**	**9 655**	**212 332**	**17 508**	**16 834**	**170 931**	**560 597**	**2 457 534**	**1 918 746**
Grand Total as of 31 December 2020	**2 526 688**	**17 564**	**4 622**	**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	Percentage of
	Total Credit Risk Exposure	Reclassified Credit Risk Exposure	Total Credit Risk Exposure	Reclassified Credit Risk Exposure	Reclassified Credit Risk Exposure	Reclassified Credit Risk Exposure (%)
	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
Credit exposures relating to items on statement of financial position:						
Balances with central banks	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	Percentage of
	Total Expected Credit Loss	Reclassified Expected Credit Loss	Total Expected Credit Loss	Reclassified Expected Credit Loss	Reclassified Expected Credit Loss	Reclassified Expected Credit Loss (%)
	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
Credit exposures relating to items on statement of financial position:						
Balances with central banks	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%
Other assets and financial derivatives - positive fair value	-	-	-	-	-	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 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

	31 December 2021												
		Corporates											
	Consumer Banking	Industry and Mining	Constructions	Real Estate	Trade	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	USD '000	USD '000	USD '000	USD '000	USD '000
Balances with Central Banks	-	-	-	-	-	-	-	-	-	-	-	11 232 692	11 232 692
Balances and deposits with banks and financial institutions	-	-	-	-	-	-	-	-	-	-	4 031 778	-	4 031 778
Financial assets at fair value through profit or loss	-	-	-	-	-	-	-	-	-	-	40 117	-	40 117
Financial assets at fair value through OCI	-	-	-	-	-	-	-	-	-	40 715	52 442	219 344	312 501
Direct credit facilities at amortized cost	8 923 264	4 690 843	2 291 070	1 836 345	4 088 670	716 434	1 013 506	521 848	35 939	4 210 878	372 688	2 487 301	31 188 786
Other financial assets at amortized cost	-	110 517	-	6 947	-	-	-	-	-	305 273	985 073	9 153 363	10 561 173
Financial derivatives - positive fair value	82	375	7	-	703	-	-	-	-	12 382	72 809	227	86 585
Other assets	32 314	32 512	23 430	14 073	35 217	2 648	7 905	7 395	-	126 550	35 633	90 250	407 927
Total	**8 955 660**	**4 834 247**	**2 314 507**	**1 857 365**	**4 124 590**	**719 082**	**1 021 411**	**529 243**	**35 939**	**4 695 798**	**5 590 540**	**23 183 177**	**57 861 559**
Total as of 31 December 2020	**5 883 353**	**4 700 198**	**1 872 257**	**1 643 625**	**3 926 238**	**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			
	(Individual)	(Collective)	(Individual)	(Collective)	Stage 3	Total
	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	Shareholders' Equity	Total	Statement of Income	Shareholders' 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	-	-	3 888 155	9 748 531
Balances and deposits with banks and financial institutions	2 838 226	918 059	134 456	67 453	73 584	-	-	4 031 778
Financial assets at fair value through profit or loss	5 722	21 705	11 799	95	792	4	32 226	72 343
Direct credit facilities at amortized cost	8 665 694	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**	**11 373 233**	**63 805 134**
LIABILITIES								
Banks and financial institutions' deposits	1 804 910	1 202 788	255 016	87 849	338	560	641 238	3 992 699
Customer deposits	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).

ASSETS	Up to 1 month	More than 1 month and till 3 months	More than 3 months and till 6 months	More than 6 months and till 1 year	More than 1 year and till 3 years	More than 3 years	Not tied to interest rate risk	Total
	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
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.

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

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

Liabilities	Within 1 month USD '000	After 1 months and till 3 months USD '000	After 3 months and till 6 months USD '000	After 6 months and till one year USD '000	After one year and till 3 years USD '000	After 3 years USD '000	Not tied to a specific maturity USD '000	Total USD '000
Banks and financial institutions' deposits	1 579 616	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		
	Book value	Fair value	Book value	Fair value	Fair value Hierarchy
	USD '000	USD '000	USD '000	USD '000	
Financial assets not calculated at fair value					
Mandatory reserve , time and notice and certificates of deposits at Central Banks	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 subsidiaries and associates	-	3 412 899	3 412 899
Fixed assets	69 151	462 804	531 955
Other assets and financial derivatives - positive fair value	945 856	116 998	1 062 854
Deferred tax assets	248 498	-	248 498
Total assets	**36 062 982**	**27 742 152**	**63 805 134**
Liabilities			
Banks' and financial institutions' deposits	3 991 801	898	3 992 699
Customer deposits	41 536 018	2 949 493	44 485 511
Cash margin	2 318 636	288 495	2 607 131
Borrowed funds	131 428	491 032	622 460
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 subsidiaries and 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	275 406	-	275 406
Provision for Income Tax	230 069	-	230 069
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
	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
	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:

	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.