

**ARAB BANKING CORPORATION (JORDAN)**

**A PUBLIC SHAREHOLDING COMPANY**

**CONSOLIDATED FINANCIAL STATEMENTS**

**31 DECEMBER 2024**



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working world**

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## **INDEPENDENT AUDITOR'S REPORT**

**To the Shareholders of Arab Banking Corporation (Jordan)**

**Amman – Jordan**

### **Report on the Audit of the Consolidated Financial Statements**

#### **Opinion**

We have audited the consolidated financial statements of Arab Banking Corporation (Jordan) (the Bank), and its subsidiaries (the Group) which comprise the consolidated statement of financial position as at 31 December 2024, and the 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 material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2024, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

#### **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards, are further described in the Auditor's Responsibilities for the Audit of the 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.

#### **Other Matter**

The consolidated financial statements for the year ended 31 December 2023 were audited by another auditor. Unqualified opinion was issued on the consolidated financial statements on 27 February 2024.

## 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 current year. 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 financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

<b>Adequacy of the expected credit losses provision for credit facilities</b> <b>Refer to note (8) in the consolidated financial statements.</b>	
<b>Key Audit matter</b>	<b>How the key audit matter was addressed in the audit</b>
<p>This is considered as a key audit matter as the Group exercises significant judgement to determine when and how much to record as expected credit losses.</p> <p>Expected credit losses provision is recognized based on the Bank's provisioning and impairment policy which complies with the requirements of IFRS 9.</p> <p>Credit facilities form a major portion of the Group's assets, there is a risk that inappropriate expected credit losses 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.</p> <p>As at 31 December 2024, the Group's gross credit facilities amounted to JD 866,323,752 and the related expected credit losses provision amounted to JD 73,331,552. The expected credit losses provision policy is presented in the accounting</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• We read the Group's impairment provisioning policy and compared it with the requirements of the International Financial Reporting Standards as well as relevant regulatory guidelines and pronouncements.</li> <li>• 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.</li> <li>• We tested a sample of exposures, assessed on an individual basis and performed procedures to evaluate the following: <ul style="list-style-type: none"> <li>• Appropriateness of the group's staging.</li> </ul> </li> </ul>



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policies in note (2) to the consolidated financial statements.

- Appropriateness of determining Exposure at Default, including the consideration of repayments in the cash flows and the resultant arithmetical calculations
- Appropriateness of the PD, EAD and LGD for different exposures at different stages.
- Appropriateness of the internal rating and the objectivity, competence and independence of the experts involved in this exercise.
- Soundness and mathematical integrity of the ECL Model.
- 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.
- For exposures determined to be individually impaired we re-performed 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 (2), (4), (8) and (40) to the consolidated financial statements.



## **Other information included in the Group's 2024 annual report**

Other information consists of the information included in the Group's 2024 Annual Report other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information. The Group's 2024 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 IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB), and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group's 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 exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.



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

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

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 with the consolidated financial statements.

The partner in charge of the audit resulting in this auditor's report was Osama Shakhatreh; license number 1079.

Amman – Jordan  
20 February 2025

**ERNST & YOUNG**  
Amman - Jordan

**ARAB BANKING CORPORATION (JORDAN)**  
**A PUBLIC SHAREHOLDING LIMITED COMPANY**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2024**

	Notes	2024 JD	2023 JD
<b><u>Assets</u></b>			
Cash and balances at the Central Bank of Jordan	5	119,404,557	81,043,680
Balances at banks and financial institutions - net	6	143,338,747	162,385,311
Deposits at banks and financial institutions - net	7	-	17,751,843
Financial assets at fair value through other comprehensive income	9	70,632,542	94,274,301
Direct credit facilities - net	8	766,651,701	763,168,055
Financial assets at amortized cost - net	10	183,515,077	181,452,946
Financial assets at amortized cost mortgaged	11	32,001,543	30,989,923
Property and equipment - net	12	32,771,221	32,960,325
Intangible assets - net	13	1,133,688	1,080,401
Right of use assets	14- A	2,816,379	2,905,112
Deferred tax assets	21- C	7,780,912	8,048,059
Other assets	15	22,978,035	19,886,499
<b>Total Assets</b>		<b>1,383,024,402</b>	<b>1,395,946,455</b>
<b><u>Liabilities and Equity</u></b>			
<b><u>Liabilities:</u></b>			
Banks and financial institutions' deposits	16	127,613,456	168,835,525
Customers' deposits	17	911,659,999	876,623,475
Cash margins	18	47,212,202	44,981,313
Borrowed funds	19	94,526,865	102,921,397
Sundry provisions	20	84,377	174,377
Income tax provision	21- A	355,324	2,979,746
Lease liabilities	14- B	2,766,171	2,828,075
Deferred tax liabilities	21- D	355,103	437,484
Other liabilities	22	34,131,283	30,833,514
<b>Total Liabilities</b>		<b>1,218,704,780</b>	<b>1,230,614,906</b>
<b><u>Equity:</u></b>			
Paid-in capital	23	110,000,000	110,000,000
Share premium		66,943	66,943
Statutory reserve	24	31,669,695	31,385,324
Voluntary reserve	24	197,281	197,281
Fair value reserve - net	25	303,556	(122,820)
Retained earnings	26	22,082,147	23,804,821
<b>Total Equity</b>		<b>164,319,622</b>	<b>165,331,549</b>
<b>Total Liabilities and shareholders' Equity</b>		<b>1,383,024,402</b>	<b>1,395,946,455</b>

The accompanying notes from (1) to (49) constitute an integral part of these consolidated financial statements and should be read with them.



**ARAB BANKING CORPORATION (JORDAN)**  
**A PUBLIC SHAREHOLDING LIMITED COMPANY**  
**CONSOLIDATED STATEMENT OF INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2024**

	Notes	2024 JD	2023 JD
Interest income	28	100,471,512	96,530,989
Interest expense	29	(64,211,931)	(57,236,868)
<b>Net interest income</b>		<b>36,259,581</b>	<b>39,294,121</b>
Net commissions income	30	2,597,975	2,782,087
<b>Net interest and commissions income</b>		<b>38,857,556</b>	<b>42,076,208</b>
Foreign currencies income	31	1,315,738	1,058,626
Cash dividends from financial assets at fair value through other comprehensive income	32	40,150	40,675
Other income	33	3,140,983	2,989,727
<b>Gross income</b>		<b>43,354,427</b>	<b>46,165,236</b>
Employees expenses	34	16,756,293	15,786,698
Depreciation and amortization	12,13,14	3,693,525	3,511,492
Other expenses	35	11,173,835	10,279,830
Expected credit losses provision	27	8,821,857	10,357,155
Seized assets provision	15	152,246	-
Recovered from sundry provisions	20	(90,000)	-
<b>Total expenses</b>		<b>40,507,756</b>	<b>39,935,175</b>
<b>Profit for the year before income tax</b>		<b>2,846,671</b>	<b>6,230,061</b>
Income tax expense	21- B	(984,974)	(1,229,641)
<b>Profit for the year</b>		<b>1,861,697</b>	<b>5,000,420</b>
		<b>JD / Share</b>	<b>JD / Share</b>
<b>Basic and diluted earnings per share from profit for the year (JD/ Share)</b>	36	<b>0.017</b>	<b>0.045</b>

The accompanying notes from (1) to (49) constitute an integral part of these consolidated financial statements and should be read with them.

**ARAB BANKING CORPORATION (JORDAN)**  
**A PUBLIC SHAREHOLDING LIMITED COMPANY**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2024**

	Notes	2024 JD	2023 JD
<b>Profit for the year</b>		1,861,697	5,000,420
<b><u>Comprehensive income items:</u></b>			
<b>Items which will be reclassified to consolidated statement of income in future periods:</b>			
Net change in fair value of financial assets through other comprehensive income after tax - bonds	25	555,915	963,408
Net change in fair value of derivatives after tax	25	(177,327)	(50,684)
<b>Items which will not be reclassified to consolidated statement of income in future periods:</b>			
Net change in fair value of financial assets through other comprehensive income after tax - shares	25	47,788	46,394
<b>Total other comprehensive income items for the year after tax</b>		426,376	959,118
<b>Total comprehensive income for the year</b>		<u>2,288,073</u>	<u>5,959,538</u>

The accompanying notes from (1) to (49) constitute an integral part of these consolidated financial statements and should be read with them.

**ARAB BANKING CORPORATION (JORDAN)**  
**A PUBLIC SHAREHOLDING LIMITED COMPANY**  
**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2024**

	Reserves					Retained earnings*	Total equity
	Paid-in Capital	Share premium	Statutory reserve	Voluntary reserve	Fair value reserve - net		
	JD	JD	JD	JD	JD	JD	JD
<u>For the year ended 31 December 2024</u>							
Balance at the beginning of the year	110,000,000	66,943	31,385,324	197,281	(122,820)	23,804,821	165,331,549
Total comprehensive income for the year	-	-	-	-	426,376	1,861,697	2,288,073
Transferred to statutory reserve	-	-	284,371	-	-	(284,371)	-
Profit distributed to shareholders (Note 23)	-	-	-	-	-	(3,300,000)	(3,300,000)
Balance at the end of the year	<u>110,000,000</u>	<u>66,943</u>	<u>31,669,695</u>	<u>197,281</u>	<u>303,556</u>	<u>22,082,147</u>	<u>164,319,622</u>
<u>For the year ended 31 December 2023</u>							
Balance at the beginning of the year	110,000,000	66,943	30,762,318	197,281	(1,081,938)	23,827,407	163,772,011
Total comprehensive income for the year	-	-	-	-	959,118	5,000,420	5,959,538
Transferred to statutory reserve	-	-	623,006	-	-	(623,006)	-
Profit distributed to shareholders (Note 23)	-	-	-	-	-	(4,400,000)	(4,400,000)
Balance at the end of the year	<u>110,000,000</u>	<u>66,943</u>	<u>31,385,324</u>	<u>197,281</u>	<u>(122,820)</u>	<u>23,804,821</u>	<u>165,331,549</u>

In accordance with monitoring authorities' instructions:

\* Retained earnings include an amount of JD 7,780,912 restricted as of 31 December 2024, against deferred tax benefits (8,048,059 JD as of 31 December 2023, including the capitalization or distribution unless actually realized , according to the Central Bank of Jordan instructions.

\* The retained earnings balance include an amount of JD 2,761 as of 31 December 2024 ( 2,761JD as of 31 December 2023) restricted, which represents the effect of the early adoption of IFRS 9, unless actually realized through sale transactions.

**The accompanying notes from (1) to (49) constitute an integral part of these consolidated financial statements and should be read with them.**

**ARAB BANKING CORPORATION (JORDAN)**  
**A PUBLIC SHAREHOLDING LIMITED COMPANY**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2024**

	Notes	2024 JD	2023 JD
<b><u>Operating activities</u></b>			
Profit for the year before income tax		2,846,671	6,230,061
<b>Adjustments for non-cash items:</b>			
Depreciation and amortization	12,13,14	3,693,525	3,511,492
Expected credit losses provision	27	8,821,857	10,357,155
Cash dividends from financial assets at fair value through other comprehensive income	32	(40,150)	(40,675)
Gains from sale of property and equipment		(53,867)	(76,786)
Losses (gains) from sale of seized assets		59,286	(52,999)
Seized assets provision	15	152,246	-
Recovered from sundry provisions	20	(90,000)	-
Accrued interest		(84,896)	6,807,126
Lease liabilities - finance cost	14 - B	190,943	153,548
Gains from canceled lease contracts		(1,657)	-
Recovery from impairment loss on land held for sale		(69,536)	-
Effect of exchange rate fluctuations in cash and cash equivalents	31	143,999	183,208
<b>Cash profit before changes in assets and liabilities</b>		<b>15,568,421</b>	<b>27,072,130</b>
<b>Changes in assets and liabilities:</b>			
Deposits with banks and other financial institutions (maturing after more than three months)		17,752,650	(10,219,500)
Direct credit facilities - net		(11,945,476)	(7,509,891)
Other assets		(2,738,303)	(546,157)
Banks and financial institutions deposits (maturing after more than three months)		(3,545,000)	37,390,358
Customers' deposits		35,036,524	34,709,039
Cash margins		2,230,889	(5,313,581)
Other liabilities		2,322,156	1,264,369
<b>Net change in assets and liabilities</b>		<b>39,113,440</b>	<b>49,774,637</b>
<b>Net cash flows from operating activities before income tax paid</b>		<b>54,681,861</b>	<b>76,846,767</b>
Income tax paid	21 - A	(3,688,023)	(1,121,387)
<b>Net cash flows from operating activities</b>		<b>50,993,838</b>	<b>75,725,380</b>
<b><u>Investing activities:</u></b>			
Purchase of financial assets at amortized cost - net		(67,044,415)	(64,241,193)
Maturity of financial assets at amortized cost - net		63,945,318	39,839,787
Cash dividends from financial assets at fair value through other comprehensive income		40,150	40,675
Purchase of property and equipment	12	(2,542,680)	(2,360,485)
Purchase of intangible assets	13	(444,441)	(350,398)
Proceeds from sale of property and equipment		70,382	186,038
Purchase of financial assets at fair value through other comprehensive income - net		(10,124,378)	(3,465,218)
Sale and maturity of financial assets at fair value through other comprehensive income - net		34,729,897	56,076,077
<b>Net cash flows from investing activities</b>		<b>18,629,833</b>	<b>25,725,283</b>
<b><u>Financing activities:</u></b>			
Dividends distributed to shareholders		(3,339,984)	(4,382,113)
Paid lease liabilities	14 - B	(749,560)	(759,956)
Borrowed funds		(8,394,532)	(21,835,818)
<b>Net cash flows used in financing activities</b>		<b>(12,484,076)</b>	<b>(26,977,887)</b>
<b>Net increase in cash and cash equivalents</b>		<b>57,139,595</b>	<b>74,472,776</b>
Effect of exchange rate fluctuations on cash and cash equivalents		(143,999)	(183,208)
<b>Cash and cash equivalent at the beginning of the year</b>		<b>113,608,103</b>	<b>39,318,535</b>
<b>Cash and cash equivalent at the end of the year</b>	37	<b>170,603,699</b>	<b>113,608,103</b>

The accompanying notes from (1) to (49) constitute an integral part of these consolidated financial statements and should be read with them.

## **1. General**

Arab Banking Corporation (Jordan) was established as a public shareholding company on 21 January 1990 in accordance with the Companies Law No (1) of 1989 with headquarter in Amman - Jordan.

The Bank provides banking, and financial services through its head office, and branches in kingdom and its 19 branches and an office and the subsidiary Company (Arab Co-Operation for Financial Investments Company).

The Bank's shares are listed and traded in Amman Stock Exchange.

The financial statements of the Bank and its subsidiary "the Bank" are consolidated in the Arab Banking Corporation – Bahrain financial statements (The Parent Company).

The consolidated financial statements have been approved by the Board of Directors of the Bank on 16 February 2025, and it is subject to the approval of shareholders general assembly, and the Central Bank of Jordan .

## **2. Material accounting policies**

### **Basis of preparation of the financial statements**

The accompanying consolidated financial statements of the Bank and its subsidiary are prepared in accordance with the International Accounting Standards Board (IASB), the interpretations issued by the International Financial Reporting Interpretation Committee of the IASB

The Bank transitioned to fully applying the International Financial Reporting Standards (IFRS) starting from 1 January 2024, instead of IFRS as adopted by the Central Bank of Jordan, the differences between these two frameworks are not material on the consolidated financial statements.

The Arab Banking Corporation (Jordan) adheres to the local regulations and instructions of the Central Bank of Jordan.

The consolidated financial statements are prepared on the historical cost basis except for financial assets at fair value through other comprehensive income and financial derivatives which have been measured at fair value at the date of the consolidated financial statements. Moreover fair value hedged assets and liabilities are stated at fair value.

The consolidated financial statements are presented in Jordanian Dinar (JD) which is the functional currency of the Bank.

### **Basis of consolidation**

The consolidated financial statements include the financial statements of the bank and its subsidiary, which is under its control. Control is established when the bank 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. Control over the investee is achieved only when the following conditions are met:

- The Bank has control over the investee (existing rights that give the bank the ability to direct the relevant activities of the investee).
- The Bank is exposed to, or has rights to, variable returns from its involvement with the investee.
- The ability to exercise control over the investee and influence its returns.

If the bank holds less than a majority of the voting rights or similar rights in the investee, it considers all relevant facts and circumstances to determine whether it has control over the investee, including:

- Contractual arrangements with other voting rights holders in the investee.
- Rights arising from other contractual arrangements.
- The bank's current and potential voting rights.

The Bank reassesses whether it controls the investee if there are facts or circumstances indicating a change in one or more of the three elements of control.

The subsidiary's financial statements are consolidated from the date control is obtained until control ceases. The subsidiary's revenues and expenses are included in the consolidated statement of comprehensive income from the date the Bank gains control until control is lost.

Profits, losses, and each component of other comprehensive income are attributed to the equity holders of the parent and non-controlling interests, even if this results in a deficit in the non-controlling interests' balance. If necessary, the subsidiary's financial statements are adjusted to align its accounting policies with those of the Bank. Assets, liabilities, equity, revenues, expenses, and gains or losses related to transactions between the bank and its subsidiary are eliminated.

Changes in ownership interest in a subsidiary that do not result in a loss of control are recorded in equity. When control over a subsidiary is lost, the group derecognizes the subsidiary's assets, liabilities, non-controlling interests, and other equity components while recognizing the resulting gain or loss in the income statement. The retained investment is recognized at fair value.

Below are details of the subsidiary:

Company Name	Ownership Percentage	Paid In capital JD	Nature of the company's business	Acquistion date	Location
Arab Co-Operation For Financial Investments Company	100%	15,600,000	Financial Brokerage	25 January 1990	Jordan

**ARAB BANKING CORPORATION (JORDAN)**  
**A PUBLIC SHAREHOLDING LIMITED COMPANY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**31 DECEMBER 2024**

Arab Co-Operation For Financial Investments Company			
2024		2023	
JD		JD	
Total assets	41,720,561		43,347,651
Total liabilities	16,616,415		18,538,622
Equity	25,104,146		24,809,029
For the year ending 31 December			
2024		2023	
JD		JD	
Total revenue	4,269,079		4,378,721
Total expenses	3,973,962		4,075,015

The financial statements of the subsidiary is prepared for the same financial year of the Bank and by using the same accounting policies adopted by the Bank. If the accounting policies adopted by the subsidiary are different from those used by the Bank the necessary adjustments to the financial statements of the subsidiary are made to comply with the accounting policies used by the Bank.

The results of operations of subsidiary are included in the consolidated statement of income effective from the acquisition date. which is the date of transfer of control over the subsidiary to the Group. The results of operations of subsidiary disposed are included in the consolidated statement of income up to the effective date of disposal. which is the date of loss of control over the subsidiary.

### **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 fair value through other comprehensive income and fair value through profit or loss, 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 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 expected credit losses 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.

### **Segmental information**

Business sector represents a group of assets and operations that jointly provide products or services subject to risks and returns different from those of other business segments. which were measured according to the reports used by the General Manager and the Bank's decision maker.

Geographical sector relates to providing products or services in an economic environment subject to specific risks and returns different from those operating in other sectors of other economic environments.

### **Direct credit facilities**

Direct credit facilities are financial assets with fixed or determinable payments which are provided basically by the Bank or have been acquired and has no market price in the active markets. which are measured at amortized cost.

A provision for the impairment in direct credit facilities is recognized through the calculation of the expected credit loss in accordance with International Financial Reporting Standard 9.

Interest and commission earned on non-performing granted credit facilities are suspended in accordance with the instructions of the Central Bank of Jordan and in accordance with the instructions of the regulatory authorities whichever is more conservative in countries where the bank has its branches or subsidiaries.

When direct credit facilities are uncollectible they are written off against the provision account. any surplus in the provision is reversed through the consolidated statement of income. and subsequent recoveries of amounts previously written off are credited to revenue.

### **Fair value**

Fair value represents the closing market price (Assets Purchasing/ Liabilities Selling) of financial assets and derivatives on the date of the consolidated financial statements in active markets. In case declared market prices do not exist active trading of some financial assets and derivatives is not available or the market is inactive fair value is estimated by one of several methods including the following:

- Comparison with the fair value of another financial asset with similar terms and conditions.
- Analysis of the present value of expected future cash flows for similar instruments.
- Adoption of the option pricing models.
- Evaluation of long-term assets and liabilities that bear no interest through discounting cash flows and amortizing premium/ discount using the effective interest rate method within interest revenue / expense in the consolidated statement of income.

The valuation methods aim to provide a fair value reflecting the market's expectations taking into consideration the market expected risks and expected benefits when the value of the financial assets. When the financial assets fair value can't be reliably measured. they are stated at cost less any impairment.

### **Financial assets at amortized cost**

Are the assets that the bank's management intends to hold for the purpose of collecting the contractual cash flows which represents the cash flows that are solely payments of principal and interest on the outstanding principal.

Financial assets are recorded at cost upon purchase plus acquisition expenses. Moreover the issue premium\ discount is amortized using the effective interest associated with the decline in value of these investments leading to the in ability to recover the investment or parts thereof are deducted. any impairment is registered in the consolidated statement of income and should be presented subsequently at amortized cost less any impairment losses.

The amount of impairment loss recognised at amortized cost is the expected credit loss of the financial assets at amortized cost.

It is not allowed to reclassify any financial assets from/to this category except for certain cases that are specified by the International Financial Reporting Standards (And if in any cases these assets are sold before the maturity date the result of sale will be recorded in the consolidated statement of income in a separated disclosure and caption in according to the International Financial Reporting Standards in specific).

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Bank commits to purchase or sell the asset.

### **Financial assets at fair value through other comprehensive income**

These financial assets represents the investments in equity instruments held for the long term.

These financial assets are recognized at fair value plus transaction costs at purchase date and are subsequently measured at fair value in the consolidated statement of comprehensive income and within owner's equity including the changes in fair value resulting from translation of non-monetary assets stated in foreign currency. Gain or loss from the sale of these investments or part of them should be recognized in the consolidated statement of comprehensive income and within owner's equity and the balance of the revaluation reserve for these assets should be transferred directly to the retained earnings not to the consolidated statement of income.

No impairment testing is required for these assets. Unless classified debt instrument as financial assets at fair value through other comprehensive income. in that case. the impairment is calculated through the expected credit loss model.

Dividends are recorded in the consolidated statement of income.

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

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

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

### **Impairment in financial assets**

#### Overview of the expected credit losses principles

The adoption of IFRS 9 has fundamentally changed the Group's loan loss impairment method by replacing IAS 39's incurred loss approach with a forward-looking ECL approach as of 1 January 2019.

The Group records the allowance for expected credit losses 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 (shares) are not subject to impairment under IFRS 9.

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

The 12 months 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.

ECL is calculated for the full period of credit exposure and for the probability of default during the 12 months period on an individual basis or collective based on the financial instrument portfolio and the nature of these 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 loans into Stage 1, Stage 2 and Stage 3, as described below:

- Stage 1: When loans are first recognized, the Group recognizes an ECL allowance based on the probability of default during 12 months period. 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 loan 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: Loans that are considered credit-impaired. The Group records an allowance for the LTECLs.

### **The calculation of expected credit losses**

The Group calculates the expected credit losses in accordance with the International Financial Reporting Standard Number 9 which is disclosed in Note 4.

### **Collateral repossessed**

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

In its normal course of business, the Bank engages external agents to recover funds from the repossessed assets, 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.

### **Property and equipment**

Property and equipment are stated at cost net of accumulated depreciation and any impairment loss in its value. Moreover Property and Equipment (except for land) are depreciated according to the straight-line method over the estimated useful lives when ready for use of these assets using the following annual rates.

	<u>%</u>
Buildings	2-15
Equipment furniture and fixtures	9-20
Vehicles	15
Computer	9-25
Decorations	9-10

When the carrying amount of property and equipment exceeds their recoverable value. assets are written down and impairment loss is recorded in the consolidated statement of income.

The useful lives of property and equipment are reviewed at the end of each year. in case the expected useful life is different from what was determined before the change in estimate is recorded in the following years being a change in estimates.

Property and equipment are derecognized when disposed or when there is no expected future benefit from their use or disposal.

### **Leases**

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

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

### **Right-of-use assets**

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

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

### **Lease liabilities**

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

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

### **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**

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 and recorded as an expense in the consolidated statement of income. Intangible assets with indefinite lives are reviewed for impairment as of the consolidated financial statements date, and impairment loss is recorded in the consolidated statement of income.

No capitalization of intangible assets resulting from the banks' operations is made. They are rather recorded as an expense in the consolidated statement of income in the same year.

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 periods.

The Bank made upfront payments to acquire patents and licences. The patents have been granted for a period of 10 years by the relevant government agency with the option of renewal at the end of this period. Licences for the use of intellectual property are granted for periods ranging between five and ten years depending on the specific licences. The licences may be renewed at little or no cost to the Group. As a result, those licences are assessed as having an indefinite useful life.

The intangible assets with a specified useful life appears of cost after deducting the annual amortization. These assets were amortized by using the straight-line method on the useful life using the following percentages:

	%
Software	20

### **Provisions**

Provisions are recognized when the bank has an obligation on the date of the consolidated financial statement arising from a past event and the costs to settle the obligation is probable and can be reliably measured.

### **Provision for employees' end-of-service indemnity**

Provision for end of service indemnity is established by the Bank to fare any legal or contractual obligations at the end of employees' services and is calculated based on the service terms as of the financial statements date.

### **Income tax**

Income tax expenses represent accrued tax and deferred tax.

Income tax expenses are accounted for on the basis of taxable income. Moreover taxable income differs from income declared in the consolidated financial statements because the latter includes non-taxable revenues or taxable expenses disallowed in the current year but deductible in subsequent years accumulated losses acceptable by the tax law and items not accepted for tax purposes or subject to tax.

Tax are calculated on the basis of the tax rates according to the prevailing laws regulations and instructions of the countries where the bank operates.

Deferred tax are tax expected to be paid or recovered as a result of temporary timing differences between the value of the assets and liabilities in the consolidated financial statements and the value of the taxable amount. Deferred tax is calculated on the basis of the liability method in the consolidated statement of financial position according to the rates expected to be applied when the tax liability is settled or tax assets are recognized.

Deferred tax assets and liabilities are reviewed as of the date of the consolidated financial statements and reduced in case it is expected that no benefit will arise from payment or the elimination of the need for deferred tax liabilities partially or totally.

### **Capital cost of issuing or buying the bank's shares**

Cost arising from the issuance or purchase of the bank's shares are charged to retained earnings (net of the tax effect of these costs if any). If the shares issuance or purchase process is incomplete these costs are recorded as expenses in the consolidated statement of income.



### **Accounts managed on behalf of customers**

These represent the accounts managed by the bank on behalf of its customers but do not represent part of the bank's assets. The fees and commissions on such accounts are shown in the consolidated statement of Income. A provision against the impairment in the capital-guaranteed portfolios managed on behalf of customers is taken.

### **Offsetting**

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognized amounts and the Bank intends to either settle them on a net basis or to realize the asset and settle the liability simultaneously.

### **Realization of income and recognition of expenses**

Interest income is realized by using the effective interest method except for interest and commissions from non-performing credit facilities which are not recognized as income and are recorded in the interest and commissions in suspense account.

Expenses are recognised according to the accrual basis.

Commission is recorded as revenue when the related services are provided. moreover dividends are recorded when realized (decided upon by the General Assembly of Shareholders).

### **Date of recognizing financial assets**

Purchases and sales of financial assets are recognized on the trading date (which is the date on which the bank commits itself to purchase or sell the asset).

### **Hedge accounting and financial derivatives**

#### **Financial derivatives for hedging:**

For the purpose of hedge accounting the financial derivatives appear at fair value.

#### **Fair value hedges:**

A fair value hedge is a hedge against the exposure to changes in the fair value of the bank's recognised assets or liabilities.

When the conditions of an effective fair value hedge are met the resulting gains and losses from the valuation of the fair value hedge and the change in the fair value of the hedged assets or liabilities is recognised in the consolidated statement of income.

When the conditions of an effective portfolio hedge are met the gain or loss resulting from the revaluation of the hedging instrument at fair value as well as the change in the fair value of the assets or liabilities portfolio are recorded in the consolidated income statement for the same year.

**Cash flow hedges:**

Hedge for the change in the current and expected cash flows exposures of the Bank's assets and liabilities.

When the conditions of an effective cash flow hedge are met the gain or loss of the hedging instruments is recognized in the statement of comprehensive income and owner's equity. such gain or loss is transferred to the consolidated statement of income in the period in which the hedge transaction impacts the consolidated statement of income.

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

**Financial derivatives for trading:**

The fair value of financial derivative instruments held for trading purposes (such as foreign exchange forward contracts, interest rate futures, swaps, and foreign exchange options) is recognized in the consolidated statement of financial position. The fair value is determined based on prevailing market prices, and if such prices are unavailable, the valuation method is disclosed. Changes in fair value are recorded in the consolidated income statement.

**Assets seized by the bank against due debts**

Assets that have been the subject of foreclosure by the bank are shown under "other assets" at the acquisition value or fair value whichever is lower. As of the consolidated statement of financial position date these assets are revalued individually at fair value. any decline in their market value is taken to the consolidated statement of income as a loss whereas any such increase is not recognized. Subsequent increase is taken to the income statement to the extent it does not exceed the previously recorded impairment.

**Repurchase and resale agreements**

Assets sold with a simultaneous commitment to repurchase at a specified future date (repos) will continue to be recognised in the bank's consolidated financial statements due to the bank's continuing exposure to the risks and rewards of these assets using the same accounting policies. (The buyer has the right to control such assets (by sale or pledge as collateral) which are reclassified as financial assets pledged as collateral). The proceeds of the sale are recorded under loans and borrowings. The difference between the sale and repurchase price is recognised as an interest expense over the agreement term using the effective interest method.

Assets purchased with a corresponding commitment to resell at a specified future date (reverse repos) are not recognised in the bank's consolidated financial statements since the bank is not able to control these assets and since any risks and benefits do not accrue to the bank when they occur. The related payments are recognised as part of deposits at banks and financial institutions or direct credit facilities as applicable. Moreover the difference between the purchase and resale price is recognised in the consolidated statement of income over the agreement term using the effective interest method.

### **Foreign currencies**

Transactions in foreign currencies during the year are recorded at the exchange rates prevailing at the date of the transactions. Moreover, financial assets and financial liabilities are translated to Jordanian Dinar based on the average exchange rates declared by the Central Bank of Jordan on the date of the consolidated financial statements.

Non-monetary assets and liabilities denominated in foreign currencies and recorded at fair value are translated on the date when their fair value is determined.

Gains or losses resulting from foreign currency translation are recorded in the consolidated statement of income.

Translation differences for non-monetary assets and liabilities denominated in foreign currencies (such as equity securities) are recorded as part of the change in fair value.

When consolidating the financial statements assets and liabilities of the branches and subsidiaries abroad are translated from the primary currency to the currency used in the financial statements using the average exchange rates prevailing on the consolidated statement of financial position date and declared by the Central Bank of Jordan. Revenue and expense items are translated using the average exchange rates during the year and exchange differences are shown in a separate item within the consolidated statement of other comprehensive income equity. In case of selling one of the subsidiaries or branches the related amount of exchange difference is booked in revenues/expenses in the consolidated statement of income.

Profit or loss resulting from the foreign exchange of interest-bearing debt instruments and within financial assets at fair value through other comprehensive income is included in the consolidated statement of income. Differences in the foreign currency translation of equity instruments are included in the cumulative change in fair value reserve within owner's equity in the consolidated statement of financial position.

### **Cash and cash equivalents**

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

### **3. Changes in accounting policies**

The accounting policies used in the preparation of the consolidated financial statements are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2023 except for the adoption of new amendments on the standards effective as of 1 January 2024 shown below:

#### **Amendments to IFRS 16 - Lease Liability in a Sale and Leaseback**

The amendments in IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

The amendments had no impact on the Bank's financial statements.

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

The amendments to IAS 1 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

In addition, an entity is required to disclose when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

The amendments had no impact on the Bank's financial statements.

#### **Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7**

The amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The amendments had no impact on the Bank's financial statements.

#### **4. Significant judgments and estimates used**

##### **Use of estimate:**

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of financial assets and liabilities and disclosure of contingent liabilities. These estimates and assumptions also affect the revenues and expenses and the resultant provisions as well as fair value changes reported in equity. In particular, considerable judgment by management is required in the estimation of the amount and timing of future cash flows. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgment and uncertainty and actual results may differ resulting in future changes in such provisions.

The management believes that their estimates are reasonable' and are as follows:

##### **A. Expected credit loss for direct credit facilities**

In determining provision for expected credit loss for direct credit facilities, important judgement is required from the bank's management 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.

The bank recognizes a provision for expected credit losses on the following financial instruments that are not measured at fair value through the consolidated income statement:

- Balances and deposits with banks and financial institutions.
- Direct credit facilities, including loans and advances to customers.
- Financial assets measured at amortized cost, such as debt instruments.
- Financial assets measured at fair value through other comprehensive income.
- Off-balance sheet exposures subject to credit risk, including issued financial guarantee contracts.

Expected credit losses are not recognized for equity instruments.

With the exception of purchased or originated financial assets with low credit risk (which are considered separately below), expected credit losses must be measured through a loss provision equal to:

- Expected credit losses over a (12) month period, representing the credit losses that may result from default events on financial instruments that could occur within (12) months after the reporting date. This is referred to as Stage 1; or
- Expected credit losses over the lifetime of the financial instrument, representing the credit losses arising from all possible default events over the instrument's remaining life. This is referred to as Stage 2 and Stage 3.

A provision for lifetime expected credit losses must be recognized if the credit risk of a financial instrument has increased significantly since initial recognition. For all other financial instruments, the expected credit loss is measured as the (12) month expected credit loss.

Expected credit losses are an estimate of the present value of credit losses, calculated as the present value of the difference between the contractual cash flows due to the bank under the financial instrument and the cash flows the bank expects to receive. This estimation is derived from weighting multiple future economic scenarios and discounting them using the effective interest rate of the asset.

For unused credit limits, expected credit losses are measured as the present value of the difference between the contractual cash flows due to the bank if the borrower fully utilizes the facility and the cash flows the bank expects to receive if the facility is drawn down.

For financial guarantee contracts, expected credit losses are measured as the difference between the expected payments to reimburse the holder of the guaranteed debt instrument and any amounts the bank expects to recover from the holder, the customer, or any other party.

The bank measures expected credit losses either on an individual basis or on a portfolio basis for loans that share similar credit risk characteristics. The loss provision is based on the present value of expected cash flows, discounted using the financial asset's original effective interest rate, regardless of whether the measurement is performed individually or on a portfolio basis.

#### Credit-impaired financial assets

A financial asset is considered "credit-impaired" when one or more events occur that have a detrimental impact on the estimated future cash flows of the asset. Credit-impaired financial assets are classified as Stage 3 assets. Evidence of credit impairment includes observable data related to the following events:

- Significant financial difficulty of the borrower or issuer;
- Breach of contract, such as default or delinquency in payments;
- The Bank granting a concession to the borrower for economic or contractual reasons related to the borrower's financial difficulty;
- The disappearance of an active market for the financial asset due to financial difficulties; or
- The purchase of a financial asset at a significant discount that reflects incurred credit losses.

If a single event cannot be identified, the combined effect of multiple events may result in a financial asset becoming credit-impaired. The bank assesses whether credit impairment has occurred for debt instruments classified as financial assets measured at amortized cost or fair value through other comprehensive income at each reporting date.

To evaluate whether there is credit impairment in sovereign and corporate debt instruments, the bank considers various factors, including bond yields, credit ratings, and the borrower's ability to obtain additional financing.

A loan is considered credit-impaired when the borrower is granted a concession due to the deterioration of their financial condition, unless there is evidence that, as a result of the concession, the risk of not receiving the contractual cash flows has significantly decreased and there are no other indicators of expected credit losses. For financial assets where concessions are being considered but not granted, the asset is deemed credit-impaired when clear evidence of credit impairment exists, including meeting the definition of default. The definition of default includes indicators of a high probability of non-payment and delinquency, particularly when amounts are past due for 90 days or more. However, cases where impairment is not recognized after 90 days past due must be supported by reasonable and justifiable information.

#### Purchased or originated credit-impaired financial assets

Purchased or originated financial assets that are credit-impaired are treated differently because the asset has a low credit quality at initial recognition. For these assets, the bank recognizes all changes in lifetime expected credit losses since initial recognition as a loss provision, and any changes are recorded in the consolidated income statement. A positive change in such assets results in a gain in expected credit losses.

#### Definition of default

The definition of default is critical in determining expected credit losses. It is used to measure expected credit losses and to determine whether the loss provision should be based on expected credit losses over (12) months or over the instrument's lifetime. This is because default is a key component of the Probability of Default, which affects both the measurement of expected credit losses and the assessment of a significant increase in credit risk.

The Bank considers the following as indicators of default:

- The borrower has been past due for more than (90) days on a significant credit obligation to the bank; or
- The borrower is unlikely to fully meet its credit obligations to the bank.

The definition of default is appropriately designed to reflect the different characteristics of various asset types. Overdrafts become due immediately when the customer exceeds a specified limit or is notified of a lower limit than the current outstanding balance.

When assessing whether the borrower is unlikely to meet its credit obligations, the bank considers both qualitative and quantitative indicators. The assessment varies based on the asset type. For example, in corporate lending, a qualitative indicator such as covenant breaches is used, whereas it is not applicable for retail lending. Quantitative indicators, such as payment delinquencies and defaults on other obligations by the counterparty, are key inputs in this analysis. The bank also uses various internally developed and externally sourced data to assess default risk.

**Assessment of significant increase in credit risk:**

The assessment of a significant increase in credit risk is performed on a relative basis. The bank evaluates whether there has been a significant increase in credit risk since the date of origination by comparing the expected lifetime probability of default of the financial instrument at each reporting date with its probability of default at origination. This evaluation is based on the bank's available risk management processes. This assessment is used to classify exposures into credit risk stages: Stage 1 (Initial recognition), Stage 2 (Credit quality deterioration), and Stage 3 (Credit impairment)

The Bank does not consider financial assets with "low credit risk" at the reporting date to have experienced a significant increase in credit risk. Consequently, the bank monitors all financial assets, issued loan commitments, and financial guarantee contracts subject to impairment for any significant increase in credit risk.

When evaluating whether the credit risk of a financial instrument has increased significantly since initial recognition, the bank compares the probability of default at the reporting date based on the remaining maturity of the instrument with the probability of default that was expected for the remaining maturity at initial recognition. This assessment considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information, provided that obtaining such information does not require undue cost or effort.

Qualitative factors that indicate a significant increase in credit risk are reflected in probability of default models. However, the bank also separately evaluates certain qualitative factors to assess whether credit risk has significantly increased.

For corporate lending, special attention is given to exposures on the watch list, where exposures are added to the list when concerns arise regarding the counterparty's creditworthiness deterioration. For retail lending, the bank considers indicators such as expected periods of non-payment, credit behavior signals, and major life events such as unemployment, bankruptcy, divorce, or death.

Since a significant increase in credit risk is a relative measure, a given change in the probability of default may have a greater impact on financial instruments with a lower initial probability of default than on those with a higher initial probability of default.

As a backstop, if a financial asset becomes more than (30) days past due, the bank considers that a significant increase in credit risk has occurred, and the asset moves to Stage 2 under the impairment model. This means the loss provision is measured based on lifetime expected credit losses.



- **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 from the bank's management.

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.

Each macroeconomic scenario used in calculating the expected credit losses is linked to changing macroeconomic factors.

Our estimates are used to calculate expected credit losses for stage 1 and stage 2 using discounted weighted scenarios that include future macroeconomic information for the next three years.

- The bank uses the following macroeconomic indicators when performing futuristic forecasts for the countries that it operates in:
  - 1- Gross Domestic Product
  - 2- Stock market index price
- The bank uses 3 scenarios to reach a probable value when to estimate the expected credit losses as follows:
  - 1- Main scenario(Baseline) weighted 40%
  - 2- Best scenario(Optimistic) weighted 30%
  - 3- Worst case scenario 1 (Pessimistic) weighted 30%

These scenarios are extracted from Data Buffet system of Moodys in 14 historical values format and 20 future estimated value(Forecasted) for all the previously mentioned macroeconomic indicators.

The probable options are estimated according to the best approximation related to the historical probability and current affairs, The probable scenarios are evaluated every three months, All scenarios are implemented to all the wallets that are subject to expected credit losses.

**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.

Expected life:

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

## **B. INCOME TAX**

The fiscal year is charged with the income tax expense in accordance with the accounting regulations, laws, and standards. Moreover, deferred tax assets and liabilities and the required tax provision are recognized.

## **C. FAIR VALUE**

Fair value represents the closing market price (Assets Purchasing / Liabilities Selling) of financial assets and derivatives on the date of the consolidated financial statements in active markets, In case declared market prices do not exist active trading of some financial assets and derivatives is not available or the market is inactive fair value is estimated by one of several methods including the following:

- Comparison with the fair value of another financial asset with similar terms and conditions.
- Analysis of the present value of expected future cash flows for similar instruments.
- Adoption of the option pricing models.
- Evaluation of long-term assets and liabilities that bear no interest through discounting cash flows and amortizing premium/ discount using the effective interest rate method within interest revenue/ expense in the consolidated statement of income.

The valuation methods aim to provide a fair value reflecting the market's expectations taking into consideration the market expected risks and expected benefits when the value of the financial assets, When the financial assets fair value can't be reliably measured, they are stated at cost less any impairment.

## **D. THE USEFUL LIFE OF PROPERTIES, MACHINES, EQUIPMENT, AND INTANGIBLE ASSETS**

The Bank estimates the productive life of properties, machines, equipment, and intangible assets for the purposes of calculating depreciation and amortization, taking into account the expected use of the assets. Management reviews the residual values and productive lifespans annually, and future depreciation and amortization expense is adjusted if management believes that the productive lifespans differ from previous estimates.

## **E. DETERMINING THE DURATION OF LEASE CONTRACTS**

The Bank defines the duration of a lease contract as an uncancelable period, taking into consideration the periods covered by an option to extend the lease if it's certain that such an option will be exercised, or any periods associated with an option to terminate the lease, if it's certain that the bank will not exercise this option.

## **5. Cash and balances at Central Bank of Jordan**

This item consists of the following:

	2024	2023
	JD	JD
Cash in vaults	7,012,636	6,643,878
<b>Balances at Central Bank of Jordan:</b>		
Current accounts and demand deposits	9,497,792	2,834,980
Statutory cash reserve	38,694,129	40,064,822
Time and notice deposits	35,000,000	31,500,000
Certificates of deposits	29,200,000	-
Total balances at Central Bank of Jordan	112,391,921	74,399,802
Total	119,404,557	81,043,680

The statutory cash reserve amounted to JD 38,694,129 as of 31 December 2024 (JD 40,064,822 as of 31 December 2023).

Except for the statutory cash reserve there are no restricted balances at the Central Bank of Jordan as of 31 December 2024 and 2023.

There are no certificates of deposits maturing in the period exceeding three months as of 31 December 2024 and 2023.

The movement on balances at Central Bank of Jordan as follows:

	2024				2023
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Total balances as of 1 January	74,399,802	-	-	74,399,802	53,013,713
New balances	37,992,119	-	-	37,992,119	21,386,089
Total balances as of 31 December	112,391,921	-	-	112,391,921	74,399,802

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**6. Balances at banks and financial institutions- net**

Description	Local banks and financial institutions		Foreign banks and financial institutions		Total	
	2024	2023	2024	2023	2024	2023
	JD	JD	JD	JD	JD	JD
Current and call accounts	179	43,461	31,358,785	40,290,192	31,358,964	40,333,653
Deposits maturing within 3 months or less	12,666,868	36,112,245	99,336,766	85,959,050	112,003,634	122,071,295
	12,667,047	36,155,706	130,695,551	126,249,242	143,362,598	162,404,948
Less: expected credit losses provision	(7,518)	(2,461)	(16,333)	(17,176)	(23,851)	(19,637)
Total	12,659,529	36,153,245	130,679,218	126,232,066	143,338,747	162,385,311

The balances at banks and financial institutions that bears no interest amounted to JD 7,025,317 as of 31 December 2023 (JD 3,848,473 as of 31 December 2023).

There are no restricted balances at banks and financial institutions as of 31 December 2024 and 2023.

The movement on balances at banks and financial institutions as follows:

	2024				2023
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Total balances as of 1 January	162,404,948	-	-	162,404,948	116,667,469
New balances	40,146,003	-	-	40,146,003	101,771,047
Paid balances	(59,188,353)	-	-	(59,188,353)	(56,033,568)
Total balances as of 31 December	143,362,598	-	-	143,362,598	162,404,948

The movement on the expected credit losses for balances at banks and financial institutions as follows:

	2024				2023
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Total balances as of 1 January	19,637	-	-	19,637	13,167
New balances	20,972	-	-	20,972	18,761
Paid balances	(16,758)	-	-	(16,758)	(12,291)
Total balances as of 31 December	23,851	-	-	23,851	19,637

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**7. Deposits at banks and financial institutions - net**

<b>Description</b>	Local Banks and Financial Institutions		Foreign Banks and Financial Institutions		Total	
	2024	2023	2024	2023	2024	2023
	JD	JD	JD	JD	JD	JD
Deposits maturing within 3-6 months	-	-	-	17,752,650	-	17,752,650
	-	-	-	17,752,650	-	17,752,650
Less: provision for expected credit losses	-	-	-	(807)	-	(807)
<b>Total</b>	-	-	-	17,751,843	-	17,751,843

- There are no restricted balances at banks and financial institutions of 31 December 2024 and 2023.
- There are no restricted deposits as of 31 December 2024 and 2023.

The movement on deposits at banks and financial institutions as follows:

	2024				2023
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Total balances as of 1 January	17,752,650	-	-	17,752,650	7,533,150
New balances	-	-	-	-	17,752,650
Paid balances	(17,752,650)	-	-	(17,752,650)	(7,533,150)
Total balances as of 31 December	-	-	-	-	17,752,650

The movement on the expected credit losses for deposits at banks and financial as follows:

	2024				2023
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Total balances as of 1 January	807	-	-	807	579
New balances	-	-	-	-	807
Paid balances	(807)	-	-	(807)	(579)
Total balances as of 31 December	-	-	-	-	807

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**8. Direct credit facilities - net**

This item consists of the following:

	2024	2023
	JD	JD
<b>Individuals (Retail)</b>		
Overdraft *	25,615,088	26,261,592
Loans **	384,845,602	396,635,172
Credit cards	4,878,043	3,798,255
Housing loans	75,530,585	67,512,513
<b>Large companies</b>		
Overdraft *	73,433,832	76,787,806
Loans **	191,356,143	192,257,578
<b>Small and medium companies</b>		
Overdraft *	5,382,842	5,087,600
Loans **	24,700,693	19,032,615
<b>Government &amp; public sector **</b>	80,580,924	67,116,613
<b>Total</b>	866,323,752	854,489,744
<u>Less: Interest in suspense</u>	(26,340,499)	(23,742,903)
<u>Less: provision for expected credit losses</u>	(73,331,552)	(67,578,786)
<b>Net credit facilities</b>	766,651,701	763,168,055

\* Net after deducting interests and commission received in advance amounting to JD 7,670 as of 31 December 2024 (JD 9,190 as of 31 December 2023).

\*\* Net after deducting interests and commissions received in advance amounting to JD 77,744 as of 31 December 2024 (JD 86,117 as of 31 December 2023).

The non-performing credit facilities amounted to JD 97,532,048 which represents 11.258% of total direct credit facilities as of 31 December 2024 (JD 88,477,060 which represents 10.354% of total direct credit facilities as of 31 December 2023).

The non-performing credit facilities after deducting the suspended interest amounted to JD 71,191,549 which represents 8.475% of total direct credit facilities after deducting the suspended interest as of 31 December 2024 (JD 64,734,157 as of 31 December 2023 which represents 7.792%).

Credit facilities granted to and guaranteed by the Jordanian Government amounted to JD 80,580,924 which represents 9.301% of the total direct credit facilities as of 31 December 2024 (JD 67,116,613 as of 31 December 2023 which represents 7.855%).

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The following is the movement on direct credit facilities on collective basis:

	2024					
	Stage 1		Stage 2		Stage 3	Total
	Individual JD	Collective JD	Individual JD	Collective JD		
Total balance as at 1 January	269,349,511	436,315,420	33,713,042	26,634,711	88,477,060	854,489,744
New facilities through the period	104,828,984	65,877,426	2,965,663	1,107,697	6,169,241	180,949,011
Repaid facilities	(81,938,201)	(66,807,230)	(4,539,358)	(1,452,454)	(6,517,992)	(161,255,235)
Net transferred to stage 1	2,287,351	8,951,349	(2,287,351)	(7,915,423)	(1,035,926)	-
Net transferred to stage 2	(3,402,639)	(10,802,026)	3,402,639	11,535,854	(733,828)	-
Net transferred to stage 3	(1,034,405)	(5,098,898)	(5,293,334)	(5,891,996)	17,318,633	-
Net effect resulted by changes on categories between the three stages	(426,947)	(76,674)	315,892	(1,526,899)	(45,177)	(1,759,805)
Written-off facilities	-	-	-	-	(6,099,963)	(6,099,963)
Total balance as at 31 December	<u>289,663,654</u>	<u>428,359,367</u>	<u>28,277,193</u>	<u>22,491,490</u>	<u>97,532,048</u>	<u>866,323,752</u>

  

	2023					
	Stage 1		Stage 2		Stage 3	Total
	Individual JD	Collective JD	Individual JD	Collective JD		
Total balance as at 1 January	262,526,849	447,788,005	40,058,124	22,128,309	84,103,461	856,604,748
New facilities during the year	107,051,589	77,739,088	1,815,425	2,066,270	4,821,860	193,494,232
Repaid facilities	(98,010,618)	(70,773,373)	(5,331,874)	(3,534,103)	(2,052,132)	(179,702,100)
Transferred to Stage 1	-	4,149,981	-	(3,826,174)	(323,807)	-
Transferred to Stage 2	(2,593,215)	(14,854,126)	2,593,215	15,137,269	(283,143)	-
Transferred to Stage 3	(126,046)	(7,301,462)	(5,770,593)	(4,394,131)	17,592,232	-
Net effect resulted by changes on categories between the three stages	500,952	(432,693)	348,745	(942,729)	(43,540)	(569,265)
Written-off facilities	-	-	-	-	(15,337,871)	(15,337,871)
Total balance as at 31 December	<u>269,349,511</u>	<u>436,315,420</u>	<u>33,713,042</u>	<u>26,634,711</u>	<u>88,477,060</u>	<u>854,489,744</u>

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The following is the movement on the expected credit losses on collective basis:

	2024					
	Stage 1		Stage 2		Stage 3	Total
	Individual JD	Collective JD	Individual JD	Collective JD	JD	JD
Total balance as at 1 January	1,376,574	2,524,106	5,967,081	2,371,650	55,339,375	67,578,786
Expected credit losses on new balances through the period	171,686	492,725	728,396	199,355	5,853,480	7,445,642
Expected credit losses on repaid balances	(800,474)	(522,378)	(377,257)	(153,032)	(4,576,149)	(6,429,290)
Transferred to Stage 1	7,254	78,880	(7,254)	(71,603)	(7,277)	-
Transferred to Stage 2	(27,580)	(1,241,316)	27,580	1,313,988	(72,672)	-
Transferred to Stage 3	(125,480)	(3,308,786)	(1,956,490)	(4,262,643)	9,653,399	-
Net effect resulted by changes on categories between the three stages	39,538	4,381,747	1,472,294	2,694,767	(1,142,868)	7,445,478
Written-off facilities	-	-	-	-	(2,709,064)	(2,709,064)
Total balance as at 31 December	<u>641,518</u>	<u>2,404,978</u>	<u>5,854,350</u>	<u>2,092,482</u>	<u>62,338,224</u>	<u>73,331,552</u>

	2023					
	Stage 1		Stage 2		Stage 3	Total
	Individual JD	Collective JD	Individual JD	Collective JD	JD	JD
Total balance as at 1 January	1,424,631	2,501,980	4,382,190	1,699,524	58,122,469	68,130,794
Expected credit losses on new balances through the year	557,733	602,305	1,889,589	176,191	1,977,421	5,203,239
Expected credit losses on repaid balances	(586,142)	(475,470)	(242,181)	(195,601)	(1,655,694)	(3,155,088)
Transferred to Stage 1	-	32,413	-	(28,474)	(3,939)	-
Transferred to Stage 2	(70,047)	(1,632,627)	70,047	1,665,542	(32,915)	-
Transferred to Stage 3	(11,879)	(3,852,809)	(1,736,068)	(2,791,990)	8,392,746	-
Net effect resulted by changes on categories between the three stages	62,278	5,348,314	1,603,504	1,846,458	(444,104)	8,416,450
Written-off facilities	-	-	-	-	(11,016,609)	(11,016,609)
Total balance as at 31 December	<u>1,376,574</u>	<u>2,524,106</u>	<u>5,967,081</u>	<u>2,371,650</u>	<u>55,339,375</u>	<u>67,578,786</u>



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The following is the movement on expected credit losses according to the sectors on collective basis:

	2024				
	Individual	Real estate loans	Large companies	Small and medium companies	Government and public sector
	JD	JD	JD	JD	JD
Total balance as at 1 January	30,086,935	738,494	34,717,196	2,031,952	4,209
Expected credit losses on new facilities through the period	3,381,656	188,049	3,516,736	359,201	-
Expected credit losses on repaid balances	(1,744,655)	(162,086)	(3,700,064)	(820,173)	(2,312)
Transferred to Stage 1	(4,440,743)	(15,367)	(18,784)	(127,022)	-
Transferred to Stage 2	(2,898,290)	5,221	(1,665,876)	(270,288)	-
Transferred to Stage 3	7,339,033	10,146	1,684,660	397,310	-
Net effect resulted by changes on categories between the three stages	5,885,416	(54,853)	1,324,931	289,984	-
Written off facilities	(1,197,580)	(68,496)	(1,442,988)	-	-
Total balance as at 31 December	36,411,772	641,108	34,415,811	1,860,964	1,897

  

	2023				
	Individual	Real estate loans	Large companies	Small and medium companies	Government and public sector
	JD	JD	JD	JD	JD
Total balance as at 1 January	24,689,835	826,598	40,516,982	2,092,680	4,699
Expected credit losses on new facilities through the year	2,364,806	202,694	2,296,359	339,382	-
Expected credit losses on repaid balances	(1,597,522)	(222,226)	(1,226,738)	(108,113)	(490)
Transferred to Stage 1	(5,041,361)	(17,252)	(36,516)	(45,410)	-
Transferred to Stage 2	(969,435)	(23,293)	(1,519,784)	(146,237)	-
Transferred to Stage 3	6,010,796	40,545	1,556,300	191,647	-
Net effect resulted by changes on categories between the three stages	6,354,236	27,019	1,848,139	187,055	-
Written-off facilities	(1,724,420)	(95,591)	(8,717,546)	(479,052)	-
Total balance as at 31 December	30,086,935	738,494	34,717,196	2,031,952	4,209

The amount of provisions no longer needed as a result of the settlement or debts repayments and which were converted to other debts is JD 6,513,411 as of 31 December 2024 (JD 2,658,137 as of 31 December 2023).

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The following are the credit exposures in accordance with IFRS 9 (International Financial Reporting Standard 9):

	2024											
	Stage 1			Stage 2			Stage 3			Total		
	Expected	Interest in		Gross	Expected	Interest in	Gross	Expected	Interest in		Expected	Interest in
Gross balance	credit losses	suspense		balance	credit losses	suspense	balance	credit losses	suspense	Gross balance	credit losses	suspense
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Retail	352,356,064	(2,337,926)	-	16,123,435	(1,998,325)	-	46,859,234	(32,075,521)	(12,472,494)	415,338,733	(36,411,772)	(12,472,494)
Real estate loans	68,902,948	(60,294)	-	4,784,813	(76,702)	-	1,842,824	(504,112)	(395,276)	75,530,585	(641,108)	(395,276)
Large companies	195,300,883	(572,507)	-	25,081,768	(5,691,428)	-	44,407,324	(28,151,876)	(12,714,514)	264,789,975	(34,415,811)	(12,714,514)
Small and medium companies	20,882,202	(73,872)	-	4,778,667	(180,377)	-	4,422,666	(1,606,715)	(758,215)	30,083,535	(1,860,964)	(758,215)
Government and public sector	80,580,924	(1,897)	-	-	-	-	-	-	-	80,580,924	(1,897)	-
	<u>718,023,021</u>	<u>(3,046,496)</u>	<u>-</u>	<u>50,768,683</u>	<u>(7,946,832)</u>	<u>-</u>	<u>97,532,048</u>	<u>(62,338,224)</u>	<u>(26,340,499)</u>	<u>866,323,752</u>	<u>(73,331,552)</u>	<u>(26,340,499)</u>
	2023											
	Stage 1			Stage 2			Stage 3			Total		
	Expected	Interest in		Gross	Expected	Interest in	Gross	Expected	Interest in		Expected	Interest in
Gross balance	credit losses	suspense		balance	credit losses	suspense	balance	credit losses	suspense	Gross balance	credit losses	suspense
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Retail	367,699,807	(2,457,862)	-	18,663,078	(2,261,861)	-	40,332,134	(25,367,212)	(11,379,104)	426,695,019	(30,086,935)	(11,379,104)
Real estate loans	59,638,027	(55,127)	-	6,019,720	(92,171)	-	1,854,766	(591,196)	(476,552)	67,512,513	(738,494)	(476,552)
Large companies	195,605,610	(1,246,088)	-	29,996,602	(5,752,999)	-	43,443,172	(27,718,109)	(11,182,955)	269,045,384	(34,717,196)	(11,182,955)
Small and medium companies	15,604,874	(137,394)	-	5,668,353	(231,700)	-	2,846,988	(1,662,858)	(704,292)	24,120,215	(2,031,952)	(704,292)
Government and public sector	67,116,613	(4,209)	-	-	-	-	-	-	-	67,116,613	(4,209)	-
	<u>705,664,931</u>	<u>(3,900,680)</u>	<u>-</u>	<u>60,347,753</u>	<u>(8,338,731)</u>	<u>-</u>	<u>88,477,060</u>	<u>(55,339,375)</u>	<u>(23,742,903)</u>	<u>854,489,744</u>	<u>(67,578,786)</u>	<u>(23,742,903)</u>

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**Interest in suspense**

The movement on interest in suspense is as follows:

			Companies	
	Retail	Real estate	Large companies	Small and medium companies
	JD	JD	JD	JD
<b><u>For the nine months ended on 31 December 2024</u></b>				
Balance at the beginning of the year	11,379,104	476,552	11,182,955	704,292
Add: interest suspended during the year	3,194,115	79,454	3,262,214	185,172
Less: interest transferred to revenues	(633,736)	(53,270)	(20,584)	(24,870)
Less: written-off suspended interest	(1,466,989)	(107,460)	(1,710,071)	(106,379)
Balance at the end of the year	<u>12,472,494</u>	<u>395,276</u>	<u>12,714,514</u>	<u>758,215</u>
<b><u>For the year ended 31 December 2023</u></b>				
Balance at the beginning of the year	9,941,172	490,537	10,763,643	1,155,857
Add: interest suspended during the year	2,517,098	160,184	3,514,574	130,057
Less: interest transferred to revenues	(421,799)	(69,085)	(100,493)	(17,580)
Less: written-off suspended interest	(657,367)	(105,084)	(2,994,769)	(564,042)
Balance at the end of the year	<u>11,379,104</u>	<u>476,552</u>	<u>11,182,955</u>	<u>704,292</u>

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The following is the distribution of the total credit facilities granted to retail according to the bank's internal credit rating categories:

	2024						2023
	Stage 1		Stage 2		Stage 3	Total	Total
	Individual	Collective	Individual	Collective			
	JD	JD	JD	JD	JD	JD	JD
Credit rating categories based on the bank's internal system:							
1	-	9,432,669	-	243,058	-	9,675,727	10,598,284
2	-	-	-	-	-	-	-
3	-	467,037	-	80,094	-	547,131	550,159
4	-	17,479,155	-	228,709	-	17,707,864	19,280,203
5	-	181,816,821	-	2,413,856	-	184,230,677	121,818,735
6	-	142,406,843	-	5,271,477	-	147,678,320	222,736,575
7	-	554,576	-	6,941,548	-	7,496,124	10,055,812
8	-	198,963	-	944,693	-	1,143,656	1,323,117
9	-	-	-	-	2,713,908	2,713,908	3,757,237
10	-	-	-	-	4,426,659	4,426,659	4,800,582
11	-	-	-	-	39,718,667	39,718,667	31,774,315
<b>Total Balance</b>	-	352,356,064	-	16,123,435	46,859,234	415,338,733	426,695,019

The following is the movement in the total credit facilities granted to retail:

	2024						2023
	Stage 1		Stage 2		Stage 3	Total	Total
	Individual	Collective	Individual	Collective			
	JD	JD	JD	JD	JD	JD	JD
Total balance as at 1 January	-	367,699,807	-	18,663,078	40,332,134	426,695,019	430,171,426
New facilities through the period	-	48,044,964	-	1,046,191	1,743,137	50,834,292	64,090,772
Repaid facilities	-	(57,111,898)	-	(683,380)	(1,428,594)	(59,223,872)	(64,329,922)
Net transferred to stage 1	-	7,495,755	-	(6,459,829)	(1,035,926)	-	-
Net transferred to stage 2	-	(8,720,743)	-	9,294,552	(573,809)	-	-
Net transferred to stage 3	-	(4,988,053)	-	(5,535,252)	10,523,305	-	-
Net effect resulted by changes on categories between the three stages	-	(63,768)	-	(201,925)	(36,444)	(302,137)	(855,470)
Written-off facilities	-	-	-	-	(2,664,569)	(2,664,569)	(2,381,787)
<b>Total balance as at 31 December</b>	-	352,356,064	-	16,123,435	46,859,234	415,338,733	426,695,019

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The following is the movement in the expected credit loss provision for retail:

	2024						2023
	Stage 1		Stage 2		Stage 3	Total	Total
	Individual JD	Collective JD	Individual JD	Collective JD	JD	JD	JD
Total balance as at 1 January	-	2,457,862	-	2,261,861	25,367,212	30,086,935	24,689,835
Expected credit losses on new facilities through the year	-	473,475	-	183,608	2,724,573	3,381,656	2,364,806
Expected credit losses on repaid balances	-	(505,818)	-	(121,708)	(1,117,129)	(1,744,655)	(1,597,522)
Transferred to Stage 1	-	76,894	-	(69,617)	(7,277)	-	-
Transferred to Stage 2	-	(1,213,456)	-	1,284,251	(70,795)	-	-
Transferred to Stage 3	-	(3,308,786)	-	(4,147,642)	7,456,428	-	-
Net effect resulted by changes on categories between the three stages	-	4,357,755	-	2,607,572	(1,079,911)	5,885,416	6,354,236
Written-off facilities	-	-	-	-	(1,197,580)	(1,197,580)	(1,724,420)
Total balance as at 31 December	-	2,337,926	-	1,998,325	32,075,521	36,411,772	30,086,935

The following is the distribution of the total credit facilities granted to Real estate according to the bank's internal credit rating categories:

	2024						2023
	Stage 1		Stage 2		Stage 3	Total	Total
	Individual JD	Collective JD	Individual JD	Collective JD	JD	JD	JD
<u>Credit rating categories based on the bank's internal system:</u>							
1	-	1,737,655	-	-	-	1,737,655	1,581,786
2	-	-	-	-	-	-	-
3	-	560,459	-	-	-	560,459	726,457
4	-	3,437,778	-	6,426	-	3,444,204	4,199,477
5	-	45,438,094	-	403,277	-	45,841,371	24,893,260
6	-	17,670,493	-	2,715,423	-	20,385,916	32,121,963
7	-	28,571	-	1,416,014	-	1,444,585	1,696,261
8	-	29,898	-	243,673	-	273,571	438,543
9	-	-	-	-	540,942	540,942	246,468
10	-	-	-	-	78,920	78,920	106,718
11	-	-	-	-	1,222,962	1,222,962	1,501,580
<b>Total Balance</b>	-	68,902,948	-	4,784,813	1,842,824	75,530,585	67,512,513

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The following is the movement in the total credit facilities granted to Real estate:

	2024						2023
	Stage 1		Stage 2		Stage 3	Total	Total
	Individual JD	Collective JD	Individual JD	Collective JD			
Total balance as at 1 January	-	59,638,027	-	6,019,720	1,854,766	67,512,513	65,454,857
New facilities through the period	-	16,864,093	-	13,415	476,816	17,354,324	12,774,586
Repaid facilities	-	(7,825,526)	-	(769,074)	(345,994)	(8,940,594)	(10,279,280)
Net transferred to stage 1	-	1,388,768	-	(1,388,768)	-	-	-
Net transferred to stage 2	-	(964,536)	-	1,124,555	(160,019)	-	-
Net transferred to stage 3	-	(110,845)	-	(91,099)	201,944	-	-
Net effect resulted by changes on categories between the three stages	-	(87,033)	-	(123,936)	(8,733)	(219,702)	(236,975)
Written-off facilities	-	-	-	-	(175,956)	(175,956)	(200,675)
Total balance as at 31 December	-	68,902,948	-	4,784,813	1,842,824	75,530,585	67,512,513

The following is the movement in the expected credit loss provision for Real estate:

	2024						2023
	Stage 1		Stage 2		Stage 3	Total	Total
	Individual JD	Collective JD	Individual JD	Collective JD			
Total balance as at 1 January	-	55,127	-	92,171	591,196	738,494	826,598
Expected credit losses on new facilities through the year	-	18,588	-	15,751	153,710	188,049	202,694
Expected credit losses on repaid balances	-	(12,926)	-	(29,673)	(119,487)	(162,086)	(222,226)
Transferred to Stage 1	-	1,924	-	(1,924)	-	-	-
Transferred to Stage 2	-	(17,291)	-	19,168	(1,877)	-	-
Transferred to Stage 3	-	-	-	(12,023)	12,023	-	-
Net effect resulted by changes on categories between the three stages	-	14,872	-	(6,768)	(62,957)	(54,853)	27,019
Written-off facilities	-	-	-	-	(68,496)	(68,496)	(95,591)
Total balance as at 31 December	-	60,294	-	76,702	504,112	641,108	738,494

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The following is the distribution of the total credit facilities granted to Large companies and Government and public sector according to the bank's internal credit rating categories:

	2024						2023
	Stage 1		Stage 2		Stage 3	Total	Total
	Individual JD	Collective JD	Individual JD	Collective JD	JD	JD	JD
<u>Credit rating categories based on the bank's internal system:</u>							
1	-	-	-	-	-	-	-
2	-	-	-	-	-	-	-
3	-	-	-	-	-	-	-
4	-	-	-	-	-	-	-
5	160,808,402	-	-	-	-	160,808,402	40,448,345
6	103,279,812	-	879,605	-	-	104,159,417	216,205,512
7	4,693,238	7,100,355	3,123,484	1,583,242	-	16,500,319	16,125,688
8	-	-	19,495,437	-	-	19,495,437	19,939,280
9	-	-	-	-	3,037,666	3,037,666	5,459,510
10	-	-	-	-	2,202,180	2,202,180	1,257,563
11	-	-	-	-	39,167,478	39,167,478	36,726,099
<b>Total Balance</b>	<b>268,781,452</b>	<b>7,100,355</b>	<b>23,498,526</b>	<b>1,583,242</b>	<b>44,407,324</b>	<b>345,370,899</b>	<b>336,161,997</b>

The following is the movement in the total credit facilities granted to Large companies and Government and public sector:

	2024						2023
	Stage 1		Stage 2		Stage 3	Total	Total
	Individual JD	Collective JD	Individual JD	Collective JD	JD	JD	JD
Total balance as at 1 January	253,745,424	8,976,799	28,044,689	1,951,913	43,443,172	336,161,997	335,755,677
New facilities through the period	92,612,865	968,374	1,670,529	48,091	3,123,142	98,423,001	107,928,168
Repaid facilities	(76,190,890)	(1,869,024)	(2,284,703)	-	(4,053,731)	(84,398,348)	(96,538,664)
Net transferred to stage 1	1,258,640	66,826	(1,258,640)	(66,826)	-	-	-
Net transferred to stage 2	(2,345,881)	(1,116,747)	2,345,881	1,116,747	-	-	-
Net transferred to stage 3	-	-	(4,782,155)	(265,645)	5,047,800	-	-
Net effect resulted by changes on categories between the three stages	(298,706)	-	(237,075)	(1,201,038)	-	(1,736,819)	1,055,648
Changes resulting from adjustments	-	74,127	-	-	(146,077)	(71,950)	(326,517)
Written-off facilities	-	-	-	-	(3,006,982)	(3,006,982)	(11,712,315)
<b>Total balance as at 31 December</b>	<b>268,781,452</b>	<b>7,100,355</b>	<b>23,498,526</b>	<b>1,583,242</b>	<b>44,407,324</b>	<b>345,370,899</b>	<b>336,161,997</b>

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The following is the movement in the expected credit loss provision for Large companies and Government and public sector:

	2024						2023
	Stage 1		Stage 2		Stage 3	Total	Total
	Individual JD	Collective JD	Individual JD	Collective JD			
Total balance as at 1 January	1,239,155	11,142	5,735,385	17,614	27,718,109	34,721,405	40,521,681
Expected credit losses on new facilities through the year	125,046	678	635,129	-	2,755,885	3,516,738	2,296,359
Expected credit losses on repaid balances	(745,890)	(3,633)	(284,434)	(1,653)	(2,666,768)	(3,702,378)	(1,227,228)
Transferred to Stage 1	5,278	62	(5,278)	(62)	-	-	-
Transferred to Stage 2	(24,061)	(10,569)	24,061	10,569	-	-	-
Transferred to Stage 3	(1)	-	(1,684,659)	(102,978)	1,787,638	-	-
Net effect resulted by changes on categories between the three stages	(31,923)	9,120	1,253,771	93,963	-	1,324,931	1,848,139
Written-off facilities	-	-	-	-	(1,442,988)	(1,442,988)	(8,717,546)
Total balance as at 31 December	<u>567,604</u>	<u>6,800</u>	<u>5,673,975</u>	<u>17,453</u>	<u>28,151,876</u>	<u>34,417,708</u>	<u>34,721,405</u>

The following is the distribution of the total credit facilities granted to Small and medium companies according to the bank's internal credit rating categories:

	2024						2023
	Stage 1		Stage 2		Stage 3	Total	Total
	Individual JD	Collective JD	Individual JD	Collective JD			
<u>Credit rating categories based on the bank's internal system:</u>							
1	-	-	-	-	-	-	-
2	-	-	-	-	-	-	-
3	-	-	-	-	-	-	-
4	-	-	-	-	-	-	-
5	5,750,704	-	1	-	-	5,750,705	-
6	15,131,498	-	1,349,138	-	-	16,480,636	16,040,120
7	-	-	1,183,572	-	-	1,183,572	3,803,653
8	-	-	2,245,956	-	-	2,245,956	1,429,454
9	-	-	-	-	1,747,582	1,747,582	207,658
10	-	-	-	-	26,338	26,338	437,128
11	-	-	-	-	2,648,746	2,648,746	2,202,202
<b>Total Balance</b>	<u>20,882,202</u>	<u>-</u>	<u>4,778,667</u>	<u>-</u>	<u>4,422,666</u>	<u>30,083,535</u>	<u>24,120,215</u>



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The following is the movement in the total credit facilities granted to Small and medium companies:

	2024						2023
	Stage 1		Stage 2		Stage 3	Total	Total
	Individual JD	Collective JD	Individual JD	Collective JD			
Total balance as at 1 January	15,604,874	-	5,668,353	-	2,846,988	24,120,215	25,222,788
New facilities through the period	12,216,114	-	1,295,134	-	826,146	14,337,394	8,700,706
Repaid facilities	(5,748,093)	-	(2,254,655)	-	(689,673)	(8,692,421)	(8,554,234)
Net transferred to stage 1	1,028,711	-	(1,028,711)	-	-	-	-
Net transferred to stage 2	(1,056,758)	-	1,056,758	-	-	-	-
Net transferred to stage 3	(1,034,405)	-	(511,179)	-	1,545,584	-	-
Net effect resulted by changes on categories between the three stages	(128,241)	-	552,967	-	-	424,726	(205,951)
Changes resulting from adjustments	-	-	-	-	(106,379)	(106,379)	(1,043,094)
Written-off facilities	-	-	-	-	-	-	-
Total balance as at 31 December	20,882,202	-	4,778,667	-	4,422,666	30,083,535	24,120,215

The following is the movement in the expected credit loss provision for Small and medium companies:

	2024						2023
	Stage 1		Stage 2		Stage 3	Total	Total
	Individual JD	Collective JD	Individual JD	Collective JD			
Total balance as at 1 January	137,394	-	231,700	-	1,662,858	2,031,952	2,092,680
Expected credit losses on new facilities through the year	46,623	-	93,266	-	219,312	359,201	339,382
Expected credit losses on repaid balances	(54,584)	-	(92,824)	-	(672,765)	(820,173)	(108,113)
Transferred to Stage 1	1,976	-	(1,976)	-	-	-	-
Transferred to Stage 2	(3,519)	-	3,519	-	-	-	-
Transferred to Stage 3	(125,479)	-	(271,831)	-	397,310	-	-
Net effect resulted by changes on categories between the three stages	71,461	-	218,523	-	-	289,984	187,055
Written-off facilities	-	-	-	-	-	-	(479,052)
Total balance as at 31 December	73,872	-	180,377	-	1,606,715	1,860,964	2,031,952

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**9. Financial assets at fair value through other comprehensive income**

	2024 JD	2023 JD
Quoted shares in active market	2,328,498	1,251,906
Unquoted shares in active market	5,130,971	3,414,222
Governmental bonds and with their guarantee	45,869,201	76,288,863
Other financial bonds	17,324,246	13,327,665
	70,652,916	94,282,656
<u>Less: excepted credit losses (financial bonds)</u>	<u>(20,374)</u>	<u>(8,355)</u>
Total	<u>70,632,542</u>	<u>94,274,301</u>

Cash dividends on the investments above amounted to JD 40,150 for the period ended 31 Decmeber 2024 (JD 40,675 for the period ended 31 Decmber 2023).

There are no mortgaged shares as of 31 December 2024, and 31 December 2023.

The movement in the expected credit loss provision for financial assets through other comprehensive income (financial bonds) is as follows:

	2024				2023
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Balance at the beginning of the year	8,355	-	-	8,355	4,453
New Investments through the period	13,608	-	-	13,608	3,902
Matured Investments	(1,589)	-	-	(1,589)	-
Balance at the end of the period	<u>20,374</u>	<u>-</u>	<u>-</u>	<u>20,374</u>	<u>8,355</u>

The movement on the financial assets through other comprehensive income (financial bonds) is as follows:

	2024				2023
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Balance at the beginning of the year	89,616,528	-	-	89,616,528	141,114,781
New Investments through the period	7,410,180	-	-	7,410,180	3,024,328
Matured Investments	(34,729,897)	-	-	(34,729,897)	(56,076,077)
Change in fair value	896,636	-	-	896,636	1,553,496
Balance at the end of the period	<u>63,193,447</u>	<u>-</u>	<u>-</u>	<u>63,193,447</u>	<u>89,616,528</u>

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**10. Financial assets at amortized cost - net**

The details of this item are as follows:

	2024	2023
	JD	JD
<b>Unquoted financial assets:</b>		
Jordanian treasury bills	23,755,598	13,800,725
Governmental bonds and with their guarantee	139,126,822	152,666,218
Other financial bonds	20,672,000	15,000,000
	<u>183,554,420</u>	<u>181,466,943</u>
<u>Less:</u> excepted credit losses	<u>(39,343)</u>	<u>(13,997)</u>
<b>Total</b>	<b><u>183,515,077</u></b>	<b><u>181,452,946</u></b>
<b>Debt instruments analysis- net</b>		
	2024	2023
	JD	JD
With fixed return	183,554,420	181,466,943
With variable return	-	-
<b>Total</b>	<b><u>183,554,420</u></b>	<b><u>181,466,943</u></b>

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

	2024				2023
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Total balance as of 1 January	181,466,943	-	-	181,466,943	140,537,459
New balances during the year	67,044,415	-	-	67,044,415	64,241,193
Paid balances	<u>(64,956,938)</u>	<u>-</u>	<u>-</u>	<u>(64,956,938)</u>	<u>(23,311,709)</u>
Total balance as of 31 December	<u>183,554,420</u>	<u>-</u>	<u>-</u>	<u>183,554,420</u>	<u>181,466,943</u>

The movement of the expected credit losses of the financial assets at amortized cost is as follows:

	2024				2023
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Total balances as of 1 January	13,997	-	-	13,997	15,204
New balances	31,917	-	-	31,917	-
Paid balances	<u>(6,571)</u>	<u>-</u>	<u>-</u>	<u>(6,571)</u>	<u>(1,207)</u>
Total balances as of 31 December	<u>39,343</u>	<u>-</u>	<u>-</u>	<u>39,343</u>	<u>13,997</u>

**11. Financial assets at amortized cost mortgaged**

The details of this item are as follows:

	<u>2024</u>	<u>2023</u>
	JD	JD
Governmental bonds and with their guarantee	<u>32,001,543</u>	<u>30,989,923</u>
Total	<u>32,001,543</u>	<u>30,989,923</u>

On 4 April 2021, the Bank sold three Jordanian treasury bonds with a nominal value of JD 31,000,000 to Arab Bank. The repurchase agreement value for these bonds was JD 34,455,130 and the amount received of JD 33,766,027 was recorded as borrowed funds at an interest rate of 5.88%. The Bank did not recognize this transaction as a sale transaction since the Bank reserves the right to repurchase these bonds on 3 July 2025.

On 3 September 2024, the bank renewed the agreement by selling four Jordanian treasury bonds with a nominal value of JD 32,000,000 to the Arab Bank. The repurchase agreement value for these bonds was JD 33,153,000 and the amount received of JD 32,489,940 was recorded as borrowed funds with an interest rate of 6.40%. The Bank did not recognize this transaction as a sale transaction since the Bank reserves the right to repurchase these bonds on 5 October 2025.

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**12. Property and equipment - net**

This item consists of the following:

	Land	Buildings	Equipment furniture and fixtures	Vehicles	Computers	Decorations	Payments to acquire property and equipments	Total
	JD	JD	JD	JD	JD	JD	JD	JD
<b>For the year-ended 31 December 2024</b>								
<b>Cost:</b>								
Balance at the beginning of the year	5,473,330	16,315,543	12,568,314	504,600	3,512,244	5,761,178	3,823,759	47,958,968
Additions	-	146,127	1,854,538	-	77,202	464,813	-	2,542,680
Disposals	-	-	(246,721)	-	(61,348)	(835,535)	-	(1,143,604)
Transfers	-	3,590,613	189,806	-	-	25,793	(3,806,212)	-
Balance at the end of the Year	<u>5,473,330</u>	<u>20,052,283</u>	<u>14,365,937</u>	<u>504,600</u>	<u>3,528,098</u>	<u>5,416,249</u>	<u>17,547</u>	<u>49,358,044</u>
<b>Accumulated depreciation:</b>								
Balance at the beginning of the year	-	1,968,065	6,239,447	486,118	2,656,614	3,648,399	-	14,998,643
Depreciation for the year	-	419,267	1,608,738	14,541	384,260	288,462	-	2,715,268
Disposals	-	-	(243,336)	-	(60,911)	(822,841)	-	(1,127,088)
Balance at the end of the year	<u>-</u>	<u>2,387,332</u>	<u>7,604,849</u>	<u>500,659</u>	<u>2,979,963</u>	<u>3,114,020</u>	<u>-</u>	<u>16,586,823</u>
Net property and equipment at the end of the year	<u>5,473,330</u>	<u>17,664,951</u>	<u>6,761,088</u>	<u>3,941</u>	<u>548,135</u>	<u>2,302,229</u>	<u>17,547</u>	<u>32,771,221</u>
<b>For the year-ended 31 December 2023</b>								
<b>Cost:</b>								
Balance at the beginning of the year	5,473,330	16,593,258	12,061,957	504,600	3,284,546	5,496,547	2,542,174	45,956,412
Additions	-	3,306	538,097	-	272,245	265,252	1,281,585	2,360,485
Disposals	-	(281,021)	(31,740)	-	(44,547)	(621)	-	(357,929)
Balance at the end of the Year	<u>5,473,330</u>	<u>16,315,543</u>	<u>12,568,314</u>	<u>504,600</u>	<u>3,512,244</u>	<u>5,761,178</u>	<u>3,823,759</u>	<u>47,958,968</u>
<b>Accumulated depreciation:</b>								
Balance at the beginning of the year	-	1,815,015	4,925,827	460,460	2,299,348	3,396,103	-	12,896,753
Depreciation for the year	-	325,940	1,344,990	25,658	401,410	252,568	-	2,350,566
Disposals	-	(172,890)	(31,370)	-	(44,144)	(272)	-	(248,676)
Balance at the end of the year	<u>-</u>	<u>1,968,065</u>	<u>6,239,447</u>	<u>486,118</u>	<u>2,656,614</u>	<u>3,648,399</u>	<u>-</u>	<u>14,998,643</u>
Net property and equipment at the end of the year	<u>5,473,330</u>	<u>14,347,478</u>	<u>6,328,867</u>	<u>18,482</u>	<u>855,630</u>	<u>2,112,779</u>	<u>3,823,759</u>	<u>32,960,325</u>

- Property and equipment consists of assets that has been fully depreciated amounting to 8,495,803 as of 31 December 2024 (JD 8,832,357 as of 31 December 2023).

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**13. Intangible assets - net**

This item consists of the following:

	2024	2023
	JD	JD
Total balance as at 1 January	1,080,401	1,254,297
Additions	444,441	350,398
Amortization	(391,154)	(524,294)
Total balance as at 31 December	<u>1,133,688</u>	<u>1,080,401</u>

**14. Right of use assets and lease liabilities**

The details of these items are as follows:

A. Right of use assets:

The Bank leases many assets, including lands and buildings, and the average lease term is 8 years, the following is the movement on the right- of-use assets during the year:

	2024	2023
	JD	JD
Balance at the beginning of the year	2,905,112	2,926,289
<u>Add:</u> additions during the year	1,043,807	615,455
<u>Less:</u> depreciation for the year	(587,103)	(636,632)
<u>Less:</u> cancellation of lease contracts for the year	(545,437)	-
Balance at the end of the year	<u>2,816,379</u>	<u>2,905,112</u>

**Amounts recorded on the consolidated income statement**

Depreciation for the period	587,103	636,632
Interest for the period	190,943	153,548
	<u>778,046</u>	<u>790,180</u>

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**B. Lease liabilities**

	2024	2023
	JD	JD
Balance at the beginning of the year	2,828,075	2,819,028
<u>Add:</u> additions during the year	1,043,807	615,455
<u>Add:</u> interest during the year	190,943	153,548
<u>Less:</u> paid during the year	(749,560)	(759,956)
<u>Less:</u> cancellation of lease contracts	(547,094)	-
Balance at the end of the year	<u>2,766,171</u>	<u>2,828,075</u>

**15. Other assets**

This item consists of the following:

	2024	2023
	JD	JD
Accrued interest and commissions	7,236,549	6,741,320
Prepaid expenses	872,217	900,324
Assets seized by the Bank against due debts *	5,866,952	2,815,582
Assets - unrealized gain of financial derivatives	125,853	384,065
Other receivables - brokerage company	108,443	46,066
Land held for sale - brokerage company	869,268	1,696,734
Seized assets sold in installments	3,822,675	3,822,675
Other	4,076,078	3,479,733
Total	<u>22,978,035</u>	<u>19,886,499</u>

\* The details of the movement on the assets seized by the bank to against due debts are as follows:

	2024	2023
	JD	JD
Balance at the beginning of the year	2,815,582	3,034,678
Additions	5,214,245	135,905
Disposals	(2,010,629)	(355,001)
Seized assets provision during the year	(348,951)	-
Recovered form seized assets provision	196,705	-
Total	<u>5,866,952</u>	<u>2,815,582</u>

\* The regulations of Central Bank of Jordan require to dispose the assets seized by the Bank by a maximum period of two years from the date of its acquisition. In exceptional cases, the Central Bank may extend this period to a maximum of two consecutive years.

- The provision for the seized assets was JD 4,616 as of 31 December 2024 (JD 201,322 as of 31 December 2023) for assets which have been possessed by the Bank for a period longer than four years.

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- The provision for the seized assets was JD 348,951 as of 31 December 2024 for assets seized from the Jordanian Cement Manufacturing Company.

## **16. Banks and financial institutions' deposits**

This item consists of the following:

	2024			2023		
	Inside the Kingdom	Outside the Kingdom	Total	Inside the Kingdom	Outside the Kingdom	Total
	JD	JD	JD	JD	JD	JD
Current accounts and demand deposits	-	1,789,556	1,789,556	-	942,976	942,976
Time deposits due within three months	1,361,438	89,012,462	90,373,900	-	128,897,549	128,897,549
Time deposits three – six months	-	-	-	-	-	-
Time deposits due within more than one year	-	35,450,000	35,450,000	-	38,995,000	38,995,000
Total	<u>1,361,438</u>	<u>126,252,018</u>	<u>127,613,456</u>	<u>-</u>	<u>168,835,525</u>	<u>168,835,525</u>

## **17. Customers' deposits**

This item consists of the following:

	Retail	Large companies	Small and medium companies	Government and Public Sector	Total
	JD	JD	JD	JD	JD
<u>31 December 2024</u>					
Current accounts and demand deposits	39,478,935	30,210,841	11,765,715	814,859	82,270,350
Saving accounts	32,447,802	788,220	116,427	87	33,352,536
Time deposits	405,792,329	272,054,717	14,281,447	103,908,620	796,037,113
Total	<u>477,719,066</u>	<u>303,053,778</u>	<u>26,163,589</u>	<u>104,723,566</u>	<u>911,659,999</u>
<u>31 December 2023</u>					
Current accounts and demand deposits	41,924,420	54,060,791	9,231,972	574,721	105,791,904
Saving accounts	17,702,723	181,325	157,262	86	18,041,396
Time deposits	349,180,156	272,612,151	15,387,421	115,610,447	752,790,175
Total	<u>408,807,299</u>	<u>326,854,267</u>	<u>24,776,655</u>	<u>116,185,254</u>	<u>876,623,475</u>

- Deposits of the government and the general public sector inside the kingdom of Jordan amounted to JD 104,723,566 equivalent to 11.487% from the total deposits as of 31 December 2024 (JD 116,185,254 equivalent to 13.254% as of 31 December 2023).
- Non-interest bearing deposits amounted to JD 80,221,041 equivalent to 8.799% of total deposits as of 31 December 2024 (JD 70,560,283 equivalent to 8.049% as of 31 December 2023).
- Restricted deposits amounted to JD 107,090,670 equivalent to 11.747% of total deposits as of 31 December 2024 (JD 102,817,184 equivalent to 11.729% as of 31 December 2023).
- Dormant deposits amounted to JD 7,480,776 as of 31 December 2024 (JD 8,877,860 as of 31 December 2023).



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**18. Cash margins**

This item consists of the following:

	2024 JD	2023 JD
Margins against direct credit facilities	36,427,097	37,035,726
Margins against indirect credit facilities	8,238,175	5,073,752
Other margins	2,546,930	2,871,835
Total	<u>47,212,202</u>	<u>44,981,313</u>

**19. Borrowed funds**

Borrowed funds consists of the following:

	Amount JD	Number of payments		Instalments maturity	collaterals	Interest rate
		Total no. of payments	Outstanding payments			
<b>31 December 2024</b>	<b>JD</b>					
Borrowing from Arab Bank*	32,489,940	1	1	36 months	CBJ bonds mortgage	6.150%
European Investment Bank ****	17,402,727	24	22	quarterly		5.532%
Borrowing from Central Bank of Jordan**	996,072	24	7	semi annually	-	3.000%
Jordan Mortgage Refinance Company	15,000,000	1	1	24 months	loan portfolio mortgage bonds	5.90%
Jordan Mortgage Refinance Company	10,000,000	1	1	7 years	loan portfolio mortgage bonds	4.900%
Borrowing from Central Bank of Jordan	6,745,477	660	491	monthly	-	0.5% - 1.75%
Borrowing from Central Bank of Jordan ***	3,215,431	827	283	monthly	-	0.000%
Cairo Amman Bank *****	8,677,218	1	1	monthly	-	7.250%
Total	<u>94,526,865</u>					
<b>31 December 2023</b>						
Borrowing from Arab Bank*	33,766,027	1	1	36 months	CBJ bonds mortgage	5.880%
Borrowing from Central Bank of Jordan	122,426	34	4	semi annually	-	2.500%
Borrowing from Central Bank of Jordan**	1,002,638	24	24	semi annually	-	3.000%
Borrowing from Central Bank of Jordan	3,050,098	264	109	monthly	-	1.000%
Jordan Mortgage Refinance Company	15,000,000	1	1	24 months	loan portfolio mortgage bonds	5.90%
Jordan Mortgage Refinance Company	10,000,000	1	1	7 years	loan portfolio mortgage bonds	4.900%
Borrowing from Central Bank of Jordan loan ***	7,422,736	1621	794	monthly	-	0.000%
European Investment Bank*****	21,270,000	11	11	semi annually	-	6.532%
Arab Jordan Investment Bank	2,835,091	1	1	Monthly	-	7.750%
Arab Banking Corporation (Bahrain)	2,481,500	1	1	2 weeks	-	6.000%
Cairo Amman Bank *****	5,970,881	1	1	monthly	-	7.625%
Total	<u>102,921,397</u>					

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- \* The funds borrowed from the Arab Bank which amounted to JD 32,489,940 as of 31 December 2024 represent, a repurchase agreement of treasury bonds amounted to nominal value of JD 32M, that the bank holds the repurchase right of these bonds on 5 October 2025 against JD 33,766,027 as of 31 December 2023.
- \*\* The funds borrowed from the Central Bank amounted to JD 996,072 as of 31 December 2024 represent the loan agreement of the Arab Fund for Economic and Social Development to finance the sector of micro, small and medium enterprises against JD 1,002,638 as of 31 December 2023.
- \*\*\* The funds borrowed from the Central Bank of Jordan amounting to JD 3,215,431 represent a loan agreement to support companies as a result of the Covid-19 pandemic as of 31 December 2024 against JD 7,422,736 as of 31 December 2023.
- \*\*\*\* The fund borrowed from European Investment Bank amounted to JD 17,402,727 as of 31 December 2024 and JD 21,270,000 as of 31 December 2023.
- \*\*\*\*\* The fund borrowed from Cairo Amman Bank amounted to JD 8,677,218 represents an agreement to fund the subsidiary (Arab Cooperation Financial Investment Company) as of 31 December 2024 against JD 5,970,881 as of 31 December 2023.

## **20. Sundry provisions**

	Beginning balance	Provided during the year	Paid during the year	Recovered from the provision	Ending balance
	JD	JD	JD		JD
<b>31 December 2024</b>					
Lawsuits provision raised against the Bank	174,377	-	-	(90,000)	84,377
Total	<u>174,377</u>	<u>-</u>	<u>-</u>	<u>(90,000)</u>	<u>84,377</u>
<b>31 December 2023</b>					
Lawsuits provision raised against the Bank	174,377	-	-	-	174,377
Total	<u>174,377</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>174,377</u>

## **21. Income tax**

### **A- Income tax provision**

The movement on the income tax provision is as follows:

	2024	2023
	JD	JD
Balance at the beginning of the year	2,979,746	2,283,188
Income tax paid	(3,688,023)	(1,121,387)
Accrued income tax expense	<u>1,063,601</u>	<u>1,817,945</u>
Balance at the end of the year	<u>355,324</u>	<u>2,979,746</u>

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B - Income tax in the consolidated statement of income represents the following:

	2024 JD	2023 JD
Accrued Income tax expense for the year	1,063,601	1,817,945
Amortization of deferred tax assets	(78,627)	(588,304)
Total	<u>984,974</u>	<u>1,229,641</u>

C- Deferred tax assets

The details of this item are as follows:

	2024				2023	
	Beginning balance	Released during the year	Additions during the year	Ending balance	Deferred tax	Deferred tax
<b>Deferred tax assets</b>	JD	JD	JD	JD	JD	JD
Provision of non-performing loans from prior years	8,902	-	-	8,902	3,383	3,383
Seized assets provision	-	-	348,951	348,951	132,601	-
Difference in credit facilities provision	101,398	-	352,288	453,686	172,401	38,531
Unrealized losses on financial assets at fair value through other comprehensive income - shares	100,854	(53,621)	12,805	60,038	21,534	38,325
Unrealized losses on financial assets at fair value through other comprehensive income - bonds	1,244,066	(865,745)	-	378,321	143,762	472,745
Deferred tax assets on provision for expected credit losses	17,526,822	(1,033,891)	391,494	16,884,425	5,879,873	6,163,133
Employees bonus provision	573,739	(571,373)	654,293	656,659	249,530	218,021
Others	<u>2,931,372</u>	<u>(1,985)</u>	<u>170,160</u>	<u>3,099,547</u>	<u>1,177,828</u>	<u>1,113,921</u>
Total	<u>22,487,153</u>	<u>(2,526,615)</u>	<u>1,929,991</u>	<u>21,890,529</u>	<u>7,780,912</u>	<u>8,048,059</u>

The movement on deferred tax assets is as follows:

	2024 JD	2023 JD
Balance at the beginning of the year	8,048,059	8,071,489
Addition	692,967	1,359,369
Released	<u>(960,114)</u>	<u>(1,382,799)</u>
Balance at the end of the year	<u><u>7,780,912</u></u>	<u><u>8,048,059</u></u>

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D- Deferred tax liabilities

	2024					2023
	Beginning balance	Released during the year	Additions during the year	Ending Balance	Deferred tax	Deferred tax
	JD	JD	JD	JD	JD	JD
<b>Deferred tax liabilities</b>						
Unrealized gain of financial assets resulted from the adoption of IFRS (9)	4,453	-	-	4,453	1,692	1,692
Unrealized gain on financial assets (financial derivatives)	384,065	(286,011)	-	98,054	37,261	145,945
Unrealized gain on financial assets at fair value through other comprehensive income - bonds	80,194	-	30,891	111,085	42,212	30,474
Unrealized losses on financial assets at fair value through other comprehensive income - shares	682,564	-	38,326	720,890	273,938	259,373
Total	<u>1,151,276</u>	<u>(286,011)</u>	<u>69,217</u>	<u>934,482</u>	<u>355,103</u>	<u>437,484</u>

The movement on deferred tax liabilities accounts are as follows:

	2024	2023
	JD	JD
Balance at the beginning of the year	437,484	461,371
Additions	26,303	17,178
Released	<u>(108,684)</u>	<u>(41,065)</u>
Balance at the end of the year	<u>355,103</u>	<u>437,484</u>

According to the Income Tax Law No, (34) for the year 2014, and its amendments income tax expense was calculated at tax rate of 35% and 3% social contribution ,and for subsidiary (Arab Co-Operation Company for Financial Investments) it is 24%, and 4% as national contribution as of 31 December 2024 and for the year 31 December 2023.

E- Tax status

- The Bank has reached a final settlement with the Income and Sales Tax Department for all previous years up to the year 2020.
- The Bank has submitted its tax returns for the years 2021, 2022 and 2023 which has not yet been reviewed yet by the Income and Sales Tax Department until the date of the consolidated financial statements.
- Final settlement has been reached with the Income and Sales Tax Department in Jordan for Arab Co-Operation Company for Financial Investments (the subsidiary) up to the year 2022 except for the year 2021, In addition the company has already submitted its tax returns for the years 2021, and 2023 which has not been reviewed by the Income and Sales Tax Department until the date of the consolidated financial statements.
- The Bank has booked a provision against any expected tax liabilities for the above-mentioned years, in the opinion of the bank's management and its tax consultant the income tax provision booked in the consolidated financial statements is sufficient to cover any future tax liabilities that may arise.

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F- Reconciliation between accounting profit and taxable profit is as follows:

	2024	2023
	JD	JD
Accounting profit	2,846,671	6,230,061
Non-taxable income	(2,549,938)	(2,554,109)
Non- deductible expenses	2,800,655	4,585,175
Taxable profit	3,097,388	8,261,127
Effective income tax rate	34.6%	19.7%

**22. Other liabilities**

This item consists of the following:

	2024	2023
	JD	JD
Accrued interest expense	12,530,685	12,120,352
Revenue received in advanced	308,536	194,913
Accounts payable	7,225,482	5,827,262
Accrued and unpaid expenses	2,367,906	1,591,923
Liabilities - unrealized losses of financial derivatives	54,719	96,049
Certified cheques withdrawn by the Bank	878,114	1,849,574
Provision for expected credit losses - indirect facilities*	3,618,800	3,299,545
Board of directors' remunerations	85,500	89,718
Transfers held for payment	2,057,972	1,277,430
Deferred income	220,592	272,391
Other liabilities	4,782,977	4,214,357
Total	34,131,283	30,833,514

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The movement on the indirect credit facilities on collective basis:

Description	2024												2023	
	Letters of guarantee				Letters of credit				Unused balance				Total	Total
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total		
Balance at the beggining of the year	97,093,376	603,349	4,697,351	102,394,076	10,966,831	99,416	-	11,066,247	26,728,010	1,691,895	-	28,419,905	141,880,228	135,554,923
New balances	53,514,059	23,811	-	53,537,870	33,977,517	-	-	33,977,517	22,835,954	49,722	-	22,885,676	110,401,063	64,813,126
Paid balances	(37,577,091)	(409,000)	(761,754)	(38,747,845)	(10,753,376)	(99,416)	-	(10,852,792)	(11,031,285)	(120,531)	-	(11,151,816)	(60,752,453)	(57,734,853)
Net transferred in stage 1	43,000	(43,000)	-	-	-	-	-	-	1,439,932	(1,439,932)	-	-	-	-
Net transferred in stage 2	(121,539)	121,539	-	-	-	-	-	-	(105,552)	105,552	-	-	-	-
Net transferred in stage 3	(113,108)	(150,000)	263,108	-	-	-	-	-	-	-	-	-	-	-
Total impacts on the balances result from the classification changes between stages	(50,688)	-	-	(50,688)	-	-	-	-	103,416	292,924	-	396,340	345,652	(752,968)
Balance at the endning of the year	<u>112,788,009</u>	<u>146,699</u>	<u>4,198,705</u>	<u>117,133,413</u>	<u>34,190,972</u>	<u>-</u>	<u>-</u>	<u>34,190,972</u>	<u>39,970,475</u>	<u>579,630</u>	<u>-</u>	<u>40,550,105</u>	<u>191,874,490</u>	<u>141,880,228</u>

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The following is the movement on the provision for expected credit losses of indirect credit facilities:

Description	2024												2023	
	Letters of guarantee				Letters of credit				Unused balance				Total	Total
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total		
Balance as of beggining of the year	99,766	14,737	2,931,372	3,045,875	29,010	459	-	29,469	172,377	51,824	-	224,201	3,299,545	3,416,365
New balances	36,024	-	170,160	206,184	152,671	-	-	152,671	117,273	14,827	-	132,100	490,955	372,338
Paid balances	(15,187)	(14,292)	(1,985)	(31,464)	(28,108)	(459)	-	(28,567)	(97,732)	(3,081)	-	(100,813)	(160,844)	(463,228)
Net transferred in stage 1	159	(159)	-	-	-	-	-	-	16,259	(16,259)	-	-	-	-
Net transferred in stage 2	(770)	770	-	-	-	-	-	-	(46)	46	-	-	-	-
Net transferred in stage 3	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total impacts on the balances result from the classification changes between stages	604	(271)	-	333	-	-	-	-	43	(11,232)	-	(11,189)	(10,856)	(25,930)
Balance at the ending of the year	120,596	785	3,099,547	3,220,928	153,573	-	-	153,573	208,174	36,125	-	244,299	3,618,800	3,299,545

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The movement on the indirect credit facilities is as follows:

Description	2024												2023	
	Letters of guarantee				Letters of credit				Unused balance				Total	Total
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total		
1	17,490	500	-	17,990	-	-	-	-	1,092,229	-	-	1,092,229	1,110,219	1,071,136
2	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	-	-	-	-	-	-	-	-	140,685	-	-	140,685	140,685	162,697
4	-	-	-	-	-	-	-	-	248,554	-	-	248,554	248,554	236,790
5	104,245,241	14,000	-	104,259,241	31,175,598	-	-	31,175,598	21,643,787	-	-	21,643,787	157,078,626	23,231,185
6	8,454,102	129,699	-	8,583,801	3,015,374	-	-	3,015,374	16,752,962	98,510	-	16,851,472	28,450,647	110,841,952
7	51,576	2,000	-	53,576	-	-	-	-	92,258	446,120	-	538,378	591,954	1,608,917
8	19,600	500	-	20,100	-	-	-	-	-	35,000	-	35,000	55,100	30,200
9	-	-	152,000	152,000	-	-	-	-	-	-	-	-	152,000	-
10	-	-	111,108	111,108	-	-	-	-	-	-	-	-	111,108	2,000
11	-	-	3,935,597	3,935,597	-	-	-	-	-	-	-	-	3,935,597	4,695,351
Balance at the ending of the year	112,788,009	146,699	4,198,705	117,133,413	34,190,972	-	-	34,190,972	39,970,475	579,630	-	40,550,105	191,874,490	141,880,228



## **23. Paid-in capital**

The paid-in capital amounted to JD 110,000,000, divided into 110,000,000 shares at a par value of JD 1 per share as of 31 December 2024 and 31 December 2023.

### **Distributed dividends**

The general assembly decided on 25 April 2024 to distribute cash dividends with an amount of JD 3,300,000 which represent 3% of its paid-in capital (The general assembly decided on 13 April 2023 to distribute cash dividends with an amount of JD 4,400,000).

## **24. Reserves**

### **Statutory Reserve**

The amount accumulated in this account is transferred from the annual income before tax at 10% during the year and previous years according to the Companies Law and the instructions of the Central Bank, it is not distributable to shareholders.

### **Voluntary Reserve**

The total amount in this balance represents what has been transferred from the annual income before tax at a rate of no more than 20% during the period as well as previous years. The voluntary reserve is used in situations specified by the board of directors and the general assembly has the authority to distribute all or part of this reserve as dividends to shareholders.

## **25. Fair value reserve- net**

The details of fair value reserve for financial assets at fair value through other comprehensive income according to IFRS 9 are as follows:

	2024				2023
	Shares	Bonds	Direvativs	Total	Total
	JD	JD	JD	JD	JD
Balance at the beginning of the year	360,661	(721,601)	238,120	(122,820)	(1,081,938)
Unrealized gains	79,143	896,636	(286,011)	689,768	1,546,965
Deffered tax assets	(14,564)	(11,738)	108,684	82,382	23,886
Deffered tax liabilities	(16,791)	(328,983)	-	(345,774)	(611,733)
Balance at the end of the year	<u>408,449</u>	<u>(165,686)</u>	<u>60,793</u>	<u>303,556</u>	<u>(122,820)</u>

The fair value reserve is shown net after deducting deferred tax assets amounting to 165,296 JD and deferred tax liabilities amounting to 353,411 JD.

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**26. Retained earnings**

The movement on retained earnings account as the following:

	<u>2024</u>	<u>2023</u>
	JD	JD
Balance at the beginning of the year	23,804,821	23,827,407
Profit for the year	1,861,697	5,000,420
Transferred to reserves	(284,371)	(623,006)
Distributed dividends to shareholders	<u>(3,300,000)</u>	<u>(4,400,000)</u>
Balance at the end of the year	<u>22,082,147</u>	<u>23,804,821</u>

- An amount of JD 7,780,912 is restricted as of 31 December 2024 against deferred tax assets (JD 8,048,059 as of 31 December 2023), including the capitalization or distribution, except for what is actually realized, according to the Central Bank of Jordan instructions.
- Retained earnings balance included an amount of JD 2,761 as of 31 December 2024 (JD 2,761 as of 31 December 2023) restricted, which represents the effect of the early adoption of IFRS 9, except for what is actually realized from the sales transactions.

**27. Expected credit losses provision**

This item consists of the following:

	<u>2024</u>	<u>2023</u>
	JD	JD
Deposits and balances at banks and financial institutions	3,407	6,698
Financial assets at fair value through other comprehensive income	12,019	3,902
Financial assets at amortized cost	25,346	(1,207)
Direct credit facilities	8,461,830	10,464,601
Discounted letter of credits	-	(19)
Indirect credit facilities	<u>319,255</u>	<u>(116,820)</u>
Total	<u>8,821,857</u>	<u>10,357,155</u>

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**28. Interest income**

This item consists of the following:

	2024	2023
	JD	JD
<b>Direct credit facilities</b>		
<b>Individual (Retail)</b>		
Overdrafts	41,071	53,714
Loans and bills	36,752,203	39,021,864
Credit cards	695,965	557,505
<b>Real estate loans</b>	5,077,763	4,550,733
<b>Large companies</b>		
Overdrafts	4,880,607	4,328,447
Loans and bills	14,843,877	12,385,786
<b>Small and medium enterprises lending "SME's"</b>		
Overdrafts	466,792	502,055
Loans and bills	1,512,912	1,196,595
<b>Government and public sector</b>	4,344,519	4,494,067
Balances at Central Banks	3,329,167	1,370,419
Balances at banks and financial institutions	7,644,452	7,892,420
Financial assets at fair value through other comprehensive income	3,766,351	5,500,384
Financial assets at amortized cost	12,806,610	10,396,037
Interest income on margin financing - subsidiary's customers	3,279,548	3,353,420
Interest income on interest rate swap contracts	1,029,675	927,543
<b>Total</b>	<b>100,471,512</b>	<b>96,530,989</b>

**29. Interest expense**

This item consists of the following:

	2024	2023
	JD	JD
Banks and financial institutions' deposits	7,665,088	9,862,122
<b>Customers' deposits:</b>		
Current accounts and demand deposits	412,345	480,367
Saving accounts	404,026	14,824
Time and notice deposits	46,353,313	37,412,125
Cash margins	1,562,449	1,457,899
Borrowed funds	5,635,987	5,411,691
Deposit guarantee fees	657,573	615,183
Interest paid on lease liabilities	190,943	153,548
Interest paid on interest rate swap contracts	1,330,207	1,829,109
<b>Total</b>	<b>64,211,931</b>	<b>57,236,868</b>

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**30. Net commissions income**

This item consists of the following:

	<u>2024</u>	<u>2023</u>
	JD	JD
Direct credit facilities – net	761,911	1,074,851
Indirect credit facilities – net	1,836,064	1,707,236
Net commissions income	<u>2,597,975</u>	<u>2,782,087</u>

**31. Foreign currencies income**

This item consists of the following:

	<u>2024</u>	<u>2023</u>
	JD	JD
Resulting from trading	1,459,737	1,241,834
Resulting from revaluation	(143,999)	(183,208)
	<u>1,315,738</u>	<u>1,058,626</u>

**32. Cash dividends from financial assets at fair value through other comprehensive income**

This item consists of the following:

	<u>2024</u>	<u>2023</u>
	JD	JD
Dividends from financial assets - shares	<u>40,150</u>	<u>40,675</u>

**33. Other income**

This item consists of the following:

	<u>2024</u>	<u>2023</u>
	JD	JD
Brokerage commissions at financial market	728,376	854,385
Visa income	634,107	598,492
Management and consulting fees	11,563	15,482
Transfers commission	201,344	199,114
Recovery of written-off debts	210,947	181,213
Capital gains	64,117	129,785
Returned checks commission	12,164	12,573
Salaries transfer commission	308,336	326,064
Postal fees	100,471	149,614
Mastercard revenues	432,047	-
Others	437,511	523,005
	<u>3,140,983</u>	<u>2,989,727</u>

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**34. Employees expenses**

This item consists of the following:

	2024	2023
	JD	JD
Salaries, benefits and allowances	13,479,651	12,606,983
Employees' bonuses	281,247	616,160
Social security contributions	1,573,923	1,536,996
Medical expenses	732,443	676,442
Employees' training expenses	65,087	93,779
Travel and transportation expenses	8,190	39,412
Other	615,752	216,926
	<u>16,756,293</u>	<u>15,786,698</u>

**35. Other expenses**

This item consists of the following:

	2024	2023
	JD	JD
Tax and fees	1,047,784	890,405
Computer expenses	2,436,267	2,307,236
Advertising and marketing expenses	642,964	628,909
Travel expense	41,610	28,346
General administration expenses (Bahrain)	25,622	160,036
Telecommunication expenses	912,480	957,601
Building Services and benefits expenses	924,432	782,775
Board of Directors' expenses	459,563	505,218
Office supplies expenses	457,513	450,724
Borrowers transactions fees	1,298,802	1,352,093
Consulting fees	10,960	12,120
Magazines and newspapers subscription	6,108	7,081
Professional and legal expenses	989,727	661,131
Board of Directors' bonuses	81,332	85,550
ATM expenses	216,910	156,387
International Visa fees	853,342	763,043
Other expenses	768,419	531,175
	<u>11,173,835</u>	<u>10,279,830</u>

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**36. Basic and diluted earnings per share from profit for the year**

This item consists of the following:

	<u>2024</u> JD	<u>2023</u> JD
Income for the year	1,861,697	5,000,420
Weighted average number of shares	110,000,000	110,000,000
	<u>JD/ share</u>	<u>JD/ share</u>
Basic and diluted earnings per share (JD/ share)	<u>0.017</u>	<u>0.045</u>

- The diluted earnings per share for the period is equivalent to the basic earnings per share for the period.

**37. Cash and cash equivalents**

This item consists of the following:

	<u>2024</u> JD	<u>2023</u> JD
Cash and balances at the Central Bank of Jordan maturing within three months	119,404,557	81,043,680
<u>Add:</u> balances at banks and other financial institutions maturing within three months	143,362,598	162,404,948
<u>Less:</u> deposits from banks and financial institutions maturing within three months	(92,163,456)	(129,840,525)
Total	<u>170,603,699</u>	<u>113,608,103</u>

### **38. Derivatives**

The following table shows the positive and negative fair value of financial derivatives, along with the distribution of their nominal value according to their maturities:

	Positive fair value Thousand JD	Negative fair value Thousand JD	Total nominal value Thousand JD	Nominal value maturity according to maturity dates			
				Within 3 months Thousand JD	3 -12 months Thousand JD	1 - 3 Years Thousand JD	More than 3 Years Thousand JD
<u>2024</u>							
Foreign currencies derivatives held for trading	28	55	24,623	24,623	-	-	-
Hedge interest rate swap contracts	98	-	17,371	-	3,545	3,545	10,281
	<u>126</u>	<u>55</u>					
<u>2023</u>							
Foreign currencies derivatives held for trading	-	96	51,680	51,680	-	-	-
Hedge interest rate swap contracts	384	-	13,826	-	3,545	3,545	6,736
	<u>384</u>	<u>96</u>					

The nominal value represents the value of the current transaction for the year-end, and it dose not reflect market risk and credit risk.

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**39. Related parties transactions**

The Bank entered into transactions with the parent company, affiliate companies, directors, senior management, and subsidiary company in the ordinary course of business at commercial interest and commission rates.

All credit facilities granted to related parties are performing loans and no provision has been taken.

	Related party				Total	
	Parent and affiliated companies	Senior management	Bank's employees	Board of Directors	31 December 2024	31 December 2023
	JD	JD	JD	JD	JD	JD
<b><u>Statement of financial position Items:</u></b>						
Direct credit facilities	-	2,994,834	12,299,036	6,888	15,300,758	14,772,342
Balance at banks and financial institutions	29,773,075	-	-	-	29,773,075	13,400,781
Deposits at banks and financial institutions	48,472,880	-	-	-	48,472,880	75,429,629
Customers' deposits	-	2,484,681	2,507,136	462,550	5,454,367	5,502,549
Borrowed funds	-	-	-	-	-	2,481,500
<b><u>Off statement of financial position Items:</u></b>						
Letters of guarantee	34,730,344	-	-	-	34,730,344	34,783,792
Letters of credit	9,757,609	-	-	-	9,757,609	6,810,823
Interest rate swap contracts	17,370,500	-	-	-	17,370,500	13,825,500
<b><u>Income statements Items:</u></b>						
Interest and commission income	2,816,519	140,143	535,794	-	3,492,456	3,705,557
Interest and commission expense	(4,603,176)	(115,639)	(106,473)	(28,065)	(4,853,353)	(5,763,256)

\* Interest rates on credit facilities range between 3% to 8.872% while interest rates on customers' deposits range between 0.01% to 6.5%.

\* In addition to what was disclosed in the above table, the total balance of credit facilities provided to related parties in the bank amounted to JD 7,448,142 and they numbered 102 clients against acceptable guarantees amounted to JD 3,714,142. The interest rates payable on credit facilities range from 2% to 12.25% Commission rates range from 0.5% to 1%.

The following is a summary of the benefits (salaries, bonuses, and other benefits) for the senior executive management of the Bank.

	2024 JD	2023 JD
Salaries and remunerations	<u>2,882,789</u>	<u>2,861,702</u>



#### **40. Risk management**

Risks are an essential part of banking operations, and the Bank addresses the challenges related to the risks it faces within a comprehensive and general framework. This framework is based on identifying, understanding, and assessing the risks confronting the bank's operations to ensure they remain within limited and acceptable levels while taking necessary actions to reduce risks to achieve the optimal balance between risk and return.

The general risk management framework includes an accepted risk document, which is approved by the Board of Directors and outlines specific levels of acceptable risks and the degree of risk tolerance. The risk management department applies stress testing at the portfolio level to measure the bank's ability to withstand shocks and high risks in line with regulatory requirements. Reports on the results of these tests, along with their impact on capital and profits, are submitted to the Risk Management Committee derived from the Board of Directors. Consequently, a periodic review is conducted to assess the alignment of policies with current conditions.

The Bank's Risk Department is responsible for managing risks based on strategies and policies approved by the Board of Directors and following these principles:

- Periodically updating the bank's risk management policies to identify, analyze, and measure these risks, set risk limits and controls, and monitor risks through the risk information system.
- Reviewing the general framework and risk management systems to reflect any developments in banking practices in accordance with global best practices before they are approved by the Board of Directors.
- Submitting periodic reports to the Risk Committee derived from the Board of Directors, which reviews the Bank's risk management operations and to the Board of Directors to indicate whether the existing risks are in line with the approved policies and levels of acceptable risks.

The Assets and Liabilities Management Committee and the Investment Committee are part of the risk management process in the Bank. Furthermore, all work centers are responsible for identifying the risks associated with their area of work and establishing appropriate controls. The main types of risks include credit risk, liquidity risk, operational risk, and market risk, which encompasses interest rate risk and currency risk.

### **Credit risk**

Credit risk is the risk of loss resulting from the default or inability of the counterparty to fulfill its obligations to the Bank. It is one of the most significant risks facing banking operations; therefore, management carefully oversees exposure to credit risk, which primarily arises in lending activities and investments in debt instruments, in addition to credit risks associated with off-balance-sheet financial instruments, such as unused loan commitments, letters of credit, and guarantees.

Credit risk is managed to keep it within acceptable levels set by the bank through:

- A credit policy that defines the criteria for granting credit and acceptable guarantees, in addition to the bases and procedures for credit monitoring.
- Measuring credit risk: The bank uses an internal assessment system (Credit Lens) from Moody's to measure the credit risk level of corporate clients to assist in credit decisions. It also utilizes external ratings from international rating agencies such as Standard & Poor's and Moody's, or equivalent agencies, to measure credit exposure risks for debt instruments according to specified ratings and regulatory guidelines.
- Credit monitoring: The bank manages limits and monitors concentration risks at the client level (individual or institution) and the size of credit exposure for each sector or geographic area. The bank sets acceptable credit risk levels by establishing limits on the amount of acceptable risk for each borrower or group of borrowers, as well as for each sector or geographic area.
- Credit risk mitigants: The bank relies on various methods and practices to mitigate credit risk, including obtaining guarantees that are accepted based on approved criteria and standards. The most prominent types of guarantees for loans and facilities are:
  - Mortgage liens
  - Pledging financial instruments such as stocks
  - Bank guarantees
  - Cash collateral
  - Government guarantees

Additionally, the Bank employs the following methods to enhance credit quality and mitigate risks:

- Implementing a three-way approval system for credit granting.
- The authority to approve credit varies from one management level to another and depends on the size of the client's portfolio, exposure level, maturity, and the client's risk profile.
- Complete separation between credit marketing departments (business) and credit analysis and monitoring departments.
- Continuous training and development for credit review staff to ensure the presence of credit analysis expertise capable of understanding these risks accurately.

### **Adjustment of interbank interest rates**

Following global regulatory authorities' decisions to eliminate the use of interbank borrowing rates in favor of alternative benchmarks, the Bank studied the impact that might arise from using alternative benchmarks for borrowing rates. No material impact was observed either on risks or on financial statements due to the absence of significant operations linked to interest rates associated with interbank borrowing benchmarks or hedging contracts.

Based on the importance of managing the various risks that surround the Bank's business activities to which the Bank is or may be exposed in the future, the Bank continues to follow a risk management strategy in line with the direction of the Board of Directors, senior management, legislations, and laws issued by the Central Bank of Jordan, as well as with the policies and procedures of the parent institution in Bahrain, where the best international practices and the latest methods and techniques of risk management are applied. Moreover, risk management at the Bank is directly linked to the risk Management Committee of the Board of Directors.

The risk management process involves identification, measurement, evaluation and monitoring of financial and non-financial risks that can negatively affect the overall performance of the Bank.

It is the responsibility of senior management to determine the main principles of risks and the amount of risks that the Group can accept, as well as their optimal distribution to the Bank's various business activities and sectors. During 2024, the internal capital adequacy assessment process ICAAP, which included an assessment of the level of internal capital adequacy, legal liquidity ratios, was continued on the basis of the expected business strategy for the next three years.

The Bank has been able to maintain a high level of capital adequacy as well as a comfortable liquidity ratio in anticipation of any stressful situations that may occur. It has also been able to maintain the Bank's durability according to ICAAP and Basel III requirements and to keep up with any modifications to the Basel requirements.

The Central Bank of Jordan (CBJ) has released the Stress Testing Instructions, hence the bank has developed a methodology, policy and procedure approved by the Board Risk Committee in order to apply these instructions, where Stress testing is considered a key element in risk management process at various level, as follows:

- Considered a major quantitative tool for understanding the bank's risk profile and the ability of the bank to withstand various types of shocks, and high risks.
- An important part of the capital planning process through Internal Capital Adequacy Assessment Process (ICAAP).
- Help the bank to estimate the size of future capital that must be available in the coming years in accordance with its established strategy.
- An important part of identifying, measuring, and controlling liquidity risks in order to assess the bank's liquidity and the adequacy of liquidity shocks mitigating tools.

These tests are designed to assess the bank's financial situation in stress but possible scenario, where the necessary reports have been made and submitted to the Board Risk Committee, which adopt the assumptions and scenarios used, discuss the results of the tests, and adopt the actions to be taken based on these results.

### **Governance of stress testing**

Stress testing must be a key part of risk governance and risk management culture of the bank in order to enhance the ability of the bank to identify and control risks.

#### **The role of the board of directors:**

The board of directors must ensure the existence of an effective framework for stress testing to evaluate the ability of the bank to withstand shocks and confront high risks. In this regard, the stress testing program at the bank will be the ultimate responsibility of the board of directors, and approve of the related policies and procedures.

The board of directors must verify that the risk management department conducts the stress tests on a periodic basis. The board of directors must have a major role in setting the assumptions and the scenarios used, analyzing the stress testing results, and approving the procedures to be implemented based on the stress testing outcomes.

#### **The role of the senior executive management:**

Executing and monitoring the stress testing program and in line with the methodology adopted by the board of directors which is in line with the determined stress testing based on the Central Bank of Jordan instructions.

Ensuring the availability of a qualified staff at the risk management department to conduct the stress testing and that the department does possess the appropriate tools and means for the tests.

Ensuring the availability of a suitable number of possible scenarios that are related to the business of the bank, given that these scenarios are well- understood and documented.

Using the results of the stress testing in setting and identifying the bank's risk appetite statement, and in planning for capital and liquidity.

**The role of the risk management:**

To adopt the Central Bank of Jordan instructions related to the design of stress testing program and use of forms and methodologies to determine their impact on the bank to cover, but not be limited to, the following aspects:

- Stress testing must encompass scenarios ranging from the lowest impact to the highest impact
- Making sure that the tests cover all the complex financial products as needed
- Taken into consideration the possible changes in the market circumstances that might adversely impact the bank's exposure to concentration risks
- Stress testing shall include scenarios to evaluate the size and impact of the off- balance sheet assets on other types of risks
- including some scenarios that are related to the reputational risks in stress testing, by reflecting the risks outcome which may have an impact of the Bank's reputation and in which it also reflects on the Bank's liquidity, its liquid assets, through withdrawals of deposits by some customers.
- The tests used must be appropriate to the degree of risk appetite that the bank has set for itself so that the scenarios selected by the bank commensurate with the size, nature, and complexity of the bank's business as well as the risks associated with the bank.
- The stress testing program must include both quantitative and qualitative methods to improve the comprehensiveness of these tests and make them supportive and complementary to the patterns and approaches of risk management used in the bank.
- The tests must range from simple sensitivity tests that are based on the change(s) in a single risk factor analysis sensitivity and to scenarios that are based on statistical methods which take into consideration the relationships among the drivers of systemic risks in times of crises, noting that the part related to scenario analysis is annually determined by the Central Bank of Jordan.
- Set a suitable dialogue format among the various related parties in order to obtain their views and opinions regarding the possible shocks and stressful situations in case of its occurrence so that it can then identify the assumptions and scenarios suitable for the internal and external risks that the bank might be exposed to. All concerned parties in the bank, such as Compliance Department, Internal Audit Department, Central Operation Department, Legal Department and Businesses Departments and others involved must participate in this dialogue in order to identify the possible shocks for Operational Risk on an annual basis and according to the instructions of the Central Bank of Jordan.

- The results of the tests should be submitted to the Local Assets and Liability Committee and the local Board Risk Committee, and the Risk Committee stemmed by the Bank's Board of Directors and on an annual basis.

**The role of the internal audit:**

The Internal Audit Department is responsible for reviewing and evaluating the overall framework for stress testing at least annually, with the results of the evaluation and review submitted to the Board of Directors.

It is noteworthy that the bank undertook a review and update of all risk policies during 2024 in accordance with the specified periodicity, ensuring compliance with all internal and regulatory requirements, with approval from the Board of Directors. The bank is committed to regularly reviewing various policies to effectively address surrounding risks and mitigate their impact.

Additionally, in 2024, the bank continued to implement the requirements of the International Financial Reporting Standard (IFRS) 9 in line with the instructions issued by the Central Bank of Jordan. This was done by applying the methodology adopted by the parent company in Bahrain, with some adjustments made to align with the requirements of the Central Bank of Jordan, as well as the guidance and directives from the parent company in Bahrain on this matter.

It should be noted that the bank relies on the outputs of Strategic Solutions for the purpose of preparing the required reports and disclosures within the bank's final financial statements for the year 2024. These results were presented to the Board of Directors, the Risk Committee derived from the Board, and the relevant local committees within the bank. Below is an overview of this methodology:

First: Definition of the Bank's implementation of default and the mechanism of Default Treatment

The Bank follows and applies the Central Bank of Jordan's Instructions No. (2009/47) dated December 10, 2009 for the classification of the non-performing accounts for the outstanding Bank's credit portfolio, where it classifies the non-performing debts and interest in suspense automatically within the used Bank's system, and according to the classifications included in the instructions (sub-standard, doubtful debts, and loss debts).

**1- Bank's application of default:**

The Central Bank of Jordan's instructions are applied with regards to the classification of impaired debts and suspension of interest. As for provisions, the Central Bank of Jordan's instructions and the internal Bank's policies are applied, whereby the most conservative results are taken.

2- Mechanism of default treatment:

- Rescheduling of debts according to the rescheduling principles outlined in the instructions of the Central Bank of Jordan.
- Final payments and deducting part of the debt.
- Following the legal procedures to collect the Bank's rights.
- Manually transferring non-performing accounts to performing accounts.

Taking into consideration the instructions of the Central Bank of Jordan and the internal policy adopted by the Bank, where the more conservative and strict procedures are adopted. The classification of risk ratings for non-performing accounts is adopted as follows:

Classification Segment	Internal Classification for Non-performing Facilities
Sub-standard	9
Doubtful debts	10
Loss debts	11

Second: Detailed explanation of the Bank's internal credit classification system and its working mechanism

The Bank evaluates corporate customers based on Moody's- Credit Lens internal evaluation system. Moreover, the evaluation relies on the evaluation of the financial elements and the non-financial elements where the financial statements relating to the results of corporate clients are entered into the internal rating system when granting, reviewing, or modifying the ceilings of the facilities granted to the client within the ratios and financial indicators specified on the system. In addition, there are standards and non-financial requirements entered into the system to extract the customer's degree of risk classification based on the risk classification degree listed below. This degree is entered through the Bank's system, indicating that the classification degrees 7 & 8 also include watch-list facilities accounts. On the other hand, the classification ratings of (9, 10, and 11) relate to the non-performing facilities accounts based on the Central Bank of Jordan's Instructions No. (47/2009). In this respect, the classification related to the watch list and non-performing accounts are performed automatically in the system.

Internal Risk Grade	Description
1	Exceptional
2	Excellent
3	Superior
4	Good
5	Satisfactory
6	Adequate
7	Marginal/Watch list
8	Special mention
NPLs (9,10 &11)	Sub-Standard, Doubtful and Loss

Third: Mechanism adopted for calculating the expected credit losses (ECL) based on financial instruments for each individual item.

- The expected credit losses are calculated based on financial instruments classified under the amortized cost portfolio or through the other comprehensive income statement based on an individual basis, on debt instruments. The calculation is performed according to the Treasury Department's business model adopted by the Bank's Board of Directors, where these tools are subject to impairment calculation (Expected credit losses) according to IFRS (9) requirements. Meanwhile, loss is recorded in the consolidated statement of Profit or Loss.
- The debt instruments issued or guaranteed by the Government of Jordan are excluded from the expected credit loss.

Fourth: Regulatory requirements for the implementation of International Financial Reporting Standard (9) including the responsibilities of the Board of Directors and Executive Management in ensuring compliance with the said requirements.

- The Bank's Board of Directors shall adopt the policies and documents relating to the standards, methodologies, and the basis for calculating the requirements of IFRS (9) according to the Central Bank of Jordan's instructions, including periodically reviewing the results of the expected credit losses calculation and standing up on the developments and updates related to these results, in addition to the basis and other matters related to the calculation.
- The Board of Directors approves any exceptional case in which an allowance is made or expected credit losses are taken, and the adjustments concerning the expected credit losses calculation results according to clear and reliable justifications.
- The Bank's Steering Committee for managing the application of IFRS (9) is chaired by the CEO, and its membership consists of each of the heads of the executive departments concerned with the application. The members represent the heads of the business units, backing and support group, risk management, financial control, and information system management. This Committee supervises the application of IFRS (9) requirements, and is responsible for applying it to ensure that the concerned departments shall implement this plan according to the competence of each to comply with the roles assigned; implement the procedures related to the implementation steps and stages of applying this standard in the Bank; present the completion results once ready; and coordinate with the various credit committees in the Bank to obtain the necessary approvals for the cases that require an adjustment to the results of calculating the volume of the expected losses, and reviewing the result of calculating the volume of credit facilities.
- The Credit Committee presents and reviews the list of accounts that need to be monitored closely and under control in order to verify that the size of the provisions calculated are in accordance with the required standard commensurate with the credit risk related to these accounts.



- The requirements of IFRS (9) has been implemented through the Arab Banking Corporation/parent company in Bahrain. Moreover, agreement has been reached to apply this standard at the Group's level through Moody's Company.

Fifth: Definition of the mechanism for calculating and controlling the probability of default (PD), credit exposure at default (EAD), and loss given default (LGD).

- According to IFRS(9), the expected credit loss measurement model has been applied using the following framework:  
Expected Credit Losses = Credit Exposure at Default \* Probability of Default \* Loss Given Default.
- Credit exposure is calculated according to the Central Bank of Jordan's instructions as follows: loans and credit facilities (direct and indirect), debt instruments recorded at amortized cost, debt instruments recorded at fair value through the statement of comprehensive income, financial guarantees, credit exposures to bank and financial institution, the unutilized direct limits, taking into consideration the conversion factor for indirect requirements. A rate of 100% has been adopted for calculating the exposure at default.

- The Probability of Default ratios have been calculated according to the results of the evaluation of the risk degree of the credit portfolio of the customers during the past years. Moreover, the required review has been conducted regarding the customer's risk assessment forms for all corporates and banks through Moody's system according to the following table:

<b>Moody's Rating</b>	<b>Notch</b>	<b>ABC – Rating</b>
Aaa	1	1
Aa1	2	2+
Aa2	3	2
Aa3	4	2-
A1	5	3+
A2	6	3
A3	7	3-
Baa1	8	4+
Baa2	9	4
Baa3	10	4-
Ba1	11	5+
Ba2	12	5
Ba3	13	5-
B1	14	6+
B2	15	6
B3	16	6-
Caa1	17	7+
Caa2	18	7
Caa3	19	7-
Ca	20	8
	Sub-Standard	9
	Doubtful	10
	Loss	11

- The loss given default ratio is calculated using the systems approved by the external supplier of Moody's company, assuming that the default happens after calculating the recoverable amount of the credit exposure and the timing of the recovery, taking into consideration the collaterals provided against the credit exposure and the application of the deduction ratios determined in accordance with the internal standards adopted by the Bank.
- The methodology for calculating the expected credit loss in the stage one and two was adopted on a Collective Basis level for the retail portfolio (personal loans, housing loans, credit cards and auto financing loans). Moreover, the Roll Rate Approach was adopted. Such portfolios or products carry similar credit risk and share several elements such as (type of product, quality of collateral provided, nature of financing, duration of financing, sector, etc.)

- The stress tests required in accordance with IFRS (9), which is part of the expected credit loss calculation process, were adopted in three scenarios to study the future forecasts and their effect on the variables of the expected credit loss measurement model, represented by a base scenario, downside scenario, and upside scenario, since we have adopted the weighted probability value for these scenarios.
- As for the calculation of the credit loss under Stage 3, we continue to follow the Central Bank of Jordan's Instructions No. (47/2009) for the classification of non-performing debts, suspension of interest, calculation of provisions and acceptable haircut rates for collateral based on these instructions and the volume of credit losses are calculated based on IFRS 9 in which the more conservative is taken.

Sixth: Determinants of the significant change in the credit risk on which the Bank relies for calculating the expected credit losses

- A decrease or deterioration in the actual internal credit rating of the borrower according to the internal rating system applied by the Bank related to comparison with the internal rating of the borrower at the time of granting the loan.
- Accounts with no risk rating degree on the system at the facility granting and their current degree of risk rating 5+ or worse classified in stage two.
- The unpaid accruals on one of the client accounts or the borrower equal to or greater than 30 days.
- Accounts classified as watch list (internal ratings 7 and 8).
- Accounts that need to be actively monitored by the Bank within watchlist accounts.
- Accounts that have restructured the debtor's obligations (restructuring of obligations).
- As for the credit portfolio for retail facilities of all types, the customers' loans with dues for more than or equal to 30 and less than 90 days are classified in the stage two, in addition to the restructured accounts.

Seventh: The Bank's policy in identifying the common elements (characteristics) on which the credit risk and expected loss are based on a collective basis

- The methodology for calculating the expected credit loss in stage one and two was adopted at the Collective Base level for the retail portfolio (personal loans, personal loans against cash margins, housing loans, credit cards, and auto financing loans). Moreover, the Roll Rate Approach was adopted. Such portfolios or products carry similar credit risks and share several elements such as (type of product, quality of collateral provided, nature of financing, duration of financing, sector, etc.).
- The roll-rate approach was used to calculate the probability of default for retail products for each product based on the reports extracted from the Bank during the past years and monthly to determine the distribution of dues. The loss given default ratio was calculated by reference to the size of the realized recoveries of the NPL portfolio for each type of the retail portfolio, including the overdrawn account during the previous years.

- An independent and more detailed methodology was used in order to calculate the size of the expected credit loss for the credit portfolio granted by the bank's subsidiary "Arab Cooperation for Financial Investments", which is represented in financing shares within the product of margin financing and cash financing for the first stage, the second stage and the third stage, where it was considered The risk score of the operating portfolio clients classified within the first stage is one notch less than the country risk score (Jordan). As for the risk score of the client classified within the second stage, it was considered four notches lower than the country risk score (Jordan). As for the maturity of the facilities, the maturity date was considered based on the type of product and the stage of the exposure's classification and as follows:

Maturity period	Classification stage	Product
3 Months	1	Cash Financing
Remaining maturity	2	
Contractual maturity or 2	1	Margin Financing
years from reporting	2	
period whichever is greatest		

As for the loss given default (LGD), a rate of 5% LGD Floor has been approved for facilities classified within the first stage (which was calculated according to the percentage of guaranteed coverage for existing facilities) and a rate of 10% LGD Floor for customers classified within the second stage. As for the classification of accounts of the third stage (defaulters). Therefore, the company adopts the approved internal policy in this regard.

Eighth: Primary economic indicators used by the Bank in calculating the expected credit loss probability of default (PD)

The parent institution in Bahrain used an external supplier to conduct the calculation of expected credit loss by adopting three scenarios to study the future forecasts and their impact on the variables of the credit loss measurement model. The economic factors used in the calculation were the economic growth ratios in Jordan and the stock price index in regards of the Company's portfolio.

The following are the main banking risks faced by the group and the methods of managing them:

#### **(40/A) Credit risk**

Credit risk represents the other party's default or inability of the financial instrument to meet its obligations toward the Group which could result in a loss. The Bank divides the direct credit facilities portfolio into four sections comprising credit facilities for governments and financial institutions, including banks and companies, consisting of both corporate and medium size facilities; as well as retail facilities, including personal loans, housing loans and other products

such as credit cards and personal car loans. These policies include rules and procedures that must be adhered to when granting or renewing facilities. They also include a special evaluation for each customer through rating, whereby CreditLens is currently used to classify the facilities of corporates and medium companies, and in which is performed automatically. In addition, a Credit Scoring model is adopted to assess customers included in the retail portfolio.

The Bank is also pursuing a policy of diversification at the level of customers, economic sectors and geographical regions, which contributes to reducing the degree of credit risk. In order to control the risks of lending, the Risk Management Committee of the Board of Directors holds periodic meetings to discuss all matters related to credit risk, and is provided with quarterly reports on the distribution of the facility portfolio in terms of economic distribution, credit rating, geographical distribution, tenor for facilities, volume of expected credit losses, review of the results of regulatory and internal capital adequacy ratios, and the results of stress testing and risk appetite limits, which determine the direction of the Bank in the upcoming period. The adequacy of the impairment provision for the credit facilities is reviewed periodically in accordance with the instructions of the Central Bank of Jordan. Moreover, the volume of expected credit losses is reviewed in accordance with IFRS (9).

The details of the direct credit facilities portfolio are stated in Note (8). In addition, the Group's off-balance sheet financial position obligations carrying credit risks are detailed in Note (46).

#### **(40/B) Operational risks**

Operational risk refers to the risk of potential losses that affect revenues or capital due to insufficient or failed internal processes, information systems, human factors, or as a result of external events that have a significant impact on the bank's operations. This also includes legal risks, excluding reputational risks and strategic risks.

It is noted that reputational risks and other risks, such as strategic risks and qualitative risks associated with liquidity risks, are assessed for the required capital to address them through evaluation according to the approved Scorecard assessment model for that purpose.

The Operational Risk Department continuously works and coordinates closely with all officials of the general management departments to ensure the ongoing effective application of the overall framework for managing operational risks through the implementation of the three lines of defense principle, which defines the tasks and responsibilities of all bank departments, particularly regarding the execution, monitoring, and oversight of daily tasks at the first line of defense.

The department continues to gather data on operational incidents and losses, as well as operational risk indicators, using the Governance, Risk, and Compliance (GRC) Tool, and works on monitoring and updating this data while ensuring that any necessary corrective plans are put in place. The aim of the system is to allow all relevant departments, including business, risk, compliance, and internal audit, to utilize it, thus enabling executive management to be continuously informed about all financial and non-financial risks.

Furthermore, the methodology for the self-assessment of operational risks and the controls established against them is continually followed, involving reviews at the level of departments, branches, products, and processes. Through this process, operational risks and their associated risks are identified.

#### **(40/C) Information technology risk**

These are the risks that the bank may face as a result of owning and using information technology resources to execute the bank's operations, which may lead to financial or legal losses or negatively affect the Bank's reputation or the services provided to customers and stakeholders.

To enable the Risk Management Department of the bank to apply all the requirements stipulated in the Central Bank of Jordan's regulations related to the governance and management of information and the accompanying technology, as well as the guidelines for adapting to cybersecurity risks and the policies and procedures outlined by the bank, the following were accomplished in 2024:

1. Review and Re-approval of the Following Policies and Procedures:
  - Information Technology Risk Policy
  - Information and Systems Classification and Protection Policy
  - Information Technology Risk Assessment Methodology
  - Procedures for the Information Technology Risk Unit
2. Review, Update, and Approval of the Information Technology Management Risk Profile.
3. Update of the Document Related to the Overall Framework for Acceptable Risk Limits (Risk Appetite Statement & Framework) and Determining Acceptable Levels of Operational and Cybersecurity Risks, with Approval from the Board of Directors.
4. Preparation of Reports Stipulated in the Governance and Management of Information and Technology Regulations and Sharing Them with Relevant Parties by Presenting Them to the Operational Resilience Committee.
5. To enhance the skills of the Information Technology Risk Management staff, relevant personnel participated in numerous local conferences, training courses, and workshops related to information technology governance and information security.

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**Quantitative disclosures:**

**Credit risk**

- 1- Exposure to credit risks (after provision for impairment and interest in suspense and before collaterals and any other risk decreasing factors).

	2024	2023
	JD	JD
Consolidated statement of financial position items:		
Cash and balances at Central Bank of Jordan	112,391,921	74,399,802
Balances at banks and financial institutions - net	143,338,747	162,385,311
Deposits at banks and financial Institutions - net	-	17,751,843
Direct credit facilities - net:		
Retail	366,454,467	385,228,980
Real-estate loans	74,494,201	66,297,467
Large companies	217,659,650	223,145,233
Small and medium companies	27,464,356	21,383,971
Government & public sector	80,579,027	67,112,404
Bonds and treasury Bills:		
Financial assets at fair value through other comprehensive income	63,173,073	89,608,173
Financial assets at amortized cost - net	183,515,077	181,452,946
Financial assets at amortized cost mortgaged	32,001,543	30,989,923
Other assets	7,495,857	6,469,927
Total	<u>1,308,567,919</u>	<u>1,326,225,980</u>
Off consolidated statement of financial position Items		
Letters of guarantee	113,912,485	99,348,201
Letters of credit	26,379,743	6,635,673
Acceptances	7,657,656	4,401,105
Un-utilized facilities	40,305,806	28,195,704
Grand total	<u>188,255,690</u>	<u>138,580,683</u>
Total	<u>1,496,823,609</u>	<u>1,464,806,663</u>

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1- Distribution of credit exposure (Direct credit facilities):

The Bank's internal credit rating	Classification category based on (47/2009) instruction	Net exposure amount	Expected credit losses (ECL)	Probability of default (PD)	Exposure at default (EAD)	Loss given default (LGD)
Performing facilities		JD	JD	%	JD	%
1	Performing	12,495,285	10,515	from 0.0003 to 0.0006	12,495,285	from 0.2293 to 0.4434
2	Performing	12,884,876	1,168	from 0.0003 to 0.0006	12,884,876	from 0.2293 to 0.4434
3	Performing	78,946,004	22,540	from 0.0004 to 0.0022	78,946,004	from 0.2318 to 0.4959
4	Performing	43,221,547	163,825	from 0.0012 to 0.0055	43,221,547	from 0.2388 to 0.5118
5	Performing	831,432,142	1,913,850	from 0.0084 to 0.014	831,432,142	from 0.02 to 0.5224
6	Performing	473,304,958	2,484,882	from 0.0132 to 0.0493	443,589,624	from 0.02 to 0.5689
7	Performing	17,212,752	1,159,211	from 0.06 to 0.1674	17,255,094	from 0.02 to 0.5421
8	Performing	17,373,562	5,840,158	from 0.1373 to 0.2238	17,373,562	from 0.02 to 0.5503
Total		<u>1,486,871,126</u>	<u>11,596,149</u>		<u>1,457,198,134</u>	
Non performing facilities						
9	Non performing	6,328,959	2,216,112	100%	8,545,070	
10	Non performing	1,419,555	4,948,376	100%	6,367,931	
11	Non performing	2,203,969	58,273,283	100%	57,377,708	
Total		<u>9,952,483</u>	<u>65,437,771</u>	100%	<u>72,290,709</u>	
Gross total		<u>1,496,823,609</u>	<u>77,033,920</u>		<u>1,529,488,843</u>	



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2- Credit risk according to economic sectors:

A- The schedule below shows the credit risk exposure according to financial instruments:

	2024										2023
									Government and		
Item	Financial	Industrial	Trading	Real estate	Agriculture	Shares	Individuals	public sector	Services	Total	Total
	JD	JD	JD	JD	JD	JD			JD	JD	
Balances at Central Bank of Jordan	-	-	-	-	-	-	-	112,391,921	-	112,391,921	74,399,802
Balances at banks and financial institutions -net	143,338,747	-	-	-	-	-	-	-	-	143,338,747	162,385,311
Deposits at banks and financial institutions- net	-	-	-	-	-	-	-	-	-	-	17,751,843
Direct credit facilities - net	27,418,026	104,237,756	55,757,845	85,676,330	5,069,966	30,825,954	344,456,250	80,580,924	32,628,650	766,651,701	763,168,055
Bonds and bills:											
Financial assets at amortized cost - net	20,632,657	-	-	-	-	-	-	162,882,420	-	183,515,077	181,452,946
Financial assets at fair value through other comprehensive income	17,303,873	-	-	-	-	-	-	45,869,200	-	63,173,073	89,608,173
Financial assets at amortized cost mortgaged	-	-	-	-	-	-	-	32,001,543	-	32,001,543	30,989,923
Other assets	1,104,879	26,549	172,070	329,599	1,092	-	780,913	4,513,358	567,397	7,495,857	6,469,927
Total	209,798,182	104,264,305	55,929,915	86,005,929	5,071,058	30,825,954	345,237,163	438,239,366	33,196,047	1,308,567,919	1,326,225,980
Letters of guarantee	60,583,090	20,401,585	9,352,061	1,655,992	134,359	-	-	-	21,785,398	113,912,485	99,348,201
Letters of credit	25,012,272	150,263	7,544,387	-	1,330,477	-	-	-	-	34,037,399	11,036,778
Un- utilized ceilings	4,342,170	6,889,197	10,325,050	2,407,493	759,130	938,332	8,988,274	-	5,656,160	40,305,806	28,195,704
Grand total	299,735,714	131,705,350	83,151,413	90,069,414	7,295,024	31,764,286	354,225,437	438,239,366	60,637,605	1,496,823,609	1,464,806,663

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B- Distribution of exposures by classification stages in accordance with IFRS 9:

Item	2024						2023
	Stage 1		Stage 2		Stage 3	Total	Total
	Individual	Collective	Individual	Collective			
	JD	JD	JD	JD	JD	JD	JD
Financial	299,723,716	-	-	-	11,998	299,735,714	298,624,313
Industrial	115,078,734	-	15,959,428	-	667,188	131,705,350	100,805,990
Trading	75,866,142	-	3,709,328	-	3,575,943	83,151,413	77,525,467
Real estate	10,105,844	68,843,227	3,367,705	4,708,110	3,044,528	90,069,414	87,540,086
Agriculture	7,285,024	-	-	-	10,000	7,295,024	2,948,336
Shares	-	27,858,440	-	3,306,951	598,895	31,764,286	35,569,354
Individualse	741,036	339,219,204	-	12,383,950	1,881,247	354,225,437	371,388,040
Government and public sector	438,239,366	-	-	-	-	438,239,366	419,984,440
Services	60,399,120	-	75,801	-	162,684	60,637,605	70,420,637
Total	1,007,438,982	435,920,871	23,112,262	20,399,011	9,952,483	1,496,823,609	1,464,806,663

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**3- Exposure distribution according to geographical**

**A- Total distribution of exposures by geographical regions – net:**

	2024						2023
	Inside the Kingdom	Other Middle East Countries	Europe	Asia	Africa	America	Total
	JD	JD	JD	JD	JD	JD	JD
Balance at Central Bank of Jordan	112,391,921	-	-	-	-	-	112,391,921
Balances at banks and financial institutions - net	12,654,597	58,815,062	46,968,982	-	43,858	24,856,248	143,338,747
Deposits at banks and financial institutions - net	-	-	-	-	-	-	-
Direct Credit facilities - net:	766,651,701	-	-	-	-	-	766,651,701
Bonds and bills:							
Financial assets at amortized cost - net	183,515,077	-	-	-	-	-	183,515,077
Financial assets at fair value through other comprehensive income	45,869,200	17,303,873	-	-	-	-	63,173,073
Financial assets at amortized cost mortgaged	32,001,543	-	-	-	-	-	32,001,543
Other assets	6,448,935	788,228	190,453	-	68,241	-	7,495,857
Total current year	1,159,532,974	76,907,163	47,159,435	-	112,099	24,856,248	1,308,567,919
Letters of guarantee	53,743,353	3,452,238	19,536,948	9,053,421	21,234,211	6,892,314	113,912,485
Letters of credit	9,958,768	19,233,047	-	-	4,845,584	-	34,037,399
Un-utilized facilities	40,305,806	-	-	-	-	-	40,305,806
Grand total	1,263,540,901	99,592,448	66,696,383	9,053,421	26,191,894	31,748,562	1,496,823,609

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B- Distribution of exposures by classification stages in accordance with IFRS 9:

	2024						2023
	Stage 1		Stage 2		Stage 3	Total	Total
	Individual	Collective	Individual	Collective			
	JD	JD	JD	JD	JD	JD	JD
Inside Jordan	774,156,274	435,920,871	23,112,262	20,399,011	9,952,483	1,263,540,901	1,255,521,658
Other middle east countries	99,592,448	-	-	-	-	99,592,448	68,402,284
Europe	66,696,383	-	-	-	-	66,696,383	73,142,507
Asia	9,053,421	-	-	-	-	9,053,421	9,640,171
Africa	26,191,894	-	-	-	-	26,191,894	2,524,279
America	31,748,562	-	-	-	-	31,748,562	55,575,764
<b>Total</b>	<b>1,007,438,982</b>	<b>435,920,871</b>	<b>23,112,262</b>	<b>20,399,011</b>	<b>9,952,483</b>	<b>1,496,823,609</b>	<b>1,464,806,663</b>

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4- Credit exposures that have been reclassified

A- Total credit exposures that have been reclassified exposures

Item	2024					
	Stage 2		Stage 3		Total reclassified exposures	Reclassified exposures
	Total exposure amount	Reclassified exposures	Total exposure amount	Reclassified exposures		
	JD	JD	JD	JD	JD	%
Direct credit facilities	42,821,852	13,596,925	8,853,327	6,433,849	20,030,774	1.67%
Letters of guarantees	145,914	120,769	1,099,158	263,108	383,877	0.03%
Other liabilities	543,505	105,506	-	-	105,506	0.01%
Total exposures	<u>43,511,271</u>	<u>13,823,200</u>	<u>9,952,485</u>	<u>6,696,957</u>	<u>20,520,157</u>	1.71%
Item	2023					
	Stage 2		Stage 3		Total reclassified exposures	Reclassified exposures
	Total exposure amount	Reclassified exposures	Total exposure amount	Reclassified exposures		
	JD	JD	JD	JD	JD	%
Direct credit facilities	52,009,021	15,994,895	9,394,783	8,123,534	24,118,429	2.12%
Letters of guarantees	588,612	-	4,697,351	2,000	2,000	0.00%
Letters of credit	98,957	-	-	-	-	0.00%
Other liabilities	1,640,071	2,291	-	-	2,291	0.00%
Total exposures	<u>54,336,661</u>	<u>15,997,186</u>	<u>14,092,134</u>	<u>8,125,534</u>	<u>24,122,720</u>	2.12%

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B- Expected credit loss for exposures that have been reclassified:

	2024							
	Exposures that have been reclassified			Expected credit loss due to reclassified exposures				
	Total reclassified exposures Stage 2	Total reclassified exposures Stage 3	Total reclassified exposures	Stage 2		Stage 3		Total
				individual	Collective	individual	Collective	
	JD	JD	JD	JD		JD		JD
Direct credit facilities	13,596,925	6,433,849	20,030,774	27,580	1,313,988	9,511,098	142,301	10,994,967
Letters of guarantees	120,769	263,108	383,877	770	-	-	-	770
Letters of credit	-	-	-	-	-	-	-	-
Other liabilities	105,506	-	105,506	46	-	-	-	46
Total exposures	<u>13,823,200</u>	<u>6,696,957</u>	<u>20,520,157</u>	<u>28,396</u>	<u>1,313,988</u>	<u>9,511,098</u>	<u>142,301</u>	<u>10,995,783</u>

  

	2023							
	Exposures that have been reclassified			Expected credit loss due to reclassified exposures				
	Total reclassified exposures Stage 2	Total reclassified exposures Stage 3	Total reclassified exposures	Stage 2		Stage 3		Total
				individual	Collective	individual	Collective	
	JD	JD	JD	JD		JD		JD
Direct credit facilities	15,994,895	8,123,534	24,118,429	70,047	1,665,542	7,836,142	556,604	10,128,335
Letters of guarantees	-	2,000	2,000	-	-	-	-	-
Letters of credit	-	-	-	-	-	-	-	-
Other liabilities	2,291	-	2,291	60	-	-	-	60
Total exposures	<u>15,997,186</u>	<u>8,125,534</u>	<u>24,122,720</u>	<u>70,107</u>	<u>1,665,542</u>	<u>7,836,142</u>	<u>556,604</u>	<u>10,128,395</u>

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5 – Expected credit losses provision

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<u>Item</u>	Stage 1		Stage 2		Stage 3	Total
	Individual	Collective	Individual	Collective	Individual	
	JD	JD	JD	JD	JD	
Balances and deposits at banks and financial institutions	23,851	-	-	-	-	23,851
Direct credit facilities	641,518	2,404,978	5,854,350	2,092,482	62,338,224	73,331,552
Financial assets at amortized cost	39,343	-	-	-	-	39,343
Financial assets at fair value through other comprehensive income	20,374	-	-	-	-	20,374
Letters of guarantees	120,596	-	785	-	3,099,547	3,220,928
Un-utilized facilities	194,840	13,334	36,125	-	-	244,299
Letters of credit	153,573	-	-	-	-	153,573
Total	1,194,095	2,418,312	5,891,260	2,092,482	65,437,771	77,033,920

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<u>Item</u>	Stage 1		Stage 2		Stage 3	Total
	Individual	Collective	Individual	Collective	Individual	
	JD	JD	JD	JD	JD	
Balances and deposits at banks and financial institutions	20,444	-	-	-	-	20,444
Direct credit facilities	1,376,574	2,524,106	5,967,081	2,371,650	55,339,375	67,578,786
Financial assets at amortized cost	13,997	-	-	-	-	13,997
Financial assets at fair value through other comprehensive income	8,355	-	-	-	-	8,355
Letters of guarantees	99,766	-	14,737	-	2,931,372	3,045,875
Un-utilized facilities	159,581	12,796	51,824	-	-	224,201
Letters of credit	29,010	-	459	-	-	29,469
Total	<u>1,707,727</u>	<u>2,536,902</u>	<u>6,034,101</u>	<u>2,371,650</u>	<u>58,270,747</u>	<u>70,921,127</u>



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6- A Distribution of fair value of collateral against total credit exposures:

Item	Fair value of collaterals								Expected credit losses (ECL)	
	Gross exposure	Cash margins	Quoted shares	Accepted	Real estate	Vehicles and machines	Others	Gross collateral amount		Net exposure after collaterals
	amount			banking guarantees						
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
2024										
Balances at central bank	112,391,921	-	-	-	-	-	-	-	112,391,921	-
Balances at banks and financial institutions - net	143,338,747	-	-	-	-	-	-	-	143,338,747	23,851
Credit facilities:										
Retail	366,454,467	17,729,197	22,051,863		371,060	1,141,774	2,593	41,296,487	325,157,980	36,411,772
Real estate Loans	74,494,201	726,613	-	16,055	71,853,244	-	1,415,620	74,011,532	482,669	641,108
Large corporate	217,659,650	7,057,174	12,116,571	-	11,462,191	7,965,000	3,145,249	41,746,185	175,913,465	34,415,811
Small and medium companies	27,464,356	4,913,150	-	503,618	6,551,293	464,034	4,232,443	16,664,538	10,799,818	1,860,964
Government and public sector	80,579,027	-	-		-	-	-	-	80,579,027	1,897
Bonds and bills:										
Financial assets at fair value through other comprehensive income	63,173,073	-	-	-	-	-	-	-	63,173,073	20,374
Financial assets at amortized cost - net	183,515,077	-	-	-	-	-	-	-	183,515,077	39,343
Financial assets at amortized cost mortgaged	32,001,543	-	-	-	-	-	-	-	32,001,543	-
Other assets	7,495,857	-	-	-	-	-	-	-	7,495,857	-
Total	1,308,567,919	30,426,134	34,168,434	519,673	90,237,788	9,570,808	8,795,905	173,718,742	1,134,849,177	73,415,120
Letters of guarantee	113,912,485	3,056,435	-	-	3,363,863	-	-	6,420,298	107,492,187	3,220,928
Letters of credit	34,037,399	5,136,421	-	-	-	-	-	5,136,421	28,900,978	153,573
Unutilized facilities	40,305,806	-	-	-	-	-	-	-	40,305,806	244,299
Grand total	1,496,823,609	38,618,990	34,168,434	519,673	93,601,651	9,570,808	8,795,905	185,275,461	1,311,548,148	77,033,920
Total comparative figures	1,464,806,663	38,809,145	37,793,330	335,962	83,939,602	9,792,120	10,088,982	180,759,141	1,284,047,522	70,921,127

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6- B The fair value of collateral against total stage 3 credit exposures

Item	Fair value for collaterals									Expected credit losses (ECL)
	Gross exposure stage 3	Cash margins	Quoted shares	Accepted banking guarantees	Real estate	Vehicles and machines	Others	Gross collateral amount	Net exposure after collaterals	
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Credit facilities:										
Retail	2,311,210	-	473,568	-	-	47,961	-	521,529	1,789,681	32,075,521
Real Estate Loans	943,436	41,232	-	16,055	1,210,159	-	-	1,267,446	(324,010)	504,112
Large corporate	3,540,939	-	81,345	-	1,941,119	-	-	2,022,464	1,518,475	28,151,876
Small and medium companies	2,057,739	49,879	-	503,618	1,081,300	33,035	-	1,667,832	389,907	1,606,715
Total	8,853,324	91,111	554,913	519,673	4,232,578	80,996	-	5,479,271	3,374,053	62,338,224
Letters of guarantee	1,099,158	202,740	-	-	-	-	-	202,740	896,418	3,099,547
Grand total	9,952,482	293,851	554,913	519,673	4,232,578	80,996	-	5,682,011	4,270,471	65,437,771
Total comparative figures	11,160,760	864,489	1,769,045	335,962	3,612,541	78,676	-	6,660,713	4,500,047	58,270,747

Rescheduled loans:

These represent loans classified previously as non-performing and reclassified as performing but taken out therefrom according to proper scheduling and classified as watch list loans they amounted to JD 2,214,606 as of 31 December 2024 (JD 823,826 as of 31 December 2023).

The balance of the rescheduled loans represents the loans which were rescheduled either still classified as watch list or transferred to performing.

Restructured loans:

Restructuring means to rearrange facilities instalments or by increasing their duration postpone some instalments or increase the grace period...etc, they are classified as a watch-list debt and the restructuring as of 31 December 2024 JD 42,324,316 (JD 36,526,261 as of 31 December 2023).

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7 – Bonds, bills and debentures:

The table below shows the classifications of bonds and treasury bills according to the external classification ratings (S&P):

2024				
Classification grade	Financial assets at amortized cost mortgaged	Financial assets at fair value through other comprehensive income	Financial assets at amortized cost	Total
	JD	JD	JD	JD
A+	-	3,620,615	-	3,620,615
A	-	3,417,415	-	3,417,415
A-	-	3,588,852	-	3,588,852
BBB	-	3,096,540	-	3,096,540
BB+	-	3,580,450	-	3,580,450
Unclassified	-	-	20,632,657	20,632,657
Governmental or guaranteed from government	32,001,543	45,869,201	162,882,420	240,753,164
<b>Total</b>	<b>32,001,543</b>	<b>63,173,073</b>	<b>183,515,077</b>	<b>278,689,693</b>

2023				
Classification grade	Financial assets at amortized cost mortgaged	Financial assets at fair value through other comprehensive income	Financial assets at amortized cost	Total
	JD	JD	JD	JD
A+	-	3,475,695	-	3,475,695
A	-	3,602,323	-	3,602,323
A-	-	3,274,127	-	3,274,127
BBB	-	2,967,165	-	2,967,165
Unclassified	-	-	14,986,003	14,986,003
Governmental or guaranteed from government	30,989,923	76,288,863	166,466,943	273,745,729
<b>Total</b>	<b>30,989,923</b>	<b>89,608,173</b>	<b>181,452,946</b>	<b>302,051,042</b>

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**Liquidity risk**

1- The table below summarizes the distribution of liabilities (not deducted) on the basis of the remaining period of the contractual maturity on the date of financial statements

	Less than 1 month	1 to 3 months	From 3 to 6 months	From 6 months to 1 year	From 1 to 3 years	Over 3 years	Without maturity	Total
	Thousand JD	Thousand JD	Thousand JD	Thousand JD	Thousand JD	Thousand JD	Thousand JD	Thousand JD
<u>31 December 2024</u>								
Liabilities:								
Banks and financial institution's deposits	54,011	38,718	-	-	-	-	-	92,729
Customers' deposits	377,369	243,309	171,223	133,408	-	-	-	925,309
Cash margins	42,429	3,604	390	630	269	66	-	47,388
Borrowed funds	742	1,048	3,559	54,172	12,395	19,731	-	91,647
Sundry provisions	-	-	-	-	-	84	-	84
Income tax provision	156	-	199	-	-	-	-	355
Deferred tax liabilities	-	-	-	355	-	-	-	355
Lease Liabilities	-	-	-	1	315	2,927	-	3,243
Other liabilities	20,145	2,886	4,096	3,343	108	3,488	-	34,066
<b>Total</b>	<b>494,852</b>	<b>289,565</b>	<b>179,467</b>	<b>191,909</b>	<b>13,087</b>	<b>26,296</b>	<b>-</b>	<b>1,195,176</b>
Total assets (according to expected maturities)	320,225	168,815	81,365	167,991	230,107	380,616	33,905	1,383,024
<u>31 December 2023</u>								
Liabilities:								
Banks and financial institution's deposits	75,949	54,734	-	-	-	-	-	130,683
Customers' deposits	323,092	249,684	231,643	83,492	-	-	-	887,911
Cash margins	38,287	593	723	920	952	4,035	-	45,510
Borrowed funds	1,244	1,097	3,444	4,465	67,322	24,447	-	102,019
Sundry provisions	-	-	-	-	-	3,041	-	3,041
Income tax provision	2,813	-	167	-	-	-	-	2,980
Deferred tax liabilities	-	-	-	437	-	-	-	437
Lease Liabilities	-	-	-	-	316	2,993	-	3,309
Other liabilities	15,965	5,435	2,943	2,812	446	366	-	27,967
<b>Total</b>	<b>457,350</b>	<b>311,543</b>	<b>238,920</b>	<b>92,126</b>	<b>69,036</b>	<b>34,882</b>	<b>-</b>	<b>1,203,857</b>
Total assets (according to expected maturities)	316,637	132,951	119,465	119,396	279,269	394,187	34,041	1,395,946

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**Interest rate sensitivity gap**

Classification is done according to interest re-pricing or maturity whichever is closer:

	Less than 1 month	From 1 to 3 months	From 3 to 6 months	From 6 months to 1 year	From 1 to 3 years	Over 3 years	Non - interest bearing Items	Total
31 December 2024	JD	JD	JD	JD	JD	JD	JD	JD
<b><u>Assets</u></b>								
Cash and balances at Central Bank of Jordan	64,200,000	-	-	-	-	-	55,204,557	119,404,557
Balances at banks and financial institutions - net	75,130,624	64,359,650	-	-	-	-	3,848,473	143,338,747
Financial assets at fair value through other comprehensive income-net	-	4,997,951	-	21,997,070	29,008,751	7,169,302	7,459,468	70,632,542
Direct credit facilities- net	355,524,365	219,787,619	180,383,598	1,902,175	169,627	30,994	8,853,323	766,651,701
Financial assets at amortized cost- net	14,982,245	32,999,486	16,903,113	39,410,290	68,587,286	10,632,657	-	183,515,077
Financial assets at fair amortized cost mortgaged	-	-	-	-	32,001,543	-	-	32,001,543
Property and equipment - net	-	-	-	-	-	-	32,771,221	32,771,221
Intangible assets - net	-	-	-	-	-	-	1,133,688	1,133,688
Deferred tax assets	-	-	-	-	-	-	7,780,912	7,780,912
Right of use Assets	-	-	-	-	-	-	2,816,379	2,816,379
Other assets	-	-	-	-	-	-	22,978,035	22,978,035
<b>Total assets</b>	<b>509,837,234</b>	<b>322,144,706</b>	<b>197,286,711</b>	<b>63,309,535</b>	<b>129,767,207</b>	<b>17,832,953</b>	<b>142,846,056</b>	<b>1,383,024,402</b>
<b><u>Liabilities</u></b>								
Banks and financial institution deposits	53,777,797	38,385,659	-	-	35,450,000	-	-	127,613,456
Customers' deposits	295,285,395	240,927,786	167,498,396	127,727,381	-	-	80,221,041	911,659,999
Cash margins	34,691,753	-	-	-	-	-	12,520,449	47,212,202
Borrowed funds	8,992,923	624,895	2,967,290	51,066,244	10,463,849	17,196,233	3,215,431	94,526,865
Sundry provisions	-	-	-	-	-	-	84,377	84,377
Income tax provision	-	-	-	-	-	-	355,324	355,324
Deffered tax liabilities	-	-	-	-	-	-	355,103	355,103
Lease Liabilities	-	-	-	632	281,939	2,483,600	-	2,766,171
Other liabilities	-	-	-	-	-	-	34,131,283	34,131,283
<b>Total Liabilities</b>	<b>392,747,868</b>	<b>279,938,340</b>	<b>170,465,686</b>	<b>178,794,257</b>	<b>46,195,788</b>	<b>19,679,833</b>	<b>130,883,008</b>	<b>1,218,704,780</b>
<b>Interest rate sensitivity gap</b>	<b>117,089,366</b>	<b>42,206,366</b>	<b>26,821,025</b>	<b>(115,484,722)</b>	<b>83,571,419</b>	<b>(1,846,880)</b>	<b>11,963,048</b>	<b>164,319,622</b>
<b>31 December 2023</b>								
<b>Total Assets</b>	<b>535,584,107</b>	<b>279,256,063</b>	<b>225,863,725</b>	<b>20,242,314</b>	<b>180,034,057</b>	<b>22,632,729</b>	<b>132,333,460</b>	<b>1,395,946,455</b>
<b>Total Liabilities</b>	<b>373,425,022</b>	<b>302,128,159</b>	<b>229,499,527</b>	<b>82,963,377</b>	<b>96,902,385</b>	<b>23,412,899</b>	<b>122,283,537</b>	<b>1,230,614,906</b>
<b>Interest rate sensitivity gap</b>	<b>162,159,085</b>	<b>(22,872,096)</b>	<b>(3,635,802)</b>	<b>(62,721,063)</b>	<b>83,131,672</b>	<b>(780,170)</b>	<b>10,049,923</b>	<b>165,331,549</b>

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Concentration of foreign currency risks:

<b>31 December 2024</b>	<b>USD</b>	<b>Euro</b>	<b>Sterling Pounds</b>	<b>Japanese Yen</b>	<b>Other</b>	<b>Total</b>
<b>Assets:</b>						
Cash and balances at Central Bank of Jordan	12,644,280	971,853	123,638	-	72,925	13,812,696
Balances at banks and financial institutions	119,985,697	19,202,795	1,777,428	517,679	931,348	142,414,947
Deposits at banks and financial institutions	-	-	-	-	-	-
Direct credit facilities - net	79,574,688	-	-	-	-	79,574,688
Financial assets at fair value through comprehensive Income	17,324,246	13,090	-	-	-	17,337,336
Financial securities at amortized cost	22,990,377	-	-	-	-	22,990,377
Other assets	3,051,289	40,452	100	-	-	3,091,841
<b>Total Assets</b>	<b>255,570,577</b>	<b>20,228,190</b>	<b>1,901,166</b>	<b>517,679</b>	<b>1,004,273</b>	<b>279,221,885</b>
<b>Liabilities:</b>						
Banks and financial institutions deposits	86,051,593	401,040	-	-	-	86,452,633
Customers' deposits	153,910,879	20,315,494	1,068,783	514,249	118,525	175,927,930
Cash margins	7,266,201	1,160,742	1	-	-	8,426,944
Borrowed funds	17,402,727	-	-	-	-	17,402,727
Other liabilities	5,310,082	2,000,979	911,838	186	801,795	9,024,880
<b>Total Liabilities</b>	<b>269,941,482</b>	<b>23,878,255</b>	<b>1,980,622</b>	<b>514,435</b>	<b>920,320</b>	<b>297,235,114</b>
<b>Net concentration on Consolidated Financial position</b>	<b>(14,370,905)</b>	<b>(3,650,065)</b>	<b>(79,456)</b>	<b>3.244</b>	<b>83.953</b>	<b>(18,013,229)</b>
<b>Contingent liabilities off - balance sheet</b>	<b>148,507,186</b>	<b>13,118,234</b>	<b>-</b>	<b>2,030,345</b>	<b>524,027</b>	<b>164,179,792</b>
<b>31 December 2023</b>						
<b>Total Assets</b>	<b>262,063,629</b>	<b>19,377,075</b>	<b>2,390,493</b>	<b>910,004</b>	<b>893,841</b>	<b>285,635,042</b>
<b>Total Liabilities</b>	<b>307,766,991</b>	<b>22,455,311</b>	<b>2,357,090</b>	<b>982,044</b>	<b>975,110</b>	<b>334,536,546</b>
<b>Net concentration on Consolidated Financial position</b>	<b>(45,703,362)</b>	<b>(3,078,236)</b>	<b>33,403</b>	<b>(72,040)</b>	<b>(81,269)</b>	<b>(48,901,504)</b>
<b>Contingent liabilities off - balance sheet</b>	<b>91,298,307</b>	<b>8,059,484</b>	<b>-</b>	<b>2,030,345</b>	<b>509,174</b>	<b>101,897,310</b>

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**41. Segment Analysis**

**a. Information on bank business segment:**

For management purposes, the Bank's operations have been classified into the following major operating segments, measured in accordance with the reports used by the chief executive officer and the main decision maker:

- 1- Individual accounts.
- 2- Corporate accounts.
- 3- Treasury.

A- The following are the information of the bank's business segments:

<u>Description</u>	Retail JD	Corporate JD	Treasury JD	Other JD	Total	
					2024 JD	2023 JD
Gross direct revenue	44,282,988	29,395,142	33,590,953	297,275	107,566,358	103,402,104
Expected credit losses	(7,249,654)	(587,191)	(985,012)	-	(8,821,857)	(10,357,155)
Interest expense	(25,716,814)	(18,349,877)	(19,963,261)	(181,979)	(64,211,931)	(57,236,868)
Business segments results	11,316,520	10,458,074	12,642,680	115,296	34,532,570	35,808,081
Undisturbed segmental expenses					(31,685,899)	(29,578,020)
Profit before tax					2,846,671	6,230,061
Income tax					(984,974)	(1,229,641)
Net profit for the period					1,861,697	5,000,420
Capital expenditures					2,987,121	2,710,883
Depreciation and amortization					3,693,525	3,511,492
					2024 JD	2023 JD
Segmental assets	438,977,153	323,417,267	576,919,181	-	1,339,313,601	1,351,798,019
Undisturbed segmental assets	-	-	-	43,710,801	43,710,801	44,148,436
Total segmental assets	438,977,153	323,417,267	576,919,181	43,710,801	1,383,024,402	1,395,946,455
Segmental liabilities	736,029,422	276,761,991	198,219,208	-	1,211,010,621	1,219,388,356
Undisturbed segmental liabilities	-	-	-	7,694,159	7,694,159	11,226,550
Total segmental liabilities	736,029,422	276,761,991	198,219,208	7,694,159	1,218,704,780	1,230,614,906

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B- Geographical distribution information

This disclosure represents the geographical distribution of the Bank business. The Bank operations are mainly concentrated within the local business.

The following shows the distribution of the Bank's operating income and capital expenditure by geographical segmentation:

	Inside Jordan		Outside Jordan		Total	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023	31 December 2024	31 December 2023
	JD	JD	JD	JD	JD	JD
Total direct revenues	99,118,470	96,101,238	8,447,888	7,300,866	107,566,358	103,402,104
Capital expenditures	309,965	1,956,469	2,677,156	754,414	2,987,121	2,710,883

  

	Inside Jordan		Outside Jordan		Total	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023	31 December 2024	31 December 2023
	JD	JD	JD	JD	JD	JD
Total assets	1,233,687,970	1,237,674,441	149,336,432	158,272,014	1,383,024,402	1,395,946,455



## **42. Capital management:**

The Bank seeks to achieve the following goals:

- Compliance with the Central Bank of Jordan requirements relating to share capital.
- Maintaining the ability to continue as a going concern.
- Maintaining a strong capital base for supporting the expansion and development of the Bank's activities.

Capital adequacy is monitored and reviewed by the Bank's management moreover the Bank provides the Central Bank of Jordan with quarterly reports on the adequacy of its capital.

According to the Central Bank of Jordan instructions the minimum requirements for the capital adequacy ratio is 12%, Moreover, banks are classified into five categories the best one having an average capital adequacy ratio equal to or more than 14%. Additionally the Bank's capital adequacy ratio is 17.16% as of 31 December 2024 (17.20% as of 31 December 2023).

The schedule below shows capital components total risk weighted assets and capital adequacy ratio according to the Central Bank of Jordan instructions in accordance with Basel III 2024 Committee regulations:

	2024	2023
	Thousands JD	Thousands JD
<b><u>Common equity shareholder rights</u></b>		
Paid-in Capital	110,000	110,000
Retained earnings less proposed dividends Plus profit for the year	22,079	20,502
Cumulative change in fair value of financial assets	304	(123)
Share premium	67	67
Statutory reserve	31,670	31,385
Voluntary reserve	197	197
<b>Total ordinary shares' capital</b>	<b>164,317</b>	<b>162,028</b>
<b>Regulatory amendments (deduction from capital)</b>		
Goodwill and intangible assets	(1,134)	(1,080)
Deferred tax assets	(7,781)	(8,048)
<b>Net ordinary shareholders' equity</b>	<b>155,402</b>	<b>152,900</b>
<b>Additional Capital</b>		
<b>Total primary capital (Tier1 capital)</b>	<b>155,402</b>	<b>152,900</b>
Tier 2 capital		
Stage 1 IFRS 9 provision/ general banking risk reserve	3,612	4,245
Regulatory amendments (capital offerings) Investments in the capital of subsidiaries		
<b>Total supplementary capital</b>	<b>3,612</b>	<b>4,245</b>
<b>Total regulatory capital</b>	<b>159,014</b>	<b>157,145</b>
Total risk-weighted assets	<b>926,626</b>	<b>913,757</b>
Capital adequacy ratio (%)	17,16%	17,20%
Primary capital adequacy ratio (%)	16,77%	16,73%

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The value of the items related to the liquidity coverage ratio as of 31 December 2024, was as follows:

	<u>31 December 2024</u> Thousands JD
<b>Total adjusted high-quality liquid assets</b>	281,673
Net cash outflows for the subsequent 30 days	76,336
Liquidity coverage ratio (LCR)	369%

- The flow rates represent the weighting factors for each item related to the liquidity coverage ratio in accordance with Liquidity Coverage Ratio Instructions No. (5/2022) issued by the Central Bank of Jordan.

The liquidity coverage ratio reached 369% as of 31 December 2024.

According to the Central Bank's instructions, the minimum liquidity coverage ratio is set at 100%. Accordingly, the monthly average (from 1 January 2024, to 31 December 2024) for the total currencies of the banking group reached 353.02%.

The value of the items related to the Net Stable Funding Ratio as of 31 December 2024, was as follows:

	<u>31 December 2024</u> Thousands JD
Total available stable funding (after the available stable funding factor)	941,804
Funding total required stable	791,190
Net stable funding ratio (NSFR)	119.04%

#### **43. Accounts managed on behalf of customers**

This item represents the accounts managed by the Bank on behalf of its customers but are not considered part of the bank's assets and its balances as of 31 December 2024 was JD 285,400,424 (JD 313,278,281 as of 31 December 2023), The fees and commissions on such accounts are stated in the consolidated statement of Income.

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**44. Assets and liabilities maturity analysis:**

The following table analyzes assets and liabilities according to the expected period of their recoverability or settlement:

	Up to 1 year	Over 1 year	Total
31 December 2024	JD	JD	JD
<b>Assets:</b>			
Cash and balances at Central Bank of Jordan	119,404,557	-	119,404,557
Balances at banks and financial institutions - net	143,338,747	-	143,338,747
Deposits at banks and financial institutions - net	-	-	-
Financial assets at fair value through other comprehensive income	34,454,490	36,178,052	70,632,542
Direct Credit facilities - net	317,200,214	449,451,487	766,651,701
Financial assets at amortized cost - net	104,295,133	79,219,944	183,515,077
Financial assets at amortized cost mortgaged	-	32,001,543	32,001,543
Property and equipment- net	2,700,000	30,071,221	32,771,221
Intangible assets- net	390,000	743,688	1,133,688
Deferred tax assets	7,780,912	-	7,780,912
Right of use assets	587,103	2,229,276	2,816,379
Other assets	11,921,268	11,056,767	22,978,035
<b>Total assets</b>	<b>742,072,424</b>	<b>640,951,978</b>	<b>1,383,024,402</b>
<b>Liabilities:</b>			
Banks and financial institutions' deposits	92,163,456	35,450,000	127,613,456
Customers' deposits	911,659,999	-	911,659,999
Cash margins	46,899,229	312,973	47,212,202
Borrowed funds	65,839,662	28,687,203	94,526,865
Sundry provisions	-	84,377	84,377
Income tax provision	355,324	-	355,324
Deferred tax liabilities	355,103	-	355,103
Lease Liabilities	190,943	2,575,228	2,766,171
Other liabilities	30,279,614	3,851,669	34,131,283
<b>Total liabilities</b>	<b>1,147,743,330</b>	<b>70,961,450</b>	<b>1,218,704,780</b>
Net	<b>(405,670,906)</b>	<b>569,990,528</b>	<b>164,319,622</b>

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	Up to 1 year	Over 1 year	Total
31 December 2023	JD	JD	JD
<b>Assets:</b>			
Cash and balances at Central Bank of Jordan	81,043,680	-	81,043,680
Balances at banks and financial institutions - net	162,385,311	-	162,385,311
Deposits at banks and financial institutions - net	17,751,843	-	17,751,843
Financial assets at fair value through other comprehensive income	39,287,809	54,986,492	94,274,301
Direct Credit facilities - net	304,523,732	458,644,323	763,168,055
Financial assets at amortized cost - net	65,050,706	116,402,240	181,452,946
Financial assets at amortized cost mortgaged	-	30,989,923	30,989,923
Property and equipment- net	1,289,000	31,671,325	32,960,325
Intangible assets- net	440,000	640,401	1,080,401
Deferred tax assets	8,048,059	-	8,048,059
Right of use assets	636,632	2,268,480	2,905,112
Other assets	10,357,866	9,528,633	19,886,499
<b>Total assets</b>	<b>690,814,638</b>	<b>705,131,817</b>	<b>1,395,946,455</b>
<b>Liabilities:</b>			
Banks and financial institutions' deposits	129,840,525	38,995,000	168,835,525
Customers' deposits	876,623,475	-	876,623,475
Cash margins	40,391,796	4,589,517	44,981,313
Borrowed funds	21,386,469	81,534,928	102,921,397
Sundry provisions	-	174,377	174,377
Income tax provision	2,979,746	-	2,979,746
Deferred tax liabilities	437,484	-	437,484
Lease Liabilities	153,549	2,674,526	2,828,075
Other liabilities	27,001,657	3,831,857	30,833,514
<b>Total liabilities</b>	<b>1,098,814,701</b>	<b>131,800,205</b>	<b>1,230,614,906</b>
<b>Net</b>	<b>(408,000,063)</b>	<b>573,331,612</b>	<b>165,331,549</b>

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**45. Fair value hierarchy**

A, Fair value of financial assets and financial liabilities that are measured at fair value on a recurring basis:

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

	Fair Value		Fair value hierarchy	Valuation techniques and key inputs	Important inputs intangibles	Relationship between important inputs and fair value
	31 December 2024 JD	31 December 2023 JD				
<b>Financial assets</b>						
<b>Financial assets at fair value through other comprehensive income</b>						
Bonds	45,869,201	76,288,863	Level 2	According to the latest available financial information	Not applicable	Not applicable
Quoted shares and bonds	19,652,744	14,579,571	Level 1	Quoted rates in financial markets	Not applicable	Not applicable
Unquoted shares	5,130,971	3,414,222	Level 2	According to the latest available financial information	Not applicable	Not applicable
	<u>70,652,916</u>	<u>94,282,656</u>				
<b>Total financial assets at fair value</b>	<u><u>70,652,916</u></u>	<u><u>94,282,656</u></u>				
Gain of unrealized financial derivatives	125,853	384,065	Level 2	According to the latest available financial information	Not applicable	Not applicable
<b>Financial Liabilities</b>						
Unrealized derivatives losses	54,719	96,049	Level 2	According to the latest available financial information	Not applicable	Not applicable
<b>Total financial liabilities at fair value</b>	<u><u>54,719</u></u>	<u><u>96,049</u></u>				

There were no transfers between level 1 and 2 during the year ended 31 December 2024 and the year ended 31 December 2023.

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

Except what is detailed in following table we believe that the carrying amounts of financial assets, and financial liabilities recognized in the Bank's consolidated financial statements approximate their fair values:

	31 December 2024		31 December 2023		Fair value hierarchy
	Book value	Fair value	Book value	Fair value	
	JD	JD	JD	JD	
<b>Financial assets not measured at fair value</b>					
Cash reserve and time and notice deposits at Central Bank	64,200,000	64,211,193	31,500,000	31,506,257	Level 2
Balances at Banks and financial institutions	143,362,598	144,105,196	180,157,598	180,620,482	Level 2
Direct credit facilities	866,323,752	868,164,535	854,489,744	855,908,405	Level 2
Financial assets at amortized cost and mortgaged	215,555,963	219,077,317	212,456,866	215,894,118	Level 2
	<u>1,289,442,313</u>	<u>1,295,558,241</u>	<u>1,278,604,208</u>	<u>1,283,929,262</u>	
<b>Financial liabilities not measured at fair value</b>					
Banks and financial institution deposits	127,613,456	129,097,095	168,835,525	170,314,192	Level 2
Customer deposits	911,659,999	922,149,658	876,623,475	886,634,298	Level 2
Cash margins	47,212,202	47,213,795	44,981,313	44,981,720	Level 2
Borrowed funds	94,526,865	95,082,660	102,921,397	103,551,851	Level 2
	<u>1,181,012,522</u>	<u>1,193,543,208</u>	<u>1,193,361,710</u>	<u>1,205,482,061</u>	

**46. Commitments and contingent liabilities (Off-balance sheet)**

A, Contingent liabilities:

	<u>2024</u>	<u>2023</u>
	JD	JD
Letters of credit		
Inward	46,785,212	25,838,208
Outward	21,664,332	4,250,182
Acceptance	7,657,656	4,401,105
Letters of guarantees:		
Payments	27,840,004	22,463,115
Performance	69,096,841	55,609,836
Other	20,196,568	24,321,125
Unutilized credit facilities	40,550,105	28,419,905
Futures contracts in Foreign Currency	24,622,781	51,680,144
Interest swap contracts	17,370,500	13,825,500
Total	<u>275,783,999</u>	<u>230,809,120</u>

B. There are no contractual commitments to purchase fixed assets or constructional contracts.

C. There are no guarantees provided against contractual obligations.

D. Operating and finance lease contracts.

**47. Lawsuits against the Bank**

The total amount of lawsuits filed against the bank amounted to JOD 4,917,829 as of 31 December 2024 (JOD 4,503,987 as of 31 December 2023). According to the Bank's management and legal counsel, no obligations exceeding the recorded provision of JOD 84,377 as of 31 December 2024 (JOD 174,377 as of 31 December 2023) are expected to arise for the Bank.

#### **48. Standards issued but not yet effective**

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

#### **Amendments to the Classification and Measurement of Financial Instruments— Amendments to IFRS 9 and IFRS 7**

In May 2024, the IASB issued Amendments to IFRS 9 and IFRS 7, Amendments to the Classification and Measurement of Financial Instruments (the Amendments). The Amendments include:

- A clarification that a financial liability is derecognised on the 'settlement date' and introduce an accounting policy choice (if specific conditions are met) to derecognise financial liabilities settled using an electronic payment system before the settlement date
- Additional guidance on how the contractual cash flows for financial assets with environmental, social and corporate governance (ESG) and similar features should be assessed
- Clarifications on what constitute 'non-recourse features' and what are the characteristics of contractually linked instruments
- The introduction of disclosures for financial instruments with contingent features and additional disclosure requirements for equity instruments classified at fair value through other comprehensive income (OCI)

The Amendments are effective for annual periods starting on or after 1 January 2026. Early adoption is permitted, with an option to early adopt the amendments for classification of financial assets and related disclosures only.

The Bank is currently not intending to early adopt the Amendments.

#### **Contracts Referencing Nature-dependent Electricity — Amendments to IFRS 9 and IFRS 7**

In December 2024, the IASB issued amendments to IFRS 9 and IFRS 7 to address the accounting and disclosure requirements for contracts referencing nature-dependent electricity, such as wind, solar, and hydro power. These amendments aim to provide clearer guidance on the classification, measurement, and recognition of these contracts, which are inherently variable due to their dependence on natural conditions. The changes seek to improve the consistency and comparability of financial statements by clarifying whether such contracts should be treated as financial instruments or executory contracts and how they should be measured. Additionally, the amendments enhance disclosure requirements to provide greater transparency about the risks and financial impacts associated with these contracts, thereby offering users more relevant and reliable information. This initiative supports the global transition to renewable energy by addressing the unique accounting challenges posed by nature-dependent electricity contracts.

The Amendments are effective for annual periods starting on or after 1 January 2026. Early adoption is permitted, but will need to be disclosed. The amendments are not expected to have a material impact on the Bank's consolidated financial statements.



### **Lack of exchangeability – Amendments to IAS 21**

In August 2023, the IASB issued amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates to specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2025. Early adoption is permitted, but will need to be disclosed. When applying the amendments, an entity cannot restate comparative information.

The amendments are not expected to have a material impact on the Bank's consolidated financial statements.

### **IFRS 18 Presentation and Disclosure in Financial Statements**

In April 2024, the IASB issued IFRS 18, which replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new.

It also requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements (PFS) and the notes.

In addition, narrow-scope amendments have been made to IAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards.

IFRS 18, and the amendments to the other standards, is effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively.

This standard will result in new presentation of the income statement with some new required totals, in addition to the disclosure of management-defined performance measures.

### **IFRS 19 Subsidiaries without Public Accountability: Disclosures**

In May 2024, the IASB issued IFRS 19, which allows eligible entities to elect to apply its reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS accounting standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in IFRS 10, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements, available for public use, which comply with IFRS accounting standards.

IFRS 19 will become effective for reporting periods beginning on or after 1 January 2027, with early application permitted.

The amendments are not expected to have a material impact on the Bank's consolidated financial statements.

### **49. Comparative figures**

Some amounts were reclassified from the comparative figures in order to align with the figures for the year ended 31 December 2024, with no effect on profit or equity in the year.