

ARAB BANK GROUP

**CONDENSED CONSOLIDATED INTERIM
FINANCIAL INFORMATION
FOR THE SIX-MONTHS PERIOD ENDED
JUNE 30, 2016
TOGETHER WITH REVIEW REPORT ON
INTERIM FINANCIAL INFORMATION**

ARAB BANK GROUP
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2016

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Review Report on Interim Financial Information

AM/ 218

To the Chairman and Members of the Board of Directors
Arab Bank
Amman – Jordan

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of Arab Bank Group as of June 30, 2016, and the related condensed consolidated interim statements of income, comprehensive income, changes in owners' equity and cash flows for the six-months period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of this condensed consolidated interim financial information in accordance with International Accounting Standard IAS (34) relating to Interim Financial Reporting. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagement 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard (34) relating to interim financial reporting.

Additional Statement

We refer to disclosure number (32) in the attached condensed consolidated interim financial statements in relation to the lawsuit filed against the Bank in the United States of America in 2004. This has no impact on our conclusion above.

The fiscal year of the Group ends on December 31 of each year. However, the accompanying condensed consolidated interim financial information have been prepared in accordance with the instructions of the Central Bank of Jordan, Jordan Securities Commission and Companies Control Department only.

Amman – Jordan
July 21, 2016


Deloitte & Touche (M.E.) - Jordan
Deloitte & Touche (M.E.)
Public Accountants
Amman - Jordan

ARAB BANK GROUP
CONDENSED CONSOLIDATED INTERIM
STATEMENT OF FINANCIAL POSITION

	Note	June 30, 2016 (Reviewed not Audited)	December 31, 2015
		USD '000	USD '000
ASSETS			
Cash and balances with central banks	4	7 751 269	9 472 381
Balances with banks and financial institutions	5	3 655 993	2 992 403
Deposits with banks and financial institutions	6	209 398	99 018
Financial assets at fair value through profit or loss	7	670 816	831 980
Financial derivatives - positive fair value		58 069	58 235
Direct credit facilities at amortized cost	9	22 524 109	22 180 987
Financial assets at fair value through other comprehensive income	8	489 138	479 038
Other financial assets at amortized cost	10	8 916 649	9 003 709
Investments in associates		2 970 793	2 916 290
Fixed assets	11	435 776	451 444
Other assets	12	510 035	500 479
Deferred tax assets		63 216	58 629
Total Assets		48 255 261	49 044 593
LIABILITIES AND OWNERS' EQUITY			
Banks and financial institutions' deposits		3 574 839	3 636 734
Customer deposits	13	32 218 176	32 799 228
Cash margin		2 570 965	2 443 090
Financial derivatives - negative fair value		64 439	53 705
Borrowed funds	14	214 735	75 745
Provision for income tax	15	211 456	235 918
Other provisions		144 821	145 235
Other liabilities	16	1 107 987	1 627 254
Deferred tax liabilities		1 301	12 103
Total Liabilities		40 108 719	41 029 012
Share capital	17	926 615	926 615
Share premium	17	1 225 747	1 225 747
Statutory reserve	17	753 065	753 065
Voluntary reserve	17	977 315	977 315
General reserve		1 141 824	1 141 824
General banking risks reserve		363 458	363 458
Reserves with associates		1 540 896	1 540 896
Foreign currency translation reserve		(302 728)	(284 609)
Investment revaluation reserve		(286 746)	(260 621)
Retained earnings	18	1 684 480	1 502 867
Total Equity Attributable to the Shareholders of the Bank		8 023 926	7 886 557
Non-controlling interests		122 616	129 024
Total Owners' Equity		8 146 542	8 015 581
Total Liabilities and Owners' Equity		48 255 261	49 044 593

The accompanying notes from (1) to (33) are an integral part of these condensed consolidated interim financial information and should be read with them and with the accompanying independent auditor review report.

ARAB BANK GROUP
CONDENSED CONSOLIDATED INTERIM STATEMENT OF INCOME
(REVIEWED NOT AUDITED)

	Note	For the Six-Months		For the Three-Months	
		Period Ended June 30,		Period Ended June 30,	
		2016	2015	2016	2015
		USD '000	USD '000	USD '000	USD '000
REVENUE					
Interest income	19	928 575	901 729	456 661	453 705
<u>Less:</u> interest expense	20	373 806	361 618	182 151	181 047
Net Interest Income		554 769	540 111	274 510	272 658
Net commission income	21	165 147	163 024	79 079	82 578
Net Interest and Commission Income		719 916	703 135	353 589	355 236
Foreign exchange differences		32 217	34 371	17 342	18 657
Gain from financial assets at fair value through profit or loss	22	1 003	16 449	1 268	12 578
Dividends on financial assets at fair value through other comprehensive income		6 302	4 367	3 084	3 302
Group's share of profits of associates		184 413	196 536	96 345	103 977
Other revenue	23	27 904	26 601	18 920	13 153
Total Income		971 755	981 459	490 548	506 903
EXPENSES					
Employees' expenses		221 741	219 750	110 451	111 675
Other expenses		124 875	137 153	63 775	75 226
Depreciation and amortization		23 672	26 054	10 955	12 843
Provision for impairment - direct credit facilities at amortized cost	9	30 213	31 095	21 559	24 340
Other provisions		10 112	7 724	4 863	4 871
Total Expenses		410 613	421 776	211 603	228 955
Profit for the Period before Income Tax		561 142	559 683	278 945	277 948
<u>Less:</u> Income tax expense	15	136 227	136 814	72 378	72 295
Profit for the Period		424 915	422 869	206 567	205 653
Attributable to :					
- Bank's shareholders		418 735	418 757	203 100	203 305
- Non-controlling interests		6 180	4 112	3 467	2 348
Total		424 915	422 869	206 567	205 653
Earnings per share attributable to the Bank's shareholders					
- Basic and Diluted (US Dollars)	29	0.65	0.65		

The accompanying notes from (1) to (33) are an integral part of these condensed consolidated interim financial information and should be read with them and with the accompanying independent auditor review report.

ARAB BANK GROUP

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

(REVIEWED NOT AUDITED)

	For the Six-Months		For the Three-Months	
	Period Ended June 30,		Period Ended June 30,	
	2016	2015	2016	2015
	USD '000	USD '000	USD '000	USD '000
Profit for the period	424 915	422 869	206 567	205 653
<u>Add: Other comprehensive income items - after tax</u>				
<u>Items that will be subsequently transferred to the statement of Income</u>				
Exchange differences arising on the translation of foreign operations	(18 203)	(71 038)	(62 605)	36 111
<u>Items that will not be subsequently transferred to the statement of Income</u>				
Change in fair value of financial assets at fair value through other comprehensive income	(31 704)	15 327	(8 090)	12 507
Net change in fair value of financial assets at fair value through other comprehensive income	(30 514)	15 296	(6 900)	12 492
(Loss) Gain from sale of financial assets at fair value through the statement of comprehensive income	(1 190)	31	(1 190)	15
Total Other Comprehensive Income Items - after Tax	(49 907)	(55 711)	(70 695)	48 618
Total Comprehensive Income for the Period	<u>375 008</u>	<u>367 158</u>	<u>135 872</u>	<u>254 271</u>
 Attributable to :				
- Bank's shareholders	373 735	365 108	140 717	250 064
- Non-controlling interests	1 273	2 050	(4 845)	4 207
Total	<u>375 008</u>	<u>367 158</u>	<u>135 872</u>	<u>254 271</u>

The accompanying notes from (1) to (33) are an integral part of these condensed consolidated interim financial information and should be read with them and with the accompanying independent auditor review report.

ARAB BANK GROUP
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN OWNERS' EQUITY
(REVIEWED NOT AUDITED)

	Note	Share Capital	Share Premium	Statutory Reserve	Valuation Reserve	General Reserve	General Building Risk Reserve	Reserves with Associates	Foreign Currency Translation Reserve	Investment revaluation reserve	Retained Earnings	Total Equity Attributable to the Shareholders of the Bank	Non-Controlling Interests	Total Owners' Equity	
		USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	
For the Six-Months Period Ended June 30, 2016															
Balance at the beginning of the year		926 615	1 225 747	753 065	977 315	1 141 824	363 458	1 540 896	(284 609)	(260 621)	1 502 867	7 886 557	129 024	8 015 581	
Profit for the period		-	-	-	-	-	-	-	-	-	418 735	418 735	6 180	424 915	
Other comprehensive income for the period		-	-	-	-	-	-	-	(18 119)	(26 881)	-	(45 000)	(4 907)	(49 907)	
Total Comprehensive Income for the Period		-	-	-	-	-	-	-	(18 119)	(26 881)	418 735	373 735	1 273	375 008	
Transferred from investment revaluation reserve to retained earnings		-	-	-	-	-	-	-	(18 119)	(26 881)	418 735	373 735	1 273	375 008	
Transferred from investment revaluation reserve to non-controlling interests		-	-	-	-	-	-	-	-	756	(756)	-	-	-	
Dividends paid	18	-	-	-	-	-	-	-	-	-	(231 277)	(231 277)	(5 607)	(236 884)	
Adjustments during the period	18	-	-	-	-	-	-	-	-	-	(5 089)	(5 089)	(1 640)	(6 729)	
Balance at the End of the Period		926 615	1 225 747	753 065	977 315	1 141 824	363 458	1 540 896	(202 728)	(286 746)	1 684 480	8 023 926	122 616	8 146 542	
For the Six-Months Period Ended June 30, 2015															
Balance at the beginning of the year (Represented)		826 223	1 225 747	712 722	977 315	1 141 824	363 458	1 540 896	(122 751)	(219 278)	1 315 525	7 761 681	127 060	7 888 741	
Profit for the period		-	-	-	-	-	-	-	-	-	418 757	418 757	4 112	422 869	
Other comprehensive income for the period		-	-	-	-	-	-	-	(69 690)	16 041	-	(53 649)	(2 062)	(55 711)	
Total Comprehensive Income for the Period		-	-	-	-	-	-	-	(69 690)	16 041	418 757	365 108	2 050	367 158	
Transferred from investment revaluation reserve to retained earnings		-	-	-	-	-	-	-	(69 690)	16 041	418 757	365 108	2 050	367 158	
Dividends paid		-	-	-	-	-	-	-	-	(31)	31	-	-	-	
Adjustments during the period		-	-	-	-	-	-	-	-	-	(101 772)	(101 772)	(3 610)	(107 382)	
Increase in share capital (Stock Dividends)		100 392	-	-	-	-	-	-	-	-	(506)	(506)	1 181	675	
Balance at the End of the Period		926 615	1 225 747	712 722	977 315	1 141 824	363 458	1 540 896	(192 441)	(203 258)	1 531 643	8 023 511	124 681	8 148 192	

- The retained earnings include restricted deferred tax assets in the amount of USD 63.2 million, as well as, unrealized losses from financial assets at fair value through profit or loss in the amount of USD (1.7) million. Restricted retained earnings that cannot be distributed or otherwise utilized except only under certain circumstances caused by the adoption of certain Accounting Standards amounted to USD 2.6 million as of June 30, 2016.

- Retained earnings include an unrealized loss in the amount of USD (109.1) million as of June 30, 2016 due to the effect of the adoption of IFRS (9)

- The use of the General Banking Risk Reserve balance is restricted and requires prior approval from the Central Bank of Jordan.

- The use of an amount of USD (236.7) million which represents the investment revaluation reserve negative balance is restricted according to the instructions of the Jordan Securities Commission as of June 30, 2016.

The accompanying notes from (1) to (33) are an integral part of these condensed consolidated interim financial information and should be read with them and with the accompanying independent auditor review report.

ARAB BANK GROUP
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
(REVIEWED NOT AUDITED)

	Note	For the Six-Months Period Ended June 30,	
		2016 USD '000	2015 USD '000
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit for the period before tax		561 142	559 683
Adjustments for:			
Group's share from associates profits		(184 413)	(196 536)
Depreciation and amortization		23 672	26 054
Provision for impairment - direct credit facilities at amortized cost		30 213	31 095
Net interest income		22 899	13 492
Dividends on financial assets at fair value through other comprehensive income		(6 302)	(4 367)
Losses (Gains) from revaluation of financial assets at fair value through profit or loss		1 661	(12 673)
Other provisions		10 112	7 724
Total		458 984	424 472
<u>(Increase) Decrease in Assets:</u>			
Balances with central banks (maturing after 3 months)		(19 054)	(5 444)
Balances and deposits with banks and financial institutions (maturing after 3 months)		(910 380)	(43 322)
Direct credit facilities at amortized cost		(373 335)	(463 065)
Financial assets at fair value through profit or loss		159 503	242 449
Other assets and financial derivatives		(21 055)	(25 044)
<u>Increase (Decrease) in Liabilities:</u>			
Banks' and financial institutions' deposits (maturing after 3 months)		(387 355)	(91 145)
Customer deposits		(581 052)	215 107
Cash margin		127 875	(370 113)
Other liabilities and financial derivatives		(464 165)	22 259
Net Cash Flows (Used in) Operating Activities before Income Tax		(2 010 034)	(93 846)
Income tax paid	15	(168 860)	(162 674)
Net Cash Flows (Used in) Operating Activities		(2 178 894)	(256 520)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
(Purchase) Sale of financial assets at fair value through other comprehensive income		(30 337)	5 766
Maturity of other financial asset at amortized cost		87 060	445 523
(Increase) of investments in associates		(14 000)	-
Dividends received from associates		47 894	52 288
Dividends received from financial assets at fair value through other comprehensive income		6 302	4 367
(Increase) in fixed assets - net		(8 004)	(24 529)
Net Cash Flows Generated by Investing Activities		88 915	483 415
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in (Paid) borrowed funds		138 990	(12 831)
Dividends paid to shareholders		(227 321)	(100 706)
Dividends paid to non-controlling interests		(5 607)	(5 610)
Net Cash Flows (Used in) Financing Activities		(93 938)	(119 147)
Net (decrease) Increase in cash and cash equivalent		(2 183 917)	107 748
Exchange differences - change in foreign exchange rates		(18 119)	8 655
Cash and cash equivalent at the beginning of the Year		9 514 915	8 129 224
Cash and Cash Equivalent at the End of the Period	30	7 312 879	8 245 627

The accompanying notes from (1) to (33) are an integral part of these condensed consolidated interim financial information and should be read with them and with the accompanying independent auditor review report.

ARAB BANK GROUP
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
FOR THE SIX-MONTHS PERIOD ENDED JUNE 30, 2016
(REVIEWED NOT AUDITED)

1. GENERAL INFORMATION

- Arab Bank was established in 1930, and is registered as a Jordanian public shareholding limited company. The Head Office of the Bank is domiciled in Amman - Hashemite Kingdom of Jordan, and the Bank operates worldwide through its 74 branches in Jordan and 119 branches abroad. Also operates through its subsidiaries and its sister company Arab Bank (Switzerland) limited.
- Arab Bank Plc shares are traded on Amman Stock Exchange.
- The accompanying condensed consolidated interim financial information was approved by the Board of Directors in its meeting Number (4) on July 21, 2016.

2. BASIS OF CONSOLIDATION OF CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

- The accompanying condensed consolidated interim financial information of Arab Bank Group, presented in US dollars, comprise the financial information of Arab Bank plc, its sister company Arab Bank (Switzerland) Limited and the following key subsidiaries:

Company Name	Percentage of ownership%		Date of acquisition	Principal Activity	Place of Incorporation	Paid up capital
	June 30, 2016	December 31, 2015				
Europe Arab Bank plc	100.00	100.00	2006	Banking	United Kingdom	€ 610m
Arab Bank Australia Limited	100.00	100.00	1994	Banking	Australia	AUD 69.3m
Islamic International Arab Bank plc	100.00	100.00	1997	Banking	Jordan	JD 100m
Arab National Leasing Company LLC	100.00	100.00	1996	Financial Leasing Brokerage and	Jordan	JD 25m
Al-Arabi Investment Group LLC	100.00	100.00	1996	Financial Services	Jordan	JD 14m
Arab Sudanese Bank Limited	100.00	100.00	2008	Banking	Sudan	SDG 117.5m
Al Arabi Investment Group / Palestine	100.00	100.00	2009	Brokerage and Financial Services	Palestine	JD 1.7m
Arab Tunisian Bank	64.24	64.24	1982	Banking	Tunisia	TND 100m
Arab Bank Syria	51.29	51.29	2005	Banking	Syria	SYP 5.05b
Al Nisr Al Arabi Insurance Company	50.00	50.00	2006	Insurance	Jordan	JD 10m

- Subsidiaries are entities under the effective control of Arab Bank plc. Control is achieved when the Bank has the power to direct the relevant activities of the subsidiaries so as to obtain benefits from its activities. The investment in subsidiaries is stated at cost when preparing the financial statements for Arab Bank PLC
- The condensed consolidated interim financial information reflect the consolidated financial position and consolidated results of operations at the level of the consolidated economic ownership of Arab Bank plc and the sister company, Arab Bank (Switzerland) Limited, which is considered an integral part of Arab Bank Group.
- The condensed consolidated interim financial information of subsidiaries is prepared using the same accounting policies used by the Group. When necessary, adjustments are made to the financial information of subsidiaries to bring their accounting policies into line with those used by the Group.
- The results of operations of the subsidiaries are included in the condensed consolidated interim statement of income effective from the acquisition date, which is the date of transfer of control over the subsidiary by the Group. The results of operations of subsidiaries disposed are included in the condensed consolidated interim statement of income up to the effective date of disposal, which is the date of loss of control over the subsidiary.
- Upon consolidation of the condensed consolidated interim financial information, inter-Group transactions and balances between Arab Bank plc and the sister company, Arab Bank (Switzerland) Limited and other subsidiaries are eliminated. Items in transit are stated within other assets or other liabilities, as appropriate. Non-controlling interests (the interest not owned by the Group in the equity of subsidiaries) are stated separately within owners' equity in the condensed consolidated interim statement of financial position.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND POLICIES

Basis of preparation of the Condensed Consolidated Interim Financial Information

- The accompanying condensed consolidated interim financial information has been prepared in accordance with the International Accounting Standard (IAS) 34 "Interim Financial Reporting", as well as, the effective local regulations and Central Bank of Jordan (CBJ) instructions.
- The condensed consolidated interim financial information are prepared in accordance with the historical cost principle, except for certain financial assets and financial liabilities which are stated at fair value as of the date of the condensed consolidated interim financial information.
- The accompanying condensed consolidated interim financial information do not include all the information and disclosures required for the annual financial statements, which are prepared in accordance with the International Financial Reporting Standards and must be read with the consolidated financial statements of the Group as of December 31, 2015. In addition, the results of the Group's operations for the six months ended June 30, 2016 do not necessarily represent indications of the expected results for the year ending December 31, 2016, and do not contain the appropriation of the profit of the current period, which is usually performed at year end.
- The accounting policies adopted in the preparation of the condensed consolidated interim financial information are consistent with those adopted for the year ended December 31, 2015 except for the following :-
 - IFRS 14 : Regulatory Deferral Accounts.
 - Amendments to IAS 1 Presentation of Financial Statements relating to Disclosure initiative
 - Amendments to IFRS 11 Joint arrangements relating to accounting for acquisitions of interests in joint operations.

- Amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets relating to clarification of acceptable methods of depreciation and amortization.
- Amendments to IAS 16 Property, Plant and Equipment and IAS 41 Agriculture relating to bearer plants.
- Amendments to IAS 27 Separate Financial Statements relating to accounting investments in subsidiaries, joint ventures and associates to be optionally accounted for either by cost method using IFRS 9 or the equity method in separate financial statements.
- Amendments to IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investment in Associates and Joint Ventures relating to applying the consolidation exception for investment entities
- Annual Improvements to IFRSs 2012 - 2014 Cycle covering amendments to IFRS 5, IFRS 7, IAS 19 and IAS 34.

The adoption of the above new standards has no impact on the amounts reported and disclosures made on the condensed consolidated interim financial statements.

Accounting Estimates

- The accounting estimates adopted in the preparation of the condensed consolidated interim financial information are reasonable and in consistent with those adopted for the year ended December 31, 2015.

4. CASH AND BALANCES WITH CENTRAL BANKS

The details of this item are as follows:

	June 30, 2016	December 31, 2015
	USD '000	USD '000
Cash in vaults	492 999	455 445
Balances with central banks:		
Current accounts	1 744 150	2 173 468
Time and notice	3 253 536	4 392 724
Mandatory cash reserve	1 584 342	1 835 107
Certificates of deposit	676 242	615 637
Total	7 751 269	9 472 381

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

- Balances and certificates of deposits maturing after three months amounted to USD 19.1 million as of June 30, 2016 (There are no balances and certificates of deposit maturing after three months as of December 31, 2015).

5. BALANCES WITH BANKS AND FINANCIAL INSTITUTIONS

The details of this item are as follows:

Local banks and financial institutions

	June 30, 2016	December 31, 2015
	USD '000	USD '000
Time deposits maturing within 3 months	164 829	57 810
Total	164 829	57 810

Banks and financial institutions abroad

	June 30, 2016	December 31, 2015
	USD '000	USD '000
Current accounts	2 250 960	1 452 094
Time deposits maturing within 3 months	1 240 204	1 482 499
Total	3 491 164	2 934 593
Total balances with banks and financial institutions Local and abroad	3 655 993	2 992 403

- There are no non-interest bearing balances as of June 30, 2016 and December 31, 2015.

- Restricted balances amounted to USD 800 million as of June 30, 2016 (There are no restricted balances as of December 31, 2015).

6. DEPOSITS WITH BANKS AND FINANCIAL INSTITUTIONS

The details of this item are as follows:

	June 30, 2016	December 31, 2015
	USD '000	USD '000
Deposits with Banks and Financial Institutions Abroad:		
Time deposits maturing after 3 months and before 6 months	151 450	88 176
Time deposits maturing after 6 months and before 9 months	41 677	4 594
Time deposits maturing after 9 months and before a year	15 923	6 248
Time deposits maturing after one year	348	-
Total	209 398	99 018

- There are no restricted deposits as of June 30, 2016 and December 31, 2015.

- There are no deposits with local banks as of June 30, 2016 and December 31, 2015.

7- **FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**

The details of this item are as follows:

	June 30, 2016	December 31, 2015
	USD '000	USD '000
Treasury bills and Governmental bonds	316 668	423 445
Corporate bonds	281 551	331 131
Loans and advances	29 624	29 624
Corporate shares	16 311	19 918
Mutual funds	26 662	27 862
Total	670 816	831 980

8- **FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME**

The details of this item are as follows:

	June 30, 2016	December 31, 2015
	USD '000	USD '000
Quoted shares	269 532	256 776
Un-quoted shares	219 606	222 262
Total	489 138	479 038

- Cash dividends from investments above amounted to USD 6.3 million for the six months period ended June 30, 2016 (USD 4.4 million for the six months period ended

June 30, 2015).

- Realized losses that have been transferred from investment revaluation reserve to retained earnings amounted to USD 0.8 million for the six months period ended June 30, 2016, and minority interest share from these realized losses amounted to USD 0.4 million for the six months period ended June 30, 2016 (The realized gains that have been transferred from investment revaluation reserve to retained earnings amounted to USD 31 thousand for the six months period ended June 30, 2015 and there is no share for minority interest from these realized gains.

9- **DIRECT CREDIT FACILITIES AT AMORTIZED COST**

The details of this item are as follows:

	June 30, 2016					Total
	Consumer Banking	Corporates		Banks and Financial Institutions	Government and Public Sector	
		Small and Medium	Large			
	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
Discounted bills *	83 823	130 770	527 465	92 972	1 030	836 060
Overdrafts *	91 886	1 209 097	3 279 473	3 033	333 016	4 916 505
Loans and advances *	2 887 569	1 509 836	10 725 610	55 572	901 604	16 080 191
Real-estate loans	1 957 736	133 919	137 609	-	-	2 229 264
Credit cards	125 271	-	-	-	-	125 271
Total	5 146 285	2 983 622	14 670 157	151 577	1 235 650	24 187 291
Less: Interest and commission in suspense	74 799	91 515	273 551	4 995	-	444 860
Provision for impairment - direct credit facilities at amortized cost	171 492	134 553	907 783	1 366	3 128	1 218 322
Total	246 291	226 068	1 181 334	6 361	3 128	1 663 182
Net Direct Credit Facilities At Amortized Cost	4 899 994	2 757 554	13 488 823	145 216	1 232 522	22 524 109

* Net of interest and commission received in advance which amounted to USD 115.8 million as of June 30, 2016.

- Rescheduled loans during the six months period ended June 30, 2016 amounted to USD 323.6 million .

- Restructured loans (transferred from non performing to watch list loans) during the six months period ended June 30, 2016 amounted to USD 2.1 million .

- Direct credit facilities granted to and guaranteed by the Government of Jordan amounted to USD 107.4 million, or 0.4 % of total direct credit facilities as of June 30, 2016 .

- Non-performing direct credit facilities amounted to USD 1589.4 million, or 6.6% of total direct credit facilities as of June 30, 2016.

- Non-performing direct credit facilities net of interest and commission in suspense amounted to USD 1157.8 million, or 4.9 % of direct credit facilities after deducting interest and commission in suspense as of June 30, 2016.

December 31, 2015

	December 31, 2015					Total
	Consumer Banking	Corporates		Banks and Financial Institutions	Government and Public Sector	
		Small and Medium	Large			
	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
Discounted bills *	86 882	147 558	555 538	141 361	351	931 690
Overdrafts *	95 959	1 033 049	3 088 698	3 104	386 229	4 607 039
Loans and advances *	2 714 627	1 468 078	10 915 453	52 769	820 139	15 971 066
Real-estate loans	1 899 032	137 311	144 100	-	-	2 180 443
Credit cards	122 280	-	-	-	-	122 280
Total	4 918 780	2 785 996	14 703 789	197 234	1 206 719	23 812 518
Less: Interest and commission in suspense	69 626	91 491	253 632	4 499	-	419 248
Provision for impairment - direct credit facilities at amortized cost	171 143	134 135	902 901	1 353	2 751	1 212 283
Total	240 769	225 626	1 156 533	5 852	2 751	1 631 531
Net Direct Credit Facilities at Amortized Cost	4 678 011	2 560 370	13 547 256	191 382	1 203 968	22 180 987

* Net of interest and commission received in advance which amounted to USD 105.8 million as of December 31, 2015.

- Rescheduled loans during the year ended December 31, 2015 amounted to USD 339.6 million.

- Restructured loans (transferred from non performing to watch list loans) during the year ended December 31, 2015 amounted to USD 39.7 million.

- Direct credit facilities granted to and guaranteed by the Government of Jordan amounted to USD 81.9 million, or 0.3% of total direct credit facilities as of December 31, 2015.

- Non-performing direct credit facilities amounted to USD 1523.8 million, or 6.4% of total direct credit facilities as of December 31, 2015.

- Non-performing direct credit facilities net of interest and commission in suspense amounted to USD 1116.5 million, or 4.8% of direct credit facilities after deducting interest and commission in suspense as of December 31, 2015.

The details of movement on the provision for impairment of the direct credit facilities at amortized cost are as follows:

June 30, 2016

	June 30, 2016					Total	The total includes movement on the real-estate loans provision as follows:
	Consumer Banking	Corporates		Banks and Financial Institutions	Government and Public Sector		
		Small and Medium	Large				
	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
Balance at the beginning of the year	171 143	134 135	902 901	1 353	2 751	1 212 283	16 847
Impairment losses charged to income	8 830	11 265	43 240	13	1 407	64 755	1 537
Used from provision (written off or transferred to off Condensed consolidated interim statement of financial position)	(269)	(1 149)	(12 648)	-	-	(14 066)	(85)
Recoveries	(5 183)	(4 231)	(24 375)	-	(753)	(34 542)	(2 416)
Adjustments during the period	1 473	(1 992)	8 122	-	(100)	7 503	332
Translation adjustments	(4 502)	(3 475)	(9 457)	-	(177)	(17 611)	12
Balance at the End of the Period	171 492	134 553	907 783	1 366	3 128	1 218 322	16 227

December 31, 2015

	December 31, 2015					Total	The total includes movement on the real-estate loans provision as follows:
	Consumer Banking	Corporates		Banks and Financial Institutions	Government and Public Sector		
		Small and Medium	Large				
	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
Balance at the beginning of the year	164 912	121 681	992 037	1 256	2 117	1 282 003	17 810
Impairment losses charged to income	16 209	19 910	53 177	154	876	90 326	2 297
Used from provision (written off or transferred to off consolidated statement of financial position)	(744)	(4 732)	(59 230)	-	-	(64 706)	(14)
Recoveries	(9 089)	(8 607)	(39 557)	(22)	(160)	(57 435)	(2 219)
Adjustments during the year	3 776	10 483	(8 275)	-	20	6 004	(939)
Translation adjustments	(3 921)	(4 600)	(35 251)	(35)	(102)	(43 909)	(88)
Balance at the End of the Year	171 143	134 135	902 901	1 353	2 751	1 212 283	16 847

- There are no provisions no longer required as a result of settlement or repayment, transferred to other non-performing direct credit facilities as of June 30, 2016 and December 31, 2015.

- Impairment is assessed based on individual customer accounts.

- Non-performing loans transferred to off condensed consolidated interim statement of financial position amounted to USD 5.7 million as of June 30, 2016 (USD 2.1 million as of December 31, 2015) noting that these loans are fully covered by set provisions and suspended interests.

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

	June 30, 2016						The total includes interest and commission in suspense movement on real-estate loans as follows:
	Corporates			Banks and Financial Institutions	Government and Public Sector	Total	
	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
Consumer Banking		Small & Medium	Large				
Balance at the beginning of the year	69 626	91 491	253 632	4 499	-	419 248	11 557
Interest and commissions suspended during the period	8 260	6 692	31 133	496	-	46 581	2 292
Interest and commissions in suspense settled / written off or transferred to off the condensed consolidated interim statement of financial position	(615)	(5 377)	(2 650)	-	-	(8 642)	(358)
Recoveries	(2 777)	(949)	(3 212)	-	-	(6 938)	(1 734)
Adjustments during the period	1 014	629	1 035	-	-	2 678	-
Translation adjustments	(709)	(971)	(6 387)	-	-	(8 067)	-
Balance at the End of the Period	74 799	91 515	273 551	4 995	-	444 860	11 757

December 31, 2015

	December 31, 2015					The total includes interest and commission in suspense movement on real-estate loans as follows:		
	Consumer Banking	Corporates			Banks and Financial Institutions		Government and Public Sector	Total
	USD '000	USD '000	Small & Medium	Large	USD '000	USD '000	USD '000	USD '000
Balance at the beginning of the year	60 515	93 016	237 177	3 739	-	394 447	12 849	
Interest and commissions suspended during the year	13 226	10 725	55 589	760	-	80 300	2 975	
Interest and commissions in suspense settled / written off or transferred to off consolidated statement of financial position	(1 302)	(9 514)	(21 992)	-	-	(32 808)	(299)	
Recoveries	(3 907)	(3 137)	(5 219)	-	-	(12 263)	(1 805)	
Adjustment during the year	1 755	1 242	(3 482)	-	-	(485)	(2 142)	
Translation adjustments	(661)	(841)	(8 441)	-	-	(9 943)	(21)	
Balance at the End of the Year	69 626	91 491	253 632	4 499	-	419 248	11 557	

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

	June 30, 2016		December 31, 2015	
	Inside Jordan	Outside Jordan	June 30, 2016	December 31, 2015
	USD '000	USD '000	USD '000	USD '000
Economic Sector				
Consumer Banking	2 303 507	2 596 487	4 899 994	4 678 011
Industry and mining	828 419	3 579 099	4 407 518	4 438 773
Constructions	235 894	1 740 007	1 975 901	1 861 483
Real - Estates	332 908	1 456 188	1 789 096	1 710 773
Trade	1 047 571	2 777 832	3 825 403	3 621 191
Agriculture	67 509	97 577	165 086	164 038
Tourism and Hotels	233 649	322 027	555 676	626 032
Transportations	160 639	559 820	720 459	752 236
Shares	2 881	57 438	60 319	67 046
General Services	473 488	2 273 431	2 746 919	2 866 054
Banks and Financial Institutions	21 812	123 404	145 216	191 382
Government and Public Sector	107 438	1 125 084	1 232 522	1 203 968
Net Direct Credit Facilities at amortized Cost	5 815 715	16 708 394	22 524 109	22 180 987

10- OTHER FINANCIAL ASSETS AT AMOTIZED COST

The details of this item are as follows:

	<u>June 30, 2016</u>	<u>December 31, 2015</u>
	USD '000	USD '000
Treasury bills	2 612 147	2 731 740
Governmental bonds and bonds guaranteed by the government	4 529 519	4 492 258
Corporate bonds	1 802 884	1 808 678
<u>Less: Provision for impairment</u>	<u>(27 901)</u>	<u>(28 967)</u>
Total	<u>8 916 649</u>	<u>9 003 709</u>

Analysis of bonds based on interest nature:

	<u>June 30, 2016</u>	<u>December 31, 2015</u>
	USD '000	USD '000
Floating interest rate	617 838	602 196
Fixed interest rate	8 298 811	8 401 513
Total	<u>8 916 649</u>	<u>9 003 709</u>

Analysis of financial assets based on market quotation:

	<u>June 30, 2016</u>	<u>December 31, 2015</u>
	USD '000	USD '000
Financial assets quoted in the market:		
Treasury bills	415 099	753 022
Governmental bonds and bonds guaranteed by the government	1 277 819	1 318 234
Corporate bonds	1 576 730	1 660 382
Total	<u>3 269 648</u>	<u>3 731 638</u>

	<u>June 30, 2016</u>	<u>December 31, 2015</u>
	USD '000	USD '000
Financial assets unquoted in the market:		
Treasury bills	2 197 048	1 978 718
Governmental bonds and bonds guaranteed by the government	3 251 700	3 174 024
Corporate bonds	198 253	119 329
Total	<u>5 647 001</u>	<u>5 272 071</u>

Grand Total	<u>8 916 649</u>	<u>9 003 709</u>
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The details of movement on the provision for impairment of other financial assets at amortized cost is as follows:

	<u>June 30, 2016</u>	<u>December 31, 2015</u>
	USD '000	USD '000
Balance at the beginning of the Year	28 967	29 520
Impairment losses charged to income	-	-
Used from provision	-	-
Translation adjustments	(1 066)	(553)
Balance at the End of the Period / Year	<u>27 901</u>	<u>28 967</u>

During the six months period ended June 30, 2016 certain financial assets at amortized cost in the amount of USD 241.2 million were sold due to their close maturities (USD 268.7 million during the year ended December 31, 2015).

11- **FIXED ASSETS**

The additions to and disposals of fixed assets during the six months period ended June 30, 2016 amounted to USD 17.8 million and USD 11.7 million, respectively (USD 32.3 million and USD 12.7 million for the six months period ended June 30, 2015).

The cost of fully depreciated fixed assets amounted to USD 214.5 million as of June 30, 2016 (USD 212.4 million as of December 31, 2015)

12- **OTHER ASSETS**

The details of this item are as follows:

	June 30, 2016	December 31, 2015
	USD '000	USD '000
Accrued interest receivable	167 531	187 227
Prepaid expenses	138 421	122 408
Foreclosed assets *	49 584	58 518
Items in transit	7 220	24 611
Intangible Assets	13 874	16 055
Other miscellaneous assets	133 405	91 660
Total	510 035	500 479

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

13- CUSTOMER DEPOSITS

The details of this item are as follows:

June 30, 2016

	Consumer Banking	Corporates		Government and Public Sector	Total
		Small & Medium	Large		
	USD '000	USD '000	USD '000	USD '000	USD '000
Current and demand	7 732 462	2 030 032	2 319 000	377 525	12 459 019
Savings	3 014 568	148 296	22 099	175	3 185 138
Time and notice	8 198 315	995 872	4 441 170	2 514 487	16 149 844
Certificates of deposit	346 836	7 842	48 478	21 019	424 175
Total	19 292 181	3 182 042	6 830 747	2 913 206	32 218 176

December 31, 2015

	Consumer Banking	Corporates		Government and Public Sector	Total
		Small & Medium	Large		
	USD '000	USD '000	USD '000	USD '000	USD '000
Current and demand	7 229 262	2 334 822	2 363 187	429 173	12 356 444
Savings	2 859 535	159 172	46 224	131	3 065 062
Time and notice	8 097 330	1 097 434	5 018 935	2 587 298	16 800 997
Certificates of deposit	408 399	15 139	61 454	91 733	576 725
Total	18 594 526	3 606 567	7 489 800	3 108 335	32 799 228

- The Government of Jordan and Jordanian public sector deposits amounted to USD 623.7 million, or 1.9% of total customer deposits as of June 30, 2016 (USD 719.5 million, or 2.2% of total customer deposits as of December 31, 2015).
- Non-interest bearing deposits amounted to USD 11214.2 million, or 34.8 % of total customer deposits as of June 30, 2016 (USD 11016.5 million, or 33.6% of total customer deposits as of December 31, 2015).
- Blocked deposits amounted to USD 164.7 million, or 0.5 % of total customer deposits as of June 30, 2016 (USD 153.2 million or 0.5% of total customer deposits as of December 31, 2015).
- Dormant deposits amounted to USD 421 million, or 1.3% of total customer deposits as of June 30, 2016 (USD 440.2 million, or 1.3% of total customer deposits as of December 31, 2015).

14- BORROWED FUNDS

The details of this item are as follows:

	June 30, 2016	December 31, 2015
	USD '000	USD '000
From Central Banks *	18 703	11 285
From banks and financial institutions **	196 032	64 460
Total	214 735	75 745

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

	June 30, 2016	December 31, 2015
	USD '000	USD '000
Floating interest rate	70 372	70 099
Fixed interest rate	144 363	5 646
Total	214 735	75 745

* During 2013, Arab Bank (Jordan branches) signed a loan agreement with the Central Bank of Jordan amounting to USD 5.6 million, for the duration of 15 years of which 5 years are grace period and with an interest rate of (2.5%) for the year 2013 and a floating interest rate of (1.8%+LIBOR 6 months) for the years after 2013. The agreement aims to support SMEs and Extra Small Companies. The loan is repaid semi-annually, with installments in March and September of each year. The Balance of the loan as of June 30, 2016 amounted to USD 5.6 million (USD 5.6 million as of December 31, 2015).

* During 2014, Arab Bank (Jordan branches) signed a loan agreement with the Central Bank of Jordan amounting to USD 3.9 million, for the duration of 10 years of which 3 years are grace period with a fixed interest rate of 2.5%. The agreement aims to support SMEs and Extra Small Companies, The loan is repaid semi-annually, with installments in March and September of each year. The Balance of the loan as of June 30, 2016 amounted to USD 3.9 million (USD 3.9 Million as of December 31, 2015).

* During 2015, Arab Bank (Jordan branches) granted loans against medium term advances from the Central Bank of Jordan in the amount of USD 6.3 million with fixed interest rate equal to the discount rate disclosed on the grant day after deducting 2%, The advances is repaid in accordance with the customers monthly installments which starts on March 2016 and ends on January 2018. The balance of these advances amounted to USD 6.3 million as of June 30, 2016 (USD 1.7 million as of December 31, 2015)

* During 2016, Arab Bank (Jordan branches) signed a loan agreement with the Central Bank of Jordan amounting to USD 5.1 million, for the duration of 15 years of which 5 years are grace period and with a floating interest rate of (1.85% +LIBOR 6 Months). The agreement aims to support SMEs and Extra Small Companies. The loan is repaid semi-annually, with installments in March and September of each year. The Balance of the loan as of June 30, 2016 amounted to USD 2.8 million.

** During 2016, Arab Bank Bahrain branches borrowed amounts form banks and financial institutions in the amount of USD 134.1 million with fixed interest rates whereas the lowest interest rate is (1.20 %) and the highest is (2.85 %), the first contract matures on August 4th, 2016 and the last contract matures on March 9th, 2017.

** Arab Tunisian Bank borrowed amounts from banks and financial institutions, as well as issued syndicated term loans, the balance amounted to USD 61.9 million as of June 30, 2016 (USD 64.5 million as of December 31, 2015) whereas the lowest interest rate is (0.25%) and the highest is (6.94%) and the last maturity date is on May 19, 2032 as per the following table:

	June 30, 2016	December 31, 2015
	USD '000	USD '000
Loans maturing within one year	9 898	10 009
Loans maturing after 1 year and less than 3 years	16 113	17 078
Loans maturing after 3 years	35 901	37 373
Total	61 912	64 460

15- PROVISION FOR INCOME TAX

The details of this item are as follows:

	June 30, 2016	December 31, 2015
	USD '000	USD '000
Balance at the beginning of the year	235 918	235 248
Income tax expense	144 398	279 841
Income tax paid	(168 860)	(279 171)
Balance at the End of the Period / Year	211 456	235 918

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

	For the six months period ended	
	June 30, 2016	June 30, 2015
	USD '000	USD '000
Income tax expense for the period	144 398	136 003
Effect of deferred tax	(8 171)	811
Total	136 227	136 814

- The income tax rate in Jordan is 35% while the income tax rate in the countries where the Group has companies and branches ranges from zero to 37% as of June 30, 2016.

- The companies and branches of Arab Bank Group have reached recent tax settlements ranging between 2010 for Arab Bank Egypt and 2014 for Arab Bank United Arab Emirates and Arab Sudanese Bank.

16- OTHER LIABILITIES

The details of this item are as follows:

	June 30, 2016	December 31, 2015
	USD '000	USD '000
Accrued interest payable	136 764	133 561
Notes payable	245 101	171 873
Interest and commission received in advance	104 286	101 387
Accrued expenses	55 820	78 277
Other miscellaneous liabilities *	566 016	1 142 156
Total	1 107 987	1 627 254

* This item is mostly attributable to liabilities for anticipated legal burdens (Note 32).

17- SHARE CAPITAL AND RESERVES

- A. Share Capital amounted to USD 926.6 million distributed to 640.8 million shares as of June 30, 2016 (Arab Bank General Assembly in its extraordinary meeting held on March 26, 2015 approved to increase the Group capital by USD 100.4 million to become USD 926.6 million distributed over 640.8 million shares, the Bank has completed the legal procedures with the Ministry of Industry and Trade on April 5, 2015 and with Jordan Securities Commission on April 21, 2015).
- B. Share premium amounted to USD 1225.7 million as of June 30, 2016 and December 31, 2015.
- C. The Group did not make any appropriation to the legal reserves, in accordance with companies law, in the interim financial information as such appropriations are performed at year end.

18- RETAINED EARNINGS

The details of movement on the retained earnings are as follows:

	June 30, 2016	December 31, 2015
	USD '000	USD '000
Balance at the beginning of the Year	1 502 867	1 315 525
Profit for the period/year attributable to the shareholders of the bank	418 735	430 830
Transferred from investment revaluation reserve to retained earnings	(756)	31
Dividends paid	(231 277)	(101 772)
Transferred to statutory reserve	-	(40 343)
Adjustment during the period/ year	(5 089)	(1 012)
Increase in share capital (Stock Dividends)	-	(100 392)
Balance at the End of the Period / Year	1 684 480	1 502 867

- * The General Assembly of the Arab Bank plc in its extraordinary meeting held on March 31, 2016 approved the recommendation of the Bank's Board of Directors to distribute 25% of par value as cash dividends for the year 2015 equivalent to USD 225.9 million (The General Assembly of Arab Bank plc in its extraordinary meeting held on March 26, 2015 approved the recommendation of the Bank's Board of Directors to distribute 12% of par value as cash dividends for the year 2014 equivalent to USD 96.4 million, and two bonus share for every sixteen shares amounting to 71.2 million shares). The General Assembly of Arab Bank Switzerland approved to distribute 20% of par value as cash dividends equivalent to USD 5.4 million for the year 2015 (20% of par value equivalent to USD 5.4 million for the year 2014).
- * The retained earnings include restricted deferred tax assets in the amount of USD 63.2 million, as well as, unrealized Losses from financial assets at fair value through profit or loss in the amount of USD (1.7) million. Restricted retained earning that cannot be distributed or otherwise utilized except only under certain circumstances caused by the adoption of certain Accounting Standards amounted to USD 2.6 million as of June 30, 2016.
- * Retained earnings include an unrealized loss in the amount of USD (109.1) million as of June 30, 2016 due to the effect of the adoption of IFRS (9)
- * The use of an amount of USD (286.7) million which represents the investment revaluation reserve negative balance is restricted according to the instructions of the Jordan Securities Commission as of June 30, 2016.

19- **INTEREST INCOME**

The details of this item are as follows:

	June 30, 2016	June 30, 2015
	USD '000	USD '000
Direct credit facilities at amortized cost *	637 772	582 774
Balances with central banks	39 128	33 650
Balances and deposits with banks and financial institutions	3 699	1 554
Financial assets at fair value through profit or loss	7 151	18 827
Other financial assets at amortized cost	240 825	264 924
Total	928 575	901 729

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

June 30, 2016						
Consumer Banking	Corporates		Banks and Financial Institutions	Government and Public Sector	Total	
	Small & Medium	Large				
USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	
Discounted bills	2 340	5 905	11 539	1 490	18	21 292
Overdrafts	3 968	35 187	102 069	73	8 630	149 927
Loans and advances	104 764	41 182	219 894	1 784	24 096	391 720
Real-estate loans	60 288	3 339	3 241	-	-	66 868
Credit cards	7 965	-	-	-	-	7 965
Total	179 325	85 613	336 743	3 347	32 744	637 772

June 30, 2015						
Consumer Banking	Corporates		Banks and Financial Institutions	Government and Public Sector	Total	
	Small & Medium	Large				
USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	
Discounted bills	3 816	6 335	10 874	1 770	10	22 805
Overdrafts	5 734	28 433	91 843	142	7 673	133 825
Loans and advances	97 640	35 334	207 417	1 193	16 368	357 952
Real-estate loans	52 157	3 543	4 247	-	-	59 947
Credit cards	8 245	-	-	-	-	8 245
Total	167 592	73 645	314 381	3 105	24 051	582 774

20- **INTEREST EXPENSE**

The details of this item are as follows:

	June 30, 2016	June 30, 2015
	USD '000	USD '000
Customer deposits *	318 370	306 435
Banks and financial institutions deposits	22 817	21 923
Cash margins	17 325	19 382
Borrowed funds	2 594	1 649
Deposit insurance fees	12 700	12 229
Total	373 806	361 618

* Interest expense charged to income on customer deposits is as follows:

June 30, 2016					
Consumer Banking	Corporates		Government and Public Sector	Total	
	Small & Medium	Large Corporates			
USD '000	USD '000	USD '000	USD '000	USD '000	
Current and demand	11 422	1 243	5 166	2 297	20 128
Savings	16 423	1 745	323	-	18 491
Time and notice	123 624	13 496	77 723	43 275	258 118
Certificates of deposit	17 788	234	1 493	2 118	21 633
Total	169 257	16 718	84 705	47 690	318 370

June 30, 2015					
Consumer Banking	Corporates		Government and Public Sector	Total	
	Small & Medium	Large Corporates			
USD '000	USD '000	USD '000	USD '000	USD '000	
Current and demand	4 625	2 844	6 740	2 148	16 357
Savings	18 224	1 399	316	-	19 939
Time and notice	131 162	13 933	64 656	34 512	244 263
Certificates of deposit	21 678	374	1 844	1 980	25 876
Total	175 689	18 550	73 556	38 640	306 435

21- **NET COMMISSION INCOME**

The details of this item are as follows:

	June 30, 2016	June 30, 2015
	USD '000	USD '000
Commission income:		
Direct credit facilities at amortized cost	51 929	49 980
Indirect credit facilities	71 464	77 000
Assets Under Management	6 576	6 693
Other	49 946	43 575
<u>Less: commission expense</u>	<u>(14 768)</u>	<u>(14 224)</u>
Net Commission Income	165 147	163 024

22- GAIN FROM FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The details of this item are as follows:

	June 30, 2016			June 30, 2015	
	Realized (Losses) Gains	Unrealized (Losses)	Dividends	Total	Total
	USD '000	USD '000	USD '000	USD '000	USD '000
Treasury bills and bonds	1 289	257	-	1 546	15 339
Corporate shares	-	(1 556)	1 375	(181)	404
Mutual funds	-	(362)	-	(362)	706
Total	1 289	(1 661)	1 375	1 003	16 449

23- OTHER REVENUE

The details of this item are as follows:

	June 30, 2016	June 30, 2015
	USD '000	USD '000
Revenue from customer services	9 565	9 184
Safe box rent	1 746	825
(Losses) Gain from derivatives	(1 198)	293
Miscellaneous revenue	17 791	16 299
Total	27 904	26 601

24. BUSINESS SEGMENTS

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

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

1. Corporate and Institutional Banking

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

2. Treasury

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

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

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

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

3. Consumer Banking

This group provides banking services to individuals and high-net worth elite customers, and endeavors to meet their financial services needs using the best methods, through effective distribution channels, and a variety of product services. Moreover, this group is in direct and close contact with the customers in order to provide them with timely and continuous services through different electronic channels, such as direct phone calls, ATMs, the internet and text messaging via cellular phones.

Information about the Group's Business Segments

	June 30, 2016					June 30, 2015	
	Corporate and Institutional Banking	Treasury	Consumer Banking		Other	Total	Total
			Elite	Retail Banking			
	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
Total income	419 012	280 715	(44 512)	108 228	208 312	971 755	981 459
Net inter-segment interest income	(31 648)	(149 866)	106 052	75 462	-	-	-
Provision for impairment - direct credit facilities at amortized cost	27 196	-	(219)	3 236	-	30 213	31 095
Other provisions	4 577	1 268	579	3 688	-	10 112	7 724
Direct administrative expenses	62 716	8 736	13 479	72 113	3 834	160 878	160 654
Result of Operations of Segments	292 875	120 845	47 701	104 653	204 478	770 552	781 986
Indirect expenses on segments	93 517	27 018	19 543	68 155	1 177	209 410	222 303
Profit for the period before Income Tax	199 358	93 827	28 158	36 498	203 301	561 142	559 683
Income tax expense	37 696	26 585	9 340	11 940	50 666	136 227	136 814
Profit for the Period	161 662	67 242	18 818	24 558	152 635	424 915	422 869
Depreciation and Amortization	7 112	1 937	1 924	12 699	-	23 672	26 054

Other Information	June 30, 2016					December 31, 2015	
	Corporate and Institutional Banking	Treasury	Consumer Banking		Other	Total	Total
			Elite	Retail Banking			
	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
Segment assets	18 261 420	18 715 141	2 828 026	4 141 557	1 338 324	45 284 468	46 128 303
Inter-segment assets	-	-	10 311 022	3 965 369	4 974 772	-	-
Investments in associates	-	-	-	-	2 970 793	2 970 793	2 916 290
Total Assets	18 261 420	18 715 141	13 139 048	8 106 926	9 283 889	48 255 261	49 044 593
Segment liabilities	15 857 651	1 867 747	13 139 048	8 106 926	1 137 347	40 108 719	41 029 012
Owner's equity	-	-	-	-	8 146 542	8 146 542	8 015 581
Inter-segment liabilities	2 403 769	16 847 394	-	-	-	-	-
Total Liabilities and Owners' Equity	18 261 420	18 715 141	13 139 048	8 106 926	9 283 889	48 255 261	49 044 593

25- CONTRACTUAL MATURITY OF THE CONTINGENT ACCOUNTS

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

June 30, 2016

	Within 1 Year	From 1 Year and up to 5 Years	More than 5 Years	Total
	USD '000	USD '000	USD '000	USD '000
Letters of credit	1 568 873	631 311	-	2 200 184
Acceptances	740 859	6 798	-	747 657
Letters of guarantees:				
- Payment guarantees	691 175	80 946	24 227	796 348
- Performance guarantees	3 626 853	2 277 216	1 141 678	7 045 747
- Other guarantees	3 155 032	1 044 237	583 740	4 783 009
Unutilized credit facilities	4 279 320	786 247	106 437	5 172 004
Total	14 062 112	4 826 755	1 856 082	20 744 949
Constructions projects contracts	2 644	17 853	-	20 497
Procurement contracts	8 032	2 787	1 145	11 964
Operating lease contracts	5 156	11 291	13 029	29 476
Total	15 832	31 931	14 174	61 937

December 31, 2015

	Within 1 Year	From 1 Year and up to 5 Years	More than 5 Years	Total
	USD '000	USD '000	USD '000	USD '000
Letters of credit	1 437 791	714 602	-	2 152 393
Acceptances	679 717	8 642	-	688 359
Letters of guarantees:				
- Payment guarantees	639 728	74 136	15 964	729 828
- Performance guarantees	3 738 318	2 286 546	1 130 903	7 155 767
- Other guarantees	3 233 887	1 017 004	677 384	4 928 275
Unutilized credit facilities	4 515 813	499 238	54 722	5 069 773
Total	14 245 254	4 600 168	1 878 973	20 724 395
Constructions projects contracts	450	11 979	-	12 429
Procurement contracts	11 084	4 503	1 145	16 732
Operating lease contracts	4 653	11 912	13 692	30 257
Total	16 187	28 394	14 837	59 418

26. CREDIT EXPOSURE FOR ASSETS CATEGORIZED BY GEOGRAPHICAL REGION:

The details for this items are as follows:

June 30, 2016

	Jordan	Other Arab Countries	Asia *	Europe	America	Rest of the World	Total
	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
Balances with central banks	3 737 264	2 465 336	6 655	1 049 015	-	-	7 258 270
Balances and deposits with banks and financial institutions	227 828	831 506	336 694	1 415 159	988 503	65 701	3 865 391
Financial assets at fair value through profit or loss	-	326 127	44 842	256 874	-	-	627 843
Direct credit facilities at amortized cost	5 815 715	14 635 155	226 889	1 004 705	30 370	811 275	22 524 109
Consumer Banking	2 303 507	2 234 778	1 375	65 918	3 892	290 524	4 899 994
Small and Medium Corporates	647 317	1 549 066	24 461	331 796	26 478	178 436	2 757 554
Large Corporates	2 735 641	9 630 863	197 653	591 991	-	332 675	13 488 823
Banks and Financial Institutions	21 812	98 764	-	15 000	-	9 640	145 216
Government and public Sector	107 438	1 121 684	3 400	-	-	-	1 232 522
Other financial assets at amortized cost	3 205 800	4 545 290	190 047	629 040	163 307	183 165	8 916 649
Other assets and financial derivatives - positive fair value	60 300	222 885	3 453	74 277	739	2 367	364 021
Total	13 046 907	23 026 299	808 580	4 429 070	1 182 919	1 062 508	43 556 283
Total as of December 31, 2015	12 966 718	23 763 011	900 610	4 780 693	919 825	1 114 266	44 445 123

* Excluding Arab Countries.

27. CREDIT EXPOSURE FOR ASSETS CATEGORIZED BY ECONOMIC SECTOR

The details for this items are as follows:

June 30, 2016

	Corporations											Government and Public Sector	Total	
	Consumer Banking	Industry and Mining	Constructions	Real Estate	Trade	Agriculture	Tourism and Hotels	Transportation	Shares	General Services	Banks and Financial Institutions			
														USD '000
Balances with Central Banks	-	-	-	-	-	-	-	-	-	-	-	7 258 270	-	7 258 270
Balances and deposits with banks and financial institutions	-	-	-	-	-	-	-	-	-	-	3 865 391	-	-	3 865 391
Financial assets at fair value through profit or loss	-	-	-	-	-	-	-	29 624	-	-	281 551	316 668	-	627 843
Direct credit facilities at amortized cost	4 899 994	4 407 518	1 975 901	1 789 096	3 825 403	165 086	555 676	720 459	60 319	2 746 919	145 216	1 232 522	22 524 109	
Other financial assets at amortized cost	-	82 422	17 166	14 319	40 502	-	-	-	-	166 388	1 454 186	7 141 666	-	8 916 649
Other assets and financial derivatives - positive fair value	18 563	24 340	11 123	7 270	18 054	1 151	2 969	8 700	-	43 938	74 148	153 765	-	364 021
Total	4 918 557	4 514 280	2 004 190	1 810 685	3 883 959	166 237	558 645	758 783	60 319	2 957 245	5 820 492	16 102 891	16 102 891	43 556 283

December 31, 2015

	Corporations											Government and Public Sector	Total	
	Consumer Banking	Industry and Mining	Constructions	Real Estate	Trade	Agriculture	Tourism and Hotels	Transportation	Shares	General Services	Banks and Financial Institutions			
														USD '000
Balances with Central Banks	-	-	-	-	-	-	-	-	-	-	-	9 016 936	-	9 016 936
Balances and deposits with banks and financial institutions	-	-	-	-	-	-	-	-	-	-	3 091 421	-	-	3 091 421
Financial assets at fair value through profit or loss	-	-	-	-	-	-	-	29 624	-	-	331 131	423 445	-	784 200
Direct credit facilities at amortized cost	4 678 011	4 438 773	1 861 483	1 710 773	3 621 191	164 038	626 032	752 236	67 046	2 866 054	191 382	1 203 968	22 180 987	
Other financial assets at amortized cost	-	80 608	17 199	14 756	41 156	-	-	25 265	-	190 330	1 410 397	7 223 998	9 003 709	
Other assets and financial derivatives - positive fair value	16 124	25 631	10 090	7 676	16 097	1 382	3 485	9 748	-	35 712	86 253	155 672	367 870	
Total	4 694 135	4 545 012	1 888 772	1 733 285	3 678 444	165 420	629 517	816 873	67 046	3 092 096	5 110 584	18 024 019	18 024 019	44 445 123

28- CAPITAL MANAGEMENT

The Group manages its capital to safeguard its ability to continue as a going concern while maximizing the return to owner's equity. The composition of the regulatory capital, as defined by the Basel Committee, is as follows:

	June 30, 2016	December 31, 2015
	USD '000	USD '000
A- CORE CAPITAL		
Share capital	926 615	926 615
Statutory reserve	753 065	753 065
Voluntary reserve	977 315	977 315
Share premium	1 225 747	1 225 747
General reserve	1 141 824	1 141 824
Retained earnings*	1 186 433	1 194 643
Non controlling interest	88 678	93 980
Total Core Capital	6 299 677	6 313 189
B- Supplementary Capital		
Foreign currency translation reserve	(302 728)	(284 609)
Investments revaluation reserve	(286 746)	(260 621)
Subordinated loans	9 033	13 867
General banking risk reserve	363 458	363 458
Total Supplementary Capital	(216 983)	(167 905)
C- Deductible items	1 514 099	1 454 595
Regulatory capital (A+B-C)	4 568 595	4 690 689
Risk-Weighted Assets (RWA)	33 098 642	33 026 774
Regulatory Capital / Risk-Weighted Assets	13.80%	14.20%
Core Capital / Risk-Weighted Assets	13.80%	14.20%

* Includes deferred tax and intangible assets

- The Board of Directors performs an overall review of the capital structure of the Group on quarterly basis. As part of such review, the Board takes into consideration matters such as cost and risks of capital as integral factors in managing capital through setting dividends policies and capitalization of reserves.
- The minimum level of the capital adequacy ratio as defined by Basel Committee is 8% and 12% as per the Central Bank of Jordan's instructions, while this ratio amounted to 13.80 % as of June 30, 2016 (14.20% as of December 31, 2015).

29- **EARNINGS PER SHARE ATTRIBUTABLE TO THE BANK'S SHAREHOLDERS**

The details of this item are as follows:

	June 30, 2016	June 30, 2015
	USD '000	USD '000
Profit for the period attributable to the Bank's shareholders	418 735	418 757
	Thousand / Shares	
Average number of shares	640 800	640 800
	USD / Share	
Earnings Per Share for the period (Basic and diluted)	<u>0.65</u>	<u>0.65</u>

30- **CASH AND CASH EQUIVALENT**

The details of this item are as follows:

	June 30, 2016	June 30, 2015
	USD '000	USD '000
Cash and balances with central banks maturing within 3 months	7 732 215	8 672 963
<u>Add:</u> Balances with banks and financial institutions maturing within 3 months	2 855 993	3 580 998
<u>Less:</u> Banks and financial institutions deposits maturing within 3 months	3 275 329	4 008 334
Total	<u>7 312 879</u>	<u>8 245 627</u>

31. RELATED PARTIES TRANSACTIONS

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

	June 30, 2016			
	Deposits owed from Related Parties	Direct Credit Facilities at Amortized Cost	Deposits owed to Related Parties	LCs, LGs, Unutilized Credit Facilities and Acceptances
	USD '000	USD '000	USD '000	USD '000
Associated Companies	197 118	-	309 134	94 537
Major Shareholders and Members of the Board of Directors	-	511 002	346 296	102 074
Total	197 118	511 002	655 430	196 611

	December 31, 2015			
	Deposits owed from Related Parties	Direct Credit Facilities at Amortized Cost	Deposits owed to Related Parties	LCs, LGs, Unutilized Credit Facilities and Acceptances
	USD '000	USD '000	USD '000	USD '000
Associated Companies	110 246	-	111 949	90 068
Major Shareholders and Members of the Board of Directors	-	534 053	412 129	66 907
Total	110 246	534 053	524 078	156 975

All facilities granted to related parties are performing loans in accordance with the internal credit rating of the Group. Moreover, no provisions for the period have been recorded in relation to impairment in value.

The details of transactions with related parties are as follows:

	June 30, 2016	
	Interest Income	Interest Expense
	USD '000	USD '000
Associated Companies	717	1 170

	June 30, 2015	
	Interest Income	Interest Expense
	USD '000	USD '000
Associated Companies	211	28

- Direct credit facilities granted to top management personnel amounted to USD 2.2 million and indirect credit facilities amounted to USD 5.6 thousand as of June 30, 2016. (USD 1.9 million direct credit facilities and USD 8.5 thousand indirect credit facilities as of December 31, 2015).

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

- Deposits of key management personnel amounted to USD 2.7 million as of June 30, 2016 (USD 2.2 million as of December 31, 2015).

- The salaries and other fringe benefits of the Group's top management personnel, inside and outside Jordan, amounted to USD 28.4 million for the six months period ended June 30, 2016 (USD 28.2 million for the six months period ended June 30, 2015).

32. Legal Cases

- A. In 2004, a number of civil lawsuits were filed against Arab Bank plc alleging that the Bank provided financial services to individuals and entities who were characterized as "terrorists" and "terrorist organizations" operating in the Palestinian Territories. The plaintiffs claimed damages from the Bank alleging that these financial services constituted material support for terrorist activities.

After a civil trial in the Eastern District Court of New York, on September 22, 2014, a jury found the Bank liable for the plaintiffs who possessed U.S. citizenship and who claimed damages as a result of alleged attacks perpetrated by Hamas.

The Court scheduled August 17, 2015, to proceed with a "bellwether" damages trial limited to three incidents and a number of those plaintiffs. On August 14, 2015, a settlement agreement was reached by the parties and upon the request of the plaintiffs and the Bank; the Judge postponed the damages trial to implement the said agreement.

The settlement agreement was reached by the parties pursuant to which they agreed to forego the bellwether damages trial and to adopt a mechanism which would allow the Bank to appeal the liability verdict without payment of any amount or presenting any bond to the Court. Pursuant to said agreement, the Bank filed its Notice of Appeal to the Court of Appeals on June 22, 2016.

The settlement agreement has been entered into upon acceptable terms and without admission by the Bank of liability of any wrongdoing. This settlement agreement will put an end to the litigation, which has been outstanding for over 12 years, and it has provided a framework limiting the financial liability of the Bank deriving from it. The Bank has sufficient provisions to cover the expected financial obligations under this agreement. In the opinion of management and counsel representing the Bank in the above-referred matter, this agreement is deemed to be in the best interest of the Bank.

In the year 2005, the Bank in New York entered into an agreement with the Office of the Comptroller of the Currency pursuant to which the branch was converted into a Federal Agency with limited operations in compliance with the provisions of the U.S. Federal Banking Act.

- B. There are other lawsuits filed against the Group totaling USD 129 million as of June 30, 2016 (USD 135.7 million as of December 31, 2015).

In the opinion of the management and the lawyers representing the Group in the litigation at issue, the Group will not be held liable for any amount in excess of the amount of provisions taken in connection with the lawsuits totaling USD 9.3 million as of June 30, 2016 (USD 8 million as of December 31, 2015).

33. Comparative Figures

Some of the comparative figures for the year 2015 have been reclassified to correspond with the period ended June 30, 2016 presentation and it did not result in any change to the last year's operating results.