

Arab Bank Group

Annual Report 2017



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Distinguished Shareholders,

The global economic recovery gained momentum in 2017. This recovery was supported by an upward trend in investment and international trade, boosting the confidence of consumers and producers. The improved outlook was reflected in a strong performance of capital markets globally. These developments encouraged the U.S. Federal Reserve Bank to continue to normalize its monetary policy by raising interest rates as other major central banks started slowing down their expansionary monetary policies.

Looking at the Arab economies, the economic slowdown continued in 2017 with lower real GDP growth rates. Several factors contributed to the sluggish economy, including regional conflicts in some Arab countries, lower oil production, and fiscal consolidation programs with lower capital expenditures. Nevertheless, there were positive indicators in several Arab countries, such as improving tourist flows, reduced budget deficits as a result of the fiscal consolidation, and higher oil revenues following the recovery in global oil prices.

These global and regional developments influenced the performance of the Arab banking sector. In particular, the combination of the regional economic slowdown and higher interest rates contributed to increased volatility in some Arab currencies, and increased pressure on investments and the quality of the credit portfolio. As a result, the performance and asset growth of the banking sector were affected.

Despite the difficult circumstances across the region, Arab Bank Group achieved a strong performance in 2017. The Group's operating income reached USD 1.197 billion, while its profits before taxes reached USD 797 million. These results confirmed the underlying strength and resilience of the bank's financial position and its constant ability to deal with the challenging regional and global developments based on a sound and prudent institutional approach.

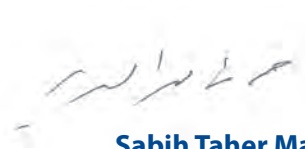
Arab Bank continued to play a leading role in the sustainable development of the Middle East and North Africa. It supported and financed infrastructure development, renewable energy, and other main projects that are vital for economic growth and job creation in the region. In addition, the bank continued

to support intra-regional trade, SMEs, and entrepreneurship, as well as initiatives aimed at strengthening communities and helping them meet growing social, economic, and environmental challenges.

Although the regional and global markets continue to be volatile, we are confident that Arab Bank Group will continue to grow, improve its results, and reinforce its leadership position.

To conclude, I would like to thank the Central Bank of Jordan for its pivotal role in ensuring the resilience and stability of the banking system and its continuous efforts to provide a stimulating investment environment that supports economic activity.

I would also like to thank our distinguished shareholders and valued customers for their trust in us. We extend a special thank you to all our employees for their efforts and dedication. As always, we are keen to continue to achieve the best results and to build a business that inspires pride in all our employees, shareholders, and customers.



Sabih Taher Masri
Chairman of the Board of Directors



Distinguished Shareholders

At the end of 2017, Arab Bank Group reported net profit of USD 533 million after tax and provisions as compared to USD 532.7 million in 2016. Excluding the effect of the devaluations of a number of Arab and foreign currencies, the Group's net profit after tax and provisions grew by 8%.

The Group also achieved a growth in net operating income of 8% through the growth in net interest income and commissions from the bank's core operations. Excluding the effect of Arab and foreign currency devaluations, net operating income achieved double digit growth of 12%.

The Group has shown a consistent solid growth during 2017 whereby loans and advances grew by 6% to reach USD 25.1 billion and customer deposits reached USD 33.8 billion. Arab Bank Group also managed to strengthen its capital base reaching USD 8.4 billion as of December 2017.

The growth in net operating income reflects the bank's strength relying on its extensive network to diversify its income sources and to keep pace with the regulatory requirements across the various markets in which it operates. The asset quality of the Group remains to be high with credit provisions held against non-performing loans at 100%, excluding the value of collaterals whilst the capital adequacy ratio calculated in accordance with Basel III regulations is at 15.3%.

During 2017, Arab Bank received several international awards and recognitions from prestigious organizations, most notably the award for Bank of the Year from The Banker magazine (published by the Financial Times) and Best Bank in the Middle East from both Global Finance magazine – New York and Union of Arab Banks.

In the period ahead, we will continue to leverage our branch network regionally to evolve the bank's business and to achieve sustainable levels of growth while maintaining the interests of our shareholders and depositors and delivering outstanding quality of service to our customers. Our strategy focuses on adopting prudent operating policies while maintaining high levels of liquidity, strong capital adequacy ratios and high asset quality. We will also continue to reinforce our operational efficiency in a manner that supports our growth in current markets and increases our readiness to explore opportunities in new markets. We will also continue to adopt digital solutions and advanced technologies which go hand in hand with the latest developments in the banking industry to meet the needs and aspirations of our customers across various sectors.

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



Nemeh Elias Sabbagh
Chief Executive Officer



Corporate and Institutional Banking

Arab Bank's Corporate and Institutional Banking (CIB) division manages the group's corporate and institutional client base, providing access to a full range of financial solutions through an extensive branch network and electronic channels. The broad range and efficient delivery of its solutions enables Arab Bank to remain the bank of choice for local, regional, and international companies and institutions.

CIB is uniquely positioned to provide its clients with a distinct added value when it comes to their business requirements. The banking solutions offered are enriched by Arab Bank's global network, understanding of local markets, and in-depth expertise. With a client-centric approach, CIB's strategy is to strengthen its clients' franchise in key markets by building on and solidifying existing client relationships, and adding new clients through targeted acquisition efforts.

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

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

Consumer Banking

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

Advanced digital solutions are important to our ability to serve customers efficiently and to streamline our internal operations. New solutions are constantly under review and are introduced regularly to ensure that customers benefit from the latest and most effective direct banking services and channels.

We closely monitor and measure the level of service we offer our customers. This is important to us as a way of maintaining the bank's leading position, strengthening its competitive edge, and continuously improving the level of customer satisfaction.

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

Treasury

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

Arab Bank's Treasury has a wide-ranging mandate, with the following responsibilities:

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

Treasury's main role is to manage the bank's liquidity and market risk, and to ensure that not only does the bank generate surplus liquidity, but that this liquidity is invested prudently using the following instruments:

- Short term placements with central banks
- Short term deposits with high quality banks
- A multi-currency portfolio of highly liquid bonds, treasury bills, and certificates of deposit

It is important for Treasury to balance the need to maintain high liquidity with low credit and low market risk. This approach is consistent with the bank's objective of being fully liquid at all times and under all circumstances, wherever the bank operates.

A full range of Treasury products and services is available to customers throughout the bank's network, whether they are exporters, importers, or savers. Arab Bank also believes in the importance of derivatives in protecting the income and interests of the bank and its clients, and takes pride in its reputation as a leading source of foreign exchange and interest rate risk hedging expertise. A full-time team is always ready to advise on and execute deals throughout the region, with the objective of protecting our corporate clients from market volatility.



The following list contains basic information of Arab Bank plc's branch network and geographical coverage as of the end of 2017.

Country	Number of Branches	Operating Since	No. of Employees
Jordan	75 (Including HO)	1934	3075
Algeria	8	2001	247
Bahrain	6	1960	185
China (Representative Office)	1	1985	4
Egypt	43	1944	1196
Lebanon	10	1944	311
Morocco	5	1962	132
Palestine	31	1930	897
Qatar	3	1957	128
South Korea (Representative Office)	1	1989	3
Singapore	1	1984	45
UAE	8	1963	274
USA (New York Agency)	1	1982	5
Yemen	7	1972	213
Kazakhstan (Representative Office)	--	2004	--
Total	200	--	6715

Branches & Staff Distribution According to Governorates

Governorate	Number of Branches	No. of Employees
Amman	51 (Including Head Office)	2879
Irbid	3	37
Zarqa	7	58
Aqaba	1	19
Balqa'a	5	27
Karak	1	10
Mafraq	1	9
Ma'adaba	1	9
Jarash	1	5
Ma'an	2	10
Tafeila	1	7
Ajloun	1	5
Total	75	3075

ADDRESSES OF ARAB BANK BRANCHES AND OFFICES ABROAD

Country	Operating Since	No. of Branches
Algeria	2001	8
Bahrain	1960	6
China (Representative Office)	1985	1
Egypt	1944	43
Lebanon	1944	10
Morocco	1962	5
Palestine	1930	31

Address	No. of Employees
	247
15 Al-Sa'ada Street, Shabani Haidara Valley, Algeria Tel. 00213 (21) 608725 Fax. 00213 (21) 480001	
	185
P.O Box 813 Building No. 540 Road 1706 - Block 317 Diplomatic Area , Bahrain Tel. 00973 17549000 Fax. 00973 17541116	
	4
Shanghai Representative Office Unit 1803, Shanghai Trade Square, 188 Si Ping Road, Shanghai 200086 China Tel. 0086 (21) 65077737/38 Fax. 0086 (21) 65072776	
	1196
46 Gameit El Dowal Street, Al-Mohandesseen Giza Tel. 0020 (2) 33328500 Fax. 0020 (2) 33328618	
	311
P.O Box 11-1015 Riad El Solh Sq. Banks Street Commercial Buildings Co. Bldg. Tel. 00961 (1) 980246/9 Fax. 00961 (1) 980803/299	
	132
P.O Box 13810 174 Mohamed V Street, Casablanca Tel. 00212 (5) 2222 3152 Fax. 00212 (5) 2220 0233	
	897
P.O Box 1476 - Grand Park Hotel Street Al Masyoon – Ramallah - Palestine Tel. 00970 (2) 2978100 Fax. 00970 (2) 2982444	

Country	Operating Since	No. of Branches
Qatar	1957	3
South Korea (Representative Office)	1989	1
Singapore	1984	1
United Arab Emirates	1963	8
Abu Dhabi Branch		
Dubai Branch		
United States of America	1982	1
(New York Agency)		
Yemen	1972	7
Total		125

Address	No. of Employees
	128
P.O Box 172 Grand Hammed Area 119 Avenue Doha – Qatar Tel. 00974 44387777 Fax. 00974 44387677	
	3
Seoul Square Bldg., 5Fl. Hangangdaero 416 Jung-gu, Seoul 04637 South Korea Tel. 0082 (2) 775 4290 Fax.0082 (2) 775 4294	
	45
80 Raffles Place –UOB Plaza 2 # 32-20 Singapore 048624 Tel. 0065 65330055 Fax. 0065 65322150	
	274
Abu Dhabi: P.O Box 875 Al-Naser St. Sh. Tahnoun Bin Mohammad Building, Tel. 00971 (2) 6392225 Fax. 00971 (2) 6212370	
Dubai: P.O Box 11364 – Emaar Square, Building #2 Tel. 00971 (4) 3737400 Fax. 00971 (4) 3385022	
	5
Federal Agency - New York 50 East 52nd Street New York, NY 1022 - 4213 Tel. 001 (212) 715 9700 Fax. 001 (212) 593 4632	
	213
P.O Box 475 & 1301 Zubairi Str. – Sana'a Tel. 00967 (1) 276585/93 Fax. 00967 (1) 276583	
	3640



Entity	No. of Employees
Arab Bank plc	6715
Europe Arab Bank plc	131
Arab Bank (Switzerland) Limited	121
Arab Bank Australia Limited	109
Islamic International Arab Bank	907
Arab Sudanese Bank Limited	80
Arab Tunisian Bank	1398
Arab Bank – Syria	283
Al Arabi Investment Group (AB Invest)	41
Al Arabi Investment Group / Palestine	8
Al Nisr Al Arabi Insurance Company	261
Arab Company for Shared Services FZ	39
Arab Gulf Tech for IT Services FZ	131
Arab National Leasing Company	29
Total	10253

The capital investment of Arab Bank plc amounted to JOD 217 million, representing net fixed assets of the Bank as of the end of year 2017 in comparison to JOD 222 million as of the end of year 2016.

The following is a brief description of Arab Bank subsidiaries and sister company and their results for 2017.

Arab Bank (Switzerland) Limited:

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

The following table lists the main financial highlights of 2017 compared to 2016:

In CHF (thousands)	2017	2016
Capital	26 700	26 700
Total shareholders' equity	535 835	525 329
Total assets	3 453 613	3 642 714
Cash and quasi cash	2 214 075	2 315 218
Direct credit facilities	1 145 311	1 218 788
Total external sources of funds (customers' & banks' deposits)	2 810 237	3 017 044
Total revenues	67 204	102 941
Net profit / (loss) before tax	22 802	24 015
Net profit / (loss) after tax	14 139	17 206

Arab Bank Australia Limited:

Arab Bank Australia Limited founded in Australia in 1994. The current paid capital of the bank is AUD 94.3 million. The bank is a wholly owned subsidiary of Arab Bank plc. Through a network of 8 branches, the Bank provides all commercial and retail banking products and services to its customers.

The following table lists the main financial highlights of 2017 compared to 2016:

In AUD (thousands)	2017	2016
Capital	94 314	69 314
Total shareholders' equity	151 398	126 294
Percentage ownership	100%	100%
Bank share of net income / (loss)	61	1 157
Total assets	973 195	1 043 365
Cash and quasi cash	351 360	350 505
Direct credit facilities	604 816	675 529
Total external sources of funds (customers' & banks' deposits)	815 192	909 175
Total revenues	23 834	26 607
Net profit / (loss) before tax	87	1 399
Net profit / (loss) after tax	61	1 157

Europe Arab Bank plc:

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

The following table lists the main financial highlights of 2017 compared to 2016:

In EUR (thousands)	2017	2016
Capital	569 982	609 984
Total shareholders' equity	278 785	309 830
Percentage ownership	100%	100%
Bank share of net income / (loss)	7 784	8 292
Total assets	3 302 108	3 739 905
Cash and quasi cash	2 142 792	2 517 478
Direct credit facilities	1 101 055	1 162 451
Total external sources of funds (customers' & banks' deposits)	2 981 488	3 382 936
Total revenues	44 511	49 216
Net profit / (loss) before tax	6 149	8 615
Net profit / (loss) after tax	7 784	8 292

Islamic International Arab Bank plc:

A wholly owned subsidiary of Arab Bank plc was established in Jordan in 1997 and started its operations in the year 1998. The current paid capital of the bank is JOD 100 Million. The bank offers a full range of banking products and services, which are in accordance with Islamic Sharia rules through a network of 42 branches spread in Jordan.

The following table lists the main financial highlights of 2017 compared to 2016:

In JOD (thousands)	2017	2016
Capital	100 000	100 000
Total shareholders' equity	174 810	156 034
Percentage ownership	100%	100%
Bank share of net income / (loss)	28 798	23 013
Total assets	2 025 095	1 946 221
Cash and quasi cash	654 267	704 595
Direct credit facilities *	1 322 816	1 177 433
Total external sources of funds (customers' & banks' deposits)	1 803 563	1 737 974
Total revenues	75 123	64 174
Net profit / (loss) before tax	43 525	34 643
Net profit / (loss) after tax	28 798	23 013

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

Arab Sudanese Bank Ltd.:

In 2008, Arab Bank plc obtained the license to establish and operate a fully owned subsidiary in Khartoum – Sudan, under the name “Arab Sudanese Bank”, which offers a full range of banking products and services that are Islamic Sharia – compliant through a network of three branches.

The Bank started its operational activities in 2009 with a paid up capital of USD 50 Million.

The following table lists the main financial highlights of 2017 compared to 2016:

In SDG (thousands)	2017	2016
Capital	117 515	117 515
Total shareholders' equity	276 901	222 091
Percentage ownership	100%	100%
Bank share of net income / (loss)	86 447	45 969
Total assets	1 945 830	1 366 939
Cash and quasi cash	1 357 939	906 640
Direct credit facilities	529 222	411 803
Total external sources of funds (customers' & banks' deposits)	1 454 732	1 114 829
Total revenues	158 193	90 503
Net profit / (loss) before tax	111 971	54 413
Net profit / (loss) after tax	86 447	45 969

Arab Tunisian Bank:

Arab Tunisian Bank (ATB) was incorporated in Tunisia in 1982. The bank current paid capital is TND 100 Million. The bank is a majority-owned subsidiary of Arab Bank plc with a 64.24% share of its capital. Arab Tunisian Bank provides all banking products and services to its customers through a network of 133 branches, spread in Tunisia.

The following table lists the main financial highlights of 2017 compared to 2016:

In TND (thousands)	2017	2016
Capital	100 000	100 000
Total shareholders' equity	598 593	576 165
Percentage ownership	64.24%	64.24%
Bank share of net income / (loss)	42 997	43 370
Total assets	6 462 346	5 455 516
Cash and quasi cash	2 113 692	1 637 801
Direct credit facilities	4 136 936	3 655 008
Total external sources of funds (customers' & banks' deposits)	5 712 184	4 774 621
Total revenues	237 221	217 396
Net profit / (loss) before tax	74 146	75 208
Net profit / (loss) after tax	66 932	67 513

Arab Bank – Syria:

Arab Bank – Syria was established in 2005, and it was licensed to carry out all commercial banking activities through a network of 19 branches spread in Syria. The current paid capital of the bank is SYP 5.05 Billion. Arab Bank plc owns 51.29% of its capital and controls technical management of the Bank. The following table lists the main financial highlights of 2017 compared to 2016:

In SYP (millions)	2017	2016
Capital	5 050	5 050
Total shareholders' equity	15 633	20 225
Percentage ownership	51.29%	51.29%
Bank share of net income / (loss)	(84)	(917)
Total assets	67 278	72 066
Cash and quasi cash	54 049	56 912
Direct credit facilities	8 547	11 680
Total external sources of funds (customers' & banks' deposits)	49 786	50 205
Total revenues	1 486	1 434
Net profit / (loss) before tax	(164)	(1 787)
Net profit / (loss) after tax	(164)	(1 787)

Al Arabi Investment Group (AB Invest):

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

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

The following table lists the main financial highlights of 2017 compared to 2016:

In JOD (thousands)	2017	2016
Capital	14 000	14 000
Total shareholders' equity	18 314	17 125
Percentage ownership	100%	100%
Bank share of net income / (loss)	1 372	(552)
Total assets	21 176	21 165
Cash and quasi cash	20 306	20 179
Direct credit facilities	-	-
Total external sources of funds (customers' & banks' deposits)	-	-
Total revenues	4 389	1 029
Net profit / (loss) before tax	1 982	(726)
Net profit / (loss) after tax	1 372	(552)

Arab National Leasing Company:

Arab National Leasing Co. was established in 1996 as a limited liability company and wholly-owned non-banking subsidiary of Arab Bank plc. The company current capital is JOD 35 Million, and it offers financial leasing services that cover a wide range of assets and products through one branch in Amman- Jordan.

The following table lists the main financial highlights of 2017 compared to 2016:

In JOD (thousands)	2017	2016
Capital	35 000	25 000
Total shareholders' equity	73 576	74 076
Percentage ownership	100%	100%
Bank share of net income / (loss)	4 500	5 164
Total assets	95 593	87 481
Cash and quasi cash	-	2 289
Investment in leasing contracts	91 687	81 534
Total external sources of funds (customers' & banks' deposits)	-	-
Total revenues	7 122	7 460
Net profit / (loss) before tax	5 909	6 739
Net profit / (loss) after tax	4 500	5 164

Al Nisr Al Arabi Insurance Company:

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

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

The following table lists the main financial highlights of 2017 compared to 2016:

In JOD (thousands)	2017	2016
Capital	10 000	10 000
Total shareholders' equity	20 933	20 757
Percentage ownership	50% + 2 Shares	50% + 2 Shares
Bank share of net income / (loss)	1 001	1 264
Total assets	83 502	72 914
Cash and quasi cash	22 433	22 131
Total Investments	56 159	45 654
Total external sources of funds (customers' & banks' deposits)	-	-
Total revenues	24 544	22 491
Net profit / (loss) before tax	2 583	3 024
Net profit / (loss) after tax	2 001	2 529

Al Arabi Investment Group Company:

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

The following table lists the main financial highlights of 2017 compared to 2016:

In JOD (thousands)	2017	2016
Capital	1 700	1 700
Total shareholders' equity	1 639	1 544
Percentage ownership	100%	100%
Bank share of net income / (loss)	80	126
Total assets	3 464	2 211
Cash and quasi cash	3 045	1 636
Total Investments	-	-
Total external sources of funds (customers' & banks' deposits)	-	-
Total revenues	432	494
Net profit / (loss) before tax	85	141
Net profit / (loss) after tax	80	126

First : Jordanian Companies:

Entity	Type	Address	Type of Activity	Capital	No. of Employees
Arab National Leasing Co.	Limited Liability	Amman, Madina Monawwara St., Arab Bank Bldg. no. 255, PO Box 940638 Amman 11194 Jordan Tel. +962 6 5531640/49/50 Fax. +962 6 5529891 www.anl-jo.com	Financial leasing	JOD 35 Million	29
Al Arabi Investment Group (AB Invest)	Limited Liability	Shmeisani, Esam Ajlouni St., Bldg. no. 3, PO Box 143156 Amman 11814 Jordan Tel. +962 6 5522239 Fax. +962 6 5519064 www.ab-invest.net	Investment & Financial services	JOD 14 Million	41
Al Nisr Al Arabi Insurance Co.	Public Shareholding	Shmeisani, Esam Ajlouni St., Bldg. no. 21, PO Box 9194 Amman 11191 Jordan Tel. +962 6 5685171 Fax. +962 6 5685890 www.al-nisr.com	Insurance services	JOD 10 Million	261
Islamic International Arab Bank	Public Shareholding	Wasfi Al Tal St., Bldg. no. 20, PO Box 925802 Amman 11190 Jordan Tel. +962 6 5694901 Fax. +962 6 5694914 www.iiabank.com.jo	Islamic banking	JOD 100 Million	907

Second : Arab & Foreign Companies:

Al Arabi Investment Group	Private Shareholding	Rammallah, old town , Al-Harjeh Bldg., PO Box 1476 Palestine Tel. +970 2 2980240 Fax. +970 2 2980249 www.abinvest.ps	Investment & Financial services	JOD 1.7 Million	8
Arab Tunisian Bank	Public Shareholding	9 Hadi Noura St, Tunis 1001 Tel. +216 71 351 155 Fax. +216 71 342 852 E-Mail : atbbank@atb.com.tn www.atb.com.tn	Commercial banking	TND 100 Million	1398
Arab Bank – Syria	Public Shareholding	Damascus, Abu Rummana, Mahdi Bin Baraka St., PO Box 38 Damascus, Syria Tel. +963 11 9421 Fax. +963 11 3349844 www.arabbank-syria.com	Commercial banking	SYP 5.05 Billion	283

No. of Branches	Name	Major Shareholders (5% or more of capital)			
		No. of Shares as of 31/12/2016	%	No. of Shares as of 31/12/2017	%
1	Arab Bank plc	25 000 000 JD/Share	100%	35 000 000 JD/Share	100%
1	Arab Bank plc	14 000 000 JD/Share	100%	14 000 000 JD/Share	100%
1	Arab Bank plc	5 000 002	50%	5 000 002	50%
	Allianz Mena Holding	1 801 264	18.01%	1 801 264	18.01%
	Yacoub Sabella	984 177	9.84%	986 878	9.87%
	Zaid Sabella	894 794	8.95%	894 794	8.95%
42	Arab Bank plc	100 000 000	100%	100 000 000	100%
1	Arab Bank plc	1 700 000	100%	1 700 000	100%
133	Arab Bank plc	64 237 531	64.24%	64 237 531	64.24%
	Zarzari Complex	5 439 294	5.44%	5 395 735	5.40%
19	Arab Bank plc	25 899 385	51.29%	25 899 385	51.29%
	Alia Talal Zain	2 525 000	5%	2 525 000	5%
	Moh'd Kamel Sharabati	2 525 000	5%	2 525 000	5%

Entity	Type	Address	Type of Activity	Capital	No. of Employees
Arab Sudanese Bank Limited	Private Shareholding	Wahat El- Khartoum Towers, P.O Box 955, Khartoum, Sudan Tel. +2491 56550001 Fax. +2491 56550004	Islamic banking	USD 50 Million	80
Arab GulfTech for IT Services FZ	Limited Liability	Dubai Outsource Zone ACSS Building, Second Floor P.O. Box 500524 Dubai, UAE Phone: +971 4 4450000 Fax :+971 4 4495460	IT services for Arab Bank branches	USD 1.5 Million	39
Arab Company for Shared Services FZ	Limited Liability	Dubai Out Source Zone ACSS Building First Floor P.O. Box 11364 Dubai, UAE Phone: +971 4 4450555 Fax: +971 4 4495463	Financial services for Arab Bank branches	AED 40.37 Million	131
Arab Bank Australia Limited	Public Shareholding	Level 7, 20 Bridge St., Sydney NSW 2000 Australia Tel. +61 2 9377 8900 Fax: +61 2 9221 5428 www.arabbank.com.au	Commercial banking	AUD 94.3 Million	109
Europe Arab Bank	Public Shareholding	13-15 Moorgate London EC2R 6AD United Kingdom Tel.: +44 20 7315 8500 Fax: +44 20 7600 7620 www.eabplc.com	Commercial banking	EUR 569.9 Million	131
Third : Sister Company:					
Arab Bank (Switzerland) Limited	Public Shareholding	Place de Longemalle 10-12 , PO Box 3575, CH-1211 Geneva , Switzerland Tel. +41 22 715 1211 Fax. +41 22 715 1311 www.arabbank.ch	Commercial banking	CHF 26.7 Million	121

No. of Branches	Name	Major Shareholders (5% or more of capital)			
		No. of Shares as of 31/12/2016	%	No. of Shares as of 31/12/2017	%
3	Arab Bank plc	5 000 000	100%	5 000 000	100%
1	Arab Bank plc	5 512 Shares	100%	5 512 Shares	100%
1	Arab Bank plc	40 370 Shares	100%	40 370 Shares	100%
8	Arab Bank plc	69 314 274	100%	94 314 274	100%
6	Arab Bank plc	50 000 deferred shares of £1 and 609 925 540 ordinary shares of €1	100%	50 000 deferred shares of £1 and 569 925 540 ordinary shares of €1	100%
2	Shareholders of Arab Bank (Switzerland) Ltd. are the same shareholders of Arab Bank plc, with an identical ownership structure.				

Arab Bank Plc Investments in the Subsidiaries Companies As at 31/12/2017:

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

Arab Bank Plc Investments in Affiliated Companies As at 31/12/2017:

Name Of Company	Nature of Business	Ownership %	Ownership Type	Country
Turkland Bank	Commercial Banking	33.3*%	Affiliated	Turkey
Oman Arab Bank	Commercial Banking	49%	Affiliated	Oman
Arab National Bank	Commercial Banking	40%	Affiliated	Saudi Arabia
Arabian Insurance Co.	Insurance Services	40.34%	Affiliated	Lebanon
Commercial Building Co. S.A.L	Real Estate / Leasing	35.24%	Affiliated	Lebanon

* Arab Bank Group retained 50% ownership of Turkland Bank as of 31/12/2017.



Name	Sabih Taher Darwish Masri
Title	Chairman / Non Executive / Non Independent
Date of Membership	27/3/1998
Date of birth	2/12/1937
Academic qualifications	BSc in Chemical Engineering, University of Texas , Austin , USA 1963
Experiences	<ul style="list-style-type: none"> - More than 55 years experience in managing private businesses in various areas of investment, finance, industry and commerce. - Founder and Chairman of Astra Group of companies (since 1966) - Chairman of the Board of Directors of ASTRA Industrial Group - Saudi Arabia (since 2007) - Chairman of the Board of Directors of ZARA Holding Co. - Jordan (since 5/1999) - Chairman of the Board of Directors of Palestine Telecommunication Corp. - Palestine (since 1998) - Member of the Board of Directors of Palestine Development & Investment Co. (Padico) - Palestine (since 1994) - Chairman of the Board of Directors of Arab Supply & Trading Co. - Saudi Arabia (since 1979) - Chairman of the Board of Directors of CICON for Building Materials Co. - UAE (since 1968) - Member of the Board of Directors of Arab Bank (Switzerland) (2005- 2013) - Chairman of the Board of Directors of Abdul Hameed Shoman Foundation, Jordan - Chairman of the Board of Trustees of An-Najah National University

**Name**

Dr. Bassem Ibrahim Yousef Awadallah

Title

Deputy Chairman / Non Executive / Independent

Date of Membership

31/3/2016

Date of birth

21/12/1964

Academic qualifications

- Doctor of Philosophy in Economics, University of London 1988
- Master of Science in Economics, University of London 1985
- Bachelor of Science in Foreign Service, International Economics, International Finance and Commerce, Georgetown University 1984

Experiences

- Chief Executive Officer / Tomoh Advisory (2009 - present)
- Member of the Board of Directors / Arab National Bank – Saudi Arabia (Representing Arab Bank plc since 1/9/2016 - present)
- Member of the Board of Directors / Al Baraka Banking Group – Bahrain (2010 - present)
- Deputy Chairman of the Board of Trustees / Al Quds University (2014 - present)
- Chief of the Royal Hashemite Court (11/2007 – 10/2008)
- Director of the Office of His Majesty King Abdullah II (4/2006 – 11/2007)
- Minister of Finance (4/2005 – 6/2005)
- Minister of Planning and International Cooperation (10/2001 – 2/2005)



Name Ministry of Finance, Saudi Arabia
Represented by Mr. Saleh Saad Al-Muhanna

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

Date of membership - Legal Entity : 29/4/1966
- Legal Entity's Representative : 31/3/2006

Date of birth 11/1/1959

Academic qualifications - M.S.c in Economics, Ohio State University, USA 1993
- B.S.c in Industrial Management, King Fahd University of Petroleum and Minerals, Saudi Arabia 1982

Experiences

- Deputy Minister for Financial and Accounts Affairs, Ministry of Finance, Saudi Arabia (2014-2017)
- Member of the Sovereign Rating Committee of Saudi Arabia (2001-2017)
- Member of the Board of Directors of Saudi Electricity Company (since 2009)
- Member of the Executive Committee of Saudi Electricity Company (since 2009)
- Member of the Board of Directors of the Saudi Global Port Company (since 2011)
- Chairman of the Audit Committee of Saudi Electricity Company (since 2012)
- Member of the Board of Directors of the General Authority of Civil Aviation (2012-2017)
- Member of the Board of Directors of King Faisal Specialist Hospital (2014-2017)
- Member of the Advisory Committee of the Military Service Board (2014-2017)
- Member of the Board of Directors of the Public Pension Fund (2015-2017)
- Member of the Board of Directors of The Saudi Health Board (2015-2017)
- Member of the Board of Directors of the Job Creation Commission (2016-2017)
- Member of the negotiating team with International Petroleum Companies in relation to Natural Gas Initiative (2000-2004)
- Training and Scholarship Committee at the Ministry of Finance (2000 - 2012)
- Allowances Committee at Ministry of Civil Services (2004-2012)
- Member of the Board of Directors of the Saudi Moroccan Investment Company (2000-2006)
- Member of the Board of Directors of the Saline Water Conversion Corporation (2005-2011)
- Member of the Board of Directors of the Technical & Vocational Training Corporation (2008 - 2013)



Name	Nazek Asaad Odeh / Al-Hariri
Title	Member of the Board of Directors / Non Executive / Non Independent
Date of membership	29/8/1996
Date of birth	12/9/1957
Academic qualifications	University Degree
Experiences	<ul style="list-style-type: none"> - President of the Rafik Hariri Foundation - President of Trustees of Rafik Hariri University - President of Nazek Hariri Welfare Center for Special Education - Jordan - President of the Beirut Festivals Association - Board Member of BankMed SAL - Lebanon - Vice Chairman of GroupMed Holding SAL - Lebanon - Member of the Board of Cleveland Clinic - USA - First Ambassador of the International Osteoporosis Foundation - President of 206-A Bone Fund - Vice President of the Chronic Care Center- Lebanon - Member of the Board of Trustees of the Children's Cancer Center- Lebanon - Member of the "Nahda Philanthropic Society for Women"- Saudi Arabia - Member of the Board of Trustees of Jordan Education Association - Jordan - Co-Chairperson of the Rafik Hariri UN-Habitat Memorial Award



Name
Title

Social Security Corporation
Member of the Board of Directors /Non Executive / Non Independent

Date of Membership

Legal Entity: 20/9/2001

Legal Entity's Representative

Dr. Izzeddin Muhy Eddin Kanakrieh Dr. Hamzeh Ahmad Khalifeh Jaradat

Date of birth

28/6/2016 - 14/11/2017

Since 15/11/2017

13/9/1960

1/10/1963

Academic qualifications

- | | |
|---|--|
| <ul style="list-style-type: none"> - PhD in Finance / Amman Arab university 2010 - MSc. In Finance & Accounting / Arab Academy for Financial & Banking Sciences 1997 - BSc. In Economics / Yarmouk University 1984 | <ul style="list-style-type: none"> - Ph.D., Macro and Monetary economics, Econometrics, Finance, The University of Tennessee, Knoxville, U.S.A, August 2000 - M.Sc., Economics, University of Jordan, August 1994 - B.Sc., Economics & Computer Science, Yarmouk University, Jordan, January 1987 |
|---|--|

Experiences

- | | |
|--|---|
| <ul style="list-style-type: none"> - Secretary General / Ministry of Finance (since 5/6/2014 -present) - Director General / The Income & Sales Tax Department (3/2012) - Commissioner to the Jordan Securities Commission (9/2012 – 6/2014) - Secretary General / Ministry of Finance (2007 – 3/2012) - Assistant Secretary General Assistant for Financial Affairs in the Ministry of Finance (2005 – 2007) - Director of the Cash Management Directorate in the Ministry of Finance (2001-2005) - Head of the Credit & Energy Division at Cash Management Directorate in the Ministry of Finance (1993 - 2000) - Financial Analyst for Public Treasury & Expenditures Accounts, then Accountant & Analyst for the Energy Sector & raw fuel at the Cash Management Directorate at the Ministry of Finance (1986 – 1993) - Accountant / Jordan Armed Forces (1984 – 1986) | <ul style="list-style-type: none"> - Director, Research Department, Social Security Investment Fund, (September 2015 – present) - General Director, Jordan Post (May 2014 – May 2015) - Director, Public Private Partnership (PPP) Unit, Ministry of Finance, Jordan (2013- 2014) - Director, Public Debt Department, Ministry of Finance, Jordan (2012-2013) - Senior Economist, International Monetary Fund, IMF Center for Economics and Finance, Kuwait (2011- 2012) - Advisor to the Minister, Ministry of Finance, Jordan (2004-2011) - Economic Researcher, Economic Research and Studies Department, Central Bank of Jordan, (1989-2000) - Assistant Professor of Economics and Finance, The University of Tennessee and Hanover College, USA (2000-2004) - Board Member and Head of Committees of several companies, including Jordan Telecom/ Orange, National Electricity Company, Airports Company, Jordan Post, Commercial Bank, Housing Bank for Trade & Finance, Jordan Press - National Coordinator, OECD-MENA Initiatives and member of Governance and Public Finance Experts groups (2009-2014) |
|--|---|



Name Wahbe Abdallah Wahbe Tamari

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

Date of membership 31/3/2006

Date of birth 14/5/1963

Academic qualifications

- Owner / President Management Program (OMP 43), Harvard Business School, (February 2013)
- BA in Management, Webster University, Geneva, Switzerland (1985)

Experiences

- Chairman of the Board of Directors of Arab Bank (Switzerland) Ltd, Geneva, Switzerland (since 19/4/2013), previously Member of the Board of Directors (2007-2013)
- Vice Chairman of the Board of Directors of Oman Arab Bank SAOC- Muscat, Oman (since September 2016)
- Vice Chairman of the Board of Directors of Ubhar Capital SAOC – Muscat, Oman (since February 2017)
- Chairman of the Board of Directors of Arabia Insurance Co. SAL. - Beirut, Lebanon (since 26/6/2006)
- Chairman of the Board of Directors of Commercial Buildings Co. SAL. - Beirut, Lebanon (since 25/5/2009)
- Chairman of the Board of Directors of Immofina Holding S.A.L. – Beirut, Lebanon (since July 2009)
- Chairman of the Board of Directors of the National Company for Real Estate Projects (NCREP) S.A.L. – Beirut, Lebanon (since 30/5/2013)
- Member of the Board of Directors of Solidere International Ltd. – Dubai, UAE (since May 2016)
- Member of the Board of Directors of Consolidated Contractors Company (since September 2010)
- Founder & Vice Chairman of W&P S.A. (previously Watamar & Partners S.A.), Geneva, Switzerland (since June 2017), previously Chairman of the Board of Directors (2003-2017)
- Member of the Board of Directors of Sucafina S.A. Geneva, Switzerland (since 25/8/1998)
- Member of WPO/YPO - Switzerland (since 1999)
- Member of the Board of Directors of LIFE (since April 2016)
- Member of the Board of The Tamari Foundation – Switzerland (since 2012)
- Member of the Advisory Committee of The Hassib J. Sabbagh Foundation – Switzerland (since 2012)



Name	Abdul Hameed Shoman Foundation Represented by Mr. Khaled Anis Moh'd (Zand Irani)
Title	Member of the Board of Directors / Non Executive / Non Independent
Date of membership	- Legal Entity : 31/3/2006 - Legal Entity's Representative : 27/12/2010
Date of birth	21/8/1964
Academic qualifications	- M.S.c. Degree in national parks management and tourism, New Mexico University 1993 - M.S.c. Degree in Arid Land Use, Jordan University 1989 - B.Sc. Degree in Soils, Jordan University 1986
Experiences	- Member of the Upper House of Parliament (2013 - 2016) - President of the Royal Society for the Conservation of Nature (since 2011) - Founder and CEO of E2e Company (since Jan. 2011) - Senior Advisor – Alcazar Energy / Jordan (since 2016) - Chairman of Birdlife International (since 2012) - Minister of Energy and Mineral Resources (Dec. 2009 - Nov. 2010) - Minister of Environment (April 2005 - Dec. 2009) - Director General for the Royal Society for the Conservation of Nature (Oct. 1996 - June 2005) - Manager of the Protected Areas Dept. (Jan. 1986 - Jan. 1989) - Research Assistant / Jordan University (Oct.1986 - Jan. 1989) - Member of International Environmental Committees - Member of Royal Energy Committee - Member of Royal Water committee



Name Bassam Wael Rushdi Kanaan

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

Date of membership 22/1/2013

Date of birth 10/5/1965

Academic qualifications

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

Experiences

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



Name	Abbas Farouq Ahmad Zuaiter
Title	Member of the Board of Directors / Non Executive / Independent
Date of membership	27/3/2014
Date of birth	16/7/1967
Academic qualifications	- BSBA, Finance & Accounting, Georgetown University 1989
Experiences	<ul style="list-style-type: none">- Co-Founder & Managing Member, Zuaiter Capital Holdings, LLC (April 2013-present)- Chairman of the Board of Directors of Adecoagro (2003-present)- Member of the Board of Directors of The Capital Holdings Funds plc (2014-present)- Member of the Board of Advisors, iMENA Group (2013-present)- Member of the Board of Regents at Georgetown University (2014-present)- Member of the Executive, Investment, Management, Capital Allocation & Risk Committees, Soros Fund Management (September 2002 – April 2013)- Chief Operating Officer, Soros Fund Management (September 2002-April 2013)- Group Chief Financial Officer, Soros Fund Management (September 2002- December 2004)- Partner, PricewaterhouseCoopers LLP – USA Firm (April 1994-September 2002)

Name Abbas Farouq Ahmad Zuaiter

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

Date of membership 27/3/2014

Date of birth 16/7/1967

Academic qualifications

- BSBA, Finance & Accounting, Georgetown University 1989

Experiences

- Co-Founder & Managing Member, Zuaiter Capital Holdings, LLC (April 2013-present)
- Chairman of the Board of Directors of Adecoagro (2003-present)
- Member of the Board of Directors of The Capital Holdings Funds plc (2014-present)
- Member of the Board of Advisors, iMENA Group (2013-present)
- Member of the Board of Regents at Georgetown University (2014-present)
- Member of the Executive, Investment, Management, Capital Allocation & Risk Committees, Soros Fund Management (September 2002 – April 2013)
- Chief Operating Officer, Soros Fund Management (September 2002-April 2013)
- Group Chief Financial Officer, Soros Fund Management (September 2002- December 2004)
- Partner, PricewaterhouseCoopers LLP – USA Firm (April 1994-September 2002)



Name Alaa Arif Saad Batayneh

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

Date of membership 22/4/2015

Date of birth 6/6/1969

Academic qualifications

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

Experiences

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



Name	Suleiman Hafez Suleiman Al Masri
Title	Member of the Board of Directors / Non Executive / Independent
Date of membership	27/10/2016
Date of birth	1/1/1941
Academic qualifications	<ul style="list-style-type: none"> - Bachelor Degree in Trade / University of Alexandria - Beirut Branch 1968 - Financial and Management courses in the United States of America, United Kingdom and Austria
Experiences	<ul style="list-style-type: none"> - Member of the Board of Trustees of The Higher Council for Science and Technology (2013-present) - Minister of Finance (1997-1998) - Minister of Finance (2012-2013) - Minister of Post & Telecommunications (1998-1999) - Minister of Energy (2010) - Secretary General of the Ministry of Finance (1991-1996) - Chairman / Royal Jordanian Airlines (2014-2016) - Chairman / Social Security Investment Fund / Social Security Corporation (2013-2016) - Chairman / Electricity Regulatory Commission (2009-2010) - Chairman / Telecommunication Regulatory Commission (1998-1999) - Chairman / Jordan Telecommunications Corporation (1999-2001) - Chairman / Arab Potash Co. (2001-2003) - Chairman / KEMAPCO (Kemera Co.) for Fertilizers & Chemicals Industries (2001-2003) - Chairman / Jordan Bromine Co. (2001-2003) - Chairman / Free Zones Corp. & Jordan Investment Corp (1997-1999) - Member of Royal Commission for Modernization and Development (1993-1996) - Governor of the International Monetary Fund "Representing Jordan" for various periods - Deputy Governor of the Islamic Development Bank / Jeddah "Representing Jordan" (1991-1997) - Deputy Governor of the Arab Monetary Fund "Representing Jordan" (1991-1997) - Chairman of the Ministerial Development Committee for various periods - Member of the Board of Directors / Royal Jordanian Airlines (1991-1997) - Member of the Board of Directors / Jordan Electricity Authority (1991-1997) - Member of the Board of Directors / Social Security Corporation (1991-1997) - Member of the Board of Directors / Orphan Development Corp. (1991-1997) - Member of the Board of Directors / Agriculture Credit Corp. (1991-1997) - Member of the Board of Directors / Arab Engineering Industries (1992-1997) - Member of the Board of Directors / Civil Aviation Authority (1991-1997) - Member of the Board of Directors / Jordan Cement Factories Co. (1990-1997) - Member of the Board of Directors / Jordan Phosphate Co. (1992-1997) - Member of the Board of Directors / Arab African Bank (1991-1997) - Member of the Board of Directors / Arab Organisation for Agricultural Development (1992-1997)

**Name**

Dr. Musallam Bin Ali Bin Hussein Musallam

TitleMember of the Board of Directors /
Non Executive / Independent**Date of
membership**

8/5/2017

Date of birth

9/10/1956

**Academic
qualifications**

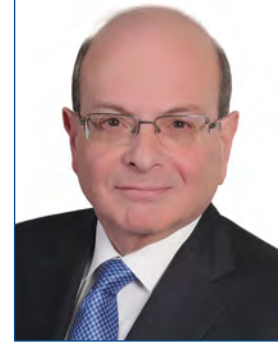
- Ph.D. in International Relations / Georgetown University 1993
- M.A In Political Science / Georgetown University 1988
- B.A. In Political Science / West Liberty University 1982

Experiences

- Founder & Chairman of AYAN Holding – Saudi Arabia
- Board Member of Okaz Organization for Press & Publications – Saudi Arabia (2015-present)
- Board Member of Nearland Properties - Overseas
- Member of the Board of Trustees of the Arab Thought Foundation – Lebanon (2005-present)

Name	Position	Resignation Date
Mr. Mohammad Ahmad Mokhtar Al-Hariri	Member	15/2/2017

Mr. Nemeh Elias Sabbagh
Chief Executive Officer



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

Academic Qualifications:

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

Experience:

- Chief Executive Officer - Arab Bank (since February, 2010)
- Executive General Manager - Bank Med in Lebanon(2006-2009)
- Managing Director and Chief Executive Officer - Arab National Bank in Riyadh, Saudi Arabia (1998-2005)
- General Manager of the International Banking Group- National Bank of Kuwait (1979-1998)
- Worked with the Industrial Bank of Kuwait (1976-1979), First Chicago in Chicago (1974-1975) and the World Bank in Washington, D.C., 1973
- Board Member of Turkland Bank (T-bank) – Istanbul (Chairman)
- Board Member of Europe Arab Bank plc –London (Chairman)
- Board Member of Association of Banks in Jordan since 15/12/2010
- Member of the Board of Directors of Arab National Bank
- Member of the Board of Directors of Al – Hussein Fund for Excellence
- Member of the Board of Trustees - Jordan University of Science and Technology - Jordan
- Member of the Board of Trustees - American University of Beirut

Ms. Randa Muhammad Sadik
Deputy Chief Executive Officer



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

Academic Qualifications:

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

Experience:

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

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

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

Date of appointment : 1/2/2007

Date of birth : 6/1/1953

Academic Qualifications:

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

Experience:

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

Mr. Antonio Mancuso-Marcello**EVP - Head of Treasury**

Date of appointment : 1/6/2008

Date of birth : 2/5/1966

Academic Qualifications:

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

Experience:

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

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

Date of appointment : 20/11/2011

Date of birth : 28/11/1962

Academic Qualifications:

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

Experience:

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

Walid Muhi Eddin Mohammed Al Samhour
EVP- Jordan Country Head



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

Academic Qualifications:

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

Experience:

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

Name : Eric J. Modave
EVP - Chief Operating Officer



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

Academic Qualifications:

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

Experience:

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

Mr. Ghassan Hanna Suleiman Tarazi**EVP - Chief Financial Officer**

Date of appointment : 1/8/2003

Date of birth : 8/1/1964

**Academic Qualifications:**

- B.Sc. in Economics, Acadia University – Canada, 1984
- M.Sc. in Business Management, Leuven University, Belgium, 1986
- Professional certification (CBA & CPA) from the USA and FAIBF from Australia

Experience:

- Chief Financial Officer, Arab Bank, (since 8/1/2017)
- Secretary of the Board, Head of Secretariat Division, Investments and Investors Relations (January 2013 - 31/12/2015)
- Head of Group Internal Audit, Arab Bank (1/8/2003 - 30/6/2008)
- Head of Financial Control and Risk Management, Gulf Investment Corporation, Kuwait, (2/2003 – 7/2003)
- Partner, KPMG Certified Accountants & Auditors, Amman, Jordan (1994 – 2003)
- Assistant Manager, Jordan National Bank, Amman, (1992 – 1993)
- Senior Audit, Arthur Andersen & Co. (1989 – 1992)
- Member of the Board of Directors of Arab Tunisian Bank - Tunisia
- Member of the Board of Directors of Europe Arab Bank plc- London

Basem Ali Al-Imam, Lawyer
Board Secretary / Head of Legal Affairs Division



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

Academic Qualifications:

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

Experience:

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

Yosif Ali Yosif Saptis**SVP – Head of HR Strategy and Planning /
Acting Head of Human Resources**

Date of appointment : 22/11/2007

Date of birth : 17/10/1966

Academic Qualifications:

- BS, Business Administration –University of La Verne, California USA – 1990

Experience:

- Senior Vice President, Head of HR Strategy and Planning (11/2007)
- Head of HR, Central Europe, Middle East & Africa (CEMEA), Nokia Networks (Finland), (2004 - 2007)
- Director of Human Resources Consultancy, Qatar Foundation for Education, Science & Community Development, (Doha- Qatar), (2004)
- HR Development Manager, PECHINEY Group (Athens- Greece), (2002 – 2004)
- Group HR Manager, ARCHIDRODON GROUP NV, (Netherlands & KSA), (1999 - 2002)
- Field HR Manager CONSOLIDATED CONTRACTORS COMPANY INTERNATIONAL – CCC, (Athens -Greece), (1991 – 1999)

Mr. Georges Fouad El-Hage**EVP - Chief Risk Officer**

Date of appointment : 1/2/2002
 Date of birth : 21/7/1958

Academic Qualifications:

- B.Sc. (Honours) in Mechanical Engineering, King's College, University of London, UK, 1980
- M.Sc. in Engineering- Industrial Construction, Stanford University, CA – USA, 1981
- MBA, University of Toronto, Ontario – Canada, 1987
- Chartered Financial Analyst, 1993

Experience:

- Executive Vice President, Group Risk Management- Arab Bank plc – Amman, (since 2002)
- Manager, Group Risk Management- TD Bank Financial Group- Toronto – Canada, (1996-2002)
- Senior Analyst, Finance, TD Bank Financial Group- Toronto – Canada, (1993-1996)
- Senior Relationship Manager, Commercial Banking, TD Bank Financial Group- Toronto – Canada, (1987-1993)
- Project Engineer, National Petroleum Construction Company, Abu Dhabi – UAE, (1982-1985)
- Chairman of Al Nisr Al Arabi Insurance Company

Mr. Michael Matossian
EVP - Chief Compliance Officer



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

Academic Qualifications:

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

Experience:

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

Mr. Fadi J. Zouein
EVP - Head of Internal Audit



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

Academic Qualifications:

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

Experience:

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

- Member of the Institute of Internal Auditors

Khulud Walid Eisawi**Head of Secretariat Department**

Date of appointment : 23/9/1989

Date of birth : 3/10/1967

Academic Qualifications:

- M.S.c in English Language – University of Jordan 1995
- B.S.c in English Language – University of Jordan 1989

Experience:

- Head of Secretariat Department (5/2015 – present)
- Manager / Secretariat Department (9/2012 – 5/2015)
- Office of Chairman of the Board of Directors (1/1996 – 8/2012)
- Employee at the Credit Department – International Branches (9/1989 – 12/1995)

Name	Title	Resignation Date
Marwan Nashat Ragheb Riyal	EVP - Head of Human Resources	17/8/2017

Arab Bank's policies for performance management and incentives which are adopted by the Bank's Board of Directors are developed based on the Corporate Governance regulations issued by central banks. These policies have identified the link between performance bonus pool and other related factors including: overall performance of the Bank, performance of the country where Arab Bank operates, results of the respective division and the individual's performance.

These policies do not accept nor approve any achievements which may expose the Bank to unacceptable risks – short or long term – and do not reward poor performance. Consequently, the Bank applies tools in line with governance regulations such as resorting to reducing the total bonus pool, whilst taking into consideration the possibility of deferring, reducing or clawing back the already approved or granted bonuses.

When determining performance bonuses, the policies take into account, wherever is applicable, all types of risks associated with the core activities of the Bank (liquidity risks, credit risks, general circumstances in the regions where the Bank operates, etc.). These risks are identified in order to achieve the balance between financial performance and risk levels that could be entailed in the banking activities and business deals.

Such policies aim at enhancing the Bank's long-term performance and making sure that revenues have materialized, while taking into account the future revenues that may be subject to changing circumstances. Therefore, granting the bonuses should not only be based on current year's performance, but also on the period it may take for such revenues to be attained. This applies to long-term objectives that cannot be achieved in the same year. Hence, the policy emphasizes the link between the bonus amount, the period it will be granted over, and the actual attainment of future results.

The policy of performance bonus ensures achieving objectivity and independence of the employees working in control functions, such as risk management, compliance, and internal control, where their performance is measured and their bonuses are determined independently from the business functions they control.

The Bank also believes that the performance bonus policy should be competitive so that salaries and bonuses are adequate to attract and retain people who possess high levels of knowledge, skill and expertise in their fields. The Bank also ensures that the bonuses cover all employees' categories and management levels, while reinforcing the efficiency of the risk management framework as well as the financial safety and stability of the Bank.



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

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

During 2017, Arab Bank received several international awards and recognitions from prestigious organizations, most notably the award for Bank of the Year from The Banker magazine (published by the Financial Times) and Best Bank in the Middle East from Global Finance magazine – New York and Union of Arab Banks.

The list of awards also includes Best Bank in Jordan from Global Finance, Euromoney, The Banker (published by the Financial Times), Banker Middle East, and EMEA Finance magazines. Arab Bank also received several awards from Global Finance magazine, including Best Trade Finance Provider in the Middle East and Jordan, Best Corporate Digital Bank in Jordan, Best Foreign Exchange Provider in Jordan, Best Bank in Social Media in the Middle East, Best Consumer Digital Bank in Palestine and Egypt, Best Treasury & Cash Management Provider in Jordan and Morocco, and Best Bank in Yemen.

In addition, Arab Bank was awarded Best FX services in the Middle East and Best Transactional Bank for Financial Institutions in the Middle East from EMEA Finance and Cash Manager of the Year from Global Investor.

The World Union of Arab Bankers recognized Arab Bank as the Largest and Most Prevalent Bank for 2017.

Market shares in specific Locations:

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

Country	Total Assets %	Deposits %	Direct Credit Facilities %
Jordan	19.04%	19.2%	15.6%
Palestine	22.58%	25.54%	23.25%
Bahrain	4.22%	2.48%	4.47%
Egypt	1.44%	1.77%	2.16%
Lebanon	0.63%	0.64%	1.19%
Qatar	0.57%	0.80%	0.59%
UAE	0.64%	0.75%	0.80%

Note: Market Share was calculated based on the most recent data released by the central banks in the respective countries.

Arab Bank ranks first among banks operating in Jordan in terms of total assets, deposits and credit facilities.

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

MAJOR SUPPLIERS AND CLIENTS

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

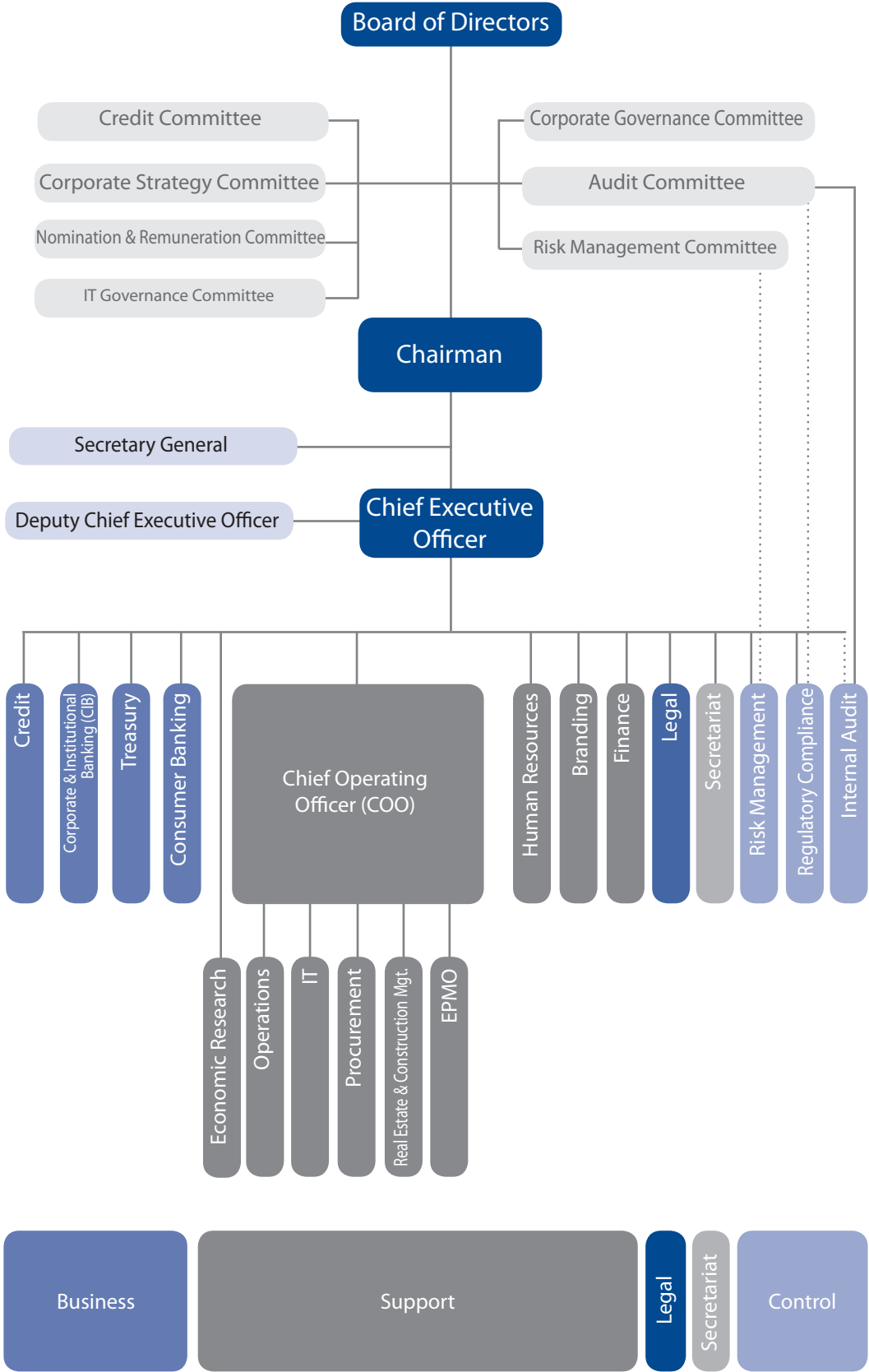
No decrees, laws or regulations were issued by any governmental bodies or international organizations that would have material impact on the Bank, its products or its competitive capabilities, noting that the international quality standards are not applicable to the Bank.

In 2017, Arab Bank received the following ratings from international credit rating agencies, considering the credit rating for the Jordanian Government.

- (BB+) with (Negative) outlook from Fitch, in June 2017
- (Ba2) with (Stable) outlook from Moody's, in December 2017
- (B+) for Arab Bank plc with (Stable) outlook in October 2017, as well as (BB+) with a (Stable) outlook for both Europe Arab Bank and Arab Bank Australia from Standard and Poor's

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

ARAB BANK ORGANIZATION CHART / HEAD OFFICE



NUMBER OF STAFF AND ACADEMIC QUALIFICATIONS

Academic Qualifications	Arab Bank plc	Europe Arab Bank plc	Arab Bank (Switzerland) Ltd.	Arab Bank Australia Ltd.	Islamic International Arab Bank	Arab Sudanese Bank Ltd.	Al-Arabi Investment Group (AB Invest)	Arab Tunisian Bank
PhD	9	0	4	1	9	1	0	4
Master's degree	585	21	19	12	81	25	7	255
Advanced diplomas	27	24	28	0	4	2	1	362
Bachelor's degree	4542	52	25	44	599	46	27	172
Junior college	545	8	25	34	105	1	1	102
High school	521	26	17	17	43	2	1	188
Sub high school	486	0	3	1	66	3	4	315
Total Employees	6715	131	121	109	907	80	41	1398



Arab Bank - Syria	Al Nisr Al Arabi Insurance Company	Arab Company for Shared Services	Arab Gulf Tech for IT Services	Arab National Leasing Company	Al-Arabi Investment Group	Total
2	0	0	0	0	0	30
15	16	22	6	4	1	1069
3	0	3	0	0	1	455
190	209	83	29	18	5	6041
42	19	15	3	4	0	904
18	7	6	1	2	1	850
13	10	2	0	1	0	904
283	261	131	39	29	8	10253

Area	In house									
	Talent and Ruwad		Internal Trainers				In house/Training Partners			
			Technical		Soft		Technical		Soft	
	Courses	Trainees	Courses	Trainees	Courses	Trainees	Courses	Trainees	Courses	Trainees
Jordan	19	161	181	3699	5	76	24	318	12	162
Palestine	0	0	42	588	5	79	6	76	91	264
Egypt	0	0	31	514	27	346	23	359	30	374
Morocco	0	0	0	0	0	0	0	0	0	0
Algeria	0	0	13	133	0	0	0	0	1	23
Lebanon	0	0	15	259	0	0	10	171	1	34
Yemen	0	0	0	0	0	0	1	3	0	0
Bahrain	0	0	8	143	0	0	0	0	1	20
UAE	0	0	8	25	0	0	1	1	1	2
Qatar	0	0	5	78	0	0	1	1	1	1
Total per Item	19	161	303	5439	37	501	66	929	138	880

External				E-Learning		Certifications and Business Skills		Grand Total Per Area	
Technical		Soft		Courses	Trainees	Courses	Trainees	Courses	Trainees
Courses	Trainees	Courses	Trainees						
115	255	12	158	833	7627	14	71	1215	12527
19	48	15	98	277	1794	6	40	461	2987
53	632	21	258	588	3055	1	1	774	5539
6	8	0	0	97	338	4	4	107	350
1	8	0	0	20	514	4	33	39	711
48	102	0	0	932	4698	12	41	1018	5305
13	28	0	0	132	458	3	7	149	496
52	105	23	64	1440	3131	0	0	1524	3463
92	143	4	45	720	2661	0	0	826	2877
4	8	0	0	36	238	1	17	48	343
403	1337	75	623	5075	24514	45	214	6161	34598

OVERVIEW

Arab Bank addresses the challenges of banking risks comprehensively through an Enterprise-Wide Risk Management Framework based on leading practices, and supported by a Board and Executive level risk governance structure consisting of the following committees and three independent levels of oversight:

Committees:

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

The internal control process consists of three levels as follows:

- First Level: Business Line and Country Internal Control Units.
- Second Level: Group Risk Management (GRM) and Group Regulatory Compliance (GRC).
- Third Level: Group Internal Audit (GIA).
- The Board of Directors reviews and approves the Bank's overall risk management strategy, and oversees its execution. In addition, the Board of Directors oversees and ensures, through its various committees, that comprehensive risk management policies and procedures are established in all bank locations.
- The Heads of Strategic Business Units manage risks within their specific business lines whether credit or operational. In addition, the Global Treasurer is responsible for the management of liquidity and market risks. They operate within formally delegated risk limits and are responsible and accountable for identifying, assessing, controlling, mitigating and reporting on risks in the course of their business activities.
- The Chief Risk Officer (CRO) is responsible for ensuring that the Bank has a robust system for the identification and management of risk and for establishing appropriate risk frameworks consistent with the Bank's overall business strategy and risk appetite.
- The Chief Compliance Officer (CCO) is responsible for assuring that the Bank is in compliance with applicable laws, rules and regulations, in particular those issued by regulatory authorities.

- The Chief Financial Officer (CFO) is in charge of defining financial risks, reviewing any differences in financial regulatory controls, safeguarding the quality of financial data, and for ensuring the accuracy and reliability of the Bank's Financial Statements.
- The Bank's Internal Audit Division is independent from executive management and reports to the Audit Committee of the Board. It contributes to achieving the Bank's objectives by following a systematic, and disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. It also provides an independent and objective assurance that the Bank's functions work in compliance with approved policies and procedures, and that all functions are committed to maintain an effective and efficient internal control environment, within approved methodologies and frameworks. Group Internal Audit provides the Board Audit Committee, the Chief Executive Officer and the respective business units with the audit outcome and monitors the implementation of remedial actions.

RISK MANAGEMENT

Group Risk Management represents one of the fundamental levels of oversight and is part of the organizational structure framework for managing the bank's risks. Group Risk Management is responsible for developing a robust and effective system for the identification of risks to which the bank is exposed and for the management thereof as follows:

- A. Monitor the level of compliance of executive divisions with defined acceptable risks
- B. The Board of Directors ensures remediation of deviations above and beyond acceptable risk levels
- C. The Board of Directors ensures that GRM regularly conducts stress testing to measure the ability of the bank to withstand shocks and elevated risks, and has a key role in validating test assumptions and scenarios, discussing test results and approving any required actions.
- D. The Board approves a methodology for conducting a comprehensive Internal Capital Adequacy Assessment (ICAAP). This methodology must be effective in identifying all types of risks which might be faced by the bank, and must take into consideration the bank's strategic and capital management plans. This process is reviewed periodically to ensure proper implementation and to provide continued assurance that the bank maintains ongoing adequate capital for all potential risk exposures.
- E. The Board takes into consideration all potential risks prior to approving any expansion activities.
- F. GRM submits reports to the Risk Committee of the Board and has the necessary authority to obtain information from other Bank divisions in order to carry out its mandate.

- G. The Board approves the bank's Risk Appetite Statement.
- H. Additional GRM duties include the following at a minimum:
 - 1) Establish the bank's Risk Management Framework for ratification by the Board.
 - 2) Implement the risk management strategy and develop frameworks, policies and procedures for all types of risks and monitor their implementation.
 - 3) Develop appropriate risk measurement tools and models to measure, control and oversee all types of risks.
 - 4) Submit reports to the Board (through the Risk Committee) and to Executive Management on the Risk Profile of the bank and its status in relation to the bank's Risk Appetite, and follows-up to ensure the proper remediation of deviations.
 - 5) Ensure proper integration between risk measuring tools and IT systems.
 - 6) Study and analyse all types of risks that might be faced by the bank.
 - 7) Provide recommendations to the Risk Committee of the Board on mitigating risk exposures and document and report any exception to policies and standards.
 - 8) Provide the necessary information for required risk reporting and disclosures.
 - 9) Improve and raise the level of risk awareness among all employees based on acceptable practices and standards especially those pertaining to the financial sector.

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

- The Credit Risk Management Department is responsible for the centralized reporting of credit risk, Credit policy review, and the internal risk rating systems. These rating systems are designed to improve "probability of default" measurements and lead to the implementation of the Bank's risk-adjusted return-on-capital model. The department is also responsible for the implementation of Central Banks and Basel Committee requirements that are related to Credit Risk and any amendments thereof.
- The Business Risk Review Department conducts comprehensive individual, portfolio and business risk reviews. It ensures that the Bank's various portfolios are aligned to their economic perspective, business strategy and target market and recommends corrective action, if necessary. The department also assesses the quality of the loan portfolio, lending policies and processes and the

capabilities of the credit staff. Supplemental targeted reviews are undertaken based on market conditions, the size and sectoral nature of portfolios. In specific instances, such reviews are supported by tailored stress testing scenarios.

- The Market and Liquidity Risk Management Department is responsible for setting comprehensive market and liquidity risk policy frameworks. The policy framework ensures independent measurement, monitoring and control of the Bank's market and liquidity risk. The department is also responsible for setting and monitoring risk limits, the calculation of Value-at-Risk, stress testing and other quantitative risk assessments (such as those related to Basel II and III) which are performed in coordination with Treasury and Finance.
- The Operational Risk Management Department, which also covers strategic and reputation risks, leads the implementation of a Bank-wide operational risk management framework, as part of the overall strengthening and continuous improvement of the internal control systems within the Bank. The framework consists of policies and aims at the identification, assessment, mitigation, monitoring, and reporting of operational risks in all business activities. Major tools used for operational risk management include Risk and Control Self-Assessment (RCSA), Key Risk Indicators (KRIs), in addition to loss data collection and analysis for operational risks.
- The Information Security Department aims at enabling and supporting business growth by minimizing information and technology risks, maximizing compliance and enabling technology adoption in all lines of business including the digital banking services enjoyed by our clients. The goal is to ensure that assets (information, people, processes and technologies) are adequately protected from possible threats, whether internal or external, deliberate or accidental. Our strategy recognizes the importance of Information Security in establishing and maintaining trust relationship with our customers, business partners, and bank employees. This is built to instill good security practices, raise information risk awareness, strengthen controls, and ongoing enhancement for the effectiveness of prevention security controls, monitoring and incident response.
- The Business Continuity Management Department aims to counteract interruptions to business activities, to protect critical processes from the effects of major information systems failures or disasters, whether natural or otherwise, and to ensure their timely resumption. The framework is based on identifying major risks and analyzing their impact on business. The teams conduct risk assessments and use a centralized database to build the bank's comprehensive continuity plans. These plans are kept up-to-date by each country through the use of a web-based application, and are tested on a regular basis to ensure timely resumption of essential operations and services.
- The Insurance Department oversees all the Bank's insurance operations using a centralized database at the local and group levels. It also arranges adequate insurance cover for all insurable risks. The department provides the Bank Divisions with the necessary support in reviewing, recommending, and delivering customized insurance coverage for products, portfolios, credit facilities, and financial transactions related to the Bank clients.

- The Policy Center Department is responsible for centrally managing all the Bank's high level policies from the development phase until final ratification, according to a standard framework specifically customized for the Bank. These high level policies are then embedded in more details into the bank's various operational processes and its policies and procedures.
- The various GRM departments work in coordination with Finance on Capital Management related assignments to assess the impact of new regulations (e.g. Basle III) on capital, and to deliver a comprehensive Internal Capital Adequacy Assessment (ICAAP) supported by a stress test framework which includes multiple scenarios covering credit, market, liquidity and operational risk events. Periodic reporting to Senior Management and to banking regulators further ensures that our capital is managed effectively.

CREDIT RISK:

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

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

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

- Clear tolerance limits and risk appetite set at the Board level, well communicated to the business units and periodically reviewed and adjusted as appropriate.
- Credit Committee structure that ensures credit approvals are made by consensus by committees and not individuals.
- Clear segregation between Business and Credit.
- Authorities are delegated based on risk-differentiated grids for each committee at Country and Head Office levels which are reviewed on a regular basis.
- Well-defined target market and risk asset acceptance criteria.
- Rigorous financial, credit and overall risk analysis for each customer/transaction.
- Regular credit risk reporting to Senior Management, Credit Committees and Risk Committee of the Board.
- Concentrations together with mitigation strategies are continuously assessed.

- Early warning system is continually validated and modified to ensure proper functioning for risk identification.
- Advanced systematic and objective credit risk rating methodologies that are based on quantitative, qualitative and expert judgment, these methodologies undergo regular validation and calibration processes.
- Systematic credit limits management enabling the Bank to monitor its credit exposure on daily basis at country, borrower, industry, credit risk rating and credit facility type levels.
- Solid documentation and collateral management processes where collateral is continuously monitored and assessed to ensure proper coverage and top-up triggers.
- Annual and interim individual credit reviews to ensure detecting any signs of weakness or warning signals and considering proper remedies in case of need.
- Implementation of strict control and monitoring systems which are based on disciplined follow up and monitoring.
- The Bank offers several consumer banking products which are managed on a product portfolio basis through a well-established Credit Product Program. The program is considered the principal approval vehicle for credit products offered to a homogenous set of customers in multiple locations, and is subject to annual review and approval and regular assessment of the program performance at Arab Bank Head Office.
- Conservative approach to provisioning and managing bad debt collection and early identification of problem areas. Such approach is subject to periodic legal and credit reviews and account strategies set to minimize NPLs and maximize recoveries and collections.
- Regular Stress-testing scenarios for top exposures and portfolios and assessment of impact on capital and earnings.
- On an ongoing basis the Bank enhances its processes and technology infrastructure taking into account the changing banking environment and the availability of new systems in the industry.
- Our credit processes are supplemented by sectoral portfolio reviews focused on countries, regions or specific industries which are intended to identify any inherent risks in the portfolios resulting from changes in market conditions.
- Business Risk Review department within Group Risk Management and Group Internal Audit provide independent regular reviews and assessments on the quality of the credit portfolios within the bank and the related credit management processes.
- The Bank is focused on developing and enhancing its credit staff competencies through specialized training programs to ensure that they are well equipped to effectively carry out their roles and responsibilities.

LIQUIDITY RISK:

Liquidity is defined by the Bank for International Settlements as the ability of a bank to fund increases in assets and meet obligations as they come due, without incurring unacceptable losses. Arab Bank has a robust infrastructure of policies, processes and people, in order to support its strategy and ensure that all obligations are met in a timely manner, under all circumstances and without undue cost.

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

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

The Global Treasurer and Group Risk Management receive daily information on actual, forecast and modeled liquidity. Such information is received at country level, legal entity level and at Group level. This provides the Treasurer with high quality decision support information, and ensures that Treasury can provide the High ALCO with comprehensive management information on liquidity across the Group. This reporting is supported by stress testing, which applies various stress scenarios to existing forecast results. The process of stress testing is owned and managed by the Chief Risk Officer. The establishment of limits for Arab Bank's tolerance for liquidity risk, (as with other forms of risk), is managed by the Chief Risk Officer and the High ALCO.

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

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

Liquidity risk will continue to have a major influence on how the world's banks operate and interact, and regulators will continue to require increasingly high standards of liquidity governance. Arab Bank's approach to liquidity management, along with its current and contingent funding structures, leaves it very well

placed to face the future with great confidence. Arab Bank's funding model has shown itself to be extremely resilient for many years and hence remains materially unchanged.

MARKET RISK:

Market risk is defined as the potential for loss from changes in the value of the Bank's portfolios due to movements in interest rates, foreign exchange rates, equity prices and commodity prices. Historically the Bank has managed its market risk across its Trading and Banking Books on a consolidated basis as this is a more conservative approach to the management of this risk. In addition, through its Funds Transfer Pricing Policy, the Bank ensures that market risk is transferred from Corporate and Institutional Banking and Consumer Banking to Treasury, where it can be centrally managed.

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

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

Market Risk Management:

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

1. PV01: PV01 measures the risk to economic value arising from changes in interest rates by 0.01%. This is measured at country, legal entity and Group level. All interest rate positions are included in the PV01 calculation, including both on-balance sheet and off-balance sheet products in the Trading and Banking Books.
2. NII 100: NII100 measures the effect of a 1% increase in interest rates on first and second year pretax earnings. This is measured at country, legal entity and Group level.
3. Overall Net Open FX Position: The Overall Net Open FX Position measures the open position for each currency, including precious metals, at country, legal entity and Group level.

4. Value at Risk (VaR): VaR is currently used as an internal measure of market risk to estimate the maximum loss that may be experienced by the Group over a one day holding period with 99% confidence level using the Historical Simulation approach supported by 500 days of data. The Group's VaR calculation is run at the consolidated and unit levels and covers both interest rate and foreign exchange risk.
5. Stress Testing: The Stress Testing model aims to complement the Group's Value at Risk calculations by identifying and quantifying the effects of extreme, but plausible events on the Group's portfolio. The methodologies used range from single factor to multi-factor stress tests. The single factor stress tests incorporate a number of standard shocks in addition to worst historical movements for each risk factor. The multi-factor tests consist of hypothetical and historical tests as well as a hybrid of the two. All scenarios are tailored to account for the special characteristics of the Group's portfolio.

Interest Rate Risk:

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

Interest rate risk is managed in accordance with the policies and limits established by the High ALCO. The Asset and Liability Management Committees in the various countries, as well as the respective treasurers, handle the day-to-day management of interest rate risks.

Capital Markets Exposures:

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

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

Foreign Exchange Risk:

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

In Treasury, positions are usually held open only for small risk equivalents. The ma-

majority of positions arising from customers are covered on a daily basis. Positions are measured and supervised by local management daily and by global management weekly. Foreign exchange exposure resulting from participations is strictly managed.

OTHER RISKS:

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

COMPLIANCE RISK:

Arab Bank continues to maintain an unwavering commitment to integrity and exercises the highest ethical standards across its operation, applying both the letter and spirit of regulations to ensure compliance with statutory, regulatory, and supervisory requirements. Evolving to meet the needs of rapidly changing business environments, Arab Bank ensures that its internal processes are consistent with applicable regulatory requirements, promote efficiency, foster effectiveness and meet or exceed customer and regulatory expectations.

Group Regulatory Compliance Division reporting directly to the Chief Executive Officer and with direct access to the Audit Committee of the Board of Directors, is responsible for ensuring compliance with requirements impacting the business lines including, but not limited to, Know Your Customer, Anti-Money Laundering, and Combating Terrorist Financing.

With the steadfast support and commitment of the Arab Bank Board of Directors and Senior Management, coupled with the dedication of Bank staff, Arab Bank is resolved to sustain and further strengthen its sound compliance program and to continue to meet and/or exceed the regulatory expectations. There have been no regulatory sanctions nor any significant fines associated with non-compliance.

Arab Bank gives great importance to customer complaints, recognizing that it is one of the key indicators of the level of service quality and performance of its products and services offered to customers. Customer Complaints are managed and handled by the Service Excellence Unit under the Consumer Banking Division, with the exception of Jordan, Egypt and Palestine where customer complaints are managed by a separate unit within Compliance in accordance with local regulatory guidelines / requirements in these countries, and has been equipped with qualified and trained staff who are able to handle, analyze, and act on customer complaints as required.

All complaints are handled in an effective and highly professional manner. Complaints and inquiries are followed-up on a timely basis with the concerned departments of the Bank to ensure they are given proper attention, including the identification of root causes to avoid a repeat complaint. All customer complaints received by Arab Bank during 2017, have been reviewed, analyzed, and handled in accordance with the Bank's policies and procedures and in a fair and transparent manner.

STRATEGIC RISK:

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

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

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



Despite regional and global economic challenges, Arab Bank continued its solid performance in 2017.

Arab Bank Group closed 2017 with solid results reporting a net profit of USD 533 million after tax and provisions as compared to USD 532.7 million in 2016. Excluding the effect of the devaluations of a number of Arab and foreign currencies, the Group's net profit after tax and provisions grew by 8%. The Group also achieved a growth in net operating income of 8% through the growth in net interest income and commissions from the Bank's core operations. Excluding the effect of Arab and foreign currency devaluations, net operating income achieved double digit growth of 12%.

The Group has shown a consistent solid growth during 2017 whereby loans and advances grew by 6% to reach USD 25.1 billion and customer deposits reached USD 33.8 billion. Arab Bank Group also managed to strengthen its capital base reaching USD 8.4 billion as of December 2017.

The strong performance of Arab Bank Group confirms the success of the Group in dealing with the challenging and changing operating environment and reflects the Group's prudent operating policies.

Arab Bank Group enjoys strong liquidity and robust capitalization. As of 31 December 2017, the Group's loan-to-deposit ratio stood at 74%, whilst the capital adequacy ratio calculated in accordance with Basel III regulations is at 15.3%. The asset quality of the Group remains to be high, with NPL ratio at 5.2%, and credit provisions held against non-performing loans at 100%, excluding the value of collaterals.

The Corporate and Institutional Banking (CIB) business achieved solid financial results in 2017, despite an economically challenging environment. This area of the business has healthy and well-diversified streams of revenue and it widened its portfolio of commercial activities across the region during the year. The CIB achievements remain in line with prudent credit risk management policies, which are a cornerstone of CIB.

Innovation in delivery remains a key pillar of CIB's strategy. CIB continues to invest in digital corporate banking solutions, and in 2017, have launched a new corporate online platform, ArabiConnect. The platform includes innovative online banking solutions that are specifically engineered around corporate needs. Clients have access to cash management and trade finance functions from a single point of access and within reach of their entire organization, anytime, anywhere. ArabiConnect's comprehensive functionalities are highly suited to the changing dynamics of the business environment in the region and demonstrate Arab Bank's role as a leader in transaction banking.

In 2017, CIB supported several projects across the MENA region. These include financing solutions ranging from corporate lending to more complex structured finance facilities. Arab Bank remains a primary lender in key strategic projects, such as infrastructure and industrial projects involving well-established

multinational and local corporations. These activities are in addition to financing key commodities and general trade, and supporting regional and international contractors involving large-scale government development projects.

Regional accessibility has enabled corporations to broaden their operational reach geographically. As a result, companies now have a much more multinational perspective and look to Arab Bank to provide the solutions that will help them to expand their businesses. CIB recognizes cross-country business development opportunities and the synergies required to make them work. CIB represents a strategic entry point for major corporations involved in trade and projects in power, electricity, water treatment and desalination, and road infrastructure across the MENA region.

CIB continued to focus on providing services to SMEs during the year through dedicated business centers and specialized services across Arab Bank's network.

As part of CIB's dedication to service excellence, specialized corporate centers have been established across the Arab Bank network to respond to corporate inquiries and provide banking services. Additionally, CIB has reengineered key processes to ensure that clients enjoy a flexible and seamless banking experience, which includes working closely with support functions such as IT and Operations to improve cost efficiencies. Cost discipline is strong at CIB, with cost income ratios remaining in line with the bank's historical averages.

Consumer Banking has continued to work on different areas including digital strategy implementation, process re-engineering, products and programs development, the enhancement of customer experience, and continued support for fast, affordable service.

It also continued to reengineer and improve its main processes. A state-of-the-art platform of processes for signing up new customers was rolled out to Egypt and Palestine and a newly designed, rapid turnaround time, credit card application process was launched in Jordan, Palestine, Egypt, and UAE. In addition, the bank reengineered a number of services to increase the speed and service levels customers experience in both branches and call centers.

The Arabi Access service has been extended to include Egypt, Palestine, and Lebanon in addition to Jordan, UAE, Qatar, and Bahrain. This feature was introduced in a manner that complies with regulations frameworks and is available to Elite and Arabi Premium customers. It provides customers with the ability to transfer funds instantly to their accounts and other Arab Bank accounts where this service is available. Arab Bank is one of only a few financial institutions in the region to provide services such as Arabi Access, which allows customers to bank internationally with ease.

More services were added to the internet banking and mobile banking channels. These enhancements were made to improve customer satisfaction by improving transaction automation and minimizing dependency on branches and the Customer Care Center. Customers in Jordan, for example, can now see a real time view of their credit card transactions and use the ArabiMobile application to send payments to beneficiaries registered in the Jomopay national payment scheme

using their mobile number as the beneficiary identifier. Customers in UAE benefit from extra bill payment capabilities by connecting to eZeePay and Payment Gateway services, while customers in Palestine can top-up their Wataniyah and Jawwal pre-paid mobile phones.

The bank launched a new deposit type on the internet banking channel that allows customers to enjoy annual deposits at preferential rates and receive a monthly income. Online deposit services continued to be rolled out across different countries.

Following implementation in Jordan last year, Consumer Banking has continued to roll out its new ATM and debit card management systems to Egypt and Palestine. All the unified extra features of these systems are enabled, including program recognition, real-time fraud analysis when using the debit cards, cash replenishment analytics for better cash availability, better note denomination distribution, and an enhanced management module that rewards customer loyalty with flexible redemption options.

Consumer Banking has continued to enhance its Customer Care Center centralization vision and instant service model by connecting Lebanon customers to its regional center in Jordan. Many services are now offered on a 24/7 basis, including call back request, survey application, and the estimated waiting time announcement.

To enhance branch processes and reduce transaction processing time, the bank in Jordan has introduced the finger vein biometrics customer identification method and rolled it out to half its branches in the network.

Consumer Banking continues to educate customers about the new digital services the bank offers. This year the eChannels campaigns have focused on promoting specific services, such as eFawateercom and transfers in Jordan, and eChannels usage and payments in Egypt.

Building long-term relationships with customers throughout their lifecycle is important to Consumer Banking. During 2017 we focused on the younger generation through the Jeel Al Arabi and Shabab programs with the objective of creating the customer base of the future. Jeel Al Arabi is aimed at instilling a sense of financial awareness in children and making saving an exciting experience. Shabab has been completely revamped in Jordan to create a competitive program with lifestyle benefits for the 18 to 25 age group, particularly employed students and first jobbers. Micro loans and credit cards are now available through Shabab, which help to meet the day-to-day banking needs of youth.

Over the year we witnessed a steady growth in the Arabi Extra program, which caters for salaried individuals in their early careers. We added a life insurance Plus feature to Arabi Premium that allows customers to increase the value of their coverage. Changes were also made to the Elite program, including introducing the concept of portfolio management to relationship managers, and enhanced profiling to improve customer behavior understanding.

To cater for the investment needs of our high net worth clients, our wealth management offering was launched in Jordan and Palestine in partnership with our investment banking arm, AB Invest. Clients who are part of our Elite program can now take advantage of a full suite of investment solutions. Our wealth relationship managers have received training and successfully obtained internationally recognized certification in investments. The product range includes brokerage services as well as asset management.

Always mindful of the importance of customer satisfaction, we conducted digital surveys to collect feedback. The digital surveys were carried out in addition to the phone and web-based surveys we also conduct. A range of monitoring activities also enables us to check that our service standards are being met in terms of people, processes, and premises. A service staff assessment program is also offered via both classrooms and distance learning. As a result of these monitoring activities, many process improvements were made.

The roll out of Elite program VISA Signature credit card was continued. Arab Bank was the first bank to introduce VISA Signature in Egypt. Arab Bank has also redesigned its product range and now offers VISA Platinum with its best in class airport lounges access card. The bank also continues to provide lending and deposits products for customers in addition to strengthening our insurance and Bancassurance services.

In 2017, the market environment was unpredictable and volatile, and the MENA markets in particular had to manage significant change. Arab Bank was able to maintain its low risk position throughout the year, and was able to manage its risk position while continuing to deliver stable earnings from foreign exchange activity. Through careful interest rate risk management and the prudent use of hedging techniques, the bank was able to preserve net interest income and protect profits in the face of interest rate rises in 2017.

Treasury is already enjoying the benefits of its new trade flow and risk modelling tools, with the added benefit of straight through processing on the majority of Arab Bank Treasury deals. This integrated system, now live across all Arab Bank plc countries, gives the bank far better information and higher quality analysis, and is already delivering on its promise to meet developing business needs and regulatory standards, with increased earnings.

Finally, Arab Bank signed a EUR 300 million financing facility with the European Investment Bank with the aim of supporting the growth of small and medium-sized enterprises and midcaps in Jordan, Egypt, Lebanon, Morocco, and the West Bank. This program is aimed at enhancing the prospects for inclusive growth as well as creating sustainable employment opportunities in our region.

There have been no non-recurring operations that had a material effect on the bank's or the group financial position in 2017.

Time Series Data for Major Financial Indicators (2012 - 2017)

Values in JOD Millions for the Bank & in USD Millions for the Group						
	2017	2016	2015	2014	2013	2012
Arab Bank PLC : Net Profit after Tax	195.0	212.4	154.0	* 217.8	346.2	261.3
Arab Bank Group : Net Profit after tax	533.0	532.7	442.1	577.2	501.9	352.1
Arab Bank PLC : Shareholder's Equity	3 549.9	3 500.8	3 518.1	* 3 557.9	3 955.4	3 875.5
Arab Bank Group : Owner's Equity	8 409.3	8 164.5	8 015.6	7 888.7	7 767.7	7 699.2
* Represented						
Distributed Dividends						
Total Dividends (in JOD millions)	192.2	192.2	160.2	68.4	160.2	160.2
Dividends (%)	30%	30%	25%	12%	30%	30%
Number of Issued Shares (in thousands)	640 800	640 800	640 800	569 600	534 000	534 000
Share price on Last Working Day (JOD)	5.60	6.17	6.45	7.10	7.83	7.25

This section of the Board of Directors report highlights relevant financial data which is included in the consolidated financial statements of Arab Bank Group and Arab Bank Plc for the year 2017. The financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS), the interpretations issued by the Committee of the IFRS Board and the prevailing rules of the countries of which the Group operates in and the Central Bank of Jordan requirements. The accompanying notes are an integral part of the consolidated financial statements.

The consolidated financial statements of Arab Bank Group consolidate the statements of Arab Bank Plc, Arab Bank sister company Arab Bank (Switzerland) and the below subsidiaries:

	Percentage of ownership as of December 31,2017
Arab Bank Australia Limited	%100.00
Europe Arab Bank Plc	%100.00
Islamic International Arab Bank Plc	%100.00
Arab national Company for Leasing of Equipments L.L.C	%100.00
Al - Arabi Investment Group L.L.C	%100.00
Arab Sudanese Bank Limited	%100.00
Al Arabi Investment Group	%100.00
Arab Tunisian Bank	%64.24
Arab Bank Syria	%51.29
Al Nisr Al Arabi Insurance Plc	%50.00

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

Arab Bank Group

Consolidated Statement of Income

Arab Bank Group's net income for the year ended 31 December 2017 amounts to USD 533 million compared to USD 532.7 million in 2016, Total revenues of the Group stood at USD 1984.1 million compared to USD 1926.4 million in 2016 recording an increase of 3% , Net Provision for doubtful debts amounts to USD 250.4 million

The following schedule compares the principal components of the Group's statement of Income

In USD (Thousands)	2017	2016	Variance	%
Revenue				
Net interest income	1 186 562	1 114 518	72 044	6%
Net commission income	301 711	315 903	(14 192)	(4%)
Other	495 726	495 991	(265)	(0%)
Total Income	1 983 999	1 926 412	57 587	3%
Expenses				
Employees Expenses	459 957	439 105	20 852	5%
Other Expenses	477 012	517 436	(40 424)	(8%)
Provision for impairment - direct credit facilities at amortized cost	250 377	179 056	71 321	40%
Total Expenses	1 187 346	1 135 597	51 749	5%
Profit For the year before Tax	796 653	790 815	5 838	1%
Income tax	263 690	258 149	5 541	2%
Profit for the year	532 963	532 666	297	0%

Consolidated Statement of Comprehensive Income

Arab Bank Group's comprehensive income for the year ended 31 December 2017 amounts to USD 535.1 million compared to USD 397.4 million in 2016, the following schedule shows the main components of the Group's consolidated statement of comprehensive income:

In USD (thousands)	2017	2016
Profit for the year	532 963	532 666
Add:		
Items that will be subsequently transferred to the consolidated statement of income		
Exchange differences arising on the translation of foreign operations	45 676	(126 551)
Items that will not be subsequently transferred to the consolidated statement of income		
Net change in fair value of financial assets at fair value through other comprehensive income	(43 585)	(8 706)
Total Comprehensive income for the year	535 054	397 409

Consolidated Statement of Financial Position

Arab Bank Group assets reached USD 48.2 billion as at 31 December 2017, Customer deposits reached USD 33.8 billion. Investment portfolio has reached USD 8.6 billion, Credit facilities amounted to USD 23.5 billion forming 48.8% of total assets while owner's equity reached USD 8.4 billion.

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

In USD (Thousands)	2017	2016	Variance	%
Assets				
Cash and due from Banks	11 749 717	12 607 642	(857 925)	(7%)
Investment Portfolio	8 626 240	8 810 383	(184 143)	(2%)
Direct credit facilities at amortized cost	23 488 575	21 898 121	1 590 454	7%
other	4 299 189	4 144 245	154 944	4%
Total Assets	48 163 721	47 460 391	703 330	1%
Liabilities				
due to banks	4 109 378	4 024 184	85 194	2%
due to customers	33 780 748	33 643 578	137 170	0%
other	1 864 323	1 628 093	236 230	15%
owner's equity	8 409 272	8 164 536	244 736	3%
Total Liabilities and owners equity	48 163 721	47 460 391	703 330	1%

Arab Bank plc

Statement of Income

Arab Bank plc's net income for the year ended 31 December 2017 amounts to JOD 195 million compared to JOD 212.4 million in 2016, total Income of the Bank stood at JOD 976.2 million compared to JOD 936.3 million in 2016. Net provision for doubtful debts amounts to JOD 167.8 million.

The below schedule compares the main components of the Plc's statement of income:

In JOD (Thousands)	2017	2016	Variance	%
Revenue				
Net Interest income	665 182	624 665	40 517	6%
Net commission income	154 172	167 311	(13 139)	(8%)
other	156 877	144 311	12 566	9%
Total Income	976 231	936 287	39 944	4%
Expenses				
Employees expenses	217 232	209 664	7 568	4%
Other expenses	286 848	293 370	(6 522)	(2%)
Provision for impairment - direct credit facilities at amortized cost	167 775	111 419	56 356	51%
Total Expenses	671 855	614 453	57 402	9%
Profit for the year before tax	304 376	321 834	(17 458)	(5%)
Income tax	109 351	109 420	(69)	(0%)
Profit for the year	195 025	212 414	(17 389)	(8%)

Statement of Comprehensive Income

Arab Bank Plc's comprehensive income for the year ended 31 December 2017 amounts to JOD 241.3 million compared to JOD 143.9 million for the year ended December 31, 2016.

The Following schedule shows the principal components of the bank's statement of comprehensive income:

In JOD (thousands)	2017	2016
Profit for the year	195 025	212 414
Add:		
Items that will be subsequently transferred to the statement of income		
Exchange differences arising on the translation of foreign operations	59 892	(59 966)
Items that will not be subsequently transferred to the statement of income		
Net change in fair value of financial assets at fair value through other comprehensive income	(13 625)	(8 557)
Total Comprehensive income for the year	241 292	143 891

Statement of Financial Position

Arab bank Plc assets reached JOD 24.4 billion as at 31 December 2017, Customer deposits reached JOD 17.9 billion. Investment portfolio has reached JOD 4.5 billion and Credit facilities amounted to JOD 11.9 billion forming 49% of total assets while shareholder's equity reached JOD 3.5 billion.

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

In JOD (Thousands)	2017	2016	Variance	%
Assets				
Cash and due from banks	6 400 899	6 899 561	(498 662)	(7%)
Investment Portfolio	4 517 658	4 722 845	(205 187)	(4%)
Direct credit facilities at amortized cost	11 947 106	11 186 472	760 634	7%
other	1 495 909	1 445 368	50 541	3%
Total Assets	24 361 572	24 254 246	107 326	0%
Liabilities				
Due to banks	1 856 766	1 951 741	(94 975)	(5%)
Due to Customers	17 940 690	17 913 628	27 062	0%
Other	1 014 207	888 122	126 085	14%
Shareholders' equity	3 549 909	3 500 755	49 154	1%
Total Liabilities and shareholders's equity	24 361 572	24 254 246	107 326	0%

Capital Adequacy

On October 31, 2016, The Central Bank of Jordan announced the instructions of capital management according to Basel III standards and stopped Basel II instructions.

Arab Bank maintains capital adequacy ratios that exceed the required levels as per Basel committee, and Central Bank of Jordan requirements. The following table presents a summary of the capital adequacy calculations for the years 2017 and 2016 in accordance with Basel III:

Arab Bank Group

In USD (thousands)

Capital Adequacy Ratio as at December 31, 2017 and 2016 in accordance with Basel III requirements

Risk-weighted assets (RWA)	35 638 251	34 533 868
Common Equity Tier 1	7 674 586	7 456 409
Regulatory Adjustments (Deductions from Common Equity Tier 1)	(2 656 601)	(2 510 358)
Additional Tier 1	10 493	10 462
Supplementary Capital	416 673	385 951
Regulatory Adjustments (Deductions from Supplementary Capital)	-	-
Regulatory Capital	5 445 151	5 342 464
Common Equity Tier 1 Ratio	14.08%	14.32%
Tier 1 Capital Ratio	14.11%	14.35%
Capital Adequacy Ratio	15.28%	15.47%

Capital Adequacy

Arab Bank PLC

In JOD (thousands)

Capital Adequacy Ratio as at December 31, 2017
and 2016 in accordance with Basel III requirements

Risk-weighted assets (RWA)	19 069 020	18 458 324
Common Equity Tier 1	3 135 237	3 106 115
Regulatory Adjustments (Deductions from Common Equity Tier 1)	(606 890)	(589 492)
Additional Tier 1	-	-
Supplementary Capital	213 977	200 468
Regulatory Adjustments (Deductions from Supplementary Capital)	(213 810)	(266 986)
Regulatory Capital	2 528 514	2 450 105
Common Equity Tier 1 Ratio	13.26%	13.27%
Tier 1 Capital Ratio	13.26%	13.27%
Capital Adequacy Ratio	13.26%	13.27%

Income Appropriation

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

The Board of Directors recommends the distribution of cash dividends of 30% of the shares par value , or JOD 192.2 million for the year 2017 Compared to 30% of the shares par value or JOD 192.2 million in 2016 as shown in the table below:

In JOD (Millions)	2017	2016
Income available for appropriation	195.0	212.4
Statutory Reserve	30.4	32.2
Voluntary Reseve	-	-
General Reserve	-	-
General banking risk reserve	20.0	-
Proposed Cash dividends	192.2	192.2
Retained earnings	(47.6)	(12.0)
Total Appropriation	195.0	212.4

Financial Ratios related to Arab Bank Group

	2017	2016
Owners' equity / Total Assets	17.5%	17.2%
Loans / Deposits	69.5%	65.1%
Liquidity Ratio (cash and quasi cash)	42.4%	45.3%
Cost / Income	59.8%	58.9%
Cost / Income (excluding provision for doubtful debt)	47.2%	49.7%
Common Equity Tier 1 Ratio - Basel III	14.08%	14.32%
Tier 1 Capital Ratio - Basel III	14.11%	14.35%
Capital Adequacy Ratio - Basel III	15.28%	15.47%
Return on Equity	6.3%	6.5%
Return on Assets	1.1%	1.1%
Net interest and commission income / total Assets	3.1%	3.0%
EPS (USD)	0.81	0.81

Financial Ratios related to Arab bank Plc :

	2017	2016
Owners' equity / Total Assets	14.6%	14.4%
Loans / Deposits	66.6%	62.4%
Liquidity Ratio (cash and quasi cash)	44.9%	48.0%
Cost / Income	68.8%	65.6%
Cost / Income (excluding provision for doubtful debt)	51.6%	53.7%
Common Equity Tier 1 Ratio - Basel III	13.26%	13.27%
Tier 1 Capital Ratio - Basel III	13.26%	13.27%
Capital Adequacy Ratio - Basel III	13.26%	13.27%
Return on Equity	5.5%	6.1%
Return on Assets	0.8%	0.9%
Net interest and commission income / total Assets	3.4%	3.3%



Our plans for 2018 and beyond take into consideration the prevailing and anticipated market conditions locally, regionally, and internationally. We remain focused on preserving the following values and principles:

- **Liquidity:**

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

- **Capital Adequacy:**

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

- **Risk Management:**

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

- **Excellence:**

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

Our objectives for 2018 focus on reinforcing our financial position by expanding the bank's business in a prudent and sustainable manner, improving our customer service and business processes, maintaining prudent credit policies, and enhancing our risk management platform. We also take a cautious approach so that shareholders' equity is safeguarded and we are well positioned to deal with any unexpected crises in the MENA region and the world.

Arab Bank's Corporate and Institutional Banking (CIB) places our clients' business needs and experiences at the center of its initiatives. We aim to provide corporate and institutional clients with a superior banking experience, one that empowers them to be increasingly efficient and more competitive in today's fast-changing business environment.

CIB ensures that product development and the introduction of new solutions are appropriate for both the market and clients' needs. A quest for innovation encourages us to seek out customized solutions for the different segments of our corporate portfolio, which differ in size, business model, and industry specialization. CIB's global teams of experts and relationship managers are available to cover the diverse array of clients working with Arab Bank.

As part of the bank's commitment to provide the best services to its customers and to meet their evolving needs and expectations, Consumer Banking Division will continue to develop and diversify its banking services in line with the needs of each market.

Consumer Banking will roll out its new customer onboarding process in Jordan. It includes a state-of-the-art technology platform that allows a one-stop shop experience at the moment the customer signs up. Some newly designed services aimed at improving customer experience with efficient digitized design and automated controls will also be added.

To support Arab Bank's payments capabilities, the Arabi Online service will be connected to the main payment service providers, such as Fawry in Egypt and PayPal in Palestine. The Arabi Access cross border service will be enhanced to provide expatriate customers with the ability to pay bills in their home countries. The eFAWATEERcom service in Jordan will be enhanced to allow customers to authorize the bank to make payments on their behalf, according to controls they set themselves.

A new mobile banking application will enhance the customer experience. Customers will enjoy newly added features, such as self-registration, eliminate the dependency on internet banking, be able to manage their transfer beneficiaries, gain access by touch id and patterns, integrate their banking with wearables, and much more. The application will also recognize customer preferences and change the user interface accordingly.

The Customer Care Center will soon benefit from a set of enhancements, including contact analytics and true multi-media integration that connects social media platforms and chat options, and improves the instant service model.

In a drive to enhance customers' touch points, the bank observed social media interactions closely and considered new ways of using this important communications channel, particularly to connect with youth. As a result, Arab Bank plans to optimize its presence across the main social media platforms.

Consumer Banking will also continue the rollout of its new ATM and debit card management systems for UAE, Qatar, Bahrain, Yemen, Lebanon and Morocco. The new systems offer a set of new features, including program recognition, real time fraud monitoring of debit cards, cash planner, and a loyalty engine to manage the Arabi points program.

The bank plans to launch its innovative interactive teller machine (ITM) service to Egypt and Palestine. The ITM provides customers with personalized teller-assisted banking services, including cheques, transfers, credit card payments and others, via video contact.

Consumer Banking will enhance its loyalty program by introducing multiple ways to gain points and enjoy flexible redemption options, including its unique service of enabling cash withdrawals on ATMs funded by a rewards points balance, in addition to cash rewards that are paid into customer accounts or credit cards.

The customer experience will be transformed by the introduction of self-service branches. These state-of-the-art facilities combine advanced technologies with the human touch, enabling customers to conduct all of their banking in either full self-service mode or through remote specialized tellers who help customers with their banking via advanced video solutions. A transactional kiosk is a new electronic channel that provides self-service capabilities, such as statement printing, certificate issuance, debit card issuance and renewal, KYC information update, document scanning, and cheque collection.

Consumer Banking is introducing customer relationship management technology that will enhance the bank's understanding of customers' needs and behaviors and, in turn, be able to offer more tailored solutions and products.

In addition, Consumer Banking is working to upgrade the current loan management platform to make it more flexible and agile in terms of both product offerings and the efficiency by which the loan portfolio is managed. The platform will include automated credit scoring and loan and collections management.

After the successful revamp of the Shabab program in Jordan, it will now be rolled out in Palestine and Egypt in 2018. The aim is to offer exciting new lifestyle benefits and provide an exceptional early banking experience for youth.

To support the bank in its quest to achieve its many goals and plans, training will be paramount. In 2018 our customer contact staff will receive numerous training sessions on soft skills, sales techniques, and products and service knowledge.

Through its highly trained network of Treasury teams, Arab Bank will continue to serve clients, protect the bank, and generate stable, high quality earnings. In 2018, the bank will continue to develop its products and services and make the best possible use of its new, state-of-the-art Treasury systems.

In JOD Thousands	2017	2016
Fees for quarterly and annual audits and reviews	1 178	1 104

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

Service	External Auditor	Fees In JOD Thousands
IT governance Project (COBIT 5)	Ernst & Young	324
Call Center Project	Deloitte & Touche	140
BEPS readiness assessment Project	Deloitte & Touche	48
Business Continuity and Disaster Recovery Arrangements surrounding Financial Payment and Settlement Systems	Deloitte & Touche	18

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

No.	Name	Position	Nationality
1.	Mr. Sabih Taher D. Masri	Chairman	Jordanian
2.	H. E. Dr. Basem Ibrahim Yousef Awadallah	Deputy Chairman	Jordanian
3.	Ministry of Finance, Saudi Arabia Represented by Mr. Saleh Saad Al-Muhanna	Member of the Board	Saudi
4.	Mrs. Nazek Assad Odeh/ Hariri	Member of the Board	Saudi
5.	Social Security Corporation Represented by Dr. Hamzeh Ahmad Kh. Jaradat	Member of the Board	Jordanian
6.	Mr. Wahbe Abdallah Tamari	Member of the Board	Lebanese
7.	Abdul Hameed Shoman Foundation Represented by H. E. Mr. Khaled Anis Mohammad "Zand Al-Erani"	Member of the Board	Jordanian
8.	Mr. Bassam Wael Roshdi Kanaan	Member of the Board	Jordanian
9.	Mr. Abbas Farouq Ahmad Zuaiter	Member of the Board	Jordanian
10.	H.E. Mr. Alaa Arif Saad AL Batayneh	Member of the Board	Jordanian
11.	H.E. Mr. Sulaiman Hafeth Sulaiman ALMasri	Member of the Board	Jordanian
12.	Mr. Mohammed Hariri Up to date 15.2.2017	Member of the Board	Lebanese/ Canadian
	Dr. Musalam Bin Ali Bin Hussein Musalam		Saudi

Number of shares		No of shares owned by companies controlled by them	
31/12/2017	31/12/2016	31/12/2017	31/12/2016
29007360	8420544	35766270	19247760
11016	11016	---	---
28800000	28800000	---	---
72144	72144	---	---
102528000	102528000	---	---
18000	18000	8168256	7146954
32023026	23697054	---	---
80370	49338	---	---
54558	41238	---	---
12258	11250	---	---
10008	10008	---	---
82440	82440	---	---
22705758	---	---	---

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

No.	Name	Position	Nationality
1.	MR. NEMEH ELIAS SABBAGH	Chief Executive Officer	Lebanese
2.	MISS. RANDA MUHAMMAD TAWFIQ EL SADEK	Deputy Chief Executive Officer	Jordanian
3.	MR. GHASSAN HANNA SULEIMAN TARAZI	EVP – Chief Financial Officer	Jordanian
4.	MR. MOHAMED ABDEL FATTAH HAMAD GHAN-AMAH	EVP – Chief Credit Officer	Jordanian
5.	MR. GEORGE FOUAD GEORGY EL HAGE	EVP Chief Risk Officer	Canadian
6.	MR. MICHAEL MATOSSIAN	EVP - Head of Regulatory Compliance	American
7.	MR. NAIM RASEM KAMEL AL HUSSAINI	EVP - Consumer Banking Head	Saudi
8.	MR. FADI JOSEPH ZOUEIN	EVP - Head of Audit	Lebanese
9.	MR. BASEM ALI ABDALLAH AL IMAM	Head of Legal Affairs Secretary of the Board	Jordanian
10.	MR. ANTONIO MANCUSO MARCELLO	EVP - Head Of Treasury	British
11.	MR. ERIC JACQUES J. MODAVE	EVP - Chief Operations Office	Belgian
12.	Mr. WALID MUHI EDDIN AL SAMHOURI	SVP - Jordan Country Management	Jordanian
13.	MRS. KHULUD WALID KHALED EISAWI	Head of Secretariat	Jordanian

	Number of shares		No of shares owned by companies controlled by them	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
	12006	12006	-----	-----
	34020	24012	-----	-----
	-----	-----	-----	-----
	50004	18000	-----	-----
	-----	-----	-----	-----
	1440	1440	-----	-----
	-----	-----	-----	-----
	-----	-----	-----	-----
	1080	1080	-----	-----
	-----	-----	-----	-----
	-----	-----	-----	-----
	-----	-----	-----	-----
	54	54	-----	-----

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

No.	Name	Relationship	Nationality
1.	Mr. Sabih Taher D. Masri Chairman	Spouse	-----
		Minors	-----
2.	H. E. Dr. Basem Ibrahim Yousef Awadallah Deputy Chairman	Spouse	-----
		Minors	-----
3.	Ministry of Finance, Saudi Arabia Member of the Board Represented by Mr. Saleh Saad Al-Muhanna		-----

4.	Mrs. Nazek Assad Odeh/ Hariri Member of the Board	-----	-----
		Minors	-----
5.	Social Security Corporation Member of the Board Represented by Dr. Hamzeh Ahmad Kh. Jaradat		-----

6.	Mr. Wahbe Abdallah Tamari Member of the Board	Spouse	-----
		Minors	-----

	Number of shares		No of shares owned by companies controlled by them	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
	-----	-----	-----	-----
	-----	-----	-----	-----
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Number of Arab Bank Shares Owned by the Relatives of the Board Members and the companies controlled by them in comparison with last year

No.	Name	Relationship	Nationality
7.	Abdul Hameed Shoman Foundation Member of the Board		-----
	Represented by H. E. Mr. Khaled Anis Mohammad "Zand Al-Erani"		-----
8.	Mr. Bassam Wael Roshdi Kanaan Member of the Board	Spouse	-----
		Minors	-----
9.	Mr. Abbas Farouq Ahmad Zuaiter Member of the Board	Spouse	-----
		Minors	-----
10.	H.E. Mr. Alaa Arif Saad AL Batayneh Member of the Board	Minors	Jordanian
		Minors	Jordanian
11.	H.E. Mr. Sulaiman Hafeth Sulaiman ALMasri Member of the Board	Spouse	Jordanian
		Minors	-----
12.	Dr. Musalam Bin Ali Bin Hussein Musalam Member of the Board	Spouse	-----
		Minors	-----

	Number of shares		No of shares owned by companies controlled by them	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
	----	----	----	----
	----	----	----	----
	----	----	----	----
	----	----	----	----
	----	----	----	----
	----	----	----	----
	1008	1008	----	----
	1008	1008	----	----
	2214	1206	----	----
	----	----	----	----
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Number of Arab Bank Shares Owned by the Relatives of Senior Executives and the companies controlled by them in comparison with last year

No.	Name	Relationship	Nationality
1.	MR. NEMEH ELYAS SABBAGH	Spouse Minors	Lebanese
2.	MISS. RANDA MOHAMMAD TAWFIQ ELSADEK		-----
3.	MR. GHASSAN HANNA SULEIMAN TARAZI		
	MRS. NAWAL WAFI NAJIB TARAZI	Spouse	Jordanian
	DALYA GHASSAN HANNA TARAZI	Minors	Jordanian
4.	MR. MOHAMED ABDEL FATTAH HAMAD GHANAMAH	Spouse Minors	Jordanian
5.	MR. GEORGE FOUAD GEORGY EL HAGE	Spouse Minors	Canadian
6.	MR. MICHAEL MATOSSIAN	Spouse Minors	American
7.	MR. NAEM RASEM KAMEL AL HUSSEINI	Spouse Minors	Saudi

	Number of shares		No of shares owned by companies controlled by them	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
	-----	-----	-----	-----
	-----	-----	-----	-----
	1206	1206	-----	-----
	23418	23418		
	-----	-----	-----	-----
	-----	-----	-----	-----
	-----	-----	-----	-----
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Number of Arab Bank Shares Owned by the Relatives of Senior Executives and the companies controlled by them in comparison with last year

No.	Name	Relationship	Nationality
8.	MR. FADY ZOUEIN	Spouse	Lebanese
		Minors	
9.	MR. BASEM ALI ABDULLAH AL IMAM	Spouse	Jordanian
		Minors	
10.	MR. ANTONIO MANCUSO MARCELLO	Spouse	British
		Minors	
11.	Mr. Eric Jacques J. Modave	Spouse	Belgian
		Minors	
12.	MR. WALID MOHY ELDEIN MOHAMMAD SAMHOURI	Spouse	Jordanian
	MRS. RIMA MOHAMMAD ABDULKAREEM SHWAIKA		
13.	MRS. KHULUD WALID KHALED EISAWI	Spouse	Jordanian
		Minors	

	Number of shares		No of shares owned by companies controlled by them	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
	-----	-----	-----	-----
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	-----	-----	-----	-----
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	-----	-----	-----	-----
	90	90	-----	-----
	-----	-----	-----	-----
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Board of Directors Remuneration and Benefits paid in 2017

	Member Name	Title
1	Mr. Sabih Taher Darwish Al-Masri	Chairman
2	Dr. Bassem Ibrahim Yousef Awadallah	Deputy Chairman
3	Messrs Ministry of Finance, Saudi Arabia Represented by Mr. Saleh Saad A. Al-Muhanna	Member
4	Mrs. Nazek Asaad Odeh / Al-Hariri	Member
5	Messrs Social Security Corporation	Member
6	Mr. Wahbe Abdallah Wahbe Tamari	Member
7	Messrs Abdul Hameed Shoman Foundation Represented by Mr. Khaled Anis Moh'd (Zand Irani)	Member
8	Mr. Bassam Wael Rushdi Kana'an	Member
9	Mr. Abbas Farouq Ahmad Zuaiter	Member
10	Mr. Alaa Arif Saad Batayneh	Member
11	Mr. Suleiman Hafez Suleiman Al Masri	Member
12	Mr. Mohammed Ahmad Mokhtar Hariri (Resigned on 15/2/2017)	Member
13	Dr. Musallam Ali H. Musallam	Member

Annual Salary	Annual Transportation Allowance	Annual Remuneration	(Amounts in Jordanian Dinar) Total
—	60,000	5,000	65,000
—	60,000	3,750	63,750
—	60,000	5,000	65,000
—	60,000	5,000	65,000
—	60,000	5,000	65,000
—	60,000	5,000	65,000
—	60,000	5,000	65,000
—	60,000	5,000	65,000
—	60,000	5,000	65,000
—	60,000	5,000	65,000
—	60,000	5,000	65,000
—	60,000	900	60,900
—	7,500	5,000	12,500
—	45,322	0	45,322

Names of Major Shareholders of 5% and more

Shareholder's Name	Nationality	Number of shares 31.12.2016
Social Security Corporation	Jordanian	102528000

Shareholder name	No. of Shares as 31/12/2017	Percentage %
Social Security Corporation	102528000	16.000
Abdul Hameed Shoman Foundation	32023026	4.997
Sabih Taher Darwish Masri	29007360	4.527
Ministry of Finance, Saudi Arabia	28800000	4.494
Musallam Ali Musallam	22705758	3.543
AlMaseera International Co. E.C.	17442846	2.722
Palestinian Telecommunications Co.	15795666	2.465
Dar Al Handasa (Shair and Partners) Co.	1200006	2.124
Al Sharq Holding Co.	11519982	1.798
Ministry of Economy and Finance / Qatar	10564164	1.649
Nasser Ibrahim R. Al Rashid	8952462	1.397
Ziyad Khalaf Mohammad Al Manaseer	8912862	1.391
Asando Trading Limited	7596990	1.186
BANKMED SUISSE SA	7014744	1.095
Mary Issa A. Alousi	6544656	1.021

Ownership % 31.12.2016	Number of shares 31.12.2017	Ownership % 31.12.2017
16.000%	102528000	16.000%

pledgee	No. of pledged Shares	Ultimate Beneficiary Owner
		Same
		Abdul Hameed Shoman Foundation, Panama
Housing Bank	20426184	Same
		Public Investment Fund, Saudi Arabia
Housing Bank	22695750	Same
		Messrs. Sabih & Khaled Al Masri
		Public shareholding company listed in Palestine stock Exchange
		Holding Limited Company owned by Mr. Talal Al Shair
		Closed Joint company owned by H.E. Sheikh Salim Al Ali Al Subah, his wife, sons & others
		Qatar Holding LLC, which is fully owned by Qatar Investment Authority.
		Same
Societe Generale Bank	2271996	Same
Bank Al Etihad	234342	
Credit Suisse Bank AG	7596990	Mr. Ziyad Al Manaseer
		Bankmed Customers / Switzerland
		Same

Executive Management Compensation and Benefits in 2017:

	Name	Position
1	Nemeh Elias Sabbagh	Chief Executive Officer
2	Randa Muhammad El Sadik	Deputy Chief Executive Officer
3	Ghassan Hanna Suleiman Tarazi	EVP- Chief Financial Officer Appointment date 8/1/2017
4	Mohamed Abdel Fattah Al Ghanamah	EVP - Chief Credit Officer
5	Walid Muhi Eddin Al Samhouri	EVP - Jordan Country Head
6	Georges Fouad El-Hage	EVP - Chief Risk Officer
7	Michael Matossian	EVP - Chief Compliance Officer
8	Yosif Ali Yosif Saptis	Head of HR Strategy and Planning / Acting Head of Human Resources
9	Naim Rasim K. Al-Hussaini	EVP - Consumer Banking Head
10	Fadi Joseph Zouein	EVP - Head of Internal Audit
11	Basem Ali Abdallah Al Imam	Head of Legal Affairs / Board Secretary
12	Antonio Mancuso Marcello	EVP - Head of Treasury
13	Eric Jacques Modave	EVP - Chief Operating Officer

(In JOD)

Annual Salary	Annual Transportation Allowance	Annual Travel Expenses (does not include accommodation and tickets)	Performance Bonus paid during 2017	Total
569 248	-	-	160 752	730 000
465 744	-	-	91 406	557 150
245 337	-	-	-	245 337
300 432	-	-	25 886	326 318
270 580	-	-	44 934	315 514
176 368	-	-	39 304	215 672
424 600	-	-	46 435	471 035
109 466	-	-	17 445	126 911
321 472	-	-	41 638	363 110
287 456	-	-	67 000	354 456
244 512	-	-	56 628	301 140
362 448	-	-	68 684	431 132
227 928	-	-	30 310	258 238

Project / Entity	JOD
Abdul Hameed Shoman Foundation	6 031 701
The Queen Rania Foundation for Education and Development	912 866
King Hussein Cancer Foundation	601 856
Al-Hussein Bin Talal University	210 000
Support Fund for Martyrs' Families	200 000
King's Academy	140 370
The project of spreading the community's financial culture	135 300
Scholarships for Employees' Children	122 584
Jordan River Foundation	75 781
The Jordanian Hashemite Fund for Human Development	70 000
Tkiyet Um Ali	35 620
SOS Children Villages	15 000
Others	164 057
Total	8 715 135

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

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

JD '000

December 31, 2017

	Deposits owed from Related Parties	Direct Credit Facilities at Amortized Cost	Deposits owed to Related Parties	LCs, LGs, Unutilized Credit Facilities and Acceptances
Sister and subsidiary companies	1 336 811	11 890	146 541	112 168
Associates companies	78 167	-	61 050	28 723
Major shareholders and members of the Board of Directors	-	190 012	221 772	72 658
Total	1 414 978	201 902	429 363	213 549

JD '000

December 31, 2016

	Deposits owed from Related Parties	Direct Credit Facilities at Amortized Cost	Deposits owed to Related Parties	LCs, LGs, Unutilized Credit Facilities and Acceptances
Sister and subsidiary companies	1 269 099	104 463	74 812	152 958
Associates companies	146 766	-	25 825	26 802
Major shareholders and members of the Board of Directors	-	339 921	321 964	69 906
Total	1 415 865	444 384	422 601	249 666

The details of transactions with related parties are as follows:

JD'000

	2017		2016	
	Interest Income	Interest Expense	Interest Income	Interest Expense
Subsidiaries and sister companies	9 151	1 623	5 739	962
Associated companies	1 273	830	1 493	1 592
Total	10 424	2 453	7 232	2 554

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

December 31, 2017

JD'000

	Granted to BOD Members			Granted to Related Parties			Total		
	Direct Credit Facilities	Indirect Credit Facilities	Total	Direct Credit Facilities	Indirect Credit Facilities	Total	Direct Credit Facilities	Indirect Credit Facilities	Total
Mr. Sabih Masri	-	1	1	111 364	72 633	183 997	111 364	72 634	183 998
Ms. Nazik Al-Hariri	-	3	3	-	-	-	-	3	3
Mr. Wahbeh Tamari	-	-	-	78 276	21	78 297	78 276	21	78 297
Mr. Khaled Irani	358	-	358	-	-	-	358	-	358
Mr. Bassam Kanaan	5	-	5	-	-	-	5	-	5
Mr. Abbas Zuaiter	1	-	1	-	-	-	1	-	1
Mr. Alaa Batayneh	8	-	8	-	-	-	8	-	8
Total	372	4	376	189 640	72 654	262 294	190 012	72 658	262 670

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



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

The bank has a policy of adopting environmentally-friendly systems in new branches and of deploying innovative solutions at existing branches wherever possible. The bank has already begun to replace the lighting in its buildings with either LED lights or more efficient power consumption systems. This move will contribute significantly to a reduction in energy consumption during the year.

The bank also installed a more advanced AC system (VRV/VRF) in the new locations instead of the traditional system. A variable refrigerant volume (VRV) system has been installed to control heating and cooling consumption in the old head office building. The new system has led to a marked reduction in electricity consumption.

The bank continues to strive to reduce fuel consumption by installing GPS tracking systems on its vehicles with the aim of reducing both fuel consumption and toxic emissions.

As part of its commitment to environmental protection, the bank has rolled out its paperless eAdvice and eStatement services to all countries through its Arabi Online service. It has also introduced a biometric customer identification service in several branches in Jordan to create a green banking environment.

Arab Bank continues to collaborate with multilateral financial institutions on several renewable energy projects in Jordan to support the national strategic direction of reducing dependency on heavy fuel. Arab Bank is collaborating with the International Finance Corporation, the European Bank for Reconstruction and Development (EBRD), and other international financial institutions to finance Jordan's Round One & Two photovoltaic solar and wind program.

In 2017, Arab Bank Group succeeded in closing the financing of the 50 MW Risha photovoltaic solar power project offered by the Ministry of Energy and Mineral Resources (MEMR). The Risha financing arrangements were structured in cooperation with EBRD and other international financial institutions and the project is expected to begin operation in 2019. The bank took on the roles of onshore account bank and onshore security agent for the Risha and Safawi solar projects, the latter of which is expected to be in operation by the end of 2018.



Arab Bank is currently following up on specific financing needs for privately owned solar projects after the release of the new wheeling and net-metering laws and regulations, which allow private sector companies to establish and own their solar facilities for electricity self-consumption. Arab Bank anticipates that certain financing deals will be concluded for large private sector electricity consumers during 2018.

On infrastructure financing, Arab Bank is following up the third expansion for the As-Samra Wastewater Treatment Plant. This follows the successful execution of the phase two expansion in October 2015, which added an additional 100,000 cubic meters to the plant capacity, bringing the daily total of the treatment plant to 367,000 cubic meters per day. Arab Bank led a group of local syndicate banks to provide a structured finance package for this phase of the project. The Samra treatment plant is regarded as one of the landmark wastewater treatment plants in the MENA region. It is seen as having a positive impact on the environment and providing additional raw water suitable for agricultural purposes.

Arab Bank supported several initiatives to protect the environment in Jordan, mainly through collaboration with the Royal Society for the Conservation of Nature (RSCN). The bank was the exclusive sponsor of the Third Socio-Economic Conference, which highlights the importance of wildlife hunting regulations. It also supported the development of the trail between the Royal Academy and the Ajloun Natural Reserve.



Sustainability at Arab Bank

Arab Bank's sustainability journey began at its inception in 1930 and evolved over time to become one of its key objectives. From those early beginnings until today, the bank has played a significant role in shaping the lives of people in the Arab world and helping to develop the economies and communities in which it operates. The bank has always supported and financed strategic projects in the region and it pioneered its social responsibility program to develop the capacity of the Arab world through helping its communities.

The bank has set itself several sustainability-related strategic objectives to address the social, economic, and environmental challenges that are experienced locally, regionally, and globally. These objectives are:

- Aligning Arab Bank's sustainability approach with the evolving expectations and aspirations of its various stakeholders
- Expanding the bank's role and impact in supporting social and economic development
- Ensuring that all potential environmental and social risks are addressed at a strategic level
- Maintaining and reinforcing Arab Bank's reputation as a social, environmental, and economic leader

The bank's Sustainability Strategic Direction and its Corporate Social Responsibility Policy added weight to its sustainability initiatives. The bank also introduced the Sustainability Champions program, which brought together nine employees from different divisions to work closely with the Sustainability Department to integrate the Sustainability Strategic Direction within the bank's daily operations.

The bank remains committed to communicating its sustainability performance and in 2017 it issued its seventh sustainability report. Through these reports, the bank measures, assesses, and communicates its economic, environmental, and social performance, and manages change in line with the international best practices for sustainability.

Building on a long history of community investment, the bank developed a stakeholder model to make the most of the bank's contribution to its community and to create long-term financial and non-financial value for the bank and its stakeholders. This model consists of two main pillars that drive the bank's community involvement:

- The bank's dedicated CSR program, Together, which supports the community's fundamental causes
- The Abdul Hameed Shoman Foundation

Corporate Social Responsibility Program: Together

In 2009, the bank established Together, an integrated, fully-fledged corporate social responsibility (CSR) program that involves the bank's employees, customers, and selected NGOs in supporting causes that are aligned with the community's needs and priorities and the bank's sustainability objectives.

The bank adopted five main community causes for Together program, selected on the basis of the community's primary needs, including health, poverty alleviation, environmental protection, education, and orphan support. The program's geographical reach includes Jordan and Palestine.

The Together program guides the bank's engagement with its employees, customers, and partner NGOs along the following paths:

- Employee volunteering: Arab Bank encourages its employees to donate their time, efforts, and experience to implement initiatives and programs that are aligned with the bank's five main community causes. The volunteering program is driven by a set of KPIs and is managed by a fully-fledged system that drives and monitors its performance and deliverables.
- Collaboration with NGOs: The bank works closely with reputable NGOs that have established track records in each of the bank's CSR focus areas. The engagement includes developing and implementing community initiatives and intervention programs through Arab Bank community investments. As part of its work with partner NGOs, the bank has a capacity building program that focuses on building the functional, technical, and interpersonal skills of NGO staff in a manner that has a positive impact on the NGO's performance and community role.
- Customer donations: Through Together, the bank enables its customers to contribute financially to the five main community causes via a donation mechanism within the bank's service channels (ATMs, online banking, phone banking, Together credit card, and branch network). Customers can donate to any Together partner NGOs easily and conveniently. A donation target is set each year and communication campaigns are launched to encourage customers to donate.

The year 2017 has seen an unprecedented increase in participation in Together. The number of Arab Bank's employees volunteering increased by 29%, reaching 1,062 participants. Over 440 employees contributed more than 3,700 volunteering hours through 61 volunteering activities, reaching over 209,000 beneficiaries. The total amount of customer donations increased by 27.3% compared to the previous year, achieving a total of over JOD 242,000.

Here are some of the highlights of Arab Bank's Together program:

Health

Arab Bank has worked with many organizations to support initiatives aimed at advancing health-related causes in the community. These include: Back to School program with Hussein Cancer Foundation (KHCF), Royal Health Awareness Society (RHAS) Healthy Schools program, and Supporting Jordan Air Ambulance Center (JAAC) in providing emergency air transportation services to patients. Our employees participated in the Back to School program to help young patients continue their education while being treated at the King Hussein Cancer Center.

During 2017, the bank organized four blood donation drives in collaboration with the Jordan Blood Bank, during which bank employees donated 238 blood units. The bank collaborated with the KHCF and the Jordan Breast Cancer Program (JBCP) to organize a breast cancer awareness campaign, which benefited 79 female employees. The bank also supported an employees' team participation in the KHCF "Goal for Life" tournament.

The bank participated in several health and sports initiatives in Jordan, including sponsoring the Jordan National Football and Youth Leagues (since 2011), and the Amman Marathon. The bank covered the participation cost of over 1,400 bank employees and their families and friends in the Amman and Dead Sea Marathon.

The bank held five blood donation drives in Ramallah and Bethlehem, during which employees and their friends donated 83 blood units to the National Blood Bank. In addition, Arab Bank Palestine supported the Bani Zaid Health Center by donating an electric generator.



Poverty alleviation

In collaboration with Tkiyet Um Ali (TUA), the Children's Museum, and Jordan River Foundation, Arab Bank continued its efforts to help alleviate poverty in the Kingdom. We supported Families Adoption and winter campaign (Lamsit Dafa) and Charity Iftars to help underprivileged kids.

In Palestine, the bank supported the Princess Basma Foundation in Jerusalem to provide comprehensive rehabilitation services for disabled children from all over the country.

Environmental protection

Arab Bank supported several initiatives to protect the environment in Jordan, mainly in collaboration with the Royal Society for the Conservation of Nature (RSCN). The bank was the exclusive sponsor of the Third Socio-Economic Conference, which highlighted the importance of wildlife enforcement and hunting regulations. In addition, the bank supported the development of the trail between the Royal Academy for Nature Conservation and the Ajloun Natural Reserve.

Education

Empowering youth through education and training is important to Arab Bank. We collaborated with a number of organizations on several initiatives, including:

- supporting the education of 35 older orphans who have aged out of care with the Al Aman Fund for the Future of Orphans
- sponsoring the Traffic Department's Back to School awareness campaign for the eighth year
- sponsoring Arts for All with the Haya Cultural Center

The bank collaborated with INJAZ on several programs, including the Job Shadow and Vocational Training Centers' Students Skills Building Program, and sponsored the King Abdullah Fund for Development (KAFFD) and LOYAC internship program. Our employees also volunteered their time with other programs.

Under the umbrella of the Queen Rania Foundation, the bank supported the Madrasati initiative by renovating the facilities and infrastructure of three schools to provide a better educational environment. It also lent its support to the Jordan Educational Initiative, through which new electronic content and wireless



networks were provided to three schools in different parts of the Kingdom. Additionally, the bank supported the Queen Rania Teacher Academy “Teach Like a Champion” program and three online courses with EDRAAK. These projects are in addition to supporting several programs with the Children’s Museum, including Earth Month program, Back to School Month, Arabic Child Month, and Persons with Disabilities Month.

Arab Bank Palestine supported the Schools Renovation project in cooperation with Injaz - Palestine and the Ministry of Education for the fourth year in a row. This year, we added five schools from different areas to reach a total of 18 renovated schools since the beginning of the project.

Orphan support

The bank supported several initiatives to improve the quality of orphans’ lives and prepare them to be self-reliant and productive members of their communities, including sponsoring an SOS house in Amman and supporting the Charity Clothing Bank (which operates under the Jordanian Hashemite Charity Organization), by sponsoring the Orphans’ Day program.

Other Initiatives

Arab Bank was involved in many initiatives during the year, aimed at supporting economic growth and development in the region and helping to give youth new opportunities. These include:

- Arab Bank was among the partners of the World Economic Forum on the Middle East and North Africa held at the Dead Sea in partnership and cooperation with the King Abdullah II Fund for Development under the title “Empowering future generations”. The forum brought together heads of state, business leaders, and politicians, as well as representatives of civil society, and international and youth organizations.
- Arab Bank of Jordan was the lead sponsor of the Euromoney Jordan Conference, “Meeting the Financial Challenge”. Organized by Euromoney Conferences in cooperation with the Ministry of Finance, the conference included discussions of how to finance the future of Jordan and the future of the country’s investments.



- As part of its strategic partnership with Union of Arab Banks, the bank sponsored a number of conferences held by the Union in Jordan, including the Arab Banking Conference, “Mechanisms and Requirements for Implementing Sustainable Development in the Arab Region”, the conference on “The Reality of the Palestinian Banking Sector: Opportunities and Challenges”, and the forum of “Small and Medium-sized Projects: The Road to Economic Growth and Social Justice.” The bank also sponsored conferences in Lebanon, including the Annual Conference of the Union of Arab Banks, the 7th Annual Risk Management Forum in the Arab Banks, and the “Financing Reconstruction in the Aftermath of Arab Appraisal” forum.
- Arab Bank has also sponsored several initiatives and activities that are of interest to the youth, including the sponsorship of several career days, at the University of Jordan Job Fair and career days at the German-Jordanian University, the University of Petra, and Yarmouk University.
- Arab Bank sponsored the activities of the Jordanian Ministry of Energy and Mineral Resources Third International Energy Conference. It brought together delegations from more than 45 countries and speakers from all governments, international energy companies, and energy experts, and included an international exhibition, which gave participating companies the opportunity to publicize their projects and expertise.
- The bank was a golden sponsor of the Arab Contractors, Real Estate and Banking Investment Conference, organized by the Arab Contractors Union, in cooperation with the Ministry of Public Works and Housing, the Jordan Housing Investors Association, the Municipality of Greater Amman, the Land and Survey Department, and the Housing and Urban Development Corporation. The conference marked the ongoing cooperation between the private and public sectors and it was an opportunity to encourage investment and the exchange of expertise in the fields of contracting, real estate investment, and banking.
- Finally, the bank sponsored the International Professional and Scientific Conference, “Reality and Challenges”, which was held in Amman by the Jordan Association of Certified Public Accountants. Businessmen and legal accountants from Jordan, the Arab region and Arab professional associations, attended, as well as participants from the regulatory parties in Jordan. The conference focused on subjects of importance to the business sector in the Kingdom, including family businesses, business integration, the combining of financial statements, internal audit, capacity building, and management skills development.



Abdul Hameed Shoman Foundation

Arab Bank established the Abdul Hameed Shoman Foundation in 1978, in what was then an innovative move by the private sector to create a beacon of knowledge and innovation in Jordan and the Arab world. Since then, the foundation has played a positive role in enriching Jordanian and Arab culture, and promoting science scene through knowledge, research, and dialogue.

The foundation's mission is to invest in cultural and social innovation and to have a positive impact on the communities it serves through thought leadership, arts and literature, and social innovation. It reported numerous successes during 2017, including the launch of new initiatives and programs and enhancing the impact of existing ones by linking applied scientific research to innovation. The foundation launched the Shoman Scientific Research and Innovation Community and announced the new Abdul Hameed Shoman Foundation Innovation Award during the 35th anniversary of Abdul Hameed Shoman Arab Researcher's Award. As part of the celebration, which was under the patronage of Her Royal Highness Princess Ghaida Talal and with the participation of a distinguished group of Arab researchers, scientists, and specialists in the various fields of science, 11 winners were honored for the 2016 session in the following fields: medical and health sciences; engineering sciences; basic sciences; literature; human and social sciences; and technological, agricultural, economic, and administrative sciences. Since the launch of the Researcher's Award, 412 researchers from all over the Arab world have received it.

The Abdul Hameed Shoman Foundation Innovation Award was established to encourage innovation in both the sciences and social sciences, particularly to create a sustainable economic and social impact, by supporting Jordanian innovators in the following fields: green technology, environmental sustainability, food security, agricultural technology, health care, medical technology, labor market, economic productivity solutions, and education tools. The award will be awarded for the first time in 2018 with a budget of up to JD 1 million.

The Shoman Scientific Research and Innovation Community was created as part of a consultative workshop at the Abdul Hameed Shoman Cultural Forum. The aim behind it is to provide a platform for communication and networking, and to maximize the capitalization of the Arab researchers and innovators who win the Shoman Award, in addition to the beneficiaries of the Scientific Research Support Fund, the scientific bodies, or the arbitrators and residents who participated in the Foundation's programs in various sectors from all around the Arab world. In addition, the innovation community encourages the integration of Jordanian researchers and scholars abroad so that they benefit from a global perspective of research and innovation. More than 140 Arab researchers, academics, journalists and other interested parties contributed to the goals and priorities of this society.

The foundation continues to support applied scientific research projects in Jordanian universities, institutions, and scientific centers through the Abdul Hameed Shoman Scientific Research Fund, which is the first fund financed by the private sector. This year, the foundation signed six support agreements with six researchers from four research institutions, for a total of 82,000 Jordanian dinars. Six research projects were closed after work was completed and three research papers were published in accredited scientific journals. Finally, a booklet on the fund and its achievements was issued, the first of its kind.

To enhance communication with researchers and scientific institutions, the foundation held a consultative workshop on applied scientific research and innovation and the role the fund plays in guiding research and supporting researchers nationally. A dialogue session on practical research and innovation in the Arab world was also held with the participation of nearly 150 Arab researchers.

The Abdul Hameed Shoman Award for Children's Literature, now in its eleventh season, aims to promote literature written for children and help stimulate their creative spirit. In 2016 it was presented to four authors for their unpublished literary works.

The Science and Education Program

The Abdul Hameed Shoman Foundation launched the Science and Education Program in 2014 to promote a culture of scientific research among young children and adolescents, and to enrich the educational curriculum in Jordan by stimulating critical and analytical thinking. Another objective is to work in partnership with the Ministry of Education to build the capacity of science teachers and students through initiatives such as supporting the participation of Jordanian students in the Intel International Engineering and Science Fair and the Young Innovators Laboratory. The program began with a science teachers' camp, through which the Abdul Hameed Shoman Award for Science Teachers was relaunched.

During 2017, 18 students were invited to participate in the Intel International Fair, representing 12 different projects. Support and guidance were provided through several workshops aimed at building the presentation and leadership capacities of the participating students.

One of the Jordanian teams ranked second worldwide in the field of chemistry, and one of the female students achieved third place worldwide in the field of behavioral sciences. Thirteen awareness workshops were held across the Kingdom to introduce Intel's International Fair and explain the importance of participating in these events, which were attended by 903 teachers and students.

In collaboration with the Young Scientists Forum, the foundation has completed the second course of the Young Innovators Lab in Amman, and its first course in Al-Karak for children aged 10-13 who are interested in science and innovation. The aim of this collaboration is to promote critical thinking and a love of science through scientific experiments and projects. The second course, which ran for eight months, was attended by 27 students from the capital, and 15 students from Al-Karak governorate. The children progressed from critical thinking and experimentation to the skills of teamwork and learning about electric circuits and electronic bags. They produced six ideas for scientific projects in Amman and four scientific projects in Al-Karak.

The foundation organized the Science Teachers' Camp, which focused on developing critical thinking skills and using the classroom environment to contribute to the development of students' thinking skills. The camp worked with 15 science teachers from various governmental schools, who learned how to design non-standard learning tools. At the end of the camp, a prize was awarded for the design and implementation of non-standard educational tools.

Knowledge Path Library for Children and Youth

The Knowledge Path Library is dedicated to restoring books as the leading components in the upbringing of children and the creation of a generation of knowledge and creativity. It promotes reading as a necessary part of every child's path to knowledge and works to foster it through a friendly environment in which literacy and creative activities take place.

Introduced in 2013, the Knowledge Path Library for Children and Youth marked the creation of a free and vital space in which children of all ages and backgrounds could meet and discover creative thinking through reading activities. During 2017, the library hosted more than 40,000 children who read over 40,000 books on various topics. The library also received students from 224 school trips and offered them several programs and activities, including storytelling, creative activities, summer and winter clubs, and monthly children's film screenings. The library also provides workshops for children, parenting skills courses for parents, children's book signing ceremonies for Jordanian writers, film shows, and a musical evening for children and adolescents.

The library team conducted field visits to 54 schools in Al-Karak, Salt, Irbid, Madaba, Jerash, Ajloun, and Aqaba governorates where they provided literary activities and storytelling. The library also organized the Fourth Science Film Festival this year in cooperation with the Goethe-Jordan Institute, and worked with the institute to provide training to the children's museum staff.

Abdul Hameed Shoman Cultural Forum

Cultural events took place during the year involving 22 Arab researchers and 72 local researchers. More than 14,790 individuals attended these events.

This year, the forum organized a program in cooperation with the Arab Forum for Environment and Development in Beirut, entitled "Environment Today". The program involved a monthly environmental talk, which was open to the public and attended by many local and international environmental experts. These monthly public talks will continue until mid-2018. The forum also organized a program on identity, including a monthly public talk attended by a selection of public and cultural figures.

Many other events were held in cooperation with a variety of Arab and local institutions, on history and Arabic literature and culture. A collection of books on various topics was published.

The Cinema

The Foundation's Cinema Program continued to offer weekly screenings of carefully selected Arabic and international movies, followed by discussions. The program also included events dedicated to Arab and Turkish cinema. The Children's Cinema Program held monthly screenings aimed at enhancing the critical thinking of children and youth and heightening their appreciation for arts.

Abdul Hameed Shoman Foundation Cultural Days

As part of our efforts to interact with our communities in Jordan through an integrated cultural and artistic program, the foundation launched the Abdul Hameed Shoman Foundation Cultural Days. Two activities were conducted in 2017:

1- Jabal Amman Cultural Week in its 4th edition

For the fourth year in a row, the foundation held Jabal Amman Cultural Week in cooperation with the residents of Jara – Jabal Amman's old neighborhood – with the patronage of the Amman Municipality, and 28 other cultural organizations. The week included several general cultural activities for different ages and tastes, including children's events, Jordanian films, musical and poetry evenings, seminars, and a book fair. It also included author signings of children's books, photo galleries, art exhibitions at the various Jabal Amman galleries, and workshops and creative children's activities throughout the week in JARA Street and our Knowledge Path Library for Children and Youth. This year, more than 29 publishing houses and 40 representatives of craftsmen participated. The number of attendees increased to about 20,000 people.

2- Abdul Hameed Shoman Foundation Cultural Days in Al-Karak

Abdul Hameed Shoman Foundation Cultural Days in Al-Karak were held in partnership with the Municipality of Al-Karak, the Ministry of Culture, the Ministry of Tourism and Antiquities, Al-Karak Castle, Mu'tah University, Amman Azbakeya, Jordanian publishing houses, and Jara Association. It included an intensive cultural program that extended to four sessions, focusing on activities and events targeting all interests and ages. The program also involved events celebrating Al-Karak as a continuous source of creativity, such as cultural seminars, films for all ages, musical evenings with a Jordanian orchestra, creative performers, folkloric shows, and a book fair, which included a book signing and musical, artistic, and scientific activities for children and young people. In addition, the team provided creative activities for children in several public schools and presentations on the Arab Researchers Award, the Scientific Research Fund, and the Grants and Support Program.

Abdul Hameed Shoman Public Library

To enhance and develop the role of the library as an information and community center, 12 workshops and training sessions were held for patrons on capacity building, critical thinking, the basics of scientific research, and the use of electronic

databases. Nine books were published and signed as part of Readings in the Library program, 24 books were discussed by different reading clubs in the library halls, and two introductory sessions were held on three-dimensional printing.

The Library Symposium was held for the second year in a row, entitled “The Library as an Engine for Change”, to highlight the use of library and information statistics. Three experts from the United States, Denmark, and Singapore were hosted by 130 Jordanian and Arab officials from Palestine, Egypt, and the United Arab Emirates.

In order to involve the local community in the design of future programs, members of the community were invited to examine the role of the library as a community center and compare it with international models. The needs of individuals with disabilities were also examined to ensure that relevant programs and services are provided.

As part of the expansion plans, the East Amman Library Project has started. When completed, it will serve a highly populated area in the capital. Two training workshops were held for library staff in Irbid and Aqaba to boost attendance in the governorates. The Abdul Hameed Shoman Public Library continues to support the libraries in the municipalities of Palestine and the Jordanian Family Library project in cooperation with the Ministry of Culture.

By the end of 2017, library visitors numbered 308,965, with 44,349 subscribers, of whom 2,147 were new. In addition, 42,554 books were borrowed, and 64,909 books were read in the library, while users of the library’s electronic database reached 2,272.

Abdul Hameed Shoman Foundation Musical Evenings

The foundation launched the Musical Evenings program in early 2014 with the aim of providing a musical platform to highlight promising Jordanian and international performers, enhance the exchange of musical experiences, and celebrate Arab and international music of all kinds.

In addition to the monthly Musical Evenings, the foundation held three musical events at the Odeon Amphitheater. These events, “Abdul Hameed Shoman Foundation Musical Evenings Downtown Amman”, celebrated Jordanian and international talent through several musical and arts concerts.

Grants and Support Programs in 2017

Through its different grants and support programs, the foundation received more than 400 requests and supported 42 projects and activities across the following three programs:

- **Thought Leadership Grants Program:** This program seeks to build capacity and enable more people to contribute to the development of the learning process through non-formal education, the promotion of dialogue, and the stimulation of critical thinking and thought leadership. The program helps to provide educational and scientific spaces, platforms and applications, to host scientific activities such as science competitions, science fairs and exhibitions, and provide support for debates, scientific forums, and conferences. Among the projects that have been supported are

Mahakkat Al Tafkeer, an education program that promotes critical thinking in public schools, the World Science Forum of the Royal Scientific Society, the Arab Thought Forum, the "Science 2Oxide" YouTube Channel by Foq Al Sada, Science League's Science Clubs, and Phi's Second Scientific Research Conference. The foundation also covered the participation of some of its grant beneficiaries in the 12th Annual Harvard Arab World Conference, "Building Tomorrow".

- **Literature and Arts Grants Program:** This program strives to foster literary and artistic talents and skills, promote cultural diversity, contribute to the provision of Arabic content, and ensure access to arts and literary activities for all. This is accomplished by supporting artistic and literary spaces, organizing projects that enrich and disseminate Arab literary and artistic content in all forms (paper and digital media), and fostering local young talent and cultural change agents such as artists, writers, artistic performers, audio visual projects, festivals, and other cultural activities that aim to preserve national heritage. Examples of supported projects include Amman Design Week 2017, the libraries of 16 reform and rehabilitation centers in Jordan, the Haya Cultural Center mobile library program, and platforms that provide creative and original Arabic content, such as "Dhaud World," "Kalamesque" and "Nawa". The foundation also supported musical projects such as "Bala Feesh 2.0", Tariq Al-Jundi and the Orchestra, and theatrical projects such as "Black Grapes" and "Dreams of Blue Yamama".
- **Social Innovation Grants Program:** These grants originate from the foundation's interest in investing in youth, promoting social innovation, and encouraging the establishment of sustainable social enterprises in Jordan that could lead to innovative and sustainable solutions to community problems. The foundation supported the "iLearn" Foundation, Mind Rockets, Writer's Cell, and The Learning Circle for their role in promoting creative and innovative thinking among youth.

Arab Bank Group

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	December 31,			
	Note	2017	2016	
Cash and balances with central banks	6	7 607 064	7 809 343	ASSETS
Balances with banks and financial institutions	7	3 992 234	4 622 181	
Deposits with banks and financial institutions	8	150 419	176 118	
Financial assets at fair value through profit or loss	9	470 654	698 516	
Financial derivatives - positive fair value	40	35 420	58 011	
Direct credit facilities at amortized cost	11	23 488 575	21 898 121	
Financial assets at fair value through other comprehensive income	10	395 563	470 912	
Other financial assets at amortized cost	12	7 760 023	7 640 955	
Investments in associates	13	3 226 231	3 077 008	
Fixed assets	14	459 141	463 633	
Other assets	15	491 174	472 203	
Deferred tax assets	16	87 223	73 390	
Total Assets		48 163 721	47 460 391	
Banks' and financial institutions' deposits	17	3 927 288	3 752 999	
Customers' deposits	18	31 080 459	31 082 152	
Cash margin	19	2 700 289	2 561 426	
Financial derivatives - negative fair value	40	42 154	52 517	
Borrowed funds	20	182 090	271 185	
Provision for income tax	21	272 205	242 377	
Other provisions	22	326 040	259 795	
Other liabilities	23	1 220 231	1 072 128	
Deferred tax liabilities	24	3 693	1 276	
Total Liabilities		39 754 449	39 295 855	
Share capital	25	926 615	926 615	LIABILITIES AND SHAREHOLDERS' EQUITY
Share premium	25	1 225 747	1 225 747	
Statutory reserve	26	841 359	798 443	
Voluntary reserve	27	977 315	977 315	
General reserve	28	1 141 824	1 141 824	
General banking risks reserve	29	395 828	363 458	
Reserves with associates		1 540 896	1 540 896	
Foreign currency translation reserve	30	(350 550)	(402 682)	
Investments revaluation reserve	31	(313 438)	(267 672)	
Retained earnings	32	1 904 663	1 738 225	
Total Equity Attributable to the Shareholders of the Bank		8 290 259	8 042 169	
Non-controlling interests	32	119 013	122 367	
Total Shareholders' Equity		8 409 272	8 164 536	
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		48 163 721	47 460 391	

The accompanying notes from (1) to (58) are an integral part of these consolidated financial statements and should be read with them

ARAB BANK GROUP

USD'000

CONSOLIDATED STATEMENT OF INCOME

	Note	2017	2016	
REVENUE	Interest income	33	1 984 069	1 865 835
	Less: interest expense	34	797 507	751 317
	Net interest income		1 186 562	1 114 518
	Net commissions income	35	301 711	315 903
	Net interest and commissions income		1 488 273	1 430 421
	Foreign exchange differences		84 665	61 185
	Gain from financial assets at fair value through profit or loss	36	5 380	5 147
	Dividends on financial assets at fair value through other comprehensive income	10	6 995	7 813
	Group's share of profits of associates	13	350 278	334 964
	Other revenue	37	48 408	86 882
TOTAL INCOME		1 983 999	1 926 412	
EXPENSES	Employees' expenses	38	459 957	439 105
	Other expenses	39	342 445	331 285
	Depreciation and amortization	14/15	56 546	54 773
	Provision for impairment - direct credit facilities at amortized cost	11	250 377	179 056
	Other provisions	22	78 021	131 378
	TOTAL EXPENSES		1 187 346	1 135 597
PROFIT FOR THE YEAR	PROFIT FOR THE YEAR BEFORE INCOME TAX		796 653	790 815
	Less: Income tax expense	21	263 690	258 149
	PROFIT FOR THE YEAR		532 963	532 666
	Attributable to :			
	Bank's shareholders		521 961	522 187
Non-controlling interests	32	11 002	10 479	
Total		532 963	532 666	
Earnings per share attributable to Bank's Shareholders				
	- Basic and Diluted (US Dollars)	54	0.81	0.81

The accompanying notes from (1) to (58) are an integral part of these consolidated financial statements and should be read with them

ARAB BANK GROUP

		USD'000	
	Note	2017	2016
Profit for the Year		532 963	532 666
Add: Other comprehensive income items - after tax			
Items that will be subsequently transferred to the consolidated statement of Income			
Exchange differences arising on the translation of foreign operations	30	45 676	(126 551)
Items that will not be subsequently transferred to the consolidated statement of Income			
Change in fair value of financial assets at fair value through other comprehensive income	31	(43 585)	(8 706)
Change in Investment Revaluation Reserve		(46 209)	(7 668)
Gain (Loss) from sale of financial assets at fair value through other comprehensive income		2 624	(1 038)
Total Other Comprehensive Income Items - after tax		2 091	(135 257)
TOTAL COMPREHNSIVE INCOME FOR THE YEAR		535 054	397 409
Attributable to :			
- Bank's shareholders		530 935	396 383
- Non-controlling interests		4 119	1 026
Total		535 054	397 409

The accompanying notes from (1) to (58) are an integral part of these consolidated financial statements and should be read with them

ARAB BANK GROUP

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Notes	Share Capital	Share Premium	Statutory Reserve	Voluntary Reserve	General Reserve	General Banking Risks Reserve
2017	Balance at the Beginning of the year	926 615	1 225 747	798 443	977 315	1 141 824	363 458
	Profit for the year	-	-	-	-	-	-
	Other comprehensive income for the year	-	-	-	-	-	-
	Total Comprehensive Income for the Year	-	-	-	-	-	-
	Transferred to statutory reserve	-	-	42 916	-	-	-
	Transferred to general banking risk reserve	-	-	-	-	-	32 370
	Investments revaluation reserve transferred to retained earnings	10	-	-	-	-	-
	Investments revaluation reserve transferred to minority interest	-	-	-	-	-	-
	Dividends Paid	32	-	-	-	-	-
	Adjustments during the year	-	-	-	-	-	-
Balance at the End of the Year		926 615	1 225 747	841 359	977 315	1 141 824	395 828
2016	Balance at the Beginning of the year	926 615	1 225 747	753 065	977 315	1 141 824	363 458
	Profit for the year	-	-	-	-	-	-
	Other comprehensive income for the year	-	-	-	-	-	-
	Total Comprehensive Income for the Year	-	-	-	-	-	-
	Transferred to statutory reserve	-	-	45 378	-	-	-
	Investment revaluation reserve transferred to retained earnings	10	-	-	-	-	-
	Investment revaluation reserve transferred to minority interest	-	-	-	-	-	-
	Dividends Paid	32	-	-	-	-	-
	Adjustments during the year	-	-	-	-	-	-
	Balance at the End of the Year		926 615	1 225 747	798 443	977 315	1 141 824

* Retained earnings include restricted deferred tax assets in the amount of USD 87.2 million, as well as unrealized gain from financial assets at fair value through profit or loss in the amount of USD 1.5 million. Restricted retained earnings cannot be distributed or otherwise utilized except under certain circumstances, as a result of adopting of certain International Accounting Standards, amounted to USD 2.8 million as of December 31, 2017.

* The retained earnings include an unrealized loss in the amount of USD (109.1) million as a result of the adoption of IFRS (9) as of December 31, 2017.

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

* The use of an amount of USD (313.4) million as of December 31, 2017 which represents the negative investments revaluation reserve balance is restricted according to Jordan Securities Commission instructions.

The accompanying notes from (1) to (58) are an integral part of these consolidated financial statements and should be read with them.

USD '000

Reserves with Associates	Foreign Currency Translation Reserve	Investments Revaluation Reserve	Retained Earnings	Total Equity Attributable to the Shareholders of the Bank	Non-Control-ling Interests	Total Share-holders Equity
1 540 896	(402 682)	(267 672)	1 738 225	8 042 169	122 367	8 164 536
-	-	-	521 961	521 961	11 002	532 963
-	52 132	(43 158)	-	8 974	(6 883)	2 091
-	52 132	(43 158)	521 961	530 935	4 119	535 054
-	-	-	(42 916)	-	-	-
-	-	-	(32 370)	-	-	-
-	-	(2 608)	2 608	-	-	-
-	-	-	-	-	(16)	(16)
-	-	-	(278 182)	(278 182)	(5 105)	(283 287)
-	-	-	(4 663)	(4 663)	(2 352)	(7 015)
1 540 896	(350 550)	(313 438)	1 904 663	8 290 259	119 013	8 409 272
1 540 896	(284 609)	(260 621)	1 502 867	7 886 557	129 024	8 015 581
-	-	-	522 187	522 187	10 479	532 666
-	(118 073)	(7 731)	-	(125 804)	(9 453)	(135 257)
-	(118 073)	(7 731)	522 187	396 383	1 026	397 409
-	-	-	(45 378)	-	-	-
-	-	680	(680)	-	-	-
-	-	-	-	-	358	358
-	-	-	(231 277)	(231 277)	(5 607)	(236 884)
-	-	-	(9 494)	(9 494)	(2 434)	(11 928)
1 540 896	(402 682)	(267 672)	1 738 225	8 042 169	122 367	8 164 536

	Note	2017	2016
Profit for the year before tax		796 653	790 815
Adjustments for:			
- Depreciation	14	48 962	47 661
- Provision for impairment - direct credit facilities at amortized cost	11	250 377	179 056
- Net interest income		36 578	(8 096)
- (Gain) from sale of fixed assets		(1 324)	(40 211)
- Amortization of Intangible Assets	15	7 584	7 112
- (Gain) from revaluation of financial assets at fair value through profit or loss	36	(1 477)	(1 671)
- Dividends from financial assets at fair value through other comprehensive income	10	(6 995)	(7 813)
- Group's share from associates profits	13	(350 278)	(334 964)
- Other provisions		78 021	131 378
Total		858 101	763 267
(Increase) decrease in assets:			
Balances with central banks (maturing after 3 months)		(25 000)	-
Deposits with banks and financial institutions (maturing after 3 months)		25 699	(877 100)
Direct credit facilities at amortized cost		(1 840 831)	103 810
Financial assets at fair value through profit and loss		229 339	135 135
Other assets and financial derivatives		(9 395)	13 739
Increase (decrease) in liabilities:			
Banks and financial institutions deposits (maturing after 3 months)		36 632	(215 552)
Customers' deposits		(1 693)	(1 717 076)
Cash margin		138 863	118 336
Other liabilities and financial derivatives		121 327	(536 044)
Net Cash (Used by) Operating Activities before Income Tax		(466 958)	(2 211 485)
Income tax paid		(240 453)	(269 492)
Net Cash (Used by) Operating Activities		(707 411)	(2 480 977)
CASH FLOWS FROM INVESTING ACTIVITIES			
Sale of financial assets at fair value through other comprehensive income		32 191	1 075
(Purchase) Maturity of other financial assets at amortized cost		(119 068)	1 362 754
(Increase) of investments in associates		(2 724)	(27 810)
Dividends received from associates	13	169 470	175 607
Dividends from financial assets at fair value through other comprehensive income	10	6 995	7 813
(Purchase) of fixed assets	14	(51 168)	(97 512)
Proceeds from selling fixed assets		11 018	64 149
(Purchase) of intangible assets - Net		(11 982)	(12 873)
Net Cash Generated by Investing Activities		34 732	1 473 203
CASH FLOWS FROM FINANCING ACTIVITIES			
(Paid) Increased borrowed funds		(89 095)	195 440
Dividends paid to shareholders		(280 136)	(229 063)
Dividends paid to non-controlling interests		(5 105)	(5 607)
Net Cash (Used in) Financing Activities		(374 336)	(39 230)
Net (Decrease) in Cash and Cash Equivalents		(1 047 015)	(1 047 004)
Exchange differences - change in foreign exchange rates		52 132	(118 073)
Cash and cash equivalent at the beginning of the year		8 349 838	9 514 915
Cash and Cash Equivalent at the End of the Year	56	7 354 955	8 349 838

The accompanying notes from (1) to (58) are an integral part of these consolidated financial statements and should be read with them

ARAB BANK GROUP

1. General

- Arab Bank was established in 1930, and is registered as a Jordanian public shareholding limited company. The Head Office of the Bank is domiciled in Amman - Jordan, and the Bank operates worldwide through its 74 branches in Jordan and 125 branches abroad, Arab Bank (Switzerland) and subsidiaries.
- Arab Bank plc shares are traded on Amman Stock Exchange. The share of Arab Bank represents the Bank's share in all entities of Arab Bank Group except for Arab Bank (Switzerland) Limited, the shares of which are stapled with Arab Bank shares and traded at the same time.
- The accompanying consolidated financial statements were approved by the Board of Directors in its meeting Number (1) on January 27, 2018 and are subject to the approval of the General Assembly of Shareholders.

2. Basis of Consolidation

- The accompanying consolidated financial statements of Arab Bank Group, presented in US dollars, comprise the financial statements of Arab Bank plc, Arab Bank Switzerland (Limited) and subsidiaries. The Group main subsidiaries are as follows:

Company Name	Percentage of ownership		Date of Acquisition	Principal Activity	Place of Incorporation	Paid-up Capital
	2017	2016				
	%	%				
Europe Arab Bank plc	100.00	100.00	2006	Banking	United Kingdom	€ 570m
Arab Bank Australia Limited	100.00	100.00	1994	Banking	Australia	AUD 94.3m
Islamic International Arab Bank plc	100.00	100.00	1997	Banking	Jordan	JD 100m
Arab National Leasing Company L.L.C.	100.00	100.00	1996	Financial Leasing	Jordan	JD 25m
Al-Arabi Investment Group L.L.C .	100.00	100.00	1996	Brokerage and Financial Services	Jordan	JD 14m
Arab Sudanese Bank Limited	100.00	100.00	2008	Banking	Sudan	SDG 117.5m
Al Arabi Investment Group - Palestine	100.00	100.00	2009	Brokerage and Financial Services	Palestine	JD 1.7m
Arab Tunisian Bank	64.24	64.24	1982	Banking	Tunisia	TND 100m
Arab Bank Syria	51.29	51.29	2005	Banking	Syria	SYP 5.05b
Al Nisr Al Arabi Insurance Company plc	50.00	50.00	2006	Insurance	Jordan	JD 10m

- The consolidated financial statements comprise the financial statements of the Bank and its subsidiaries where the Bank holds control over the subsidiaries. The control exists when the Bank controls the subsidiaries significant and relevant activities and is exposed, or has rights, to variable returns from its involvement with the subsidiaries and has the ability to affect those returns through its power over the subsidiaries. The investment in subsidiaries is stated at cost when preparing the financial statements for Arab Bank PLC.
- The financial statements of subsidiaries are prepared using uniform accounting policies of those used by the Group. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group.
- The results of operations of subsidiaries are included in the consolidated 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 of during the year 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.
- Upon consolidation, inter-Group transactions and balances between Arab Bank plc, 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 Shareholders' equity in the consolidated statement of financial position.
- The acquisition method is used for all adjustments completed on the business combinations, the costs of these business combination are measured at total fair value of assets of which were waived, either being cash paid or other assets and the obligations incurred at the date of exchange. All costs associated with the business combinations must be expensed in the consolidated statement of Income and are not considered as a part of the acquisition cost.

3. Adoption of New and Revised International Financial Reporting Standards (IFRSs)

3.a. New standards, interpretations and amendments adopted by the Group

The accounting policies used in the preparation of the consolidated financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2016 except for the followings:

- Amendments to IAS 7 Statement of Cash Flows: Disclosure Initiative

Limited amendments which require entities to provide disclosures about changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). However, the adoption of these amendments have no impact on the Group's consolidated financial statements.

- Amendments to IAS 12 Income Taxes: Recognition of Deferred Tax Assets for un-recognised Losses

Limited amendments to clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference and some other limited amendments, the adoption of these amendments have no impact on the Group's consolidated financial statements.

3. b. New and revised IFRSs in issue but not yet effective and not early adopted

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

- IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments that replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge

accounting. The Bank has implemented the first phase of IFRS 9 as issued during 2009. The date of initial implementation of the first phase of IFRS 9 was 1 January 2011.

- The new version of IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Except for hedge accounting, retrospective application is required; however, the entities are exempted from restating their comparative information.
- The Group plans to adopt the new standard on the required effective date and will not restate comparative information. During 2017, the Group has performed a detailed impact assessment of IFRS 9. This assessment is based on currently available information and may be subject to changes arising from further reasonable and supportable information being made available to the Group in 2018 when the Group adopts IFRS 9. The Group expects based on preliminary figures an increase in the loss allowance for an amount of USD 90 million resulting in an equal negative impact on equity, as well as it might affect the deferred taxes. In addition, the Group will implement changes in classification of certain financial instruments.

(a) Classification and measurement

- The Group does not expect a significant impact on its balance sheet or equity on applying the new classification and measurement category of IFRS 9. It expects to continue being measured at amortised cost and to use the new category starting from 1 January 2018 for classifying part of the debt securities portfolio to be measured at fair value through OCI.
- Credit facilities are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. The Group analysed the contractual cash flow characteristics of those instruments and concluded that they meet the criteria for amortised cost measurement under IFRS 9. Therefore, reclassification for these instruments is not required.

(b) Impairment

- The new impairment guidance sets out an expected credit loss (ECL) model applicable to all debt instrument financial assets classified as amortized cost or FVTOCI. In addition, the ECL model applies to loan commitments and financial guarantees that are not measured at FVTPL

- **Incurred Loss versus Expected Loss Methodology**

The application of ECL will significantly change the credit loss methodology and models. ECL allowances represent credit losses that should reflect an unbiased and probability-weighted amount which is determined by evaluating a range of possible outcomes, the time value of money and reasonable and supportable information about past events, current conditions and forecasts of future economic conditions. This compares to the present incurred loss model under IAS 39 that incorporates a single best estimate, the time value of money and information about past events and current conditions. The objective of the new impairment standard is to record lifetime losses on all financial instruments which have experienced a significant increase in credit risk (SICR) since their initial recognition.

- As a result, ECL allowances will be measured at amounts equal to either (i) 12-month ECL or (ii) lifetime ECL for those financial instruments which have experienced a SICR since initial recognition. This compares to the present incurred loss model which recognizes lifetime credit losses when there is objective evidence of impairment and also allowances for incurred but not identified credit losses. Because of the inclusion of relative credit deterioration criteria and consideration of forward looking information, the ECL model eliminates the threshold or trigger event required under the incurred loss model, and lifetime ECL are recognized earlier under IFRS 9.
- **Stage Migration and Significant Increase in Credit Risk**
- For non-impaired financial instruments:
 - Stage 1 is comprised of all non-impaired financial instruments which have not experienced a SICR since initial recognition. Entities are required to recognize 12 months of ECL for stage 1 financial instruments. In assessing whether credit risk has increased significantly, entities are required to compare the risk of a default occurring on the financial instrument as at the reporting date, with the risk of a default occurring on the financial instrument as at the date of initial recognition.
 - Stage 2 is comprised of all non-impaired financial instruments which have experienced a SICR since initial recognition. Entities are required to recognize lifetime ECL for stage 2 financial instruments.

In subsequent reporting periods, if the credit risk of the financial instrument improves such that there is no longer a SICR since initial recognition, then entities shall revert to recognizing 12 months of ECL.

- For impaired financial instruments:
 - Financial instruments are classified as stage 3 when there is objective evidence of impairment as a result of one or more loss events that have occurred after initial recognition with a negative impact on the estimated future cash flows of a loan or a portfolio of loans. The ECL model requires that lifetime ECL be recognized for impaired financial instruments, which is similar to the current requirements under IAS 39 for impaired financial instruments.
 - For the business and government portfolios, the individually assessed allowances for impaired instruments recognized under IAS 39 will generally be replaced by stage 3 allowances under IFRS 9, while the collective allowances for non-impaired financial instruments will generally be replaced by either stage 1 or stage 2 allowances under IFRS 9. For the retail portfolios, the portion of the collective allowances that relate to impaired financial instruments under IAS 39 will generally be replaced by stage 3 allowances, while the non-impaired portion of the collective allowances will generally be replaced by either stage 1 or stage 2 allowances under IFRS 9.

Key Drivers of Expected Credit Loss

- The following concepts are subject to a high level of judgment, will have a significant impact on the level of ECL allowances and will be the cause of increased volatility of allowances:
 - 1- Determining when a SICR of a financial asset has occurred,
 - 2- Measuring both 12-month and lifetime credit losses,
 - 3- Incorporating forward-looking information using multiple probability-weighted scenarios,
 - 4- Collateral quality.

Other New and revised IFRSs	Effective for annual periods beginning on or after
<p>IFRS 15 Revenue from Contracts with Customers IFRS 15 specifies the accounting treatment for all revenue arising from contracts with customers. It applies to all entities that enter into contracts to provide goods or services to their customers, unless the contracts are in the scope of other IFRSs, such as IAS 17 Leases. IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers; and SIC-31 Revenue—Barter Transactions Involving Advertising Services.</p>	<p>The standard is effective for annual periods beginning on or after 1 January 2018, and early adoption is permitted</p>
<p>Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture, is recognised in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture.</p>	<p>The standard is effective for annual periods beginning on or after 1 January 2019, and early adoption is permitted</p>
<p>IFRS 2 Classification and Measurement of Share-based Payment Transactions - Amendments to IFRS 2 The IASB issued amendments to IFRS 2 Share-based Payment that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled.</p>	<p>Entities may apply the amendments prospectively and are effective for annual periods beginning on or after 1 January 2018, with early application permitted</p>

<p>IFRS 16 Leases During January 2016, the IASB issued IFRS 16 “Leases” which sets out the principles for the recognition, measurement, presentation and disclosure of leases.</p> <p>IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.</p> <p>IFRS 16 introduced a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.</p>	<p>The new standard will be effective for annual periods beginning on or after 1 January 2019. Early application is permitted</p>
<p>IFRS 17 Insurance Contracts IFRS 17 provides a comprehensive model for insurance contracts covering the recognition and measurement and presentation and disclosure of insurance contracts and replaces IFRS 4 -Insurance Contracts. The standard applies to all types of insurance contracts (i.e. life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. The standard general model is supplemented by the variable fee approach and the premium allocation approach.</p>	<p>The new standard will be effective for annual periods beginning on or after 1 January 2021. Early application is permitted</p>
<p>Transfers of Investment Property (Amendments to IAS 40) The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management’s intentions for the use of a property does not provide evidence of a change in use.</p> <p>Entities should apply the amendments prospectively and effective for annual periods beginning on or after 1 January 2018. Early application of the amendments is permitted and must be disclosed.</p>	<p>Entities should apply the amendments prospectively and effective for annual periods beginning on or after 1 January 2018. Early application of the amendments is permitted and must be disclosed.</p>

<p>Amendments to IFRS 4 Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts</p> <p>In September 2016, the IASB issued amendments to IFRS 4 to address issues arising from the different effective dates of IFRS 9 and the upcoming new insurance contracts standard (IFRS 17). The amendments introduce two alternative options for entities issuing contracts within the scope of IFRS 4, a temporary exemption from implementing IFRS 9 to annual periods beginning before 1 January 2021 at latest and an overlay approach that allows an entity applying IFRS 9 to reclassify between profit or loss and other comprehensive income an amount that results in the profit or loss at the end of the reporting period for the designated financial assets being the same as if an entity had applied IAS 39 to these designated financial assets.</p>	<p>The amendment is effective for annual periods beginning on or after 1 January 2018, and early adoption is permitted</p>
<p>IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration</p> <p>The interpretation clarifies that in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the nonmonetary asset or non-monetary liability arising from the advance consideration. Entities may apply the amendments on a fully retrospective or prospective basis.</p>	<p>The new interpretation will be effective for annual periods beginning on or after 1 January 2018. Early application of interpretation is permitted and must be disclosed</p>
<p>IFRIC Interpretation 23 Uncertainty over Income Tax Treatment</p> <p>The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 and does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. An entity must determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments.</p>	<p>The interpretation is effective for annual reporting periods beginning on or after 1 January 2019, but certain transition reliefs are available.</p>

- Management anticipates that IFRS 15 and IFRS 9 will be adopted in the Group's financial statements for the annual period beginning 1 January 2018 and that IFRS 16 will be adopted in the Group's financial statements for the annual period beginning 1 January 2019.
- The application of IFRS 16 may have significant impact on amounts reported and disclosures made in the Group's financial statements in respect of its leases.

4. Significant Accounting Policies

Basis of preparation of the consolidated financial statement

- The accompanying consolidated financial statements are prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board and the Interpretations issued by the International Financial Reporting Interpretations Committee, the prevailing rules in the countries where the Group operates and the instructions of the Central Bank of Jordan.
- The consolidated financial statements are prepared using the historical cost principle, except for some of the financial assets and financial liabilities which are stated at fair value as of the date of the consolidated financial statements.
- The accounting policies adopted for the current year are consistent with those applied in the year ended December 31, 2016 except for what is stated in note (3 - a) to the consolidated financial statements.

a. Revenue Recognition

Interest Income and Expenses

- Interest income and expenses for all interest bearing financial instruments are recognized in the consolidated statement of income using the effective interest rate method except for interest and commissions on non performing credit facilities, which are recorded as interest and commission in a suspense account.
- The effective interest rate method is a method of calculating the amortized cost of financial assets or financial liabilities and allocating the interest income and expenses over the relevant period. The effective interest rate method is the rate that discounts estimated future cash payments or receipts through the expected life of the financial assets or financial liability, or where appropriate a shorter period to the net carrying of the financial asset or the financial liability. The Group estimates the cash flow considering all contractual terms of the financial instruments but does not consider future credit losses.
- Commission income in general is recognized on accrual basis. Loan recoveries are recorded upon receipt.

Dividends income

- Dividends income from financial assets is recognized when the Group's right to receive dividends has been established (upon the general assembly resolution).

Insurance Contract Revenue

- Insurance premiums arising from insurance contract are recorded as revenue for the year (earned insurance premiums) on the basis of the maturities of time periods and in accordance with the insurance coverage periods. Insurance premiums from insurance contracts unearned at the date of the consolidated statement of financial position are recorded as unearned insurance premiums within other liabilities.

Leasing Contracts Revenue

The Group's policy relating to leasing contracts is illustrated in note (4.C) below.

b. Direct Credit Facilities

- The direct credit facilities are measured at amortized cost. The provision for the impairment of direct credit facilities is recognized when it is obvious that the amounts due to the Group cannot be recovered or when there is an objective evidence of the existence of an event negatively affecting the future cash flows of the direct credit facilities and the impairment amount can be estimated. The provision is recorded in the consolidated statement of income.
- Interest and commission on non-performing credit facilities are suspended in accordance with the instructions of the Central Bank of Jordan and the applicable laws in the countries where the Bank' subsidiaries and branches operate.
- Impaired credit facilities, for which specific provisions have been taken, are written off by charging the provision after all efforts have been made to recover the assets and after the proper approval of the management. Any surplus in the provision are recorded in the consolidated statement of income, while debts recoveries are recorded in income.
- Non-performing direct credit facilities which are completely covered with provisions and suspended interest, are transferred to items off the consolidated statement of financial position. In accordance with the Bank's internal policies, after the proper approval of the management.

c. Leasing contracts

- Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases:

1. The Group as a lessor:

- Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and on a straight-line basis over the lease term.

2. The Group as a lessee:

- Assets held under finance leases are initially recognized as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum future lease payments. The finance lease obligation is recorded at the same value. Lease payments are apportioned between finance costs and reduction of the lease liabilities so as to achieve a constant rate of interest on the remaining balance of the liability. Finance costs are charged directly to the consolidated statement of income.
- Operating lease payments are recognized as an expense on a straight-line basis over the lease term.

d. Foreign currencies

- Transactions in foreign currencies during the year are recorded at the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the date of the consolidated financial statements using the exchange rate prevailing at the date of the consolidated financial statement. Gains or losses resulting from foreign currency translation are recorded in the consolidated statement of income.
- Non-monetary items recorded at historical cost are translated according to the exchange at fair value rate prevailing at the transaction date, using the exchange rate prevailing at the date of evaluation.
- Differences resulting from the translation of non-monetary assets and liabilities at fair value denominated in foreign currency, such as equity shares, are recorded as part of the change in the fair value using the exchange rates prevailing at the date of evaluation.
- Upon consolidation, the financial assets and financial liabilities of the branches, Arab Bank Switzerland and subsidiaries abroad are

translated from the local currency to the reporting currency at the average rates prevailing at the date of the consolidated financial statements. Exchange differences arising from the revaluation of the net investment in the branches and subsidiaries abroad are recorded in a separate item in consolidated other comprehensive income items.

e. Fixed assets

- Fixed assets are stated at historical cost, net of accumulated depreciation and any accumulated impairment in value. Such cost includes expenditures that are directly attributable to the acquisition of the asset. When parts of an item of fixed assets have different useful lives, they are accounted for as separate items of fixed assets.
- Depreciation is charged so as to allocate the cost of assets using the straight-line method, using the useful lives of the respective assets
- Land and assets under construction are not depreciated.
- Assets under construction is carried at cost, less any accumulated impairment losses and is depreciated when the assets are ready for intended use using the same depreciation rate of the related category with fixed assets.
- Fixed assets are derecognized when disposed of or when no future benefits are expected from their use or disposal.
- The gain or loss arising on the disposal of an item (the difference between the net realizable value and the carrying amount of the asset) is recognized in the consolidated statement of income in the year that the assets were disposed.

f. Intangible Assets

1. Goodwill

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

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

2. Other Intangible Assets

- Other intangible assets acquired through mergers are stated at fair value at the date of acquisition, while other intangible assets (not acquired through mergers) are recorded at cost.
- Intangible assets are to be classified on the basis of either definite or indefinite useful life. Intangible assets with definite useful economic lives are amortized over their useful lives using the straight line method, and recorded as an expense in the consolidated statement of income. Intangible assets with indefinite lives are reviewed in statement income for impairment as of the consolidated financial statements date, and impairment loss is recorded in the consolidated statement of income.
- Intangible assets resulting from the banks operations are not capitalized. They are rather recorded in the consolidated statement of income in the same period.
- Any indications of impairment in the value of intangible assets as of the consolidated financial statements date are reviewed. Furthermore, the estimated useful lives of the impaired intangible assets are reassessed, and any adjustment is made in the subsequent period.

g. Repurchase and Resale Agreements

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

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

h. Capital

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

i. Investments in Associates

- An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.
- The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.
- The Group's investments in its associates are accounted for using the equity method.
- Under the equity method, the investment in an associates initially recognised at cost, the carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associates since the acquisition date. Goodwill relating to the associates is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.
- The consolidated income statement reflects the Group's share of the results of operations of the associates. Any change in other comprehensive income of those investees is presented as part of the Group's other comprehensive income (OCI). In addition, when there has been a change recognised directly in the equity of the associates, the Group recognises its share of any changes, when applicable,

in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associates are eliminated to the extent of the interest in the associates.

- The aggregate of the Group's share of profit or loss of an associate is shown on the face of the consolidated income statement within operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate.
- The financial statements of the associates are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

j. Income Taxes

- Income tax expenses represent current and deferred taxes for the year.
- Income tax expense is measured on the basis of taxable income. Taxable income differs from income reported in the consolidated financial statements, as the latter includes non-taxable revenue, tax expenses not deductible in the current year but deductible in subsequent years, accumulated losses approved by tax authorities and items not accepted for tax purposes or subject to tax.
- Taxes are calculated on the basis of the enacted tax rates according to the prevailing laws, regulations and instructions of countries where the Group operates.
- Taxes expected to be incurred or recovered as a result of temporary timing differences between the value of the assets and liabilities in the consolidated financial statements and their respective tax bases. Deferred taxes are calculated on the basis of the liability method, and according to the rates expected to be enacted when it is anticipated that the liability will be settled or when tax assets are recognized.
- Deferred tax assets are reviewed on the date of the consolidated financial statements, and reduced if it is expected that no benefit will arise from the deferred tax, partially or totally.

k. Financial Assets

- Financial assets transactions are measured at the trade date at fair value net of direct transaction cost except for costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit and loss are recognized immediately in the consolidated statement of income. After that, all financial assets are measured either at amortized cost or at fair value.

Financial Assets Classification

Financial assets at amortized cost

- Debt instruments, including direct credit facilities, treasury bills and bonds, are measured at amortized cost when:
 - The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
 - The contractual terms of the financial asset give rise on specified dates to cash flow that are solely payments of principal and interest on the principal amount outstanding.
- Financial assets at amortized cost are recorded at fair value upon purchase plus acquisition expenses (except debt instruments at fair value through profit and loss). Moreover, the issue premium \ discount is amortized using the effective interest rate method, and recorded to interest or in its account. Any allocations resulting from the decline in value of these investments leading to the inability to recover the investment or part thereof are recorded, and any impairment is registered in the consolidated statement of income.
- In case the business model objective changed to contradict with amortized cost conditions, the Group should reclassify its financial instrument classified as amortized cost to be at fair value through profit or loss.
- The Group might choose to classify debt instruments that meet the amortized cost criteria to designate such financial asset as FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Financial assets at fair value through profit or loss (FVTPL)

- Debt instruments that do not meet the amortized cost criteria (as described above) are measured at FVTPL. In addition, debt instruments that meet the amortized cost criteria but are designated as at FVTPL by the Group are measured at FVTPL.

- In case the business model objectives changes and contractual cash flows meets the amortized cost criteria, the Group should reclassify the debt instrument held at FVTPL to amortized cost. Reclassification of debt instruments that are designated as at FVTPL on initial recognition is not allowed.
- Investments in equity instruments are classified as at FVTPL, unless the Group designates an investment that is not held for trading as at fair value through other comprehensive income (FVTOCI) on initial recognition.
- Financial assets at FVTPL are measured at fair value, with any gains or losses arising on re-measurement recognized in the consolidated statement of income.
- Dividend income on investments in equity instruments at FVTPL is recognized in the consolidated statement of income when the Group's right to receive the dividends is established (upon the general assembly resolution).

Financial assets at fair value through other comprehensive income (FVTOCI)

- Equity investments that are not held for sale in the near future.
- These financial instruments are initially measured at their fair value plus transaction costs. Subsequently, they are measured at fair value. Gains or losses arising on subsequent measurement of these equity investments including the change in fair value arising from non-monetary assets in foreign currencies are recognized in other comprehensive income in the consolidated statement of changes in equity. The gain or loss on disposal of the asset is reclassified from fair value reserve to retained earnings.
- These financial assets are not subject to impairment testing.
- Dividend income is recognized in the consolidated statement of income.

I. Fair value

- The closing price of quoted financial assets and derivatives in active markets represents their fair value. When no quoted prices are available or when no active markets exist for the financial instrument, the fair value is estimated by one of the following methods:

- Comparing the financial instrument with the fair value of another financial instrument with similar terms and conditions;
 - Discounting estimated future cash flows; or
 - Using options pricing models.
- The valuation methods aim at arriving at a fair value that reflects the expectations of market participants, expected risks and expected benefits. When the fair value cannot be measured reliably, financial assets are stated at cost / amortized cost.
 - The impairment in the financial assets measured at amortized cost is the difference between the book value and the present value of the future cash flows discounted at the original interest rate.
 - The carrying amount of the financial asset at amortized cost is reduced by the impairment loss through the impairment provision expense. Changes in the carrying amount of the impairment provision are recognized in the consolidated statement of income.

m. Financial derivatives

- Financial derivatives (e.g. currency forward contracts, forward rate agreements, swaps and option contracts) are recognized at fair value in the consolidated statement of financial position.
1. Financial derivatives held for hedge purposes
 - **Fair value hedge:** Represents hedging for changes in the fair value of the Group's assets and liabilities. When the conditions for an effective fair value hedge are met, gains or losses from changes in the fair value of financial derivatives are recognized in the consolidated statement of income. Changes in the fair value of the hedged assets or liabilities are also recognized in the consolidated statement of income.
 - **Cash flow hedge:** Represents hedging for changes in the current and expected cash flows of the Group's assets and liabilities that affects the consolidated statement of income. When the conditions for an effective cash flow hedge are met, gains or losses from changes in the fair value of financial derivatives are recognized in other comprehensive income and are reclassified to the statement of income in the period in which the hedge transaction has an impact on the consolidated statement of income.

- When the conditions for an effective hedge are not met, gains or losses from changes in the fair value of financial derivatives are recognized in the consolidated statement of income.
 - The ineffective portion is recognized in the consolidated statement of income.
 - **Hedge for net investment in foreign entities** when the conditions of the hedge for net investment in foreign entities are met, fair value is measured for the hedging instrument of the hedged net assets. In case of an effective relationship, the effective portion of the loss or profit related to the hedging instrument is recognized in the consolidated statement of comprehensive income and recorded in the consolidated statement of income when the investment in foreign entities is sold. The ineffective portion is recognized in the consolidated statement of income.
 - When the conditions of the effective hedge do not apply, gain or loss resulting from the change in the fair value of the hedging instrument is recorded in the consolidated statement of income.
2. Financial derivatives for trading
- Financial derivatives held for trading are recognized at fair value in the consolidated statement of financial position with changes in fair value recognized in the consolidated statement of income.

n. Foreclosed assets

- Such assets are those that have been the subject of foreclosure by the Group, and are initially recognized among “other assets” at the foreclosure value or fair value whichever is least.
- At the date of the consolidated financial statements, foreclosed assets are revalued individually (fair value less selling cost); any decline in fair value is recognized in the consolidated statement of income. Any subsequent increase in value is recognized only to the extent that it does not exceed the previously recognized impairment losses.

o. Provisions

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

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

p. Segments Information:

- Segment business represents a group of assets and operations shared to produce products or risk attributable services different from which related to other segments.
- Geographic sector linked to present the products or the services in a specific economic environment attributable for risk and other income different from which related to other sectors work in other economic environment.

q. Assets under Managements

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

r. Offsetting

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

s. Cash and cash equivalents

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

5. Significant accounting judgements, estimates and assumptions

- The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures,

and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

- In the process of applying the Group's accounting policies, management has made various judgements. Those which management has assessed to have the most significant effect on the amounts recognised in the consolidated financial statements have been discussed in the individual notes of the related financial statement line items.
- The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are also described in the individual notes of the related financial statement line items below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.
- Management believes that the assessments adopted in the consolidated financial statements are reasonable. The details are as follows:
 - A provision for non-performing loans is taken on the bases and estimates approved by management in conformity with International Financial Reporting Standards (IFRSs). The outcome of these bases and estimates is compared against the provisions that should be taken under the instructions of the regulatory authorities, through which the Bank branches and subsidiary companies operate. Moreover, the strictest outcome that conforms with the (IFRSs) is used.
 - Impairment loss for foreclosed assets is booked after a recent valuation of the acquired properties has been conducted by approved surveyors. The impairment loss is reviewed periodically.
 - The fiscal year is charged with its portion of income tax expenditures in accordance with the regulations, laws, and accounting standards. Moreover, deferred tax assets and liabilities and the income tax provision are recorded.

- Management periodically reassesses the economic useful lives of tangible and intangible assets for the purpose of calculating annual depreciation and amortization based on the general condition of these assets and the assessment of their useful economic lives expected in the future. Impairment loss is taken to the consolidated statement of income.
- A provision is set for lawsuits raised against the Group. This provision is based to an adequate legal study prepared by the Group's legal advisor. Moreover, the study highlights potential risks that the Group may encounter in the future. Such legal assessments are reviewed periodically.
- Management frequently reviews financial assets stated at amortized cost and compares to fair value to estimate any impairment in their value. The impairment amount is taken to the consolidated statement of income for the year.
- Fair value hierarchy
 - The level in the fair value hierarchy is determined and disclosed into which the fair value measurements are categorized in their entirety, segregating fair value measurements in accordance with the levels defined in IFRS. The difference between Level 2 and Level 3 fair value measurements represents whether inputs are observable and whether the unobservable inputs are significant, which may require judgment and a careful analysis of the inputs used to measure fair value, including consideration of factors specific to the asset or liability.

6. Cash and Balances with Central Banks

The details of this item are as follows:

USD '000

	December 31,	
	2017	2016
Cash in vaults	522 167	416 874
Balances with central banks:		
- Current accounts	2 264 604	2 120 805
- Time and notice	2 903 838	3 256 190
- Mandatory cash reserve	1 554 444	1 362 777
- Certificates of deposit	362 011	652 697
Total	7 607 064	7 809 343

- 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 25 million as of December 31, 2017 (There are no balances and certificates of deposits maturing after three months as of December 31, 2016).

7. Balances with Banks and Financial Institutions

The details of this item are as follows:

USD '000

Local banks and financial institutions	December 31,	
	2017	2016
Current accounts	2 466	2 522
Time deposits maturing within 3 months	142 797	261 403
Total	145 263	263 925

Abroad banks and financial institutions	December 31,	
	2017	2016
Current accounts	2 226 600	2 714 289
Time deposits maturing within 3 months	1 595 380	1 643 967
Certificates of deposit	24 991	-
Total	3 846 971	4 358 256
Total balances with banks and financial institutions Local and Abroad	3 992 234	4 622 181

- There are no non interest bearing balances as of December 31, 2017 and 2016.
- The restricted balances amounted to USD 800 million as of December 31, 2017 and 2016.

8. Deposits with Banks and Financial Institutions

The details of this item are as follows:

USD '000

Local banks and financial institutions	December 31,	
	2017	2016
Time deposits maturing after 3 months and before 6 months	9 415	20 736
Time deposits maturing after one year	21 150	21 150
	30 565	41 886

USD '000

Abroad banks and financial institutions

	December 31,	
	2017	2016
Time deposits maturing after 3 months and before 6 months	98 214	97 772
Time deposits maturing after 6 months and before 9 months	15 009	2 291
Time deposits maturing after 9 months and before a year	-	23 281
Time deposits maturing after one year	6 631	10 888
Total	119 854	134 232
Total deposits with banks and financial institutions Local and Abroad	150 419	176 118

- There are no restricted balances as of December 31, 2017 and 2016.

9. Financial Assets at Fair Value through Profit or Loss

USD '000

The details of this item are as follows:

	December 31,	
	2017	2016
Treasury bills and Government bonds	104 620	352 284
Corporate bonds	293 963	274 404
Loans and advances	29 624	29 624
Corporate shares	14 360	15 781
Mutual funds	28 087	26 423
Total	470 654	698 516

10. Financial Assets at Fair Value through Other Comprehensive Income

USD '000

The details of this item are as follows:

	December 31,	
	2017	2016
Quoted shares	189 573	258 920
Un-quoted shares	205 990	211 992
Total	395 563	470 912

* Cash dividends from investments above amounted to USD 7 million for the year ended December 31, 2017 (USD 7.8 million as of December 31, 2016).

* Realized gains transferred from investment revaluation reserve to retained earnings amounted to USD 2.6 million and the minority interest share from these realized gains was USD 16 thousand as of December 31, 2017 (Realized Losses transferred from investment revaluation reserve to retained earnings amounted to USD (680) thousand and the minority interest share from these realized losses was USD (358) thousand as of December 31, 2016).

11. Direct Credit Facilities at Amortized Cost

The details of this item are as follows:

USD '000

	December 31, 2017					
	Consumer Banking	Corporates		Banks and Financial Institutions	Government and Public Sector	Total
		Small and Medium	Large			
Discounted bills *	82 995	156 324	504 971	82 872	2 559	829 721
Overdrafts *	88 990	1 097 629	3 291 990	5 804	376 104	4 860 517
Loans and advances *	3 090 804	1 738 544	11 162 138	47 755	883 293	16 922 534
Real-estate loans	2 155 079	143 555	79 825	-	-	2 378 459
Credit cards	146 980	-	-	-	-	146 980
Total	5 564 848	3 136 052	15 038 924	136 431	1 261 956	25 138 211
Less: Interest and commission in suspense	64 406	94 150	213 160	6 545	-	378 261
Provision for impairment - direct credit facilities at amortized cost	141 121	137 884	989 535	411	2 424	1 271 375
Total	205 527	232 034	1 202 695	6 956	2 424	1 649 636
Net Direct Credit Facilities at Amortized Cost	5 359 321	2 904 018	13 836 229	129 475	1 259 532	23 488 575

- * Net of interest and commission received in advance, which amounted to USD 126.9 million as of December 31, 2017.
- Rescheduled loans during the year ended December 31, 2017 amounted to USD 303 million.
 - Restructured loans (transferred from non performing to watch list loans) during the year ended December 31, 2017 amounted to USD 4.5 million.
 - Direct credit facilities granted to and guaranteed by the government of Jordan as of December 31, 2017 amounted to USD 89.8 million, or 0.4% of total direct credit facilities.
 - Non-performing direct credit facilities as of December 31, 2017 amounted to USD 1640.9 million, or 6.5% of total direct credit facilities.
 - Non-performing direct credit facilities net of interest and commission in suspense as of December 31, 2017 amounted to USD 1277.6 million, or 5.2 % of direct credit facilities, after deducting interest and commission in suspense.

	December 31, 2016					
	Consumer Banking	Corporates		Banks and Financial Institutions	Government and Public Sector	Total
		Small and Medium	Large			
Discounted bills *	85 935	127 207	555 486	39 986	2 530	811 144
Overdrafts *	95 739	1 036 801	2 819 521	4 215	358 317	4 314 593
Loans and advances *	2 834 841	1 527 684	10 903 968	69 057	846 437	16 181 987
Real-estate loans	2 032 218	123 188	62 000	-	-	2 217 406
Credit cards	143 847	-	-	-	-	143 847
Total	5 192 580	2 814 880	14 340 975	113 258	1 207 284	23 668 977
Less: Interest and commission in suspense	80 012	93 649	283 236	5 460	-	462 357
Provision for impairment - direct credit facilities at amortized cost	157 567	129 123	1 019 270	398	2 141	1 308 499
Total	237 579	222 772	1 302 506	5 858	2 141	1 770 856
Net Direct Credit Facilities at Amortized Cost	4 955 001	2 592 108	13 038 469	107 400	1 205 143	21 898 121

- * Net of interest and commission received in advance, which amounted to USD 117.4 million as of December 31, 2016.
- Rescheduled loans during the year ended December 31, 2016 amounted to USD 490 million.
 - Restructured loans (transferred from non performing to watch list loans) during the year ended December 31, 2016 amounted to USD 3.2 million.
 - Direct credit facilities granted to and guaranteed by the government of Jordan as of December 31, 2016 amounted to USD 46.7 million, or 0.2% of total direct credit facilities.
 - Non-performing direct credit facilities as of December 31, 2016 amounted to USD 1575.7 million, or 6.7% of total direct credit facilities.
 - Non-performing direct credit facilities net of interest and commission in suspense as of December 31, 2016 amounted to USD 1127.3 million, or 4.9% of direct credit facilities, after deducting interest and commission in suspense.

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

	December 31, 2017						USD '000
	Consumer Banking	Corporates		Banks and Financial Institutions	Government and Public Sector	Total	The total includes movement on the real - estates loans provision as follows:
		Small and Medium	Large				
Balance at the beginning of the year	157 567	129 123	1 019 270	398	2 141	1 308 499	12 374
Impairment losses charged to income	17 844	26 612	252 211	-	814	297 481	2 175
Used from provision (written off or transferred to off consolidated statement of financial position) *	(23 175)	(7 400)	(278 901)	-	-	(309 476)	(614)
Surplus in provision transferred to statement of income	(9 357)	(10 963)	(26 214)	-	(570)	(47 104)	(2 873)
Adjustments during the year	(202)	1 914	11 119	-	-	12 831	120
Translation adjustments	(1 556)	(1 402)	12 050	13	39	9 144	79
Balance at the End of the Year	141 121	137 884	989 535	411	2 424	1 271 375	11 261

	December 31, 2016						USD '000
	Consumer Banking	Corporates		Banks and Financial Institutions	Government and Public Sector	Total	The total includes movement on the real - estates loans provision as follows:
		Small and Medium	Large				
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	18 412	22 179	210 904	-	1 878	253 373	2 507
Used from provision (written off or transferred to off consolidated statement of financial position) *	(5 617)	(6 173)	(31 216)	-	-	(43 006)	(88)
Surplus in provision transferred to statement of income	(15 176)	(9 932)	(47 077)	(950)	(1 182)	(74 317)	(4 932)
Adjustments during the year	1 624	(4 306)	12 623	-	(94)	9 847	(1 947)
Translation adjustments	(12 819)	(6 780)	(28 865)	(5)	(1 212)	(49 681)	(13)
Balance at the End of the Year	157 567	129 123	1 019 270	398	2 141	1 308 499	12 374

- There are no provisions no longer required as a result of settlement or repayment, transferred to non-performing direct credit facilities as of December 31, 2017 and 2016.

- Impairment is assessed based on individual customer accounts.

* Non-performing direct credit facilities transferred to off consolidated statement of financial position amounted to USD 399.3 million as of December 31, 2017. (USD 6.6 million as of December 31, 2016) noting that these non-performing direct credit facilities are fully covered by set provisions and suspended interest.

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

	December 31, 2017					Total	USD '000 The total includes interest and commission in suspense movement on real - estates loans as follows:
	Consumer Banking	Corporates		Banks and Financial Institutions	Government and Public Sector		
		Small and Medium	Large				
Balance at the beginning of the year	80 012	93 649	283 236	5 460	-	462 357	11 196
Interest and commission suspended during the year	15 427	14 376	58 100	1 085	-	88 988	3 016
Interest and commission in suspense settled (written off or transferred to off consolidated statement of financial position)	(26 887)	(11 318)	(129 914)	-	-	(168 119)	(943)
Recoveries	(3 007)	(2 690)	(2 687)	-	-	(8 384)	(1 003)
Adjustments during the year	(588)	468	120	-	-	-	-
Translation adjustments	(551)	(335)	4 305	-	-	3 419	7
Balance at the End of the Year	64 406	94 150	213 160	6 545	-	378 261	12 273

	December 31, 2016					Total	USD '000 The total includes interest and commission in suspense movement on real - estates loans as follows:
	Consumer Banking	Corporates		Banks and Financial Institutions	Government and Public Sector		
		Small and Medium	Large				
Balance at the beginning of the year	69 626	91 491	253 632	4 499	-	419 248	11 557
Interest and commission suspended during the year	16 906	14 532	57 839	961	-	90 238	3 816
Interest and commission in suspense settled (written off or transferred to off consolidated statement of financial position)	(938)	(9 091)	(17 738)	-	-	(27 767)	(492)
Recoveries	(5 366)	(2 798)	(2 267)	-	-	(10 431)	(3 683)
Adjustments during the year	947	751	835	-	-	2 533	-
Translation adjustments	(1 163)	(1 236)	(9 065)	-	-	(11 464)	(2)
Balance at the End of the Year	80 012	93 649	283 236	5 460	-	462 357	11 196

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

Economic Sector	USD '000			
	Inside Jordan	Outside Jordan	December 31, 2017	December 31, 2016
	USD '000	USD '000	USD '000	USD '000
Consumer Banking	2 682 326	2 676 995	5 359 321	4 955 001
Industry and mining	1 438 069	3 094 030	4 532 099	4 035 843
Constructions	485 488	1 855 508	2 340 996	1 982 613
Real - Estates	374 921	1 453 300	1 828 221	1 723 634
Trade	1 097 504	2 965 688	4 063 192	3 708 816
Agriculture	153 504	123 703	277 207	159 907
Tourism and Hotels	205 579	311 724	517 303	619 000
Transportations	139 049	430 734	569 783	667 094
Shares	2 526	12 137	14 663	5 758
General Services	633 140	1 963 643	2 596 783	2 727 912
Banks and Financial Institutions	13 546	115 929	129 475	107 400
Government and Public Sector	158 285	1 101 247	1 259 532	1 205 143
Net Direct Credit Facilities at amortized Cost	7 383 937	16 104 638	23 488 575	21 898 121

12. Other financial assets at amortized cost

USD '000

The details of this item are as follows:

	December 31,	
	2017	2016
Treasury bills	2 023 661	2 089 708
Government bonds and bonds guaranteed by the government	4 149 590	3 932 816
Corporate bonds	1 614 800	1 645 573
Less: Provision for impairment	(28 028)	(27 142)
Total	7 760 023	7 640 955

Analysis of bonds based on interest nature:

USD '000

	December 31,	
	2017	2016
Floating interest rate	710 081	777 918
Fixed interest rate	7 049 942	6 863 037
Total	7 760 023	7 640 955

Analysis of financial assets based on market quotation:

USD '000

	December 31,	
	2017	2016
Financial assets quoted in the market:		
Treasury bills	489 288	250 536
Government bonds and bonds guaranteed by the government	1 105 520	1 019 559
Corporate bonds	1 387 040	1 410 604
Total	2 981 848	2 680 699

	December 31,	
	2017	2016
Financial assets unquoted in the market:		
Treasury bills	1 534 373	1 839 172
Government bonds and bonds guaranteed by the government	3 044 070	2 913 257
Corporate bonds	199 732	207 827
Total	4 778 175	4 960 256
Grand Total	7 760 023	7 640 955

The details of movement on the provision for impairment of other financial assets at amortized cost are as follows:

USD '000

	December 31,	
	2017	2016
Balance at the beginning of the year	27 142	28 967
Impairment losses charged to income	-	-
Used from provision	-	-
Translation adjustments	886	(1 825)
Balance at the end of the year	28 028	27 142

During the year ended December 31, 2017 certain financial assets at amortized cost amounted to USD 49.8 million were sold (USD 424.5 million during the year ended December 31, 2016).

13. Investments in Associates

The details of this item are as follows:

USD '000

	December 31, 2017		December 31, 2016		Place of Incorporation	Fair Value	Published Financial Statements Date	Principal Activity	Date of Acquisition
	Ownership and Voting Right	Investment Value	Ownership and Voting Right	Investment Value					
	%		%						
Turkland Bank A.Ş.	50.00	137 732	50.00	155 968	Turkey	Unquoted	2017	Banking	2006
Oman Arab Bank S.A.O.	49.00	347 708	49.00	317 304	Oman	Unquoted	2017	Banking	1984
Arab National Bank	40.00	2 675 627	40.00	2 539 988	Saudi Arabia	2 634 667	2017	Banking	1979
Arabia Insurance Company	40.34	32 035	40.34	31 864	Lebanon	Unquoted	2016	Insurance	1972
Commercial buildings	35.39	8 837	35.39	8 684	Lebanon	Unquoted	2016	Real Estate Operating Lease	1966
Ubhar Capital SAOC (An Associate Company of Arab Bank Switzerland)	34.00	11 547	34.00	10 636	Oman	Unquoted	2017	Investment and Financial Services	2016
Other Associates (Mostly owned by Arab Tunisian Bank)*	Various	12 745	Various	12 564	Various			Various	
Total		3 226 231		3 077 008					

* It represents mostly the investments in Arab Tunisian Lease in the amount of USD 7.1 million, Arabia Sicaf in the amount of USD 2 million and Arab Tunisian Invest in the amount of USD 1.3 million as of December 31, 2017 (As of December 31, 2016 these investments amounted to USD 7.6 million in Arab Tunisian Lease, USD 2.1 million in Arabia Sicaf and USD 1.3 million in Arab Tunisian Invest)

	USD '000	
	2017	2016
The details of movement on investments in associates are as follows:		
Balance at the beginning of the year	3 077 008	2 916 290
Purchase of investments in associates	2 724	27 810
Group's share of profits for the year	350 278	334 964
Dividends received	(169 470)	(175 607)
Translation Adjustment	(11 059)	(32 216)
Group's share of other changes in equity	(23 250)	5 767
Balance at the end of the year	3 226 231	3 077 008
Group's share of taxes	76 754	73 349

* The closing price of the Arab National Bank's share as of December 31, 2017 was Saudi Riyal 24.7 as quoted on Saudi Arabia Stock Exchange (Saudi Riyal 22.09 as of December 31, 2016).

	USD '000	
	December 31,	
	2017	2016
The Group's share from the profit and loss of the associates are as follows:		
Turkland Bank A.Ş.	(7 474)	2 560
Oman Arab Bank S.A.O.	35 905	26 393
Arab National Bank	322 689	304 416
Arabia Insurance Company	(790)	159
Other	(52)	1 436
Total	350 278	334 964

	USD '000	
	December 31,	
	2017	2016
The Group's share from assets, liabilities and revenues of associates are as follows:		
Total Assets	21 925 665	21 749 211
Total Liabilities	18 699 434	18 717 013
Total Revenue	815 346	773 225

14. Fixed Assets

The details of this item are as follows:

	Land	Build-ings	Furniture, Fixtures and Equip-ment	Computers and Com-munication Equipment	Motor Vehicles	Other	Total
Historical Cost:	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
Balance as of January 1, 2016	77 981	372 034	201 054	132 874	14 448	88 196	886 587
Additions	-	53 539	8 945	22 460	1 479	11 089	97 512
Disposals	(2 741)	(21 186)	(3 680)	(8 230)	(968)	(5 908)	(42 713)
Adjustments during the year	-	31	6 094	12	-	(6 106)	31
Translation Adjustments	(1 346)	(12 536)	(1 749)	(283)	(650)	(6 790)	(23 354)
Balance as of December 31, 2016	73 894	391 882	210 664	146 833	14 309	80 481	918 063
Additions	9	8 380	12 664	17 003	1 875	11 237	51 168
Disposals	(442)	(3 593)	(4 396)	(13 207)	(793)	(9 027)	(31 458)
Adjustments during the year	(1)	-	-	8	-	(18)	(11)
Translation Adjustments	(1 270)	6 080	211	1 310	(242)	(450)	5 639
Balance at December 31, 2017	72 190	402 749	219 143	151 947	15 149	82 223	943 401
Accumulated Depreciation :							
Balance as of January 1, 2016	-	125 082	147 047	106 040	11 321	45 653	435 143
Depreciation charge for the year	-	9 873	14 198	13 429	1 234	8 927	47 661
Disposals	-	(5 072)	(3 526)	(7 203)	(1 090)	(1 884)	(18 775)
Adjustments during the year	-	31	1 339	(31)	-	(1 308)	31
Translation adjustments	-	(2 724)	(999)	(2 905)	(369)	(2 633)	(9 630)
Balance as of December 31, 2016	-	127 190	158 059	109 330	11 096	48 755	454 430
Depreciation charge for the year	-	9 849	14 260	16 237	1 282	7 334	48 962
Disposals	-	(744)	(4 304)	(13 158)	(769)	(2 789)	(21 764)
Adjustments during the year	-	5	(6)	7	(28)	(16)	(38)
Translation adjustments	-	1 273	410	1 296	(160)	(149)	2 670
Balance at December 31, 2017	-	137 573	168 419	113 712	11 421	53 135	484 260
Net Book Value as of De-cember 31, 2017	72 190	265 176	50 724	38 235	3 728	29 088	459 141
Net Book Value as of De-cember 31, 2016	73 894	264 692	52 605	37 503	3 213	31 726	463 633

* The cost of fully depreciated fixed assets amounted to USD 242.7 million as of December 31, 2017 (USD 242.5 million as of December 31, 2016).

15. Other Assets

USD '000

The details of this item are as follows:

	December 31,	
	2017	2016
Accrued interest receivable	180 381	184 568
Prepaid expenses	111 444	93 572
Foreclosed assets *	59 372	50 041
Intangible assets **	23 675	20 442
Other miscellaneous assets	116 302	123 580
Total	491 174	472 203

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

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

USD '000

	2017			
	Land	Buildings	Other	Total
Balance at the beginning of the year	14 040	35 646	355	50 041
Additions	11 698	4 565	-	16 263
Disposals	(589)	(2 721)	-	(3 310)
Provision for impairment	(1 459)	(2 194)	-	(3 653)
Translation adjustments	7	24	-	31
Balance at the end of the year	23 697	35 320	355	59 372

	2016			
	Land	Buildings	Other	Total
Balance at the beginning of the year	14 230	36 601	7 687	58 518
Additions	1 695	3 655	-	5 350
Disposals	(1 387)	(2 211)	(7 191)	(10 789)
Provision for impairment	(475)	(2 197)	(141)	(2 813)
Translation adjustments	(23)	(202)	-	(225)
Balance at end of the year	14 040	35 646	355	50 041

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

USD '000

	December 31,	
	2017	2016
Balance at the beginning of the year	20 442	16 055
Additions	12 048	13 642
Disposals	(66)	(769)
Amortization charge for the year	(7 584)	(7 112)
Adjustment during the year and translation adjustments	(1 165)	(1 374)
Balance at end of the year	23 675	20 442

16. Deferred Tax Assets

The details of this item are as follows :

Items attributable to deferred tax assets are as follows:	2017				USD '000	
	Balance at the Beginning of the Year	Amounts Added	Amounts Released	Adjustments During the Year and Translation Adjustments	Balance at the End of the Year	Deferred Tax
Provision for impairment - direct credit facilities at amortized cost	116 286	62 345	(34 572)	1 905	145 964	33 176
End-of-Service indemnity	57 191	15 328	(7 047)	-	65 472	19 154
Interest in suspense	17 878	12 830	(12 171)	-	18 537	4 039
Other	90 380	23 227	(8 317)	2 531	107 821	30 854
Total	281 735	113 730	(62 107)	4 436	337 794	87 223

	2016				USD '000	
	Balance at the Beginning of the Year	Amounts Added	Amounts Released	Adjustments During the Year and Translation Adjustments	Balance at the End of the Year	Deferred Tax
Provision for impairment - direct credit facilities at amortized cost	82 366	62 781	(24 185)	(4 676)	116 286	27 117
End-of-Service indemnity	58 269	9 445	(10 523)	-	57 191	17 412
Interest in suspense	12 509	12 074	(6 705)	-	17 878	3 810
Other	70 177	33 584	(12 291)	(1 090)	90 380	25 051
Total	223 321	117 884	(53 704)	(5 766)	281 735	73 390

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

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

	USD '000	
	2017	2016
Balance at the beginning of the year	73 390	58 629
Additions during the year	27 389	30 461
Amortized during the year	(14 649)	(14 294)
Adjustments during the year and translation adjustments	1 093	(1 406)
Balance at the end of the year	87 223	73 390

17. Banks and Financial Institutions Deposits

The details of this item are as follows:

USD '000

	December 31, 2017			December 31, 2016		
	Inside the Kingdom	Outside the Kingdom	Total	Inside the Kingdom	Outside the Kingdom	Total
Current and demand	-	584 476	584 476	-	517 417	517 417
Time deposits	105 609	3 237 203	3 342 812	127 515	3 108 067	3 235 582
Total	105 609	3 821 679	3 927 288	127 515	3 625 484	3 752 999

18. Customers' Deposits

The details of this item are as follows:

USD '000

	December 31, 2017				Total
	Consumer Banking	Corporates		Government and Public Sector	
		Small and Medium	Large		
Current and demand	7 791 158	2 069 817	2 158 229	345 585	12 364 789
Savings	3 069 379	162 800	17 935	132	3 250 246
Time and notice	8 196 262	937 523	3 849 366	2 101 530	15 084 681
Certificates of deposit	207 117	13 161	66 419	94 046	380 743
Total	19 263 916	3 183 301	6 091 949	2 541 293	31 080 459

- Government of Jordan and Jordanian public sector deposits amounted to USD 395 million, or 1.3 % of total customer deposits as of December 31, 2017 (USD 679 million , or 2.2% of total customer deposits as of December 31, 2016).
- Non-interest bearing deposits amounted to USD 11076.3 million, or 35.6 % of total customer deposits as of December 31, 2017 (USD 11086.7 million or 35.7% of total customer deposits as of December 31, 2016).
- Blocked deposits amounted to USD 146.8 million, or 0.5% of total customer deposits as of December 31, 2017 (USD 136.7 million or 0.4% of total customer deposit as of December 31, 2016).
- Dormant deposits amounted to USD 395.5 million, or 1.3 % of total customer deposits as of December 31, 2017 (USD 345.4 million , or 1.1% of total customer deposits as of December 31, 2016).

The details of this item are as follows :

USD '000

	December 31, 2016				Total
	Consumer Banking	Corporates		Government and Public Sector	
		Small and Medium	Large		
Current and demand	7 412 776	2 058 027	2 501 982	441 918	12 414 703
Savings	2 984 982	147 673	30 676	164	3 163 495
Time and notice	7 428 729	1 091 508	4 387 614	2 296 371	15 204 222
Certificates of deposit	191 648	14 460	57 750	35 874	299 732
Total	18 018 135	3 311 668	6 978 022	2 774 327	31 082 152

19. Cash Margin

USD '000

The details of this item are as follows:

	December 31,	
	2017	2016
Against direct credit facilities at amortized cost	1 890 745	1 907 001
Against indirect credit facilities	802 988	648 657
Against margin trading	2 468	1 886
Other cash margins	4 088	3 882
Total	2 700 289	2 561 426

20. Borrowed Funds

USD '000

The details of this item are as follows:

	December 31,	
	2017	2016
From Central Banks *	66 331	30 434
From banks and financial institutions **	115 759	240 751
Total	182 090	271 185

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

USD '000

	December 31,	
	2017	2016
Floating interest rate	27 895	83 437
Fixed interest rate	154 195	187 748
Total	182 090	271 185

- * During 2013, Arab Bank (Jordan branches) signed a loan agreement with the Central Bank of Jordan amounting to USD 5.6 million, for the duration of 15 years of which 5 years are grace period with an interest rate of (2.5%) for the year 2013 and a floating interest rate of (1.8%+LIBOR 6 months) for the years after 2013. The agreement aims to support SMEs and Extra Small Companies. The loan is repaid semi-annually, with installments in March and September of each year. The Balance of the loan as of December 31, 2017 amounted to USD 5.6 million (USD 5.6 million as of December 31, 2016).
- * During 2014, Arab Bank (Jordan branches) signed a loan agreement with the Central Bank of Jordan amounting to USD 3.9 million, for the duration of 10 years of which 3 years are grace period and with a fixed interest rate of 2.5%. The agreement aims to support SMEs and Extra Small Companies. The loan is repaid semi-annually, with installments in March and September of each year. The Balance of the loan as of December 31, 2017 amounted to USD 3.7 million (USD 3.9 Million as of December 31, 2016).
- * During 2015 and 2016, Arab Bank (Jordan branches) granted loans against medium term advances from the Central Bank of Jordan with fixed interest rate equal to the discount rate disclosed on the grant day after deducting 2%. The advances are repaid in accordance with customers monthly installments which starts on January 2018 and ends on May 2027, these advances amounted USD 49.5 million as of December 31, 2017 (USD 18 million as of December 31, 2016)
- * During 2016, Arab Bank (Jordan branches) signed a loan agreement with the Central Bank of Jordan amounting to USD 5.1 million, for the duration of 15 years of which 5 years are grace period with a floating interest rate of (1.85%+LIBOR 6 months). The agreement aims to support SMEs and Extra Small Companies. The loan is repaid semi-annually, with installments in March and September of each year. The Balance of the loan as of December 31, 2017 amounted to USD 5.1 million (USD 2.8 million as of December 31, 2016).
- * During 2017, Arab Bank (Jordan branches) signed a loan agreement with the Central Bank of Jordan amounting to USD 10.9 million, for the duration of 22 years of which 5 years are grace period with a fixed interest rate of 3% (CBJ has the right to amend the interest rate every two years up to 3.5%). The agreement aims to support SMEs and Extra Small Companies. The loan is repaid semi-annually, with installments in May and November of each year. The Balance of the loan as of December 31, 2017 amounted to USD 2.4 million.
- ** During 2016, Arab Bank (Jordan Branches) signed a loan agreement with National Bank of Abu Dhabi amounting to USD 75 million, with a floating interest rate of (2% + LIBOR 3 months). The bank settled the loan in full during the year 2017 (USD 75 million as of December 31, 2016).
- ** During 2017, Arab Bank (Jordan Branches) signed loans agreements with Sumitomo Mitsui Banking Corporation in Dubai with fixed interest rate ranging between (0.85% - 0.892%), the balance as of December 31, 2017 amounted to USD 23.5 million and the first contract matures in January 4, 2018 and the last one matures in May 21, 2018.
- ** During 2016, Arab Bank, Bahrain branches borrowed amounts from banks and financial institutions with fixed interest rate of (2.85%), the last contract matured in March 9, 2017 and the balance now as of December 31, 2017 is 0 (USD 102.7 million as of December 31, 2016)
- ** Arab Tunisian Bank borrowed amounts from banks and financial institutions, as well issued syndicated term loans, the balance amounted to USD 92.2 million as of December 31, 2017 (USD 63.1 million as of December 31, 2016) whereas the lowest interest rate is (0.25%) and the highest is (6.00%) and the last maturity date is on May 19, 2032, as per the following details

	December 31,	
	2017	2016
Loans maturing within one year	12 062	8 124
Loans maturing after 1 year and less than 3 years	17 732	16 655
Loans maturing after 3 years	62 422	38 340
Total	92 216	63 119

21. Provision for Income Tax

The details of this item are as follows:

	December 31, USD '000	
	2017	2016
Balance at the beginning of the year	242 377	235 918
Income tax expense	270 281	275 951
Income tax paid	(240 453)	(269 492)
Balance at the end of the year	272 205	242 377

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

	December 31, USD '000	
	2017	2016
Income tax expense for the year	270 281	275 951
Deferred tax assets for the year	(25 251)	(29 407)
Amortization of deferred tax assets	16 234	13 823
Deferred tax liabilities for the year	2 429	123
Amortization of deferred tax liabilities	(3)	(2 341)
Total	263 690	258 149

- The income tax rate in Jordan is 35%, while the income tax rate in the countries where the Group has investments and branches ranges from zero to 37% as of December 31, 2017 and 2016. Arab Bank Group effective tax rate was 33.1% as of December 31, 2017 and 32.6% as of December 31, 2016.
- The subsidiaries and branches of Arab Bank Group have reached recent tax settlements ranging between 2016 such as Arab Bank United Arab Emirates and Arab Sudanese Bank and 2012 such as Arab Bank Palestine and Arab Bank Lebanon

22. Other Provisions

The details of this item are as follows:

	2017					
	Balance at the Beginning of the Year	Additions during the Year	Utilized or transferred during the Year	Returned to Income	Adjustments during the Year and Translation Adjustments	Balance at the End of the Year
End-of-service indemnity	113 418	15 823	(11 331)	(440)	98	117 568
Legal cases	18 363	1 651	(31)	(2 920)	404	17 467
Other	128 014	78 921	(3 037)	(15 014)	2 121	191 005
Total	259 795	96 395	(14 399)	(18 374)	2 623	326 040

	2016					
	Balance at the Beginning of the Year	Addition during the Year	Utilized or transferred during the Year	Returned to Income	Adjustments during the Year and Translation Adjustments	Balance at the End of the Year
End-of-service indemnity	114 987	16 526	(15 082)	(747)	(2 266)	113 418
Legal cases	7 882	11 331	(122)	(653)	(75)	18 363
Other	22 366	104 939	(571)	(18)	1 298	128 014
Total	145 235	132 796	(15 775)	(1 418)	(1 043)	259 795

23. Other Liabilities

The details of this item are as follows:

	December 31, USD '000	
	2017	2016
Accrued interest payable	155 197	122 806
Notes payable	181 282	185 334
Interest and commission received in advance	62 780	68 860
Accrued expenses	63 920	59 864
Dividends payable to shareholders	15 375	13 343
Other miscellaneous liabilities *	741 677	621 921
Total	1 220 231	1 072 128

* This items represents mainly legal contingencies (Note 57)

24. Deferred Tax Liabilities

Items attributable to deferred tax liabilities are as follows:

	2017				USD '000	
	Balance at the Beginning of the Year	Amounts Added	Amounts Released	Adjustments during the Year and Translation Adjustments	Balance at the End of the Year	Deferred Tax
Investments revaluation reserve	6 255	-	(6 255)	-	-	-
Other	8 202	14 554	(10)	(214)	22 532	3 693
Total	14 457	14 554	(6 265)	(214)	22 532	3 693

	2016				USD '000	
	Balance at the Beginning of the Year	Amounts Added	Amounts Released	Adjustments during the Year and Translation Adjustments	Balance at the End of the Year	Deferred Tax
Investments revaluation reserve	24 782	-	(18 323)	(204)	6 255	-
Other	11 922	3 188	(6 789)	(119)	8 202	1 276
Total	36 704	3 188	(25 112)	(323)	14 457	1 276

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

	USD '000	
	2017	2016
Balance at the beginning of the year	1 276	12 103
Additions during the year	2 429	127
Amortized during the year	(3)	(10 946)
Adjustments during the year and translation adjustments	(9)	(8)
Balance at the end of the year	3 693	1 276

25. Share Capital & Premium

- a. Share Capital amounted to USD 926.6 million distributed to 640.8 million shares as of December 31, 2017 and 2016.
- b. Share premium amounted to USD 1225.7 million as of December 31, 2017 and 2016.

26. Statutory Reserve

Statutory reserve amounted to USD 841.4 million as of December 31, 2017 (USD 798.4 million as of December 31, 2016) according to the regulations of the Central Bank of Jordan and Companies Law and it can not be distributed to the shareholders of the bank.

27. Voluntary Reserve

The voluntary reserve amounted to USD 977.3 million as of December 31, 2017 and 2016. This reserve is used for purposes determined by the Board of Directors, and the General Assembly has the right to distribute it in whole or part thereof to shareholders as dividends.

28. General Reserve

The general reserve amounted to USD 1141.8 million as of December 31, 2017 and 2016. This reserve is used for purposes determined by the Board of Directors, and the General Assembly has the right to distribute it in whole or part thereof to shareholders as dividends.

29. General Banking Risks Reserve

The general banking risk reserve amounted to USD 395.8 million as of December 31, 2017 (USD 363.5 million as of December 31, 2016). It can not be used before taking prior approval of the Central Bank of Jordan and the other regulatory authorities in the other countries, only when the amount of that reserve exceeds the minimum amount set or required according to the instructions of the relevant banking authorities.

30. Foreign currency translation reserve

USD '000

The details of this item are as follows:

	December 31,	
	2017	2016
Balance at the beginning of the year	(402 682)	(284 609)
Addition (disposal) during the year transferred to other comprehensive income	52 132	(118 073)
Balance at the end of the year	(350 550)	(402 682)

31. Investments Revaluation Reserve

USD '000

The details of this item are as follows:

	December 31,	
	2017	2016
Balance at the beginning of the year	(267 672)	(260 621)
Change in fair value during the year	(43 158)	(7 731)
Net realized loss transferred to retained earnings	(2 608)	680
Balance at the End of the Year	(313 438)	(267 672)

32. Retained Earnings and Non-controlling interests

USD '000

The movement of retained earnings are as follows:

	December 31,	
	2017	2016
Balance at the beginning of the year	1 738 225	1 502 867
Profit for the year Attributable to Shareholders of the Bank	521 961	522 187
Investments revaluation reserve transferred to retained earnings	2 608	(680)
Dividends paid *	(278 182)	(231 277)
Transferred to statutory reserve	(42 916)	(45 378)
Transferred to general banking risk reserve	(32 370)	-
Adjustments during the year	(4 663)	(9 494)
Balance at the end of the year **	1 904 663	1 738 225

* Arab Bank plc Board of Directors recommended a 30% of par value as cash dividend, equivalent to USD 271.1 million, for the year 2017, This proposal is subject to the approval of the General Assembly of shareholders. (The General Assembly of the Arab Bank plc in its meeting held on March 31, 2017 approved the recommendation of the Bank's Board of Directors to distribute 30% of par value as cash dividends for the year 2016 equivalent to USD 271.1 million).

** Retained earnings include restricted deferred tax assets in the amount of USD 87.2 million, as well as unrealized gains from financial assets at fair value through profit or loss in the amount of USD 1.5 million. Restricted retained earnings that cannot be distributed or otherwise utilized except under certain circumstances, as a result of the adoption of certain International Accounting Standards, amounted to USD 2.8 million as of December 31, 2017.

** As of December 31, 2017, Retained earnings include an unrealized loss in the amount of USD (109.1) million due to the effect of the adoption of IFRS 9

** The Use of an amount of USD (313.4) million as of December 31, 2017 which represent the negative investments revaluation reserve balance is restricted according to Jordan Securities Commission instructions.

The details of non-controlling interests are as follows:

USD '000

	2017			2016		
	Non-controlling interests %	Share of non-controlling interests of net assets	Share of non-controlling interests of net profit / (loss)	Non-controlling interests %	Share of non-controlling interests of net assets	Share of non-controlling interests of net profit / (loss)
Arab Tunisian Bank	35.76	87 147	9 744	35.76	89 044	10 434
Arab Bank Syria	48.71	17 414	(182)	48.71	18 983	(1 678)
Al Nisr Al Arabi Insurance Company plc	50.00	14 452	1 440	50.00	14 340	1 723
Total		119 013	11 002		122 367	10 479

The details of non-controlling interests are as follows:

USD '000

	2017			2016		
	Arab Tunisian Bank	Arab Bank Syria	Al Nisr Al Arabi Insurance Company plc	Arab Tunisian Bank	Arab Bank Syria	Al Nisr Al Arabi Insurance Company plc
Total assets	2 630 969	154 308	112 901	2 357 750	139 277	100 240
Total Liabilities	2 387 268	118 453	83 997	2 108 745	100 192	71 561
Net assets	243 701	35 855	28 904	249 005	39 085	28 679
Total income	96 579	3 409	11 046	93 953	2 772	11 245
Total expenses	69 330	3 783	8 167	64 776	6 227	7 800
Net profit / (loss)	27 249	(374)	2 879	29 177	(3 455)	3 445

33. Interest Income

USD '000

The details of this item are as follows:

	2017	2016
Direct credit facilities at amortized cost *	1 450 604	1 298 529
Central banks	56 876	62 923
Banks and financial institutions	39 716	17 039
Financial assets at fair value through profit or loss	15 838	12 908
Other financial assets at amortized cost	421 035	474 436
Total	1 984 069	1 865 835

USD '000

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

	2017					Total
	Consumer Banking	Corporates		Banks and Financial Institutions	Government and Public Sector	
		Small and Medium	Large			
Discounted bills	4 305	13 714	26 593	3 672	59	48 343
Overdrafts	7 385	81 136	242 934	411	19 901	351 767
Loans and advances	228 966	94 746	516 762	3 055	49 118	892 647
Real estate loans	130 866	7 255	5 047	-	-	143 168
Credit cards	14 679	-	-	-	-	14 679
Total	386 201	196 851	791 336	7 138	69 078	1 450 604

	2016					USD'000
	Consumer Banking	Corporates		Banks and Financial Institutions	Government and Public Sector	Total
		Small and Medium	Large			
Discounted bills	4 631	11 677	23 391	3 155	36	42 890
Overdrafts	7 723	69 660	216 335	157	16 954	310 829
Loans and advances	216 848	80 143	448 685	3 390	50 275	799 341
Real estate loans	119 273	6 618	3 954	-	-	129 845
Credit cards	15 624	-	-	-	-	15 624
Total	364 099	168 098	692 365	6 702	67 265	1 298 529

34. Interest Expense

The details of this item are as follows:

	USD'000	
	2017	2016
Customer deposits *	659 070	636 423
Banks' and financial institutions' deposits	65 697	48 254
Cash margins	39 661	35 356
Borrowed funds	6 605	6 089
Deposit insurance fees	26 474	25 195
Total	797 507	751 317

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

	2017				USD'000
	Consumer Banking	Corporates		Government and Public Sector	Total
		Small and Medium	Large		
Current and demand	10 846	1 876	19 340	7 571	39 633
Savings	33 547	3 160	183	-	36 890
Time and notice	285 024	30 629	157 719	75 341	548 713
Certificates of deposit	23 233	1 067	4 204	5 330	33 834
Total	352 650	36 732	181 446	88 242	659 070

	2016				Total
	Consumer Banking	Corporates		Government and Public Sector	
		Small and Medium	Large		
Current and demand	18 771	2 786	11 049	5 035	37 641
Savings	31 963	3 252	406	-	35 621
Time and notice	250 629	27 187	160 192	86 631	524 639
Certificates of deposit	32 097	544	2 849	3 032	38 522
Total	333 460	33 769	174 496	94 698	636 423

35. Net Commission Income

USD '000

The details of this item are as follows:

	2017	2016
Commission income:		
- Direct credit facilities at amortized cost	89 197	94 443
- Indirect credit facilities	135 179	139 402
- Assets under management	13 612	13 337
- Other	98 690	100 005
Less: commission expense	(34 967)	(31 284)
Net Commission Income	301 711	315 903

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

The details of this item are as follows:

USD '000

	2017			Total
	Realized Gains	Unrealized Gains (Losses)	Dividends	
Treasury bills and bonds	2 669	2 095	-	4 764
Companies shares	-	(1 386)	1 234	(152)
Mutual funds	-	768	-	768
Total	2 669	1 477	1 234	5 380

	2016			Total
	Realized Gains	Unrealized Gains (Losses)	Dividends	
Treasury bills and bonds	2 101	3 556	-	5 657
Companies shares	-	(2 030)	1 375	(655)
Mutual funds	-	145	-	145
Total	2 101	1 671	1 375	5 147

37. Other Revenue

The details of this item are as follows:

	USD '000	
	2017	2016
Revenue from customers' services	17 339	16 966
Safe box rent	3 909	4 889
Gains (Losses) from derivatives	348	(1 077)
Miscellaneous revenue	26 812	66 104
Total	48 408	86 882

38. Employees' Expenses

The details of this item are as follows:

	USD '000	
	2017	2016
Salaries and benefits	335 618	317 495
Social security	33 420	31 254
Savings fund	4 706	4 468
Indemnity compensation	1 896	4 034
Medical	12 939	12 478
Training	3 050	3 053
Allowances	58 550	54 585
Other	9 778	11 738
Total	459 957	439 105

39. Other Expenses

The details of this item are as follows:

	USD '000	
	2017	2016
Occupancy	72 729	73 840
Office	61 003	63 444
Services	46 719	41 310
Fees	12 855	12 322
Information technology	40 244	34 319
Other administrative expenses	108 895	106 050
Total	342 445	331 285

40. Financial Derivatives

The details of financial derivatives are as follows:

USD '000

	December 31, 2017						
	Positive Fair Value	Negative Fair Value	Total Notional Amount	Notional amounts by maturity			
				Within 3 Months	From 3 months to 1 Years	From 1 Year to 3 Years	More than 3 Years
Forward contracts	381	696	123 032	66 947	49 115	6 970	-
Interest rate swaps	7 359	5 409	1 154 807	106 281	48 768	315 290	684 468
Foreign currency forward contracts	13 831	25 257	7 625 249	6 553 516	1 061 664	10 069	-
Derivatives held for trading	21 571	31 362	8 903 088	6 726 744	1 159 547	332 329	684 468
Forward contracts	-	-	-	-	-	-	-
Interest rate swaps	13 849	10 639	1 432 317	145 985	265 840	198 445	822 047
Foreign currency forward contracts	-	-	264 159	264 159	-	-	-
Derivatives held for fair value hedge	13 849	10 639	1 696 476	410 144	265 840	198 445	822 047
Forward contracts	-	-	-	-	-	-	-
Interest rate swaps	-	153	11 864	7 806	-	4 058	-
Foreign currency forward contracts	-	-	-	-	-	-	-
Derivatives held for cash flow hedge	-	153	11 864	7 806	-	4 058	-
Total	35 420	42 154	10 611 428	7 144 694	1 425 387	534 832	1 506 515

The details of financial derivatives are as follows:

USD '000

	December 31, 2016						
	Positive Fair Value	Negative Fair Value	Total Notional Amount	Notional amounts by maturity			
				Within 3 Months	From 3 months to 1 Years	From 1 Year to 3 Years	More than 3 Years
Forward contracts	3 467	3 332	292 837	289 054	3 783	-	-
Interest rate swaps	5 945	8 386	434 120	76 185	15 475	173 735	168 725
Foreign currency forward contracts	38 162	28 663	5 986 883	3 530 292	2 376 549	80 042	-
Derivatives held for trading	47 574	40 381	6 713 840	3 895 531	2 395 807	253 777	168 725
Forward contracts	-	-	-	-	-	-	-
Interest rate swaps	10 437	11 362	1 380 367	172 713	323 577	348 501	535 576
Foreign currency forward contracts	-	-	226 187	221 512	4 675	-	-
Derivatives held for fair value hedge	10 437	11 362	1 606 554	394 225	328 252	348 501	535 576
Forward contracts	-	-	-	-	-	-	-
Interest rate swaps	-	774	110 847	49 986	49 987	7 203	3 671
Foreign currency forward contracts	-	-	-	-	-	-	-
Derivatives held for cash flow hedge	-	774	110 847	49 986	49 987	7 203	3 671
Total	58 011	52 517	8 431 241	4 339 742	2 774 046	609 481	707 972

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

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

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

USD '000

	Inside Jordan		Outside Jordan		Total	
	2017	2016	2017	2016	2017	2016
Revenues	548 266	465 189	1 435 733	1 461 223	1 983 999	1 926 412
Assets	13 167 964	13 301 716	34 995 757	34 158 675	48 163 721	47 460 391
Capital Expenditures	22 990	30 569	40 226	80 585	63 216	111 154

42. Business Segments

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

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

1. Corporate and Institutional Banking

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

2. Treasury Group

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

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

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

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

3. Consumer Banking

This group provides banking services to individuals and high-networth 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, the internet, and text messaging via cellular phones.

Information about the Group's Business Segments

	2017					USD '000
	Corporate and institutional Banking	Treasury	Consumer Banking		Other	Total
			Elite	Retail Banking		
Total income	945 311	512 987	(84 906)	221 515	389 092	1 983 999
Net inter-segment interest income	(180 140)	(183 812)	229 305	134 647	-	-
Provision for impairment - direct credit facilities at amortized cost	241 890	-	388	8 099	-	250 377
Other provisions	40 225	14 097	2 879	20 820	-	78 021
Direct administrative expenses	144 203	17 974	30 093	150 163	7 385	349 818
Result of operations of segments	338 853	297 104	111 039	177 080	381 707	1 305 783
Indirect expenses on segments	221 091	79 575	48 647	157 326	2 491	509 130
Profit for the year before income tax	117 762	217 529	62 392	19 754	379 216	796 653
Income tax expense	25 553	54 704	17 209	1 542	164 682	263 690
Profit for the Year	92 209	162 825	45 183	18 212	214 534	532 963
Depreciation and amortization	17 351	4 800	4 728	29 667	-	56 546
Other information						
Segment assets	18 484 173	17 691 712	3 012 083	4 477 937	1 271 585	44 937 490
Inter-segment assets	-	-	10 756 307	3 022 490	5 381 954	-
Investments in associates	-	-	-	-	3 226 231	3 226 231
TOTAL ASSETS	18 484 173	17 691 712	13 768 390	7 500 427	9 879 770	48 163 721
Segment liabilities	14 663 828	2 351 306	13 768 390	7 500 427	1 470 498	39 754 449
Shareholders' equity	-	-	-	-	8 409 272	8 409 272
Inter-segment liabilities	3 820 345	15 340 406	-	-	-	-
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	18 484 173	17 691 712	13 768 390	7 500 427	9 879 770	48 163 721

Information about the Group's Business Segments

	2016					USD '000	
	Corporate and institutional Banking	Treasury	Consumer Banking		Other	Total	
			Elite	Retail Banking			
Total income	856 221	551 506	(74 463)	218 306	374 842	1 926 412	
Net inter-segment interest income	(87 349)	(266 706)	209 570	144 485	-	-	
Provision for impairment - direct credit facilities at amortized cost	175 820	-	16	3 220	-	179 056	
Other provisions	61 255	28 138	16 414	25 571	-	131 378	
Direct administrative expenses	128 383	17 464	25 308	146 249	7 052	324 456	
Result of operations of segments	403 414	239 198	93 369	187 751	367 790	1 291 522	
Indirect expenses on segments	226 780	71 295	46 508	153 663	2 461	500 707	
Profit for the year before income tax	176 634	167 903	46 861	34 088	365 329	790 815	
Income tax expense	36 528	46 694	14 656	11 771	148 500	258 149	
Profit for the Year	140 106	121 209	32 205	22 317	216 829	532 666	
Depreciation and amortization	16 070	4 773	4 261	29 669	-	54 773	
Other information							
Segment assets	17 583 136	18 394 509	2 981 706	4 107 610	1 316 422	44 383 383	
Inter-segment assets	-	-	10 071 606	2 918 446	4 819 643	-	
Investments in associates	-	-	-	-	3 077 008	3 077 008	
TOTAL ASSETS	17 583 136	18 394 509	13 053 312	7 026 056	9 213 073	47 460 391	
Segment liabilities	16 026 131	2 141 819	13 053 312	7 026 056	1 048 537	39 295 855	
Shareholders' equity	-	-	-	-	8 164 536	8 164 536	
Inter-segment liabilities	1 557 005	16 252 690	-	-	-	-	
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	17 583 136	18 394 509	13 053 312	7 026 056	9 213 073	47 460 391	

43. Banking Risk Management

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

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

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

a. Credit Risk Management

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

b. Geographic Concentration Risk

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

Note (44-e) shows the details of the geographical distribution of assets.

c. Liquidity Risk

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

Note (50) shows the maturities of the assets and liabilities of the Group and note (47) shows the distribution of the liabilities (undiscounted) according to the residual maturity.

d. Market Risk

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

Note (45) shows the details of market risk sensitivity analysis.

1. Interest Rate Risk

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

Note (46) shows the details of the interest rate risk sensitivity of the Group.

2. Capital Market Exposures

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

3. Foreign Exchange Risk

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

Note (48) shows the net positions of foreign currencies.

e. Operational Risk

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

44. Credit Risk

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

Credit risk exposures relating to items on the consolidated statement of financial position:	USD '000	
	December 31,	
	2017	2016
Balances with central banks	7 084 897	7 392 469
Balances with banks and financial institutions	3 992 234	4 622 181
Deposits with banks and financial institutions	150 419	176 118
Financial assets at fair value through profit or loss	428 207	656 312
Direct credit facilities at amortized cost	23 488 575	21 898 121
Consumer Banking	5 359 321	4 955 001
Small and Medium Corporate	2 904 018	2 592 108
Large Corporate	13 836 229	13 038 469
Banks and financial institutions	129 475	107 400
Government and public sector	1 259 532	1 205 143
Other financial assets at amortized cost	7 760 023	7 640 955
Other assets and financial derivatives - positive fair value	327 245	336 151
Total Credit Exposure related to items on the consolidated statement of financial position	43 231 600	42 722 307
Credit risk exposures relating to items off the consolidated statement of financial position:		
Letters of credit	2 020 899	2 156 159
Acceptances	627 591	653 158
Letters of guarantees	10 905 549	11 912 937
Unused credit facilities	5 338 096	4 940 006
Total	18 892 135	19 662 260
Grand Total for Credit Exposure	62 123 735	62 384 567

The table above shows the maximum limit of the bank credit risk as of December 31, 2017 and 2016 excluding collaterals and risks mitigations.

B. Classification of assets credit exposure based on risk degree.

USD '000

December 31, 2017

	Consumer Banking	Corporates		Banks and Financial Institutions	Government and Public Sector	Total
		Small and Medium	Large			
Low risk	1 074 289	1 328 778	2 299 096	4 032 611	14 282 870	23 017 644
Acceptable risk	4 261 858	1 639 246	11 683 210	1 883 533	475 037	19 942 884
Due:	88 170	49 399	186 253	-	71	323 893
- Up to 30 days	67 550	38 151	99 814	-	71	205 586
- 31 - 60 days	20 620	11 248	86 439	-	-	118 307
Watch list	29 260	48 295	204 378	-	1 680	283 613
Non-performing:	215 136	263 422	1 153 736	32 135	694	1 665 123
- Substandard	19 598	6 625	385 414	-	-	411 637
- Doubtful	18 324	21 324	176 324	31 723	-	247 695
- Problematic	177 214	235 473	591 998	412	694	1 005 791
Total	5 580 543	3 279 741	15 340 420	5 948 279	14 760 281	44 909 264
Less: interest and commission in suspense	64 406	94 150	213 160	6 545	-	378 261
Less: provision for impairment	141 121	137 884	1 017 563	411	2 424	1 299 403
Net	5 375 016	3 047 707	14 109 697	5 941 323	14 757 857	43 231 600

USD '000

December 31, 2016

	Consumer Banking	Corporates		Banks and Financial Institutions	Government and Public Sector	Total
		Small and Medium	Large			
Low risk	953 663	1 169 246	2 119 175	5 117 438	14 648 364	24 007 886
Acceptable risk	3 992 578	1 519 325	11 199 305	1 407 180	445 221	18 563 609
Due:	53 129	23 989	152 900	1 127	2 112	233 257
- Up to 30 days	43 405	9 530	60 155	1 127	1 056	115 273
- 31 - 60 days	9 724	14 459	92 745	-	1 056	117 984
Watch list	28 150	45 033	276 249	-	1 784	351 216
Non-performing:	236 276	250 644	1 078 882	31 049	743	1 597 594
- Substandard	25 486	6 354	1 477	-	-	33 317
- Doubtful	16 888	17 443	509 395	30 650	-	574 376
- Problematic	193 902	226 847	568 010	399	743	989 901
Total	5 210 667	2 984 248	14 673 611	6 555 667	15 096 112	44 520 305
Less: interest and commission in suspense	80 012	93 649	283 236	5 460	-	462 357
Less: provision for impairment	157 567	129 123	1 046 412	398	2 141	1 335 641
Net	4 973 088	2 761 476	13 343 963	6 549 809	15 093 971	42 722 307

* The credit risk exposures includes direct credit facilities at amortized cost, balances and deposits with banks and financial institutions, bonds, treasury bills and any other assets exposed to credit risk.

C. Fair value of collaterals obtained against credit facilities at amortized cost for the year ended 2017 is as follows:

USD '000

	December 31, 2017					Total
	Consumer Banking	Corporates		Banks and Financial Institutions	Government and Public Sector	
		Small and Medium	Large			
Collaterals against:						
Performing Facilities / Low risk	618 660	576 815	1 522 793	-	413 243	3 131 511
Performing Facilities / Acceptable risk	1 431 977	898 636	5 127 076	4 100	81 390	7 543 179
Watch list	15 195	10 769	110 373	-	-	136 337
Non-performing :	47 780	61 559	300 726	-	-	410 065
- Substandard	7 284	4 571	193 974	-	-	205 829
- Doubtful	7 723	8 042	40 503	-	-	56 268
- Problematic	32 773	48 946	66 249	-	-	147 968
Total	2 113 612	1 547 779	7 060 968	4 100	494 633	11 221 092
Of which:						
Cash margin	384 254	292 518	1 018 911	-	14	1 695 697
Accepted Banks letters of guarantees	11 541	47 276	327 648	547	391	387 403
Real estate properties	278 584	564 284	2 414 576	-	98 015	3 355 459
Listed securities	629	137 653	462 943	10	-	601 235
Vehicles and equipment	95 271	25 766	442 952	-	-	563 989
Other	1 343 333	480 282	2 393 938	3 543	396 213	4 617 309
Total	2 113 612	1 547 779	7 060 968	4 100	494 633	11 221 092

Fair value of collaterals obtained against credit facilities at amortized cost for the year ended 2016 is as follows:

	December 31, 2016					USD '000
	Consumer Banking	Corporates		Banks and Financial Institutions	Government and Public Sector	Total
		Small and Medium	Large			
Collaterals against:						
Performing Facilities / Low risk	568 178	524 090	1 374 631	-	267 306	2 734 205
Performing Facilities / Acceptable risk	1 367 892	790 595	4 827 045	3 816	972	6 990 320
Watch list	13 462	14 041	148 406	-	-	175 909
Non-performing :	43 293	57 066	73 980	-	-	174 339
- Substandard	12 144	2 293	255	-	-	14 692
- Doubtful	5 206	6 217	12 886	-	-	24 309
- Problematic	25 943	48 556	60 839	-	-	135 338
Total	1 992 825	1 385 792	6 424 062	3 816	268 278	10 074 773
Of which:						
Cash margin	367 775	292 609	1 050 837	-	1 131	1 712 352
Accepted Banks letters of guarantees	11 167	57 431	292 973	1 280	-	362 851
Real estate properties	295 468	478 066	2 234 843	-	95 870	3 104 247
Listed securities	695	147 219	503 299	-	-	651 213
Vehicles and equipment	99 235	25 401	401 523	-	-	526 159
Other	1 218 485	385 066	1 940 587	2 536	171 277	3 717 951
Total	1 992 825	1 385 792	6 424 062	3 816	268 278	10 074 773

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

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

Credit rating	December 31, 2017		USD '000
	Financial assets at fair value through profit or loss	Other financial assets at amortized cost	Total
Private sector:			
AAA to A-	291 797	1 166 117	1 457 914
BBB+ to B-	-	330 615	330 615
Below B-	-	9 462	9 462
Unrated	31 790	80 578	112 368
Governments and public sector	104 620	6 173 251	6 277 871
Total	428 207	7 760 023	8 188 230

Credit rating	December 31, 2016		USD '000
	Financial Assets at Fair Value through profit or loss	Other Financial Assets at Amortized Cost	Total
Private sector:			
AAA to A-	274 405	1 081 792	1 356 197
BBB+ to B-	-	429 414	429 414
Below B-	-	8 577	8 577
Unrated	29 623	98 648	128 271
Governments and public sector	352 284	6 022 524	6 374 808
Total	656 312	7 640 955	8 297 267

E. Credit exposure categorized by geographical distribution:

USD '000

	December 31, 2017						Total
	Jordan	Other Arab Countries	Asia *	Europe	America	Rest of the World	
Balances with central banks	2 950 421	2 235 231	374	1 884 018	-	14 853	7 084 897
Balances and deposits with banks and financial institutions	175 828	1 362 468	283 232	1 162 744	1 108 807	49 574	4 142 653
Financial assets at fair value through profit or loss	-	144 104	39 907	244 196	-	-	428 207
Direct credit facilities at amortized cost	7 383 937	14 160 461	294 560	967 439	38 163	644 015	23 488 575
Consumer Banking	2 682 326	2 305 491	335	104 805	90	266 274	5 359 321
Small and Medium Corporates	847 168	1 553 262	89 704	255 827	28 407	129 650	2 904 018
Large Corporates	3 682 612	9 120 524	204 521	570 815	9 666	248 091	13 836 229
Banks and Financial Institutions	13 546	115 929	-	-	-	-	129 475
Government and public Sector	158 285	1 065 255	-	35 992	-	-	1 259 532
Other financial assets at amortized cost	2 660 951	3 997 203	159 596	495 275	141 711	305 287	7 760 023
Other assets and financial derivatives - positive fair value	55 548	191 372	1 578	74 172	1 106	3 469	327 245
Total	13 226 685	22 090 839	779 247	4 827 844	1 289 787	1 017 198	43 231 600
Total - as of December 31, 2016	13 090 292	21 232 892	945 125	5 511 260	1 060 254	882 484	42 722 307

* Excluding Arab Countries.

F. Credit exposure categorized by economic sector

	Consumer Banking	Corporates			
		Industry and Mining	Constructions	Real Estate	Trade
Balances with Central Banks	-	-	-	-	-
Balances and deposits with banks and financial institutions	-	-	-	-	-
Financial assets at fair value through profit or loss	-	-	-	-	-
Direct credit facilities at amortized cost	5 359 321	4 532 099	2 340 996	1 828 221	4 063 192
Other financial assets at amortized cost	-	91 786	-	-	40 102
Other assets and financial derivatives - positive fair value	15 695	25 602	9 146	8 790	28 793
Total	5 375 016	4 649 487	2 350 142	1 837 011	4 132 087

	Consumer Banking	Corporates			
		Industry and Mining	Constructions	Real Estate	Trade
Balances with Central Banks	-	-	-	-	-
Balances and deposits with banks and financial institutions	-	-	-	-	-
Financial assets at fair value through profit or loss	-	-	-	-	-
Direct credit facilities at amortized cost	4 955 001	4 035 843	1 982 613	1 723 634	3 708 816
Other financial assets at amortized cost	-	93 220	15 918	28 200	40 247
Other assets and financial derivatives - positive fair value	18 087	25 353	12 930	8 259	24 192
Total	4 973 088	4 154 416	2 011 461	1 760 093	3 773 255

USD '000

December 31, 2017

Corporates					Banks and Financial Institutions	Government and Public Sector	Total
Agriculture	Tourism and Hotels	Transportation	Shares	General Services			
-	-	-	-	-	-	7 084 897	7 084 897
-	-	-	-	-	4 142 653	-	4 142 653
-	-	29 624	-	-	293 963	104 620	428 207
277 207	517 303	569 783	14 663	2 596 783	129 475	1 259 532	23 488 575
-	-	-	-	125 563	1 329 321	6 173 251	7 760 023
1 491	5 500	4 316	-	46 444	45 911	135 557	327 245
278 698	522 803	603 723	14 663	2 768 790	5 941 323	14 757 857	43 231 600

USD '000

December 31, 2016

Corporates					Banks and Financial Institutions	Government and Public Sector	Total
Agriculture	Tourism and Hotels	Transportation	Shares	General Services			
-	-	-	-	-	-	7 392 469	7 392 469
-	-	-	-	-	4 798 299	-	4 798 299
-	-	29 624	-	-	274 404	352 284	656 312
159 907	619 000	667 094	5 758	2 727 912	107 400	1 205 143	21 898 121
-	-	-	-	143 682	1 297 164	6 022 524	7 640 955
1 212	3 691	7 409	15	40 910	72 542	121 551	336 151
161 119	622 691	704 127	5 773	2 912 504	6 549 809	15 093 971	42 722 307

45. Market Risk**Market Risk sensitivity**

Assuming market prices as of December 31, 2017 and 2016 change by (5%), the impact on the consolidated statement of income and equity will be as follows:

USD '000

	December 31, 2017			December 31, 2016		
	Consolidated Statement of Income	sharehold- ers' Equity	Total	Consolidated Statement of Income	share- holders' Equity	Total
Interest rate sensitivity	40 365	-	40 365	38 030	-	38 030
Foreign exchange rate sensitivity	13 394	4 120	17 514	7 426	3 536	10 962
Equity instruments prices sensitivity	2 122	19 778	21 900	2 110	23 546	25 656
Total	55 881	23 898	79 779	47 566	27 082	74 648

46. Interest Rate Risk

Below is the Group Exposure to interest rate volatility as of December 31, 2017
(classification is based on interest rate repricing or maturity date, whichever is closer).

USD '000

ASSETS	Up to 1 Month	More than 1 Month and till 3 Months	More than 3 Months and till 6 Months	More than 6 Months and till 1 Year	More than 1 Year and till 3 Years	More than 3 Years	Not Tied to Interest Rate Risk	Total
Cash at vaults	-	-	-	-	-	-	522 167	522 167
Mandatory cash reserve	-	-	-	-	-	-	1 554 444	1 554 444
Balances with central banks	3 237 543	3 306	-	-	-	25 000	2 264 604	5 530 453
Balances and deposits with banks and financial institutions	3 504 389	487 845	107 629	15 009	27 781	-	-	4 142 653
Financial assets at fair value through profit or loss	76 452	100 980	57 083	22 993	87 200	83 499	42 447	470 654
Direct credit facilities at amortized cost	8 650 090	4 146 175	2 049 309	1 693 993	1 926 330	5 022 678	-	23 488 575
Financial assets at fair value through other comprehensive income	-	-	-	-	-	-	395 563	395 563
Other financial assets at amortized cost	996 789	1 470 969	878 934	918 381	1 668 543	1 826 407	-	7 760 023
Investments in associates	-	-	-	-	-	-	3 226 231	3 226 231
Fixed assets	-	-	-	-	-	-	459 141	459 141
Other assets and financial derivatives - positive fair value	28 876	32 547	32 572	2 370	15 203	4 417	410 609	526 594
Deferred tax assets	-	-	-	-	-	-	87 223	87 223
TOTAL ASSETS	16 494 139	6 241 822	3 125 527	2 652 746	3 725 057	6 962 001	8 962 429	48 163 721
LIABILITIES								
Banks and financial institutions' deposits	1 335 511	1 503 084	314 289	141 546	13 867	34 515	584 476	3 927 288
Customer deposits	10 083 077	3 787 678	2 433 659	3 079 344	474 021	146 417	11 076 263	31 080 459
Cash margin	1 178 263	516 161	401 153	136 962	21 096	8 389	438 265	2 700 289
Borrowed funds	35 313	22 599	9 957	3 832	25 856	84 533	-	182 090
Provision for income tax	-	-	-	-	-	-	272 205	272 205
Other provisions	-	-	-	-	-	-	326 040	326 040
Other liabilities and financial derivatives - negative fair value	77 996	34 166	36 311	8 697	1 199	257	1 103 759	1 262 385
Deferred tax liabilities	-	-	-	-	-	-	3 693	3 693
Total liabilities	12 710 160	5 863 688	3 195 369	3 370 381	536 039	274 111	13 804 701	39 754 449
Gap	3 783 979	378 134	(69 842)	(717 635)	3 189 018	6 687 890	(4 842 272)	8 409 272

B. Below is the Group Exposure to interest rate volatility as of December 31, 2016 (classification is based on interest rate repricing or maturity date, whichever is closer).

USD '000

	Up to 1 Month	More than 1 Month and till 3 Months	More than 3 Months and till 6 Months	More than 6 Months and till 1 Year	More than 1 Year and till 3 Years	More than 3 Years	Not Tied to Interest Rate Risk	Total
ASSETS								
Cash at vaults	-	-	-	-	-	-	416 874	416 874
Mandatory cash reserve	-	-	-	-	-	-	1 362 777	1 362 777
Balances with central banks	3 908 887	-	-	-	-	-	2 120 805	6 029 692
Balances and deposits with banks and financial institutions	4 313 787	346 552	103 632	2 291	32 037	-	-	4 798 299
Financial assets at fair value through profit or loss	76 040	162 748	108 232	19 036	86 476	203 780	42 204	698 516
Direct credit facilities at amortized cost	8 075 581	4 087 854	2 124 805	1 540 238	1 796 717	4 272 926	-	21 898 121
Financial assets at fair value through OCI	-	-	-	-	-	-	470 912	470 912
Other financial assets at amortized cost	972 460	1 162 811	978 143	1 200 698	2 008 253	1 318 590	-	7 640 955
Investments in associates	-	-	-	-	-	-	3 077 008	3 077 008
Fixed assets	-	-	-	-	-	-	463 633	463 633
Other assets and financial derivatives - positive fair value	53 908	28 006	33 233	1 964	10 973	6 251	395 879	530 214
Deferred tax assets	-	-	-	-	-	-	73 390	73 390
TOTAL ASSETS	17 400 663	5 787 971	3 348 045	2 764 227	3 934 456	5 801 547	8 423 482	47 460 391
LIABILITIES								
Banks and financial institutions' deposits	2 074 324	703 516	131 084	299 709	22 937	4 012	517 417	3 752 999
Customer deposits	9 929 081	4 436 081	2 231 142	2 761 662	539 074	98 416	11 086 696	31 082 152
Cash margin	1 609 716	184 066	274 607	127 490	10 994	6 421	348 132	2 561 426
Borrowed funds	20 733	196 825	6 305	6 013	13 050	28 259	-	271 185
Provision for income tax	-	-	-	-	-	-	242 377	242 377
Other provisions	-	-	-	-	-	-	259 795	259 795
Other liabilities and financial derivatives - negative fair value	93 185	20 322	44 015	5 686	2 085	271	959 081	1 124 645
Deferred tax liabilities	-	-	-	-	-	-	1 276	1 276
Total liabilities	13 727 039	5 540 810	2 687 153	3 200 560	588 140	137 379	13 414 774	39 295 855
Gap	3 673 624	247 161	660 892	(436 333)	3 346 316	5 664 168	(4 991 292)	8 164 536

47. Liquidity Risk

A. The below is the distribution of the liabilities (undiscounted) according to the residual maturity as of December 31, 2017:

USD '000

	Within 1 Month	After 1 Months and till 3 Months	After 3 Months and till 6 Months	After 6 Months and till One Year	After One Year and till 3 Years	After 3 Years	Not Tied to a Specific Maturity	Total
Banks and financial institutions' deposits	1 234 217	1 419 158	304 965	336 678	13 886	37 454	584 476	3 930 834
Customer deposits	8 499 569	3 819 020	2 447 196	3 419 127	541 979	209 953	12 364 789	31 301 633
Cash margin	1 068 178	188 159	819 408	153 518	29 149	344	446 431	2 705 187
Borrowed funds	6 121	12 025	12 781	3 832	27 013	120 630	-	182 402
Provision for income tax	-	-	-	-	-	-	272 205	272 205
Other Provisions	-	-	-	-	-	-	326 040	326 040
Financial derivatives - negative fair value	14 946	8 756	949	880	426	5 687	10 517	42 161
Other liabilities	59 921	20 383	38 191	23 110	481 226	257	597 143	1 220 231
Deferred tax liabilities	-	-	-	-	-	-	3 693	3 693
Total Liabilities	10 882 952	5 467 501	3 623 490	3 937 145	1 093 679	374 325	14 605 294	39 984 386
Total Assets according to expected maturities	8 033 159	5 587 866	2 641 516	3 491 112	5 329 388	9 625 743	13 454 937	48 163 721

The below is the distribution of the liabilities (undiscounted) according to the residual maturity as of December 31, 2016

USD '000

	Within 1 Month	After 1 Months and till 3 Months	After 3 Months and till 6 Months	After 6 Months and till One Year	After One Year and till 3 Years	After 3 Years	Not Tied to a Specific Maturity	Total
Liabilities								
Banks and financial institutions' deposits	1 431 481	1 150 430	329 408	299 465	22 671	4 253	517 417	3 755 125
Customer deposits	8 453 724	4 423 219	2 250 689	2 961 085	615 156	169 689	12 414 703	31 288 265
Cash margin	1 288 835	280 371	344 147	267 923	17 026	390	366 418	2 565 110
Borrowed funds	515	111 285	9 299	2 431	94 296	53 768	-	271 594
Provision for income tax	-	-	-	-	-	-	242 377	242 377
Other Provisions	-	-	-	-	-	-	259 795	259 795
Financial derivatives - negative fair value	19 896	1 173	51	291	2 297	5 440	23 377	52 525
Other liabilities	68 371	16 485	43 655	5 548	332 085	271	605 713	1 072 128
Deferred tax liabilities	-	-	-	-	-	-	1 276	1 276
Total Liabilities	11 262 822	5 982 963	2 977 249	3 536 743	1 083 531	233 811	14 431 076	39 508 195
Total Assets according to expected maturities	10 083 767	4 393 380	2 518 768	3 114 599	5 975 585	8 922 251	12 452 041	47 460 391

48. Net Foreign Currency Positions

The details of this item are as follows:

	December 31, 2017		December 31, 2016	
	Base currency in thousands	Equivalent in USD 000	Base currency in thousands	Equivalent in USD 000
USD	129 701	129 701	30 907	30 907
GBP	5 249	7 091	8 624	10 564
EUR	17 123	20 550	35 444	37 069
JPY	306 724	2 721	537 854	4 696
CHF	1 924	1 974	3 003	2 926
Other currencies *		105 834		39 432
		267 871		125 594

* Various foreign currencies translated to US Dollars.

49. Fair Value Hierarchy

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

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

USD '000

Financial assets / Financial liabilities	Fair Value as at December 31,		Fair Value Hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
	2017	2016				
Financial assets at fair value						
Financial assets at fair value through profit or loss						
Government Bonds and bills	104 620	352 284	Level 1	Quoted	Not Applicable	Not Applicable
Corporate bonds	293 963	274 404	Level 1	Quoted	Not Applicable	Not Applicable
Loans and advances	29 624	29 624	Level 2	Through Comparison of similar financial instruments	Not Applicable	Not Applicable
Shares and mutual funds	42 447	42 204	Level 1	Quoted and Observable inputs from the market.	Not Applicable	Not Applicable
Total Financial Assets at fair value through Profit or Loss	470 654	698 516				
Financial derivatives - positive fair value	35 420	58 011	Level 2	Through Comparison of similar financial instruments	Not Applicable	Not Applicable
Financial assets at fair value through other comprehensive income:						
Quoted shares	189 573	258 920	Level 1	Quoted Shares	Not Applicable	Not Applicable
Unquoted shares	205 990	211 992	Level 2	Through using the index sector in the market	Not Applicable	Not Applicable
Total Financial Assets at fair value through other comprehensive income	395 563	470 912				
Total Financial Assets at Fair Value	901 637	1 227 439				
Financial Liabilities at Fair Value						
Financial derivatives - negative fair value	42 154	52 517	Level 2	Through Comparison of similar financial instruments	Not Applicable	Not Applicable
Total Financial Liabilities at Fair Value	42 154	52 517				

There were no transfers between Level 1 and 2 during 2017 & 2016.

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

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

USD '000

	December 31, 2017		December 31, 2016		Fair value Hierarchy
	Book value	Fair value	Book value	Fair value	
Financial assets not measured at fair value					
Mandatory reserve at Central Banks	1 554 444	1 554 444	1 362 777	1 362 777	Level 2
Time and notice balances with Central banks	2 903 838	2 905 229	3 256 190	3 257 336	Level 2
Certificates of deposit with central banks	362 011	362 184	652 697	653 016	Level 2
Balances and Deposits with banks and Financial institutions	4 142 653	4 146 766	4 798 299	4 800 563	Level 2
Direct credit facilities at amortized cost	23 488 575	23 567 812	21 898 121	21 993 672	Level 2
Other Financial assets at amortized cost	7 760 023	7 842 704	7 640 955	7 715 969	Level 1 & 2
Financial liabilities not measured at fair value	40 211 544	40 379 139	39 609 039	39 783 333	
Financial liabilities not measured at fair value					
Banks' and financial institutions' deposits	3 927 288	3 942 741	3 752 999	3 762 201	Level 2
Customer deposits	31 080 459	31 193 569	31 082 152	31 172 506	Level 2
Cash margin	2 700 289	2 709 764	2 561 426	2 569 114	Level 2
Borrowed funds	182 090	183 878	271 185	275 415	Level 2
Total financial liabilities not measured at fair value	37 890 126	38 029 952	37 667 762	37 779 236	

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

50- Analysis of Assets and Liabilities Maturities

The below is an analysis for assets and liabilities maturities according to the expected period to be recovered or settled as at December 31, 2017:

	USD '000		
	UP to One Year	More than One Year	Total
Assets			
Cash at vaults	522 167	-	522 167
Mandatory cash reserve	1 554 444	-	1 554 444
Balances with central banks	5 505 453	25 000	5 530 453
Balances and deposits with banks and financial institutions	4 114 872	27 781	4 142 653
Financial assets at fair value through profit or loss	176 039	294 615	470 654
Direct credit facilities at amortized cost	12 835 183	10 653 392	23 488 575
Financial assets at fair value through other comprehensive income	-	395 563	395 563
Other financial assets at amortized cost	3 842 356	3 917 667	7 760 023
Investments in associates	-	3 226 231	3 226 231
Fixed assets	-	459 141	459 141
Other assets and financial derivatives - positive fair value	489 918	36 676	526 594
Deferred tax assets	87 223	-	87 223
Total assets	29 127 655	19 036 066	48 163 721
Liabilities			
Banks' and financial institutions' deposits	3 878 906	48 382	3 927 288
Customer deposits	30 458 795	621 664	31 080 459
Cash margin	2 670 796	29 493	2 700 289
Borrowed funds	34 450	147 640	182 090
Other Provisions	326 040	-	326 040
Provision for income tax	272 205	-	272 205
Other liabilities and financial derivatives - negative fair value	774 798	487 587	1 262 385
Deferred tax liabilities	3 693	-	3 693
Total liabilities	38 419 683	1 334 766	39 754 449
Net	(9 292 028)	17 701 300	8 409 272

The below is an analysis for assets and liabilities maturities according to the expected period to be recovered or settled as at December 31, 2016:

	USD '000		
	UP to One Year	More than One Year	Total
Assets			
Cash at vaults	416 874	-	416 874
Mandatory cash reserve	1 362 777	-	1 362 777
Balances with central banks	6 029 692	-	6 029 692
Balances and deposits with banks and financial institutions	4 766 260	32 039	4 798 299
Financial assets at fair value through profit or loss	208 948	489 568	698 516
Direct credit facilities at amortized cost	11 317 575	10 580 546	21 898 121
Financial assets at fair value through other comprehensive income	-	470 912	470 912
Other financial assets at amortized cost	3 870 890	3 770 065	7 640 955
Investments in associates	-	3 077 008	3 077 008
Fixed assets	-	463 633	463 633
Other assets and financial derivatives - positive fair value	504 596	25 618	530 214
Deferred tax assets	73 390	-	73 390
Total assets	28 551 002	18 909 389	47 460 391
Liabilities			
Banks' and financial institutions' deposits	3 726 331	26 668	3 752 999
Customer deposits	30 443 086	639 066	31 082 152
Cash margin	2 544 011	17 415	2 561 426
Borrowed funds	123 349	147 836	271 185
Provision for income tax	242 377	-	242 377
Other Provisions	259 795	-	259 795
Other liabilities and financial derivatives - negative fair value	784 552	340 093	1 124 645
Deferred tax liabilities	1 276	-	1 276
Total liabilities	38 124 777	1 171 078	39 295 855
Net	(9 573 775)	17 738 311	8 164 536

51. Contractual Maturity of the Contingent Accounts

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

	December 31, 2017			USD '000
	Within 1 Year	More than 1 Year and up to 5 Years	More than 5 Years	Total
Letters of credit	1 983 811	37 088	-	2 020 899
Acceptances	615 031	12 560	-	627 591
Letters of guarantee:				
- Payment guarantees	692 877	178 387	17 696	888 960
- Performance guarantees	4 225 259	1 647 532	373 879	6 246 670
- Other guarantees	2 739 482	923 654	106 783	3 769 919
Unutilized credit facilities	4 675 784	485 107	177 205	5 338 096
Total	14 932 244	3 284 328	675 563	18 892 135
Constructions projects contracts	2 827	10 724	-	13 551
Procurement contracts	6 036	1 964	-	8 000
Operating lease contracts	5 538	20 187	20 686	46 411
Total	14 401	32 875	20 686	67 962

	December 31, 2016			USD '000
	Within 1 Year	More than 1 Year and up to 5 Years	More than 5 Years	Total
Letters of credit	2 132 727	23 432	-	2 156 159
Acceptances	639 065	14 093	-	653 158
Letters of guarantee:				
- Payment guarantees	680 695	209 290	31 689	921 674
- Performance guarantees	3 809 591	1 838 842	1 128 180	6 776 613
- Other guarantees	2 799 246	857 231	558 173	4 214 650
Unutilized credit facilities	4 437 406	444 920	57 680	4 940 006
Total	14 498 730	3 387 808	1 775 722	19 662 260
Constructions projects contracts	2 108	17 805	-	19 913
Procurement contracts	8 535	2 134	954	11 623
Operating lease contracts	4 712	9 958	22 361	37 031
Total	15 355	29 897	23 315	68 567

52. Capital Management

On October 31, 2016, The Central Bank of Jordan announced the instructions of capital management according to Basel III standards and stopped Basel II instructions.

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

	USD '000	
	December 31,	
	2017	2016
Common Equity Tier 1	7 674 586	7 456 409
Regulatory Adjustments (Deductions from Common Equity Tier 1)	(2 656 601)	(2 510 358)
Additional Tier 1	10 493	10 462
Supplementary Capital	416 673	385 951
Regulatory Adjustments (Deductions from Supplementary Capital)	-	-
Regulatory Capital	5 445 151	5 342 464
Risk-weighted assets (RWA)	35 638 251	34 533 868
Common Equity Tier 1 Ratio	%14.08	%14.32
Tier 1 Capital Ratio	%14.11	%14.35
Capital Adequacy Ratio	%15.28	%15.47

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

53. Transactions with Related Parties

The details of this item are as follows:

	USD '000			
	December 31, 2017			
	Deposits Owed from Related Parties	Direct Credit Facilities at Amortized Cost	Deposits Owed to Related Parties	LCs, LGs, Unutilized Credit Facilities and Acceptances
Associated companies	135 864	-	112 094	96 837
Major Shareholders and Members of the Board of Directors	-	267 917	361 567	102 448
	135 864	267 917	473 661	199 285

	USD '000			
	December 31, 2016			
	Deposits Owed from Related Parties	Direct Credit Facilities at Amortized Cost	Deposits Owed to Related Parties	LCs, LGs, Unutilized Credit Facilities and Acceptances
Associated companies	231 423	-	119 573	92 714
Major Shareholders and Members of the Board of Directors	-	479 288	452 648	98 567
	231 423	479 288	572 221	191 281

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

The details of transactions with related parties are as follows:

	2017		USD '000
	Interest Income	Interest Expense	
Associated companies	1 906	1 252	

	2016		USD '000
	Interest Income	Interest Expense	
Associated companies	2 143	2 249	

- Direct credit facilities granted to key management personnel amounted to USD 1.5 million and indirect credit facilities amounted to USD 8.5 thousand as of December 31, 2017 (USD 1.6 million direct credit facilities and USD 8.5 thousand indirect credit facilities as of December 31, 2016).
- Deposits of key management personnel amounted to USD 2.8 million as of December 31, 2017 (USD 3 million as of December 31, 2016)
- Interest on credit facilities granted to major shareholders and members of the Board of Directors is recorded at arm's length.
- The salaries and other fringe benefits of the Group's key management personnel, inside and outside Jordan, amounted to USD 60.4 million for the year ended on December 31, 2017 (USD 56.7 million for the year ended on December 31, 2016).

54. Earnings Per Share

The details of this item are as follows:

	December 31,	
	2017	2016
	USD '000	
Profit for the year attributable to Shareholders of the Bank	521 961	522 187
	Thousand Shares	
Average number of shares	640 800	640 800
	USD / Share	
Earnings Per Share (Basic and diluted)	0.81	0.81

55. Assets under management

Assets under management as of December 31, 2017 amounted to USD 3,502 million (USD 3,442 million as of December 31, 2016). These assets under management are not included in the Group consolidated financial statements.

56. Cash and Cash Equivalent

USD '000

The details of this item are as follows:

	December 31,	
	2017	2016
Cash and balances with central banks maturing within 3 months	7 582 064	7 809 343
Add: balances with banks and financial institutions maturing within 3 months	3 192 234	3 822 181
Less: banks and financial institutions deposits maturing within 3 months	3 419 343	3 281 686
Total	7 354 955	8 349 838

57. Legal Cases

- A. In 2004, a number of civil lawsuits were filed against Arab Bank plc in the Eastern District of New York by U.S. plaintiffs and non-U.S. plaintiffs alleging that the Bank provided financial services to individuals and entities who were alleged to have some affiliation with individual “terrorists” or “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.

Regarding the claims filed by the U.S. plaintiffs by virtue of the Anti-Terrorism Act (ATA), after a civil trial, on September 22, 2014, the Bank was found liable for the damages caused by the alleged attacks perpetrated by Hamas.

Following the liability trial, the District Court scheduled a trial date for damages on August 17, 2015, to determine the amount of damages suffered by the plaintiffs (a “bellwether” damages trial). 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 said agreement.

Pursuant to the terms of the settlement agreement, the parties agreed to forego the bellwether damages trial and to proceed to appeal the “liability” verdict. The parties already filed their respective appellate briefs and the Court of Appeals heard oral argument in the case on May 16, 2017.

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 this litigation, which has been outstanding since July 2004, 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.

The claims filed by non-U.S. citizens by virtue of the Alien Tort Statute (ATS) were dismissed by the court in August 2013. Following the appeal filed by said plaintiffs, a panel of the Second Circuit Court of Appeals affirmed the district court’s 2013 decision to dismiss the foreign plaintiffs’ claims on December 8, 2015 and on May 9, 2016 the Court of Appeals en banc ruled in favor of the Bank and affirmed the decision of the Court of Appeals, dismissing all claims against it. The plaintiffs have petitioned the U.S. Supreme Court to review the decision. On April 3, 2017, the Supreme Court agreed to hear the case. The ATS Plaintiffs’ brief was filed on June 20, 2017, the Bank’s opposing brief was filed on August 21, 2017 and the ATS Plaintiffs’ reply brief was filed on September 8, 2017. The U.S. Supreme Court heard oral argument in the case on October 11, 2017. The Bank and its U.S. Counsel are confident that, based on its own precedents, the Supreme Court will concur with the decisions of the lower courts and rule in favor of the Bank.

- B. There are other lawsuits filed against the Group totaling USD 164.1 million as of December 31, 2017 (USD 143.6 million as of December 31, 2016).

In the opinion of the management and the lawyers representing the Group in the litigations 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 17 million as of December 31, 2017 (USD 18.3 million as of December 31, 2016).

58. Comparative Figures

Some comparative figures in the consolidated financial statements for the year 2016 have been reclassified to be consistent with the year 2017 presentation and it did not cause any changes in last years operating results.

INDEPENDENT AUDITORS' REPORT

To the Shareholders
Arab Bank Group
Amman – Jordan

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Arab Bank Group (the "Group") which comprise the consolidated statement of financial position as of December 31, 2017, and the consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2017, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. 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' Code of Ethics for Professional Accountants (IESBA Code) together with the other ethical requirements in Jordan that are relevant to our audit of the Group's consolidated financial statements, and we have fulfilled our other ethical responsibilities. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

We refer to disclosure Number (57) in the accompanying consolidated financial statements in relation to the lawsuits filed against the Bank in the United States of America in 2004. This has no impact on our unmodified opinion.

Other Matter

The consolidated financial statements for the year ended 31 December 2016 were audited by Deloitte & Touche (Middle East) – Jordan as the sole auditor of the Bank for the year 2016. Unqualified opinion was issued on the consolidated financial statements on 29 January 2017. Ernst & Young – Jordan and Deloitte & Touche (Middle East) – Jordan were appointed as joint auditors of the Bank for the year 2017 in accordance with Central Bank of Jordan regulations for corporate governance.

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 of 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 the context.

<p>Provision for Lawsuits and Legal Claims Risks</p> <p>According to the International Financial Reporting Standards, the Group has to estimate the provision for lawsuits and legal claims, in particular the lawsuit and the related settlement in the United States of America, legal claims associated with it, and the reserving against these claims at the end of each reporting period. Moreover, since the provision for legal claims is based on accounting estimates, it was considered a key audit matter since the assessment process depends heavily on professional judgment which is based on the expected assumptions of the future outcomes for the lawsuits and related settlements, and management's estimates based on the legal inputs and the recommendations of the Bank's legal counsels.</p>	<p>Scope of Audit procedures to Address the Risk</p> <p>Our audit procedures included obtaining support from internal and external legal counsels handling the lawsuits in evaluating the adequacy of management's estimates and probabilities of the expected outcome, in particular to those related to assessing the associated risks and contingent liabilities. In addition, our procedures included assessing the adequacy of the disclosures of the legal cases and the related settlement in the United States of America as set out in Note (57).</p>
<p>Adequacy of Provision for Impairment of Credit Facilities and suspension of interest on non-performing loans</p> <p>The provision for impairment of credit facilities is considered a key audit matter to the financial statements, as its calculation requires assumptions, management's use of estimates for deterioration in credit ratings and the probabilities that credit facilities will not be collected as a result of the deteriorating in economic and financial conditions and in the case of inadequate guarantees.</p> <p>The nature and characteristics of credit facilities granted to these debtors vary from one sector to another and from one country to another, due to the external wide span of the Bank. Therefore, the impairment provision calculation methodology varies due to varied sectors and varied risk assessment relating to</p>	<p>Scope of Audit procedures to Address the Risk</p> <p>The performed audit procedures included understanding the nature of the credit facilities portfolio, testing the internal control system followed in credit granting, booking and monitoring, and assessing the reasonableness of management's estimates of the provision for impairment. We also have understood the Bank's policy in calculating the provision, and tested a sample of performing, watch-list, and non-performing credit facilities at the Group level as a whole. We have evaluated the factors affecting the calculation of the provision for impairment of credit facilities. This included evaluating the available collaterals, customers' financial net worth, management's estimates of future cash</p>

<p>those countries and their legal and regulatory requirements.</p> <p>Furthermore, Interest is suspended after 90 days from impairment event (default date), Judgment is applied as to determining when the default date occurred which affects the amount of interest to be suspended.</p>	<p>flows, and regulatory requirements issued by central banks.</p> <p>We have also discussed these factors with executive management to verify the adequacy of the provision, as well as recalculated the provision needed for the selected sample.</p> <p>Furthermore, we have also evaluated the appropriateness and adequacy of the disclosure with regards to the credit facilities impairment provision and the associated risks as stated in Note (11).</p> <p>Moreover, Our audit procedures over the interest in suspense included selecting a sample from the schedules of non-performing loans and interest in suspense, and tested suspended interest including recalculation in accordance with CBJ regulations, and assessing the criteria used by management for determining the impairment event.</p> <p>Disclosures of interest in suspense are detailed in Note (11) to the consolidated financial statements.</p>
<p>Valuation of Unquoted Investments</p> <p>The recognition of unquoted investments in regulated markets is based on fair value and the available key inputs. These investments are stated in Notes (10) and (49). The valuation technique used by the Group to measure the fair value of these investment is based on market index method for similar investments.</p>	<p>Scope of Audit procedures to Address the Risk</p> <p>As a result of the lack of quoted market prices for these investments, the valuation technique for unquoted investments was a key audit matter to our audit. Thus, we have reviewed the valuation model prepared by the Group, and discussed it with the Group's finance team management. Moreover, our audit procedures included testing the internal controls related to the used valuation techniques and assumptions used to assess the reasonableness of the valuation model and appropriateness of the related assumptions.</p>

<p>Foreign Currency Translation Reserve</p> <p>Due to its wide spread in multiple countries and its dealing with numerous foreign currencies, the Bank is exposed to the risk arising from the fluctuation of those currencies due to the economic conditions of those countries. Therefore, translation of the financial assets and financial liabilities of the Group abroad from the local currency (functional) to the US Dollar is considered a key audit matter to our audit. Moreover, exchange differences arising from the revaluation of the net investment in the branches and subsidiaries abroad are recorded in the consolidated statement of other comprehensive income.</p>	<p>Scope of Audit procedures to Address the Risk</p> <p>Our audit procedures included testing the internal control system which related to the use of foreign exchange rates approved by the management in addition to reviewing a sample of those rates and matching them with the rates published by the Central Bank of Jordan. Furthermore, we have recalculated a sample of foreign exchange translation differences reflected in the statement of other comprehensive income.</p>
<p>Valuation of Financial Derivatives</p> <p>The valuation of Derivatives is a complex area that requires the use of models and forecasting of future cash flows including other factors to determine the fair value of the Derivatives. The details of financial derivatives are disclosed in Note (40).</p>	<p>Scope of Audit procedures Risk Approach</p> <p>Our audit procedures included an assessment of the methodology and appropriateness of the valuation models prepared by the Bank. As part of these audit procedures, we assessed the reasonableness of key inputs used in the valuation such as expected cash flows and discount rates by benchmarking them with external data.</p>
<p>The carrying Value of investments in Associates</p> <p>The Group's share of the net assets of associates is measured based on the equity method at the date of preparation of the consolidated financial statements according to the latest available financial information as of 31 December 2017. Investments in associates at 31 December 2017 amounted to USD 3.2 billion.</p> <p>Accordingly, it was a key audit matter for our audit. The details of investments in associates are disclosed in Note (13).</p>	<p>Scope of Audit procedures Risk Approach</p> <p>The performed audit procedures included obtaining the latest available financial information to recalculate the carrying value of the investments in associate according to the equity method, in addition to receiving conclusion from their auditors on the year-end financial information prepared by management. We have also evaluated the disclosure adequacy relating to the associate companies.</p>



Other Information

Management is responsible for the other information. The other information comprises of the information stated in the Annual Report and does not include the consolidated financial statements and our auditors' report thereon. The Annual Report is expected to be made available to us after the date of this auditors' 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 when it becomes available to us 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 these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if they, individually or in the aggregate, 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 International Standards on Auditing, 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 risk, 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 the one resulting from error, as fraud may involve collusion, forgery, intentional omission, 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 evidenced 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 consolidated financial statements or, if such disclosure 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 represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the consolidated financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit and 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 material deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law and regulations preclude 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 reasonably be expected to outweigh the public interest benefits of such communication.

Amman – Jordan
January 30, 2018



Ernst & Young – Jordan



Deloitte & Touche (Middle East) - Jordan

		December 31,			
	Note	2017	2016		
Cash and balances with central banks	5	3 270 576	3 416 485	ASSETS	
Balances with banks and financial institutions	6	3 063 256	3 432 626		
Deposits with banks and financial institutions	7	67 067	50 450		
Financial assets at fair value through profit or loss	8	66 482	102 531		
Financial derivatives - positive fair value	40	10 330	9 892		
Direct credit facilities at amortized cost	10	11 947 106	11 186 472		
Financial assets at fair value through other comprehensive income	9	164 912	222 463		
Other financial assets at amortized cost	11	4 286 264	4 397 851		
Investments in subsidiaries and associates	12	965 933	925 837		
Fixed assets	13	216 816	221 973		
Other assets	14	257 678	248 643		
Deferred tax assets	15	45 152	39 023		
TOTAL ASSETS		24 361 572	24 254 246		
Banks' and financial institutions' deposits	16	1 793 025	1 804 177		LIABILITIES AND SHAREHOLDERS' EQUITY
Customer deposits	17	16 178 826	16 250 612		
Cash margin	18	1 761 864	1 663 016		
Financial derivatives - negative fair value	40	9 517	17 859		
Borrowed funds	19	63 741	147 564		
Provision for income tax	20	122 264	115 248		
Other provisions	21	199 586	145 015		
Other liabilities	22	681 898	609 207		
Deferred tax liabilities	23	942	793		
Total Liabilities		20 811 663	20 753 491		
Share capital	24	640 800	640 800	LIABILITIES AND SHAREHOLDERS' EQUITY	
Share premium	24	859 626	859 626		
Statutory reserve	25	561 811	531 374		
Voluntary reserve	26	614 920	614 920		
General reserve	27	583 695	583 695		
General banking risks reserve	28	220 468	200 468		
Foreign currency translation reserve	29	(221 600)	(281 492)		
Investment revaluation reserve	30	(207 437)	(192 069)		
Retained earnings	31	497 626	543 433		
Total Shareholders' Equity		3 549 909	3 500 755		
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		24 361 572	24 254 246		

The accompanying notes from (1) to (57) are an integral part of these financial statements and should be read with them .

ARAB BANK Plc

JD '000

	Note	2017	2016	
REVENUE	Interest income	32	1 120 039	1 063 885
	Less: Interest expense	33	454 857	439 220
	Net Interest Income		665 182	624 665
	Net commission income	34	154 172	167 311
	Net Interest and Commission Income		819 354	791 976
	Foreign exchange differences		35 328	28 441
	Gain from financial assets at fair value through profit or loss	35	1 765	1 224
	Dividends from financial assets at fair value through other comprehensive income	9	4 838	5 413
	Dividends from subsidiaries and associates	36	97 043	86 947
	Other revenue	37	17 903	22 286
TOTAL INCOME		976 231	936 287	
EXPENSES	Employees expenses	38	217 232	209 664
	Other expenses	39	196 343	195 358
	Depreciation and amortization	13 - 14	28 203	26 705
	Provision for impairment - direct credit facilities at amortized cost	10	167 775	111 419
	Other provisions	21	62 302	71 307
	TOTAL EXPENSES		671 855	614 453
PROFIT FOR THE YEAR	PROFIT FOR THE YEAR BEFORE INCOME TAX		304 376	321 834
	Less: Income tax expense	20	109 351	109 420
	PROFIT FOR THE YEAR		195 025	212 414

The accompanying notes from (1) to (57) are an integral part of these financial statements and should be read with them .

ARAB BANK Plc

JD'000

	Note	2017	2016
Profit for the year		195 025	212 414
Add: Other comprehensive income items - after tax			
Items that will be subsequently transferred to the statement of income			
Exchange differences arising on the translation of foreign operations	29	59 892	(59 966)
Items that will not be subsequently transferred to the statement of income			
Change in fair value of financial assets at fair value through other comprehensive income	30	(13 625)	(8 557)
Net change in fair value of financial assets at fair value through other comprehensive income		(15 368)	(8 328)
Gain (Loss) from sale of financial assets at fair value through the statement of comprehensive income		1 743	(229)
Total Other Comprehensive Income Items - After Tax		46 267	(68 523)
TOAL COMPREHENSIVE INCOME FOR THE YEAR		241 292	143 891

The accompanying notes from (1) to (57) are an integral part of these financial statements and should be read with them and with the accompanying independent auditor report.

ARAB BANK Plc

	Note	Share Capital	Share Premium	Statutory Reserve	Voluntary Reserve	
2017	Balance at the beginning of the year	640 800	859 626	531 374	614 920	
	Profit for the year	-	-	-	-	
	Other comprehensive income for the year	-	-	-	-	
	Total Comprehensive Income for the Year	-	-	-	-	
	Transferred to statutory reserve	-	-	30 437	-	
	Transferred to general banking risk reserve	-	-	-	-	
	Investment revaluation reserve transferred to retained earnings	9	-	-	-	
	Dividends Paid	31	-	-	-	
	Adjustment during the year	-	-	-	-	
	Balance at the End of the Year		640 800	859 626	561 811	614 920
2016	Balance at the beginning of the year	640 800	859 626	499 191	614 920	
	Profit for the year	-	-	-	-	
	Other comprehensive income for the year	-	-	-	-	
	Total Comprehensive Income for the Year	-	-	-	-	
	Transferred to statutory reserve	-	-	32 183	-	
	Investment revaluation reserve transferred to retained earnings	9	-	-	-	
	Dividends paid	31	-	-	-	
	Adjustment during the year	-	-	-	-	
	Balance at the End of the Year		640 800	859 626	531 374	614 920

- * Retained earnings include restricted deferred tax assets in the amount of JD 45.2 million, as well as unrealized gain from financial assets at fair value through profit or loss in the amount of JD 0.6 million. Restricted retained earnings that cannot be distributed or otherwise utilized except under certain circumstances as a result of adopting certain International Accounting Standards amounted to JD 2 million as of December 31, 2017.
- * The retained earnings include unrealized loss of JD (40.7) million as a result of the adoption of IFRS (9) as of December 31, 2017.
- * The use of the General Banking Risk Reserve is restricted and requires prior approval from the Central Bank of Jordan.
- * The use of an amount of JD (207.4) million as of December 31, 2017, which represents the negative investment revaluation reserve balance is restricted according to the Jordan Securities Commission instructions.

The accompanying notes from (1) to (57) are an integral part of these financial statements and should be read with them .

General Reserve	General Banking Risk Reserve	Foreign Currency Translation Reserve	Investment Revaluation Reserve	Retained Earnings	Total Shareholders Equity
583 695	200 468	(281 492)	(192 069)	543 433	3 500 755
-	-	-	-	195 025	195 025
-	-	59 892	(13 625)	-	46 267
-	-	59 892	(13 625)	195 025	241 292
-	-	-	-	(30 437)	-
-	20 000	-	-	(20 000)	-
-	-	-	(1 743)	1 743	-
-	-	-	-	(192 240)	(192 240)
-	-	-	-	102	102
583 695	220 468	(221 600)	(207 437)	497 626	3 549 909
583 695	200 468	(221 526)	(183 741)	524 708	3 518 141
-	-	-	-	212 414	212 414
-	-	(59 966)	(8 557)	-	(68 523)
-	-	(59 966)	(8 557)	212 414	143 891
-	-	-	-	(32 183)	-
-	-	-	229	(229)	-
-	-	-	-	(160 200)	(160 200)
-	-	-	-	(1 077)	(1 077)
583 695	200 468	(281 492)	(192 069)	543 433	3 500 755

STATEMENT OF CASH FLOWS

	Note	2017	2016
Profit for the year before tax		304 376	321 834
Adjustments for:			
Depreciation	13	24 410	23 507
Provision for impairment - direct credit facilities at amortized cost	10	167 775	111 419
Net interest income		22 068	(15 028)
(Gain) from sale of fixed assets		(896)	(3 934)
amortization intangible assets	14	3 793	3 198
(Gain) from revaluation of financial assets at fair value through profit or loss	35	(574)	(776)
Dividends from financial assets at fair value through other comprehensive income	9	(4 838)	(5 413)
Dividends from subsidiaries and associates	36	(97 043)	(86 947)
Other provisions	21	62 302	71 307
Total		481 373	419 167
(Increase) Decrease in Assets:			
Balances with central banks (maturing after 3 months)		(17 730)	-
Deposits with banks and financial institutions (maturing after 3 months)		(16 617)	(447 429)
Direct credit facilities at amortized cost		(942 551)	(32 914)
Financial assets at fair value through profit or loss		36 623	142 851
Other assets and financial derivatives		(11 195)	36 662
(Decrease) Increase in Liabilities:			
Banks and financial institutions deposits (maturing after 3 months)		47 088	116 303
Customer deposits		(71 786)	(1 288 086)
Cash margin		98 848	78 577
Other liabilities and financial derivatives		34 960	(407 104)
Net Cash (Used in) Operating Activities before Income Tax		(360 987)	(1 381 973)
Income tax paid		(105 655)	(148 124)
Net Cash (Used in) Operating Activities		(466 642)	(1 530 097)
CASH FLOWS FROM INVESTING ACTIVITIES			
Sale (Purchase) of financial assets at fair value through other comprehensive income		43 926	(11 231)
Maturity of other financial assets at amortized cost		111 587	761 302
Proceeds from (paid for) of investments in subsidiaries and associates - net		30 928	(11 937)
Dividends from subsidiaries and associates	36	97 043	86 947
Dividends from financial assets at fair value through other comprehensive income	9	4 838	5 413
(Purchase) of fixed assets	13	(25 051)	(63 398)
Proceeds from selling fixed assets		6 526	11 806
(Purchase) of intangible assets - net		(6 257)	(7 159)
Net Cash Generated by Investing Activities		263 540	771 743
CASH FLOWS FROM FINANCING ACTIVITIES			
(Decrease) Increase in borrowed funds		(83 823)	139 560
Dividends paid to shareholders		(190 854)	(158 630)
Net Cash (Used in) Financing Activities		(274 677)	(19 070)
Net (Decrease) in Cash and Cash Equivalent		(477 779)	(777 424)
Exchange differences - change in foreign exchange rates		3 010	(10 162)
Cash and cash equivalent at the beginning of the year		4 768 226	5 555 812
Cash and Cash Equivalent at the End of the Year	55	4 293 457	4 768 226

The accompanying notes from (1) to (57) are an integral part of these financial statements and should be read with them and with the accompanying independent Auditor report.

1. GENERAL

- Arab Bank was established in 1930, and is registered as a Jordanian public shareholding limited company. The Head Office of the Bank is domiciled in Amman - Jordan, and the Bank operates worldwide through its 74 branches in Jordan and 125 branches abroad.
- Arab Bank plc shares are traded on Amman Stock Exchange. The share of Arab Bank represents the Bank's share in all entities of Arab Bank Group except for Arab Bank (Switzerland) Limited, the shares of which are stapled with Arab Bank shares and traded at the same time.
- The accompanying financial statements were approved by the Board of Directors in its meeting No. (1) on January 27 , 2018 and are subject to the approval of the General Assembly of Shareholders.

2. Adoption of New and Revised International Financial Reporting Standards (IFRSs)

a. New standards, interpretations and amendments adopted by the Bank

The accounting policies used in the preparation of the financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2016 except for the followings:

- Amendments to IAS 7 Statement of Cash Flows: Disclosure Initiative
Limited amendments which require entities to provide disclosures about changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). However, the adoption of these amendments have no impact on the Group's consolidated financial statements.
- Amendments to IAS 12 Income Taxes: Recognition of Deferred Tax Assets for un-recognised Losses
Limited amendments to clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference and some other limited amendments, the adoption of these amendments have no impact on the Group's consolidated financial statements

b. New and revised IFRSs in issue but not yet effective and not early adopted

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

- IFRS 9 Financial Instruments
- In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments that replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. The Bank has implemented the first phase of IFRS 9 as issued during 2009. The date of initial implementation of the first phase of IFRS 9 was 1 January 2011.
- The new version of IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Except for hedge accounting, retrospective application is required; however, the entities are exempted from restating their comparative information.
- The Bank plans to adopt the new standard on the required effective date and will not restate comparative information. During 2017, the Bank has performed a detailed impact assessment of IFRS 9. This assessment is based on currently available information and may be subject to changes arising from further reasonable and supportable information being made available to the Bank in 2018 when the Bank adopts IFRS 9. The Bank expects based on preliminary figures an increase in the loss allowance for an amount of JD 49 million resulting in an equal negative impact on equity, as well as it might affect the deferred taxes. In addition, the Bank will implement changes in classification of certain financial instruments.

(a) Classification and measurement

- The Bank does not expect a significant impact on its balance sheet or equity on applying the new classification and measurement category of IFRS 9. It expects to continue being measured at amortised cost and to use the new category starting from 1 January 2018 for classifying part of the debt securities portfolio to be measured at fair value through OCI.
- Credit facilities are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. The Bank analysed the contractual cash flow characteristics of those instruments and concluded that they meet the criteria for amortised cost measurement under IFRS 9. Therefore, reclassification for these instruments is not required.

(b) Impairment

- The new impairment guidance sets out an expected credit loss (ECL) model applicable to all debt instrument financial assets classified as amortized cost or FVTOCI. In addition, the ECL model applies to loan commitments and financial guarantees that are not measured at FVTPL.

- **Incurred Loss versus Expected Loss Methodology**
- The application of ECL will significantly change the credit loss methodology and models. ECL allowances represent credit losses that should reflect an unbiased and probability-weighted amount which is determined by evaluating a range of possible outcomes, the time value of money and reasonable and supportable information about past events, current conditions and forecasts of future economic conditions. This compares to the present incurred loss model under IAS 39 that incorporates a single best estimate, the time value of money and information about past events and current conditions. The objective of the new impairment standard is to record lifetime losses on all financial instruments which have experienced a significant increase in credit risk (SICR) since their initial recognition.
- As a result, ECL allowances will be measured at amounts equal to either (i) 12-month ECL or (ii) lifetime ECL for those financial instruments which have experienced a SICR since initial recognition. This compares to the present incurred loss model which recognizes lifetime credit losses when there is objective evidence of impairment and also allowances for incurred but not identified credit losses. Because of the inclusion of relative credit deterioration criteria and consideration of forward looking information, the ECL model eliminates the threshold or trigger event required under the incurred loss model, and lifetime ECL are recognized earlier under IFRS 9.
- **Stage Migration and Significant Increase in Credit Risk**
- For non-impaired financial instruments:

Stage 1 is comprised of all non-impaired financial instruments which have not experienced a SICR since initial recognition. Entities are required to recognize 12 months of ECL for stage 1 financial instruments. In assessing whether credit risk has increased significantly, entities are required to compare the risk of a default occurring on the financial instrument as at the reporting date, with the risk of a default occurring on the financial instrument as at the date of initial recognition.
- Stage 2 is comprised of all non-impaired financial instruments which have experienced a SICR since initial recognition. Entities are required to recognize lifetime ECL for stage 2 financial instruments. In subsequent reporting periods, if the credit risk of the financial instrument improves such that there is no longer a SICR since initial recognition, then entities shall revert to recognizing 12 months of ECL.
- For impaired financial instruments:

Financial instruments are classified as stage 3 when there is objective evidence of impairment as a result of one or more loss events that have occurred after initial recognition with a negative impact on the estimated future cash flows of a loan or a portfolio of loans. The ECL model requires that lifetime ECL be recognized for impaired financial instruments, which is similar to the current requirements under IAS 39 for impaired financial instruments.

- For the business and government portfolios, the individually assessed allowances for impaired instruments recognized under IAS 39 will generally be replaced by stage 3 allowances under IFRS 9, while the collective allowances for non-impaired financial instruments will generally be replaced by either stage 1 or stage 2 allowances under IFRS 9. For the retail portfolios, the portion of the collective allowances that relate to impaired financial instruments under IAS 39 will generally be replaced by stage 3 allowances, while the non-impaired portion of the collective allowances will generally be replaced by either stage 1 or stage 2 allowances under IFRS 9

Key Drivers of Expected Credit Loss

- The following concepts are subject to a high level of judgment, will have a significant impact on the level of ECL allowances and will be the cause of increased volatility of allowances:
 - 1- Determining when a SICR of a financial asset has occurred,
 - 2- Measuring both 12-month and lifetime credit losses,
 - 3- Incorporating forward-looking information using multiple probability-weighted scenarios,
 - 4- Collateral quality.

Other New and revised IFRSs	Effective for annual periods beginning on or after
<p>IFRS 15 Revenue from Contracts with Customers IFRS 15 specifies the accounting treatment for all revenue arising from contracts with customers. It applies to all entities that enter into contracts to provide goods or services to their customers, unless the contracts are in the scope of other IFRSs, such as IAS 17 Leases. IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers; and SIC-31 Revenue—Barter Transactions Involving Advertising Services.</p>	<p>The standard is effective for annual periods beginning on or after 1 January 2018, and early adoption is permitted</p>

<p>Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture</p> <p>The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture, is recognised in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture.</p>	<p>The standard is effective for annual periods beginning on or after 1 January 2019, and early adoption is permitted</p>
<p>IFRS 2 Classification and Measurement of Share-based Payment Transactions - Amendments to IFRS 2</p> <p>The IASB issued amendments to IFRS 2 Share-based Payment that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled.</p>	<p>Entities may apply the amendments prospectively and are effective for annual periods beginning on or after 1 January 2018, with early application permitted</p>
<p>IFRS 16 Leases</p> <p>During January 2016, the IASB issued IFRS 16 "Leases" which sets out the principles for the recognition, measurement, presentation and disclosure of leases. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.</p> <p>IFRS 16 introduced a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.</p>	<p>The new standard will be effective for annual periods beginning on or after 1 January 2019. Early application is permitted</p>

<p>IFRS 17 Insurance Contracts IFRS 17 provides a comprehensive model for insurance contracts covering the recognition and measurement and presentation and disclosure of insurance contracts and replaces IFRS 4 -Insurance Contracts. The standard applies to all types of insurance contracts (i.e. life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. The standard general model is supplemented by the variable fee approach and the premium allocation approach.</p>	<p>The new standard will be effective for annual periods beginning on or after 1 January 2021. Early application is permitted</p>
<p>Transfers of Investment Property (Amendments to IAS 40) The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use.</p>	<p>Entities should apply the amendments prospectively and effective for annual periods beginning on or after 1 January 2018. Early application of the amendments is permitted and must be disclosed.</p>
<p>Amendments to IFRS 4 Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts In September 2016, the IASB issued amendments to IFRS 4 to address issues arising from the different effective dates of IFRS 9 and the upcoming new insurance contracts standard (IFRS 17). The amendments introduce two alternative options for entities issuing contracts within the scope of IFRS 4, a temporary exemption from implementing IFRS 9 to annual periods beginning before 1 January 2021 at latest and an overlay approach that allows an entity applying IFRS 9 to reclassify between profit or loss and other comprehensive income an amount that results in the profit or loss at the end of the reporting period for the designated financial assets being the same as if an entity had applied IAS 39 to these designated financial assets.</p>	<p>The amendment is effective for annual periods beginning on or after 1 January 2018, and early adoption is permitted</p>

<p>IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration</p> <p>The interpretation clarifies that in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the nonmonetary asset or non-monetary liability arising from the advance consideration. Entities may apply the amendments on a fully retrospective or prospective basis.</p>	<p>The new interpretation will be effective for annual periods beginning on or after 1 January 2018. Early application of interpretation is permitted and must be disclosed</p>
<p>IFRIC Interpretation 23 Uncertainty over Income Tax Treatment</p> <p>The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 and does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. An entity must determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments.</p>	<p>The interpretation is effective for annual reporting periods beginning on or after 1 January 2019, but certain transition reliefs are available.</p>

- Management anticipates that IFRS 15 and IFRS 9 will be adopted in the Bank's financial statements for the annual period beginning 1 January 2018 and that IFRS 16 will be adopted in the Bank's financial statements for the annual period beginning 1 January 2019.
- The application of IFRS 16 may have significant impact on amounts reported and disclosures made in the Bank's financial statements in respect of its leases.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation of financial statements

- The accompanying financial statements include the financial statements of the Bank's branches both in Jordan and abroad after eliminating inter-branch transactions and balances. The financial statements of the Bank's branches operating outside the Kingdom of Jordan are translated to Jordanian Dinars using the exchange rates prevailing as at the date of the financial statements.
- The Bank issues consolidated financial statements for Arab Bank plc and its subsidiaries, including the financial statements of Arab Bank (Switzerland)

Limited, to reflect the consolidated financial position and results of operations at the level of the consolidated economic ownership of the Group.

Basis of preparation of financial statements

- The accompanying financial statements are prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board and the Interpretations issued by the International Financial Reporting Interpretations Committee, the prevailing rules in the countries where the Bank operates and the instructions of the Central Bank of Jordan.
- The accompanying financial statements of Arab Bank plc should be read with the consolidated financial statements for Arab Bank Group and it is considered an integral part of it. The financial statements are prepared using the historical cost principle, except for some of the financial assets and financial liabilities which are stated at fair value as of the date of the financial statements. The reporting currency is the Jordanian Dinar, which is the functional currency of the Bank.
- The accounting policies adopted for the current year are consistent with those applied in the year ended December 31, 2016 except for what is stated in note (2.A) to the financial statements.

Below are some of the major accounting policies:

A. Revenue Recognition

Interest Income and Expenses

- Interest income and expenses for all interest bearing financial instruments are recognized in the statement of income using the effective interest rate method except for interest and commissions on non performing credit facilities, which are recorded as interest and commission in a suspense account.
- The effective interest rate is a method of calculating the amortized cost of financial assets or financial liabilities and of allocating the interest income and expenses over the relevant period. The effective interest rate method is the rate that discounts estimated future cash payments or receipts through the expected life of the financial assets or financial liability, or where appropriate a shorter period to the net carrying of the financial asset or the financial liability. The Bank estimates the cash flow considering all contractual terms of the financial instrument but does not consider future credit losses.
- Commission income in general is recognized on accrual basis arises and loan recoveries is recorded upon receipt.

- Dividends Income
- Dividends income from financial assets is recognized when the Bank's right to receive dividends has been established (upon the general assembly resolution).

Leasing Contracts Revenue

- The Bank's policy relating to leasing contract is illustrated in note (C) below.

B. Direct Credit Facilities

- Direct credit facilities are measured at amortized cost and the provision for the impairment of direct credit facilities is recognized when it is obvious that the amounts due to the Bank cannot be recovered or when there is an objective evidence of the existence of an event negatively affecting the future cash flows of the direct credit facilities and the impairment amount can be estimated. The provision is recorded in the statement of income.
- Interest and commission on non-performing credit facilities are suspended in accordance with the instructions of the Central Bank of Jordan and the applicable laws in the countries where the Bank's branches operate which ever more strict.
- Impaired credit facilities, for which specific provisions have been taken, are written off by charging the provision after all efforts have been made to recover the assets and after the proper approval of the management. Any surplus in the provision are recorded in the statement of income, while debts recoveries are recorded in income.
- Non-performing direct credit facilities which are completely covered with provisions and suspended interest, are transferred to items off the statement of financial position. In accordance with the Bank's internal policies, after the proper approval of the management.

C. Leasing Contracts

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases:

1. The Bank as a lessor:

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and on a straight-line basis over the lease term.

2.The Bank as a lessee:

- Assets held under finance leases are initially recognized as assets of the Bank at their fair value at the inception of the lease or, if lower, at the present value of the minimum future lease payments. The finance lease obligation is recorded at the same value. Lease payments are apportioned between finance costs and reduction of the lease liabilities so as to achieve a constant rate of interest on the remaining balance of the liability. Finance costs are charged directly to the statement of income.
- Operating lease payments are recognized as an expense on a straight-line basis over the lease term.

D. Foreign Currencies

- Transactions in foreign currencies during the year are recorded at the exchange rates prevailing at the date of the transaction.
- Monetary assets and liabilities denominated in foreign currencies are translated at the date of the financial statements using the exchange rate prevailing at the date of the financial statement. Gains or losses resulting from foreign currency translation are recorded in the statement of income.
- Non-monetary items recorded at historical cost are translated according to the exchange rate prevailing at the transaction date.
- Differences resulting from the translation of non-monetary assets and liabilities at fair value denominated in foreign currency, such as equity shares, are recorded as part of the change in the fair value using the exchange rate prevailing at the date of evaluation.
- Upon compilation, the financial assets and financial liabilities of the branches are translated from the local currency to the reporting currency at the average rates prevailing at the date of the financial statements. Exchange differences arising from the revaluation of the net investment in the branches abroad are recorded in a separate item in other comprehensive income items.

E. Fixed Assets

- Fixed assets are stated at historical cost, net of accumulated depreciation and any accumulated impairment in value. Such cost includes expenditures that are directly attributable to the acquisition of the asset. When parts of an item of fixed assets have different useful lives, they are accounted for as separate items of fixed assets.
- Depreciation is charged so as to allocate the cost of assets using the straight-line method, using the useful lives of the respective assets, no depreciation charged against land and properties under construction.

- Assets under construction are carried at cost, less any accumulated impairment losses and is depreciated when the assets are ready for intended use using the same depreciation rate of the related category with fixed assets.
- Fixed assets are derecognized when disposed of or when no future benefits are expected from their use or disposal.
- The gain or loss arising on the disposal of an item (the difference between the net realizable value and the carrying amount of the asset) is recognized in the statement of income in the year that the assets were disposed.

F. Intangible Assets

- Intangible assets acquired through mergers are stated at fair value at the date of acquisition, while intangible assets purchased otherwise (not acquired through merging) are recorded at cost.
- Intangible assets are to be classified on the basis of either definite or indefinite useful life. Intangible assets with definite useful economic lives are amortized over their useful lives using the straight line method. Intangible assets with indefinite lives are reviewed for impairment as of the financial statements date, and impairment loss is recorded in the statement of income.
- Intangible assets resulting from the Bank's operations are not capitalized. They are rather recorded in the statement of income.
- Any indications of impairment in the value of intangible assets as of the financial statements date are reviewed. Furthermore, the estimated useful lives of the impaired intangible assets are reassessed, and any adjustment is made in the subsequent period.

G. Repurchase and Resale Agreements

- Assets sold with a simultaneous commitment to repurchase them at a future date continue to be recognized in the financial statements as a result of the Bank's continuous control over these assets and as the related risk and benefits are transferred to the Bank upon occurrence. They also continue to be measured in accordance with the adopted accounting policies. Amounts received against these contracts are recorded within liabilities under borrowed funds. The difference between the sale price and the repurchase price is recognized as an interest expense amortized over the contract period using the effective interest rate method.
- Purchased assets with corresponding commitment to sell at a specific future date are not recognized in the financial statements because the Bank has no control over such assets and the related risks and benefits are not transferred to the bank upon occurrence. Payments related to these con-

tracts are recorded under deposits with banks and financial institutes or loans and advances in accordance with the nature of each case. The difference between the purchase price and resale price is recorded as interest revenue amortized over the life of the contract using the effective interest rate method.

H. Capital

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

I. Investments in Associates

- An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.
- The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.
- The Bank's investments in its associates are accounted for using the cost method. The equity method is used when preparing the consolidated financial statements for the Group

J. Investments in Subsidiaries

- Subsidiaries are those the Bank controls, in which the Bank controls the financial and operating policies of the subsidiaries as to obtain benefits for its activities, subsidiaries investments are shown at cost when preparing the financial statements of Arab Bank plc.
- Distributed profits are recognized by the approval of the General Assembly.

K. Income Taxes

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

- Taxes are calculated on the basis of the enacted tax rates according to the prevailing laws, regulations and instructions of the countries where the Bank operates.
- Deferred taxes represent taxes expected to be incurred or recovered as a result of temporary timing differences between the value of the assets and liabilities in the financial statements and their respective tax basis. Deferred taxes are calculated on the basis of the liability method, and according to the rates expected to be enacted when it is anticipated that the liability will be settled or when tax assets are recognized.
- Deferred tax assets are reviewed on the date of the financial statements, and reduced if it is expected that no benefit will arise from the deferred tax, partially or totally.

L. Financial Assets

- Financial assets transactions are measured at the trade date (the date the Bank's commitment to buy or sell financial assets) at fair value net of direct transaction cost except for costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in the statement of income after that, all financial assets are measured either at amortized cost or at fair value.
- All financial assets are measured at amortized cost or fair value as follows:

Financial Assets Classification

Financial assets at amortized cost

- Debt instruments, including direct credit facilities, treasury bills and bonds, are measured at amortized cost only if:
 - The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
 - The contractual terms of the financial asset give rise on specified dates to cash flow that are solely payments of principal and interest on the principal amount outstanding.
- Financial assets at amortized cost are measured at fair value upon purchase plus acquisition expenses (except debt instruments at fair value through profit and loss). Moreover, the issuing premium \ discount is amortized using the effective interest rate method, and recorded to interest or in its account. Any allocations resulting from the decline in value of these investments leading to the inability to recover the investment or part thereof are recorded, and any impairment is registered in the statement of income.

- In case the business model objective changed to contradict with amortized cost conditions, the Bank should reclassify its financial instruments classified as amortized cost to be at fair value through profit or loss.
- The Bank might choose to classify debt instruments that meets the amortized cost criteria to designate such financial asset as FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Financial Assets at Fair Value Through Profit or Loss (FVTPL)

- Debt instruments that do not meet the amortized cost criteria (as described above) are measured at FVTPL. In addition, debt instruments that meet the amortized cost criteria but are designated as at FVTPL by the Bank are measured at FVTPL.
- In case the business model objectives change and contractual cash flows meet the amortized cost criteria, the Bank should reclassify the debt instrument held at FVTPL to amortized cost. Reclassification of debt instruments that are designated as at FVTPL on initial recognition is not allowed.
- Investments in equity instruments are classified as at FVTPL, unless the Bank designates an investment that is not held for trading as at fair value through other comprehensive income (FVTOCI) on initial recognition.
- Financial assets at FVTPL are measured at fair value, with any gains or losses arising on re-measurement recognized in the statement of income.
- Dividend income on investments in equity instruments at FVTPL is recognized in the statement of income when the Bank's right to receive the dividends is established (upon the general assembly resolution).

Financial assets at fair value through other comprehensive income (FVTOCI)

- Equity investments that are not held for sale in the near future.
- These financial instruments are initially measured at their fair value plus transaction costs. Subsequently, they are measured at fair value. Gains or losses arising on subsequent measurement of these equity investments including the change in fair value arising from non-monetary assets in foreign currencies are recognized in other comprehensive income in the consolidated statement of changes in equity. The gain or loss on disposal of the asset is reclassified from fair value reserve to retained earnings.
- These financial assets are not subject to impairment testing.
- Dividend income is recognized in the consolidated statement of income.

M. Fair Value

- The closing price of quoted financial assets and derivatives in active markets represents their fair value. When no quoted prices are available or when no active markets exist for the financial instrument, the fair value is estimated by one of the following methods:
 - Comparing the financial instruments with the fair value of another financial instruments with similar terms and conditions;
 - Discounting estimated future cash flows;
 - Using options pricing models.
- The valuation methods aim at arriving at a fair value that reflects the expectations of market participants, expected risks and expected benefits. When the fair value cannot be measured reliably, financial assets are stated at cost / amortized cost.

N. Impairment in the Value of the Financial Assets

- The Bank reviews the values of the amortized cost on the date of the financial statements in order to determine if there are any indications of impairment in their value, individually or in the form of a portfolio. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset.
- The impairment in the financial assets measured at amortized cost is the difference between the book value and the present value of the future cash flows discounted at the original interest rate.
- The carrying amount of the financial asset at amortized cost is reduced by the impairment loss through the impairment provision expense. Changes in the carrying amount of the impairment provision are recognized in the statement of income.

O. Financial Derivatives

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

1. Financial Derivatives Held for Hedge Purposes

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

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

- **Hedge for net investment in foreign entities:** When the conditions of the hedge for net investment in foreign entities are met, fair value is measured for the hedging instrument of the hedged net assets. In case of an effective relationship, the effective portion of the loss or profit related to the hedging instrument is recognized in the statement of comprehensive income and recorded in the statement of income when the investment in foreign entities is sold. The ineffective portion is recognized in the statement of income.
- When the conditions of the effective hedge do not apply, gain or loss resulting from the change in the fair value of the hedging instrument is recorded in the statement of income.

2. Financial Derivatives for Trading

- Financial derivatives held for trading are recognized at fair value in the statement of financial position among "assets" or "liabilities" with changes in fair value recognized in the statement of income.

P. Foreclosed Assets

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

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

Q. Provisions

- Provisions are recognized when the Bank has an obligation as of the date of the financial statements as a result of past events, the obligation is likely to be settled, and a reliable estimate can be made of the amount of the obligation.
- Provision for employees' end-of-service indemnities is estimated in accordance with the prevailing rules and regulations in the countries in which the Bank operates. The expense for the year is recognized in the statement of income. Indemnities paid to employees are reduced from the provision.

R. Segments Information

- Segment business represents a group of assets and operations shared to produce products or risk attributable services different from which related to other segments.
- Geographic sector linked to present the products or the services in a specific economic environment attributable for risk and other income different from which related to other sectors work in other economic environment.

S. Assets under Management

- Assets under management resulting from holding or placing of assets on behalf of customers. These assets and the income arising from them are excluded from the financial statements of the Bank. Commission and fees income for managing these accounts are recognized in the statement of income.
- Provision for the decline in fair value of the capital guaranteed portfolio managed on behalf it's client is recognized only when the fair value declines below the amount of guaranteed capital.

T. Offsetting

- Financial assets and financial liabilities are offset, and the net amount is presented in the statement of financial position only when there is a le-

gal right to offset the recognized amounts, and the Bank intends to either settle them on a net basis or to realize the assets and settle the liabilities simultaneously.

U. Cash and Cash Equivalents

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

4. Significant accounting judgements, estimates and assumptions

- The preparation of the Bank's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.
- In the process of applying the Bank's accounting policies, management has made various judgements. Those which management has assessed to have the most significant effect on the amounts recognised in the financial statements have been discussed in the individual notes of the related financial statement line items.
- The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are also described in the individual notes of the related financial statement line items below. The Bank based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Bank. Such changes are reflected in the assumptions when they occur.

- Management believes that the assessments adopted in the financial statements are reasonable. The details are as follows:
 - A provision for non-performing loans is taken on the bases and estimates approved by management in conformity with International Financial Reporting Standards (IFRSs). The outcome of these bases and estimates is compared against the provisions that should be taken under the instructions of the regulatory authorities, through which the Bank branches and subsidiary companies operate. Moreover, the strictest outcome that conforms with the (IFRSs) is used.
 - Impairment loss for foreclosed assets is taken after a sufficient and recent evaluation of the acquired properties has been conducted by approved surveyors. The impairment loss is reviewed periodically.
 - The fiscal year is charged with its portion of income tax expenditures in accordance with the regulations, laws, and accounting standards. Moreover, deferred tax assets and liabilities and the income tax provision are recorded.
 - Management periodically reassesses the economic useful lives of tangible and intangible assets for the purpose of calculating annual depreciation and amortization based on the general condition of these assets and the assessment of their useful economic lives expected in the future. Impairment loss is taken to the statement of income.
 - A provision is set for lawsuits raised against the Bank. This provision is based to an adequate legal study prepared by the Bank's legal advisors. Moreover, the study highlights potential risks that the Bank may encounter in the future. Such legal assessments are reviewed periodically.
 - Management frequently reviews financial assets stated at fair value or at cost to estimate any impairment in their value. The impairment amount is taken to the statement of income for the year.
- Fair value hierarchy
- The level in the fair value hierarchy is determined and disclosed into which the fair value measurements are categorised entirely, segregating fair value measurements in accordance with the levels defined in IFRS. The difference between Level 2 and Level 3 fair value measurements represents whether inputs are observable and whether the unobservable inputs are significant, which may require judgment and a careful analysis of the inputs used to measure fair value, including consideration of factors specific to the asset or liability.

5. Cash and Balances with Central Banks

JD '000

The details of this item are as follows:

	December 31,	
	2017	2016
Cash in vaults	318 171	255 184
Balances with central banks:		
- Current accounts	367 228	303 391
- Time and notice	1 373 584	1 557 835
- Mandatory cash reserve	954 848	837 167
- Certificates of deposit	256 745	462 908
Total	3 270 576	3 416 485

- Except for the mandatory cash reserve, there are no restricted balances at Central Banks.
- Balances and certificates of deposit maturing after three months amounted to JD 17.7 million as of December 31, 2017 (There are no balances and certificates of deposit maturing after three months as of December 31, 2016).

6. Balances with Banks and Financial Institutions

JD '000

Local banks and financial institutions

	December 31,	
	2017	2016
Current accounts	772	599
Time deposits maturing within 3 months	90 897	175 000
Total	91 669	175 599

Abroad Banks and financial institutions

JD '000

	December 31,	
	2017	2016
Current accounts	1 501 759	1 828 109
Time deposits maturing within 3 months	1 452 104	1 428 918
Certificates of deposit	17 724	-
Total	2 971 587	3 257 027
Total balances with Banks and Financial Institutions Local and Abroad	3 063 256	3 432 626

- There are no non interest bearing balances as of December 31, 2017 and 2016.
- The restricted balances amounted to JD 567.4 million as of December 31, 2017 and December 31, 2016.

7. Deposits with Banks and Financial Institutions

The details of this item are as follows:

	December 31,		JD'000
	2017	2016	
Deposits with banks and financial institutions Local			
Time deposits maturing after one year	15 000	15 000	
Total	15 000	15 000	
			JD'000
Deposits with banks and financial institutions abroad			
Time deposits maturing after 3 months and before 6 months	41 422	35 450	
Time deposits maturing after 6 months and before 9 months	10 645	-	
Total	52 067	35 450	
Total Deposits with banks and financial institutions Local and Abroad	67 067	50 450	

There are no restricted deposits as of December 31, 2017 and 2016.

8. Financial Assets at Fair Value through Profit or Loss

The details of this item are as follows:

	December 31,		JD'000
	2017	2016	
Treasury bills and Government bonds	44 457	80 322	
Loans and advances	21 010	21 010	
Corporate shares	1 015	1 199	
Total	66 482	102 531	

9. Financial Assets at Fair Value through Other Comprehensive Income

The details of this item are as follows:

	December 31,		JD'000
	2017	2016	
Quoted shares	121 699	170 182	
Unquoted shares	43 213	52 281	
Total	164 912	222 463	

* Cash dividends on the investments above amounted to JD 4.8 million for the year ended December 31, 2017 (JD 5.4 million for the year ended December 31, 2016).

* Realized gains that have been transferred from investment revaluation reserve to retained earnings amounted to JD 1.7 million as of December 31, 2017 (Realized Losses that have been transferred from investment revaluation reserve to retained earnings amounted to JD (229) thousand as of December 31, 2016)

10. Direct Credit Facilities at Amortized Cost

JD '000

The details of this item are as follows:

	December 31, 2017					Total
	Consumer Banking	Corporates		Banks and Financial Institutions	Government and Public Sector	
		Small and Medium	Large			
Discounted bills *	55 467	70 224	280 135	16 745	-	422 571
Overdrafts *	30 016	562 373	2 144 696	-	235 530	2 972 615
Loans and advances *	1 181 803	594 363	6 045 953	53 807	520 842	8 396 768
Real-estate loans	969 126	1 279	-	-	-	970 405
Credit cards	79 171	-	-	-	-	79 171
Total	2 315 583	1 228 239	8 470 784	70 552	756 372	12 841 530
Less: Interest and commission in suspense	36 765	57 552	118 420	4 639	-	217 376
Provision for impairment - direct credit facilities at amortized cost	71 612	57 014	547 229	-	1 193	677 048
Total	108 377	114 566	665 649	4 639	1 193	894 424
Net Direct Credit Facilities at Amortized Cost	2 207 206	1 113 673	7 805 135	65 913	755 179	11 947 106

- * Net of interest and commission received in advance, which amounted to JD 19.9 million as at December 31, 2017.
- Rescheduled loans during the year ended December 31, 2017 amounted to JD 181.2 million.
 - Restructured loans (transferred from non performing to watch list loans) during the year ended December 31, 2017 amounted to JD 1.1 million
 - Direct credit facilities granted to and guaranteed by government of Jordan as of December 31, 2017 amounted to JD 63.7 million or 0.5% of total direct credit facilities.
 - Non-performing direct credit facilities as of December 31, 2017 amounted to JD 928.9 million or 7.2% of total direct credit facilities.
 - Non-performing direct credit facilities, net of interest and commission in suspense, as of December 31, 2017 amounted to JD 721.3 million or 5.7 % of direct credit facilities, after deducting interest and commission in suspense.

	December 31, 2016					Total
	Consumer Banking	Corporates		Banks and Financial Institutions	Government and Public Sector	
		Small and Medium	Large			
Discounted bills *	55 405	54 576	325 705	11 710	-	447 396
Overdrafts *	28 405	499 558	1 857 777	-	226 465	2 612 205
Loans and advances *	1 103 600	492 804	5 854 864	153 445	504 481	8 109 194
Real-estate loans	930 083	1 852	-	-	-	931 935
Credit cards	85 507	-	-	-	-	85 507
Total	2 203 000	1 048 790	8 038 346	165 155	730 946	12 186 237
Less: Interest and commission in suspense	48 060	58 024	176 351	3 870	-	286 305
Provision for impairment - direct credit facilities at amortized cost	83 762	53 407	575 333	-	958	713 460
Total	131 822	111 431	751 684	3 870	958	999 765
Net Direct Credit Facilities at Amortized Cost	2 071 178	937 359	7 286 662	161 285	729 988	11 186 472

- * Net of interest and commission received in advance, which amounted to JD 19.7 million as at December 31, 2016.
- Rescheduled loans during the year ended December 31, 2016 amounted to JD 321.5 million.
 - There were no restructured loans (transferred from non performing to watch list loans) during the year ended December 31, 2016.
 - Direct credit facilities granted to and guaranteed by government of Jordan as of December 31, 2016 amounted to JD 33.1 million or 0.27% of total direct credit facilities.
 - Non-performing direct credit facilities as of December 31, 2016 amounted to JD 930 million or 7.6% of total direct credit facilities.
 - Non-performing direct credit facilities, net of interest and commission in suspense, as of December 31, 2016 amounted to JD 652 million or 5.5 % of direct credit facilities, after deducting interest and commission in suspense.

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

December 31, 2017							JD '000
	Consumer Banking	Corporates		Banks and Financial Institutions	Government and Public Sector	Total	The Total includes movement on the real-estate loans provision as follows
		Small and Medium	Large				
Balance at the beginning of the year	83 762	53 407	575 333	-	958	713 460	6 802
Impairment losses charged to income	9 872	16 225	164 817	-	575	191 489	1 317
Used from provision (written off or transferred to off statement of financial position) *	(16 414)	(5 248)	(187 871)	-	-	(209 533)	(414)
Surplus in provision transferred to statement of income	(5 800)	(7 261)	(10 287)	-	(366)	(23 714)	(1 688)
Adjustments during the year	6	(293)	287	-	-	-	-
Translation adjustments	186	184	4 950	-	26	5 346	56
Balance at the End of the Year	71 612	57 014	547 229	-	1 193	677 048	6 073

December 31, 2016							JD '000
	Consumer Banking	Corporates		Banks and Financial Institutions	Government and Public Sector	Total	The Total includes movement on the real-estate loans provision as follows
		Small and Medium	Large				
Balance at the beginning of the year	89 577	49 155	494 590	674	1 267	635 263	9 767
Impairment losses charged to income	10 656	11 389	137 205	-	1 423	160 673	1 674
Used from provision (written off or transferred to off statement of financial position) *	(356)	(1 066)	(12 766)	-	-	(14 188)	(62)
Surplus in provision transferred to statement of income	(10 497)	(5 097)	(32 148)	(674)	(838)	(49 254)	(3 366)
Adjustments during the year	-	608	340	-	-	948	(1 202)
Translation adjustments	(5 618)	(1 582)	(11 888)	-	(894)	(19 982)	(9)
Balance at the End of the Year	83 762	53 407	575 333	-	958	713 460	6 802

- There are no provisions no longer required as a result of settlement or repayment, transferred to non-performing direct credit facilities as of December 31, 2017 and 2016.

- Impairment is assessed based on individual customer accounts.

* Non-performing direct credit facilities transferred to off statement of financial position amounted to JD 283.2 million as of December 31, 2017 (JD 4.7 million as of December 31, 2016) noting that these non-performing direct credit facilities are fully covered by set provisions and suspended interest.

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

	December 31, 2017						JD '000
	Consumer Banking	Corporates		Banks and Financial Institutions	Government and Public Sector	Total	The total includes interest and commission in suspense movement on real-estate loans as follows
		Small and Medium	Large				
Balance at the beginning of the year	48 060	58 024	176 351	3 870	-	286 305	7 072
Interest and commission suspended during the year	9 505	8 612	32 101	769	-	50 987	1 944
Interest and commission in suspense settled (written off or transferred to off statement of financial position)	(19 068)	(8 024)	(90 252)	-	-	(117 344)	(669)
Recoveries	(1 766)	(1 227)	(562)	-	-	(3 555)	(652)
Adjustments during the year	-	-	-	-	-	-	-
Translation adjustments	34	167	782	-	-	983	5
Balance at the End of the Year	36 765	57 552	118 420	4 639	-	217 376	7 700

	December 31, 2016						JD '000
	Consumer Banking	Corporates		Banks and Financial Institutions	Government and Public Sector	Total	The total includes interest and commission in suspense movement on real-estate loans as follows
		Small and Medium	Large				
Balance at the beginning of the year	42 044	56 810	158 823	3 189	-	260 866	7 501
Interest and commission suspended during the year	10 388	9 201	31 131	681	-	51 401	2 355
Interest and commission in suspense settled (written off or transferred to off statement of financial position)	(665)	(6 435)	(11 541)	-	-	(18 641)	(349)
Recoveries	(3 623)	(1 756)	(1 113)	-	-	(6 492)	(2 434)
Adjustments during the year	(80)	182	(102)	-	-	-	-
Translation adjustments	(4)	22	(847)	-	-	(829)	(1)
Balance at the End of the Year	48 060	58 024	176 351	3 870	-	286 305	7 072

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

JD'000

Economic Sector	Inside Jordan	Outside Jordan	December 31, 2017	December 31, 2016
Consumer Banking	1 001 037	1 206 169	2 207 206	2 071 178
Industry and Mining	859 110	1 504 760	2 363 870	2 008 629
Constructions	304 600	1 081 994	1 386 594	1 275 004
Real Estate	77 461	734 751	812 212	786 146
Trade	674 395	1 579 652	2 254 047	2 146 765
Agriculture	89 202	28 087	117 289	47 876
Tourism and Hotels	143 999	21 083	165 082	243 450
Transportation	39 235	239 020	278 255	317 036
Shares	-	8 500	8 500	1 785
General Service	444 299	1 088 660	1 532 959	1 397 330
Banks and Financial Institutions	8 630	57 283	65 913	161 285
Government and Public Sector	112 259	642 920	755 179	729 988
Net Direct Credit Direct Facilities at Amortized Cost	3 754 227	8 192 879	11 947 106	11 186 472

11. Other Financial Assets at Amortized Cost

The details of this item are as follows:

	JD '000	
	December 31,	
	2017	2016
Treasury bills	1 394 317	1 448 618
Government bonds and bonds guaranteed by the government	2 418 799	2 456 242
Corporate bonds	475 980	495 823
Less: Provision for impairment	(2 832)	(2 832)
Total	4 286 264	4 397 851

	JD '000	
	December 31,	
	2017	2016
Analysis of bonds based on interest nature:		
Floating interest rate	160 135	134 684
Fixed interest rate	4 126 129	4 263 167
Total	4 286 264	4 397 851

Analysis of financial assets based on market quotation:

	JD '000	
	December 31,	
	2017	2016
Financial assets quoted in the market:		
Treasury bills	347 012	177 685
Government bonds and bonds guaranteed by the government	562 039	536 398
Corporate bonds	378 815	388 435
Total	1 287 866	1 102 518

	JD '000	
	December 31,	
	2017	2016
Financial assets unquoted in the market:		
Treasury bills	1 047 305	1 270 933
Government bonds and bonds guaranteed by the government	1 856 760	1 919 844
Corporate bonds	94 333	104 556
Total	2 998 398	3 295 333

Grand Total

4 286 264 4 397 851

The details of movement on the provision for impairment of other financial assets at amortized cost are as follows::

	JD '000	
	December 31,	
	2017	2016
Balance at the beginning of the year	2 832	2 832
Impairment losses charged to income	-	-
Used from provision	-	-
Balance at the End of the Year	2 832	2 832

There were no sold financial assets at amortized cost during the year ended December 31, 2017 (JD 102.2 million during the year ended December 31, 2016)

JD '000

12. Investment in Subsidiaries and Associates

The details of this item are as follows:

	December 31, 2017		December 31, 2016		Place of Incorporation	Principal activity	Date of Ownership
	Ownership and Voting Right	Cost	Ownership and Voting Right	Cost			
The Bank's investments in subsidiaries:							
Europe Arab Bank plc	100.00	485 159	100.00	452 407	U.K.	Banking	2006
Arab Bank Australia Limited	100.00	52 216	100.00	35 411	Australia	Banking	1994
Islamic International Arab Bank	100.00	73 500	100.00	73 500	Jordan	Banking	1997
Arab National Leasing Company Ltd	100.00	15 000	100.00	15 000	Jordan	Finance leasing	1996
Al-Arabi Investment Group Ltd	100.00	8 900	100.00	8 900	Jordan	Financial services	1996
Arab Sudanese Bank Limited	100.00	9 329	100.00	11 738	Sudan	Banking	2008
Al Arabi Investment Group Limited - Palestine	100.00	1 600	100.00	1 600	Palestine	Financial services	2009
Arab Tunisian Bank	64.24	41 711	64.24	44 277	Tunisia	Banking	1982
Arab Bank Syria	51.29	4 718	51.29	4 063	Syria	Banking	2005
Al-Nisr Al Arabi plc	50.00	11 250	50.00	11 250	Jordan	Insurance	2006
Other		9 317		9 320		Various	
Total		712 700		667 466			
The Bank's investments in associates							
Turkland Bank A.Ş	33.33	70 742	33.33	75 880	Turkey	Banking	2006
Oman Arab Bank	49.00	75 800	49.00	75 800	Oman	Banking	1984
Arab National Bank	40.00	102 870	40.00	102 870	Saudi Arabia	Banking	1979
Arabia Insurance Company S.A.L	40.34	3 441	40.34	3 441	Lebanon	Insurance	1972
Commercial Building Company S.A.L	35.24	380	35.24	380	Lebanon	Real estate operating leasing	1966
Total		253 233		258 371			
Grand Total		965 933		925 837			

JD '000

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

	December 31,	
	2017	2016
Balance at the beginning of the year	925 837	958 809
Purchase (Sale) of additional investments	(16 786)	15 524
Translation adjustment	56 882	(48 496)
Balance at the End of the Year	965 933	925 837

13. Fixed Assets

The details of this item are as follows:

JD '000

	Land	Buildings	Furniture, Fixtures and Equipment	Computers and Com- munication Equipment	Motor Vehicles	Others	Total
Historical Cost :							
Balance as of January 1, 2016	41 827	162 110	122 514	58 066	6 154	22 058	412 729
Additions	-	37 782	5 199	13 082	763	6 572	63 398
Disposals	(1 791)	(5 251)	(2 009)	(4 287)	(560)	(4 190)	(18 088)
Adjustments during the year	-	-	4 547	-	-	(4 547)	-
Translation adjustments	(98)	(955)	(343)	(500)	(31)	(402)	(2 329)
Balance as of December 31, 2016	39 938	193 686	129 908	66 361	6 326	19 491	455 710
Additions	6	5 329	7 453	6 773	739	4 751	25 051
Disposals	(313)	(2 529)	(2 335)	(7 893)	(320)	(4 323)	(17 713)
Adjustments during the year	-	-	-	-	-	(7)	(7)
Translation adjustments	(70)	97	169	345	2	1	544
Balance as of December 31, 2017	39 561	196 583	135 195	65 586	6 747	19 913	463 585
Accumulated Depreciation :							
Balance as of January 1, 2016	-	69 021	91 937	44 212	5 422	11 236	221 828
Depreciation charge for the year	-	4 844	8 491	6 718	392	3 062	23 507
Disposals	-	(2 652)	(1 935)	(3 733)	(560)	(1 336)	(10 216)
Adjustments during the year	-	-	933	(5)	-	(928)	-
Translation adjustments	-	(303)	(221)	(422)	(28)	(408)	(1 382)
Balance as of December 31, 2016	-	70 910	99 205	46 770	5 226	11 626	233 737
Depreciation charge for the year	-	4 891	8 570	8 445	403	2 101	24 410
Disposals	-	(432)	(2 312)	(7 890)	(301)	(1 148)	(12 083)
Adjustments during the year	-	4	(4)	-	(20)	(7)	(27)
Translation adjustments	-	320	138	271	2	1	732
Balance as of December 31, 2017	-	75 693	105 597	47 596	5 310	12 573	246 769
Net Book Value as of De- cember 31, 2017	39 561	120 890	29 598	17 990	1 437	7 340	216 816
Net Book Value as of De- cember 31, 2016	39 938	122 776	30 703	19 591	1 100	7 865	221 973

The cost of the fully depreciated fixed assets amounted to JD 121.6 million as of December 31, 2017 (JD122.9 million as of December 31, 2016).

14. Other Assets

The details of this item are as follows:

JD'000

	December 31,	
	2017	2016
Accrued interest receivable	94 612	96 306
Prepaid expenses	71 248	71 119
Foreclosed assets *	37 724	32 987
Intangible assets **	10 810	8 346
Other miscellaneous assets	43 284	39 885
Total	257 678	248 643

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

The details of movement on foreclosed assets are as follows:

	2017			JD'000
	Land	Buildings	Others	Total
Balance at the beginning of the year	9 008	23 728	251	32 987
Additions	6 515	2 992	-	9 507
Disposals	(418)	(1 778)	-	(2 196)
Provision and impairment loss	(1 035)	(1 559)	-	(2 594)
Translation Adjustment	-	20	-	20
Balance at the End of the Year	14 070	23 403	251	37 724

	2016			JD'000
	Land	Buildings	Other	Total
Balance at the beginning of the year	9 968	24 437	5 451	39 856
Additions	368	2 332	-	2 700
Disposals	(984)	(1 487)	(5 100)	(7 571)
Provision and impairment loss	(337)	(1 550)	(100)	(1 987)
Translation Adjustment	(7)	(4)	-	(11)
Balance at the End of the Year	9 008	23 728	251	32 987

** The movement on intangible assets was as follows:

JD'000

	December 31,	
	2017	2016
Balance at the beginning of the year	8 346	4 385
Additions	6 991	7 703
Disposals and adjustments during the year	(734)	(544)
Amortization during the year	(3 793)	(3 198)
Balance at the End of the Year	10 810	8 346

15. Deferred Tax Assets

The details of this item are as follows:

Items attributable to deferred tax assets are as follows	December 31, 2017				JD '000	
	Balance at the Beginning of the Year	Amounts Added	Amounts Released	Adjustments During the Year and Translation Adjustments	Balance at the End of the Year	Deferred Tax
Provision for impairment - direct credit facilities at amortized cost	66 701	35 477	(23 180)	5	79 003	17 726
End-of-Service indemnity	38 132	5 856	(4 904)	-	39 084	11 756
Interest in suspense	11 658	8 912	(8 564)	-	12 006	2 591
Others	27 075	9 261	(2 123)	408	34 621	13 079
Total	143 566	59 506	(38 771)	413	164 714	45 152

	December 31, 2016				JD '000	
	Balance at the Beginning of the Year	Amounts Added	Amounts Released	Adjustments During the Year and Translation Adjustments	Balance at the End of the Year	Deferred Tax
Provision for impairment - direct credit facilities at amortized cost	39 033	43 856	(16 206)	18	66 701	15 099
End-of-Service indemnity	39 086	6 370	(7 324)	-	38 132	11 498
Interest in suspense	7 942	8 214	(4 498)	-	11 658	2 457
Others	14 843	14 977	(2 691)	(54)	27 075	9 969
Total	100 904	73 417	(30 719)	(36)	143 566	39 023

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

	JD '000	
	2017	2016
Balance at the beginning of the year	39 023	27 699
Additions during the year	15 621	19 694
Amortized during the year	(9 649)	(8 359)
Adjustments during the year and translation adjustments	157	(11)
Balance at the End of the Year	45 152	39 023

16. Banks and Financial Institutions Deposits

JD '000

The details of this item are as follows:

	December 31, 2017			December 31, 2016		
	Inside the Kingdom	Outside the Kingdom	Total	Inside the Kingdom	Outside the Kingdom	Total
Current and demand	21 805	64 412	86 217	22 534	73 244	95 778
Time deposits	74 901	1 631 907	1 706 808	90 436	1 617 963	1 708 399
Total	96 706	1 696 319	1 793 025	112 970	1 691 207	1 804 177

17. Customer Deposits

The details of this item are as follows:

JD '000

	December 31, 2017				
	Consumer Banking	Corporates		Government and public sector	Total
		Small and medium	Large		
Current and demand	3 916 715	1 025 322	1 190 636	202 146	6 334 819
Savings	1 581 362	10 702	5 272	46	1 597 382
Time and notice	4 319 504	431 776	2 389 668	958 651	8 099 599
Certificates of deposit	146 314	527	185	-	147 026
Total	9 963 895	1 468 327	3 585 761	1 160 843	16 178 826

- Government of Jordan and Jordanian Public Sector deposits amounted to JD 235.7 million, or 1.5% of total customer deposits as of December 31, 2017 (JD 447.4 million, or 2.8 % of total customer deposits as of December 31, 2016).
- Non-interest bearing deposits amounted to JD 5625.9 million, or 34.8% of total customer deposits as of December 31, 2017 (JD 5525.2 million, or 34% of total customer deposits as of December 31, 2016).
- Blocked deposits amounted to JD 57.7 million, or 0.36 % of total customer deposits as of December 31, 2017 (JD 57.4 million, or 0.35% of total customer deposits as of December 31, 2016).
- Dormant deposits amounted to JD 156 million, or 0.96% of total customer deposits as of December 31, 2017 (JD 107.5 million, or 0.66% of total customer deposits as of December 31, 2016).

	December 31, 2016				JD '000
	Consumer Banking	Corporates		Government and public sector	Total
		Small and medium	Large		
Current and demand	3 699 446	1 024 652	1 265 552	208 675	6 198 325
Savings	1 530 742	11 350	10 130	71	1 552 293
Time and notice	3 936 344	415 727	2 703 684	1 309 212	8 364 967
Certificates of deposit	134 234	601	192	-	135 027
Total	9 300 766	1 452 330	3 979 558	1 517 958	16 250 612

18. Cash Margin

JD '000

The details of this item are as follows:

	December 31,	
	2017	2016
Against direct credit facilities at amortized cost	1 063 763	992 482
Against indirect credit facilities	694 987	668 734
Against margin trading	1 750	622
Other cash margins	1 364	1 178
Total	1 761 864	1 663 016

19. Borrowed Funds

The details of this item are as follows:

	December 31,	
	2017	2016
From central banks*	47 044	21 584
From banks and financial institutions	16 697	125 980
Total	63 741	147 564

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

	December 31,	
	2017	2016
Floating interest rate	9 299	59 175
Fixed interest rate	54 442	88 389
Total	63 741	147 564

* During 2013, Arab Bank (Jordan branches) signed a loan agreement with the Central Bank of Jordan amounting to JD 4 million, for the duration of 15 years of which 5 years are grace period with an interest rate of (2.5%) for the year 2013 and a floating interest rate of (1.8%+LIBOR 6 months) for the years after 2013. The agreement aims to support SMEs and Extra Small Companies. The loan is repaid semi-annually, with installments in March and September of each year. The Balance of the loan as of December 31, 2017 amounted to JD 4 million (JD 4 million as of December 31, 2016).

* During 2014, Arab Bank (Jordan branches) signed a loan agreement with the Central Bank of Jordan amounting to JD 2.8 million, for the duration of 10 years of which 3 years are grace period and with a fixed interest rate of 2.5%. The agreement aims to support SMEs and Extra Small Companies. The loan is repaid semi-annually, with installments in March and September of each year. The Balance of the loan as of December 31, 2017 amounted to JD 2.6 million (JD 2.8 Million as of December 31,2016).

* During 2015 and 2016, Arab Bank (Jordan branches) granted loans against medium term advances from the Central Bank of Jordan with fixed interest rate equal to the discount rate disclosed on the grant day after deducting 2%, The advances are repaid in accordance with customers monthly installments which starts on January 2018 and ends on May 2027, these advances amounted JD 35.1 million as of December 31, 2017 (JD 12.8 million as of December 31, 2016)

* During 2016, Arab Bank (Jordan branches) signed a loan agreement with the Central Bank of Jordan amounting to JD 3.6 million, for the duration of 15 years of which 5 years are grace period with a floating interest rate of (1.85%+LIBOR 6 months). The agreement aims to support SMEs and Extra Small Companies. The loan is repaid semi-annually, with installments in March and September of each year. The Balance of the loan as of December 31, 2017 amounted to JD 3.6 million (JD 2 million as of December 31, 2016).

* During 2017, Arab Bank (Jordan branches) signed a loan agreement with the Central Bank of Jordan amounting to JD 7.7 million, for the duration of 22 years of which 5 years are grace period with a fixed interest rate of 3% (CBJ has the right to amend the interest rate every two years up to 3.5%). The agreement aims to support SMEs and Extra Small Companies. The loan is repaid semi-annually, with installments in May and November of each year. The Balance of the loan as of December 31, 2017 amounted to JD 1.7 million.

** During 2017, Arab Bank (Jordan Branches) signed loans agreements with Sumitomo Mitsui Banking Corporation in Dubai with fixed interest rate ranging between (0.85% - 0.856%), the balance as of December 31, 2017 amounted to JD 16.7 million and the first contract matures in January 4, 2018 and the last one matures in May 21, 2018.

** During 2016, Arab Bank (Jordan Branches) signed a loan agreement with National Bank of Abu Dhabi amounting to JD 53.2 million, for the duration of 2 years with a floating interest rate of (2% + LIBOR 3 months). The bank settled the loan during the year 2017 (the loan balance as of December 31, 2016 amounted to JD 53.2 million).

** During 2016, Arab Bank (Bahrain Branches) borrowed from banks and financial institutions with fixed interest of (2.85%), the last contract matured in March 9, 2017 and the balance as of December 31, 2017 amounted to JD 0 million (JD 72.8 million as of December 31,2016).

20. Provision for Income Tax

JD '000

The details of this item are as follows:

	2017	2016
Balance at the beginning of the year	115 248	142 457
Income tax expense	112 671	120 915
Income tax paid	(105 655)	(148 124)
Balance at the End of the Year	122 264	115 248

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

JD '000

	2017	2016
Income tax expense for the year	112 671	120 915
Deferred tax assets for the year	(13 118)	(18 934)
Amortization of deferred tax assets	9 649	8 359
Deferred tax liabilities for the year	149	-
Amortization of deferred tax liabilities	-	(920)
Total	109 351	109 420

- The banking sector income tax rate in Jordan is 35%, while the income tax rate in the countries where the bank has branches ranging between 0 to 37% as of 31 December 2017 and 2016.
- The branches of Arab Bank plc have reached recent tax settlement ranging between 2016 for Arab Bank United Arab Emirates and 2012 for Arab Bank Palestine and Arab Bank Lebanon.

21. Other Provisions

The details of this item are as follows:

JD '000

	2017					Balance at the End of the Year
	Balance at the Beginning of the Year	Additions during the Year	Utilized or transferred during the Year	Returned to Income	Adjustments During the Year and Translation Adjustments	
End-of-service indemnity	75 941	10 382	(7 778)	(295)	20	78 270
Legal cases	12 418	742	(7)	(1 971)	6	11 188
Other	56 656	53 454	-	(10)	28	110 128
Total	145 015	64 578	(7 785)	(2 276)	54	199 586

	2016					Balance at the End of the Year
	Balance at the Beginning of the Year	Additions during the Year	Utilized or transferred during the Year	Returned to Income	Adjustments During the Year and Translation Adjustments	
End-of-service indemnity	77 479	10 896	(10 325)	(529)	(1 580)	75 941
Legal cases	4 972	7 842	(86)	(297)	(13)	12 418
Other	2 960	53 407	-	(12)	301	56 656
Total	85 411	72 145	(10 411)	(838)	(1 292)	145 015

22. Other Liabilities

The details of this item are as follows:

	December 31,	
	2017	2016
Accrued interest payable	86 946	66 572
Notes payable	96 814	109 657
Interest and commission received in advance	41 401	41 333
Accrued expenses	20 444	19 671
Other miscellaneous liabilities *	436 293	371 974
Total	681 898	609 207

* This item represents at most legal expected costs (Note 56).

23. Deferred Tax Liabilities

The details of this item are as follows:

Items attributable to deferred tax liabilities are as follows:	2017					JD'000	
	Balance at the Beginning of the Year	Amounts Added	Amounts Released	Translation Adjustments	Balance at the End of the Year	Deferred Tax	
Investment revaluation reserve	4 438	-	(4 438)	-	-	-	
Other	3 155	660	-	-	3 815	942	
Total	7 593	660	(4 438)	-	3 815	942	

	2016					JD'000	
	Balance at the Beginning of the Year	Amounts Added	Amounts Released	Translation Adjustments	Balance at the End of the Year	Deferred Tax	
Investment revaluation reserve	17 433	-	(12 995)	-	4 438	-	
Other	5 854	-	(2 699)	-	3 155	793	
Total	23 287	-	(15 694)	-	7 593	793	

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

	JD '000	
	2017	2016
Balance at the beginning of the year	793	7 816
Additions during the year	149	-
Amortized during the year	-	(7 023)
Balance at the End of the Year	942	793

24. Share Capital

- A. Share Capital amounted to JD 640.8 million distributed on 640.8 million shares at a nominal value of 1 JD each as at December 31, 2017 and 2016.
- B. Share premium amounted to JD 859.6 million as at December 31, 2017 and 2016.

25. Statutory Reserve

The statutory reserve amounted to JD 561.8 million as at December 31, 2017 (JD 531.4 million as at December 31, 2016) according to the regulations of the central bank of Jordan and companies law and it can't be distributed to the shareholders of the bank.

26. Voluntary Reserve

The voluntary reserve amounted to JD 614.9 million as at December 31, 2017 and 2016. This reserve is used for the purposes determined by the Board of Directors, and the General Assembly has the right to distribute it in whole or part thereof to shareholders as dividends.

27. General Reserve

The general reserve amounted to JD 583.7 million as of December 31, 2017 and 2016. This reserve is used for purposes determined by the Board of Directors, and the General Assembly has the right to distribute it in whole or part thereof to shareholders as dividends.

28. General Banking Risk Reserve

The general banking risk reserve amounted to JD 220.5 million as at December 31, 2017 (JD 200.5 million as of December 31, 2016), and it is available for use in accordance with certain procedures, including the approval of the Central Bank of Jordan, only when the amount of that reserve exceeds the minimum amount set or required according to the instructions of the relevant banking authorities.

29. Foreign Currency Translation Reserve

The details of this item are as follows:

	JD'000	
	2017	2016
Balance at the beginning of the year	(281 492)	(221 526)
Additions (disposals) during the year transferred to other comprehensive income	59 892	(59 966)
Balance at the End of the Year	(221 600)	(281 492)

30. Investment Revaluation Reserve

The details of this item are as follows:

	JD'000	
	2017	2016
Balance at the beginning of the year	(192 069)	(183 741)
Change in fair value during the year	(13 625)	(8 557)
Net realized losses (gains) transferred to retained earnings	(1 743)	229
Balance at the End of the Year *	(207 437)	(192 069)

31. Retained Earnings

The movement of this item is as follows:

	JD'000	
	2017	2016
Balance at the beginning of the year	543 433	524 708
Profit for the year	195 025	212 414
Investments revaluation reserve transferred to retained earnings	1 743	(229)
Dividends paid **	(192 240)	(160 200)
Transferred to statutory reserve	(30 437)	(32 183)
Transferred to general banking risk reserve	(20 000)	-
Adjustment during the year	102	(1 077)
Balance at the End of the Year *	497 626	543 433

**Arab Bank plc Board of Directors recommended a 30% of par value of the shares as cash dividend, equivalent to JD 192.2 million, for the year 2017, This proposal is subject to the approval of the General Assembly of shareholders (The General assembly of Arab Bank Plc in its extraordinary meeting held on March 31, 2017 approved the recommendation of the Bank's Board of Directors to distribute 30% of par value as cash dividends for the year 2016 equivalent to JOD 192.2 million).

* Retained earnings include restricted deferred tax assets in the amount of JD 45.2 million, as well as unrealized gain from financial assets at fair value through profit or loss in the amount of JD 0.6 million. Restricted retained earnings that cannot be distributed or otherwise utilized except under certain circumstances as a result of adopting certain International Accounting Standards amounted to JD 2 million as of December 31, 2017.

* The retained earnings include unrealized loss of JD (40.7) million as a result of the adoption of IFRS (9) as of December 31, 2017.

*The use of an amount of JD (207.4) million as of December 31, 2017, which represents the negative investment revaluation reserve balance is restricted according to the Jordan Securities Commission instructions.

32. Interest Income

The details of this item are as follows:

JD '000

	2017	2016
Direct credit facilities at amortized cost *	775 093	691 358
Central Banks	44 808	48 086
Banks and financial institutions deposits	30 136	15 961
Financial assets at fair value through profit or loss	7 269	5 004
Other financial assets at amortized cost	262 733	303 476
Total	1 120 039	1 063 885

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

	2017					JD '000
	Consumer Banking	Corporates		Banks and Financial Institutions	Government and Public Sector	Total
		Small and medium	Large			
Discounted bills	2 838	7 590	14 884	1 754	-	27 066
Overdrafts	2 275	47 356	163 265	8	13 182	226 086
Loans and advances	94 102	36 903	287 739	2 166	31 510	452 420
Real estate loans	58 814	313	-	-	-	59 127
Credit cards	10 394	-	-	-	-	10 394
Total	168 423	92 162	465 888	3 928	44 692	775 093

	2016					JD '000
	Consumer Banking	Corporates		Banks and Financial Institutions	Government and Public Sector	Total
		Small and medium	Large			
Discounted bills	3 012	6 010	12 758	1 954	-	23 734
Overdrafts	2 578	39 591	145 469	5	11 321	198 964
Loans and advances	93 590	28 947	243 535	2 402	33 609	402 083
Real estate loans	55 209	300	-	-	-	55 509
Credit cards	11 068	-	-	-	-	11 068
Total	165 457	74 848	401 762	4 361	44 930	691 358

33. Interest Expense

The details of this item are as follows:

	JD'000	
	2017	2016
Customer deposits *	375 714	375 065
Banks' and financial institutions' deposits	30 460	19 547
Cash margins	27 453	24 328
Borrowed funds	2 606	2 604
Deposit insurance fees	18 624	17 676
Total	454 857	439 220

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

	2017				JD'000
	Consumer Banking	Corporates		Government and Public Sector	Total
		Small and medium	Large		
Current and demand	7 452	873	11 853	2 756	22 934
Savings	10 101	216	3	-	10 320
Time and notice	164 470	14 427	103 087	44 050	326 034
Certificates of deposit	16 399	21	6	-	16 426
Total	198 422	15 537	114 949	46 806	375 714

	2016				JD'000
	Consumer Banking	Corporates		Government and Public Sector	Total
		Small and medium	Large		
Current and demand	13 082	1 348	6 347	1 468	22 245
Savings	10 502	214	3	-	10 719
Time and notice	147 230	12 447	103 551	56 226	319 454
Certificates of deposit	22 609	31	7	-	22 647
Total	193 423	14 040	109 908	57 694	375 065

34. Net Commission Income

The details of this item are as follows:

JD '000

	2017	2016
Commission income:		
Direct credit facilities at amortized cost	55 024	58 277
Indirect credit facilities	70 282	73 944
Other	48 526	52 001
Less: Commission expense	(19 660)	(16 911)
Net Commission Income	154 172	167 311

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

The details of this item are as follows:

JD '000

	2017			Total
	Realized Gains	Unrealized Gains (Losses)	Dividends	
Treasury bills and bonds	1 116	757	-	1 873
Corporate shares	-	(183)	75	(108)
Total	1 116	574	75	1 765

	2016			Total
	Realized Gains	Unrealized Gains (Losses)	Dividends	
Treasury bills and bonds	373	1 075	-	1 448
Corporate shares	-	(299)	75	(224)
Total	373	776	75	1 224

36. Dividends from Subsidiaries and Associates

The details of this item are as follows:

JD '000

	2017	2016
Arab Tunisian Bank	4 083	4 734
Arab Sudanese Bank Limited	3 100	2 813
Al-Nisr Al Arabi Insurance Company plc	1 100	1 100
Al-Arabi Investment Group Company L.L.C	-	350
Islamic International Arab Bank plc	10 000	7 090
Arab National Leasing Company L.L.C	5 000	5 000
Others	2 548	-
Total Dividends from Subsidiaries	25 831	21 087
Arab National Bank	71 018	55 199
Oman Arab Bank	-	10 467
Commercial Building Company S.A.L	194	194
Total Dividends from Associates	71 212	65 860
Total Dividends from Subsidiaries and Associates	97 043	86 947

37. Other Revenue

The details of this item are as follows:

	JD '000	
	2017	2016
Revenue from customer services	7 772	10 534
Safe box rent	758	903
Gains (Loss) from derivatives	764	(1 235)
Miscellaneous revenue	8 609	12 084
Total	17 903	22 286

38. Employees' Expenses

The details of this item are as follows:

	JD '000	
	2017	2016
Salaries and benefits	155 171	148 985
Social security	11 789	11 259
Savings fund	1 336	1 346
Indemnity compensation	1 345	2 859
Medical	6 917	6 815
Training	1 231	1 286
Allowances	34 732	32 267
Other	4 711	4 847
Total	217 232	209 664

39. Other Expenses

The details of this item are as follows:

	JD '000	
	2017	2016
Occupancy	36 332	36 619
Office	33 674	36 188
Services	29 632	30 686
Fees	7 095	6 695
Information technology	19 240	16 221
Other administrative expenses	70 370	68 949
Total	196 343	195 358

40. Financial Derivatives

- The details of financial derivatives are as follows:

JD '000

December 31, 2017

	Positive Fair Value	Negative Fair Value	Total Notional Amount	Notional amounts by maturity			
				Within 3 Months	From 3 Months to 1 Years	From 1 Year to 3 Years	More than 3 Years
Interest rate swaps	1 055	408	463 275	31 485	34 587	91 681	305 522
Foreign currency forward contracts	2 798	2 364	3 574 839	2 917 411	650 287	7 141	-
Derivatives held for trading	3 853	2 772	4 038 114	2 948 896	684 874	98 822	305 522
Interest rate swaps	6 477	6 745	726 691	88 648	183 006	28 362	426 675
Foreign currency forward contracts	-	-	-	-	-	-	-
Derivatives held for fair value hedge	6 477	6 745	726 691	88 648	183 006	28 362	426 675
Interest rate swaps	-	-	-	-	-	-	-
Foreign currency forward contracts	-	-	-	-	-	-	-
Derivatives held for cash flow hedge	-	-	-	-	-	-	-
Total	10 330	9 517	4 764 805	3 037 544	867 880	127 184	732 197

	December 31, 2016						JD '000
	Positive Fair Value	Negative Fair Value	Total Notional Amount	Notional amounts by maturity			
				Within 3 Months	From 3 Months to 1 Years	From 1 Year to 3 Years	More than 3 Years
Interest rate swaps	-	735	74 541	-	-	32 016	42 525
Foreign currency forward contracts	4 082	10 065	3 023 092	1 328 813	1 637 512	56 767	-
Derivatives held for trading	4 082	10 800	3 097 633	1 328 813	1 637 512	88 783	42 525
Interest rate swaps	5 810	6 865	756 516	77 994	243 943	167 429	267 150
Foreign currency forward contracts	-	-	-	-	-	-	-
Derivatives held for fair value hedge	5 810	6 865	756 516	77 994	243 943	167 429	267 150
Interest rate swaps	-	194	70 902	35 451	35 451	-	-
Foreign currency forward contracts	-	-	-	-	-	-	-
Derivatives held for cash flow hedge	-	194	70 902	35 451	35 451	-	-
Total	9 892	17 859	3 925 051	1 442 258	1 916 906	256 212	309 675

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

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

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

	Inside Jordan		Outside Jordan		Total	
	2017	2016	2017	2016	2017	2016
Revenue	310 472	262 822	665 759	673 465	976 231	936 287
Assets	7 313 539	7 471 013	17 048 033	16 783 233	24 361 572	24 254 246
Capital expenditures	14 056	19 717	17 986	51 384	32 042	71 101

42 - BUSINESS SEGMENT

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

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

1. Corporate and Investment Banking

This Bank 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 Bank

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

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

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

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

3. Consumer Banking

The Bank provides banking services to individuals and high-networth elite customers, and endeavors to meet their financial services needs using the best methods, though effective distribution channels, and a variety of product services. Moreover, this Bank 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 the internet, and text messaging via cellular phones

Information about the Bank's Business Segments

	2017					JD '000
	Corporate and institutional banking	Treasury	Consumer Banking		Other	Total
			Elite	Retail banking		
Total income	535 090	325 573	(79 450)	88 686	106 332	976 231
Net inter-segment interest income	(95 859)	(130 480)	146 451	79 888	-	-
Provision for impairment - direct credit facilities at amortized cost	163 703	-	275	3 797	-	167 775
Other provisions	30 730	12 679	4 606	14 287	-	62 302
Direct administrative expenses	65 678	8 688	9 911	78 417	-	162 694
Result of operations of segments	179 120	173 726	52 209	72 073	106 332	583 460
Indirect expenses on segments	131 557	40 045	17 516	88 199	1 767	279 084
Profit for the year before income tax	47 563	133 681	34 693	(16 126)	104 565	304 376
Income tax expense	12 561	33 126	9 399	(8 100)	62 365	109 351
Profit (loss) for the Year	35 002	100 555	25 294	(8 026)	42 200	195 025
Depreciation and amortization	9 676	2 427	1 069	15 031	-	28 203
Other Information						
Segment assets	10 191 605	10 235 146	541 687	1 981 213	445 988	23 395 639
Inter-segment assets	-	-	6 576 873	1 221 692	2 850 436	-
Investments in associates and subsidiaries	-	-	-	-	965 933	965 933
Total Assets	10 191 605	10 235 146	7 118 560	3 202 905	4 262 357	24 361 572
Segment liabilities	7 821 476	1 956 274	7 118 560	3 202 905	712 448	20 811 663
Shareholders' equity	-	-	-	-	3 549 909	3 549 909
Inter-segment liabilities	2 370 129	8 278 872	-	-	-	-
Total Liabilities and Shareholders' Equity	10 191 605	10 235 146	7 118 560	3 202 905	4 262 357	24 361 572

Information about the Bank's Business Segments

JD '000

	2016					Total
	Corporate and institutional banking	Treasury	Consumer Banking		Other	
			Elite	Retail banking		
Total income	462 704	357 152	(76 362)	91 488	101 305	936 287
Net inter-segment interest income	(36 396)	(192 077)	140 725	87 748	-	-
Provision for impairment - direct credit facilities at amortized cost	111 260	-	7	152	-	111 419
Other provisions	35 742	13 010	5 316	17 239	-	71 307
Direct administrative expenses	66 900	7 840	9 582	76 298		160 620
Result of operations of segment	212 406	144 225	49 458	85 547	101 305	592 941
Indirect expenses on segments	126 896	37 707	17 007	87 753	1 744	271 107
Profit for the year before income tax	85 510	106 518	32 451	(2 206)	99 561	321 834
Income tax expense	19 050	31 525	8 802	(719)	50 762	109 420
Profit (loss) for the Year	66 460	74 993	23 649	(1 487)	48 799	212 414
Depreciation and amortization	8 892	2 298	943	14 572	-	26 705
Other Information						
Segment assets	9 533 903	10 998 409	486 385	1 833 447	476 265	23 328 409
Inter-segment assets	-	-	6 119 546	1 193 401	2 542 122	-
Investments in associates and subsidiaries	-	-	-	-	925 837	925 837
Total Assets	9 533 903	10 998 409	6 605 931	3 026 848	3 944 224	24 254 246
Segment liabilities	8 480 901	2 196 342	6 605 931	3 026 848	443 469	20 753 491
Shareholders' equity	-	-	-	-	3 500 755	3 500 755
Inter-segment liabilities	1 053 002	8 802 067	-	-	-	-
Total Liabilities and Shareholders' Equity	9 533 903	10 998 409	6 605 931	3 026 848	3 944 224	24 254 246

43. BANKING RISK MANAGEMENT

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

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

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

a. Credit Risk Management

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

b. Geographic Concentration Risk

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

Note (44-e) shows the details of the geographical distribution of assets.

c. Liquidity Risk

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

Note (50) shows the maturities of the assets and liabilities of the Bank, and note (47) shows the distribution of the liabilities (undiscounted) according to the residual maturity.

d. Market Risk

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

Note (45) shows the details of market risk sensitivity analysis.

1) Interest Rate Risk:

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

Note (46) shows the details of the interest rate risk sensitivity of the Bank.

2) Capital Market Exposures:

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

3) Foreign Exchange Risk

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

Note (48) shows the net positions of foreign currencies.

e. Operational Risk

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

44 - Credit Risk

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

	JD '000	
	December 31,	
Credit risk exposures relating to items on statement of financial position:	2017	2016
Balances with central banks	2 952 405	3 161 301
Balances with banks and financial institutions	3 063 256	3 432 626
Deposits with banks and financial institutions	67 067	50 450
Financial assets at fair value through profit or loss	65 467	101 332
Direct credit facilities at amortized cost	11 947 106	11 186 472
Consumer banking	2 207 206	2 071 178
Small and medium corporate	1 113 673	937 359
Large corporate	7 805 135	7 286 662
Banks and financial institutions	65 913	161 285
Government and public sector	755 179	729 988
Other financial assets at amortized cost	4 286 264	4 397 851
Other assets and financial derivatives - positive fair value	176 190	177 317
Total credit exposure related to items on statement of financial position:	22 557 755	22 507 349
Credit risk exposures relating to items off the statement of financial position		
Letters of credit	1 113 282	1 262 635
Acceptances	401 054	423 566
Letters of guarantee	6 902 158	7 481 564
Unutilized credit facilities	3 300 284	3 090 994
Total	11 716 778	12 258 759
Grand Total	34 274 533	34 766 108

The table above shows the maximum limit of the bank credit risk as of December 31, 2017 and 2016 excluding collaterals or risks mitigations.

B. Classification of assets credit exposure based on risk degree.

	December 31, 2017					JD '000
	Consumer Banking	Corporates		Banks and Financial Institutions	Government and Public Sector	Total
		Small and Medium	Large			
Low risk	209 914	182 134	611 694	1 790 066	7 410 799	10 204 607
Acceptable risk	1 990 925	904 569	7 217 297	1 800 919	249 285	12 162 995
Due:	51 695	31 493	131 242	-	50	214 480
- Up to 30 days	45 346	24 013	70 627	-	50	140 036
- 31- 60 days	6 349	7 480	60 615	-	-	74 444
Watch list	12 124	25 933	117 601	-	-	155 658
Non-performing:	109 913	125 675	673 665	22 498	-	931 751
- Substandard	11 816	722	253 990	-	-	266 528
- Doubtful	9 499	4 243	84 157	22 498	-	120 397
- Problematic	88 598	120 710	335 518	-	-	544 826
Total	2 322 876	1 238 311	8 620 257	3 613 483	7 660 084	23 455 011
Less: Interest and commission in suspense	36 765	57 552	118 420	4 639	-	217 376
Less: Provision for impairment	71 612	57 014	550 061	-	1 193	679 880
Net	2 214 499	1 123 745	7 951 776	3 608 844	7 658 891	22 557 755

	December 31, 2016					JD'000
	Consumer Banking	Corporates		Banks and Financial Institutions	Government and Public Sector	Total
		Small and medium	Large			
Low risk	190 532	143 249	518 525	2 264 887	7 775 165	10 892 358
Acceptable risk	1 882 374	776 063	6 883 874	1 775 970	197 098	11 515 379
Due:	33 608	16 104	106 605	-	1 498	157 815
- Up to 30 days	28 905	6 499	42 043	-	749	78 196
- 31- 60 days	4 703	9 605	64 562	-	749	79 619
Watch list	11 168	23 256	134 994	-	-	169 418
Non-performing:	128 741	125 733	656 560	21 738	19	932 791
- Substandard	13 368	2 479	854	-	-	16 701
- Doubtful	8 504	5 671	341 182	21 738	-	377 095
- Problematic	106 869	117 583	314 524	-	19	538 995
Total	2 212 815	1 068 301	8 193 953	4 062 595	7 972 282	23 509 946
Less: Interest and commission in suspense	48 060	58 024	176 351	3 870	-	286 305
Less: Provision for impairment	83 762	53 407	578 165	-	958	716 292
Net	2 080 993	956 870	7 439 437	4 058 725	7 971 324	22 507 349

The credit risk exposures includes direct credit facilities at amortized cost, balances and deposits with banks and financial institutions, bonds, treasury bills and any other assets exposed to credit risk.

C. Fair value of collaterals obtained against credit facilities at amortized cost:

JD '000

December 31, 2017

	Consumer Banking	Corporates		Banks and Financial Institutions	Government and Public Sector	Total
		Small and medium	Large			
Collaterals Against:						
Performing facilities / low risk	209 914	179 123	595 761	-	275 798	1 260 596
Performing facilities / acceptable risk	714 420	511 356	3 055 357	-	57 723	4 338 856
Watch list	7 994	7 065	72 729	-	-	87 788
Non-performing:	10 813	22 654	166 708	-	-	200 175
- Substandard	3 071	225	134 568	-	-	137 864
- Doubtful	2 059	3 393	5 920	-	-	11 372
- Problematic	5 683	19 036	26 220	-	-	50 939
Total	943 141	720 198	3 890 555	-	333 521	5 887 415

Of which :						
Cash margin	209 902	150 944	464 840	-	-	825 686
Banks accepted letters of guarantees	1 084	29 574	141 065	-	-	171 723
Real estate properties	60 437	301 050	1 318 612	-	69 514	1 749 613
Listed securities	261	911	295 176	-	-	296 348
Vehicles and equipment	2 005	14 313	295 832	-	-	312 150
Other	669 452	223 406	1 375 030	-	264 007	2 531 895
Total	943 141	720 198	3 890 555	-	333 521	5 887 415

JD'000

December 31, 2016

	Corporates		Banks and Financial Institutions	Govern- ment and Public Sector	Total	
	Consumer Banking	Small and medium				Large
Collaterals Against :						
Performing / low risk	177 187	128 291	482 014	-	147 100	934 592
Performing / acceptable risk	675 400	434 644	2 813 247	-	512	3 923 803
Watch list	7 671	9 265	76 125	-	-	93 061
Non-performing:	14 377	25 705	32 729	-	-	72 811
- Substandard	4 527	974	137	-	-	5 638
- Doubtful	2 462	4 160	5 464	-	-	12 086
- Problematic	7 388	20 571	27 128	-	-	55 087
Total	874 635	597 905	3 404 115	-	147 612	5 024 267
Of which :						
Cash margin	177 896	133 352	413 391	-	611	725 250
Banks accepted letters of guar- antees	939	39 667	134 676	-	-	175 282
Real estate properties	63 854	254 963	1 200 270	-	67 982	1 587 069
Listed securities	300	1 118	289 000	-	-	290 418
Vehicles and equipment	2 908	13 832	264 760	-	-	281 500
Other	628 738	154 973	1 102 018	-	79 019	1 964 748
Total	874 635	597 905	3 404 115	-	147 612	5 024 267

D. Classification of debt securities based on risk degree:

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

Credit Rating	December 31, 2017		JD '000
	Financial Assets at Fair Value through Profit or Loss	Other Financial Assets at Amortized Cost	Total
Private sector:			
AAA to A-	-	311 093	311 093
BBB+ to B-	-	118 096	118 096
Below B-	-	-	-
Unrated	21 010	43 959	64 969
Government and public sector	44 457	3 813 116	3 857 573
Total	65 467	4 286 264	4 351 731

Credit Rating	December 31, 2016		JD '000
	Financial Assets at Fair Value through Profit or Loss	Other Financial Assets at Amortized Cost	Total
Private sector:			
AAA to A-	-	266 892	266 892
BBB+ to B-	-	167 728	167 728
Below B-	-	-	-
Unrated	21 010	58 371	79 381
Government and public sector	80 322	3 904 860	3 985 182
Total	101 332	4 397 851	4 499 183

E. Credit exposure categorized by geographical distribution:

	December 31, 2017						JD'000
	Jordan	Other Arab Countries	Asia *	Europe	America	Rest of the World	Total
Balances with central banks	1 536 905	1 415 235	265	-	-	-	2 952 405
Balances and deposits with banks and financial institutions	106 669	618 760	149 479	1 646 754	601 069	7 592	3 130 323
Financial assets at fair value through profit or loss	-	65 467	-	-	-	-	65 467
Direct credit facilities at amortized cost	3 754 227	8 045 352	133 460	226	-	13 841	11 947 106
Consumer Banking	1 001 037	1 206 063	60	46	-	-	2 207 206
Small and Medium Corporates	439 743	673 276	474	180	-	-	1 113 673
Large Corporates	2 192 558	5 479 651	132 926	-	-	-	7 805 135
Banks and Financial Institutions	8 630	43 442	-	-	-	13 841	65 913
Government and Public Sector	112 259	642 920	-	-	-	-	755 179
Other financial assets at amortized cost	1 803 909	2 322 651	92 278	32 003	35 423	-	4 286 264
Other assets and financial derivatives - positive fair value	33 918	139 240	1 029	1 670	333	-	176 190
Total	7 235 628	12 606 705	376 511	1 680 653	636 825	21 433	22 557 755
Total - as of December 31, 2016	7 233 805	12 343 176	478 380	1 868 865	539 569	43 554	22 507 349

* Excluding Arab Countries.

F. Credit exposure categorized by economic sector

	Consumer Banking	Corporates			
		Industry and Mining	Constructions	Real estate	Trade
Balances with Central Banks	-	-	-	-	-
Balances and deposits with banks and financial institutions	-	-	-	-	-
Financial assets at fair value through profit or loss	-	-	-	-	-
Direct credit facilities at amortized cost	2 207 206	2 363 870	1 386 594	812 212	2 254 047
Other financial assets at amortized cost	-	36 606	-	-	28 442
Other assets and financial derivatives - positive fair value	7 293	8 530	5 073	3 359	15 960
Total	2 214 499	2 409 006	1 391 667	815 571	2 298 449

	Consumer Banking	Corporates			
		Industry and Mining	Constructions	Real - estate	Trade
Balances with Central Banks	-	-	-	-	-
Balances and deposits with banks and financial institutions	-	-	-	-	-
Financial assets at fair value through profit or loss	-	-	-	-	-
Direct credit facilities at amortized cost	2 071 178	2 008 629	1 275 004	786 146	2 146 765
Other financial assets at amortized cost	-	30 487	-	20 000	28 544
Other assets and financial derivatives - positive fair value	9 815	9 557	7 450	3 640	13 430
Total	2 080 993	2 048 673	1 282 454	809 786	2 188 739

JD '000

December 31, 2017

Corporates					Banks and Financial Institutions	Government and Public Sector	Total
Agriculture	Tourism and Hotels	Transportation	Shares	General Ser- vices			
-	-	-	-	-	-	2 952 405	2 952 405
-	-	-	-	-	3 130 323	-	3 130 323
-	-	21 010	-	-	-	44 457	65 467
117 289	165 082	278 255	8 500	1 532 959	65 913	755 179	11 947 106
-	-	-	-	14 915	393 185	3 813 116	4 286 264
262	359	622	-	21 575	19 423	93 734	176 190
117 551	165 441	299 887	8 500	1 569 449	3 608 844	7 658 891	22 557 755

JD '000

December 31, 2016

Corporates					Banks and Financial Institutions	Government and Public Sector	Total
Agriculture	Tourism and Hotels	Transportation	Shares	General Services			
-	-	-	-	-	-	3 161 301	3 161 301
-	-	-	-	-	3 483 076	-	3 483 076
-	-	21 010	-	-	-	80 322	101 332
47 876	243 450	317 036	1 785	1 397 330	161 285	729 988	11 186 472
-	-	-	-	17 218	396 742	3 904 860	4 397 851
153	985	896	-	18 916	17 622	94 853	177 317
48 029	244 435	338 942	1 785	1 433 464	4 058 725	7 971 324	22 507 349

45. Market Risk

Market Risk Sensitivity

Assuming market prices as at December 31, 2017 and 2016 change by 5%, the impact on statement of income and shareholders equity will be as follows:

	December 31, 2017			December 31, 2016			JD '000
	Statement of Income	Shareholders' Equity	Total	Statement of Income	Shareholders' Equity	Total	
Interest rate sensitivity	21 681	-	21 681	20 834	-	20 834	
Foreign exchange rate sensitivity	5 607	28 296	33 903	4 705	31 490	36 195	
Equity instruments price sensitivity	51	8 246	8 297	60	11 123	11 183	
Total	27 339	36 542	63 881	25 599	42 613	68 212	

46. Interest Rate Risk

A. Exposure to interest rate volatility as of December 31, 2017 (classification is based on interest rate repricing or maturity date, whichever is nearer).

JD '000

Assets	Up to 1 Month	More than 1 Month and till 3 Months	More than 3 Months and till 6 Months	More than 6 Months and till 1 Year	More than 1 Year and till 3 Years	More than 3 Years	Not Tied to Interest Rate Risk	Total
Cash at vaults	-	-	-	-	-	-	318 171	318 171
Mandatory cash reserve	-	-	-	-	-	-	954 848	954 848
Balances with central banks	1 610 254	2 345	-	-	-	17 730	367 228	1 997 557
Balances and deposits with banks and financial institutions	2 527 436	535 820	41 422	10 645	15 000	-	-	3 130 323
Financial assets at fair value through profit or loss	2 056	15 902	29 884	14 771	1 422	1 432	1 015	66 482
Direct credit facilities at amortized cost	4 154 031	1 909 932	1 012 178	961 230	843 693	3 066 042	-	11 947 106
Financial assets at fair value through other comprehensive income	-	-	-	-	-	-	164 912	164 912
Other financial assets at amortized cost	563 392	842 394	577 344	573 812	899 629	829 693	-	4 286 264
Investment in subsidiaries and associates	-	-	-	-	-	-	965 933	965 933
Fixed assets	-	-	-	-	-	-	216 816	216 816
Other assets and financial derivatives - positive fair value	9 591	12 545	21 216	-	6 237	-	218 419	268 008
Deferred tax assets	-	-	-	-	-	-	45 152	45 152
Total assets	8 866 760	3 318 938	1 682 044	1 560 458	1 765 981	3 914 897	3 252 494	24 361 572
Liabilities								
Banks' and financial institutions' deposits	413 941	955 111	213 242	76 264	23 771	24 479	86 217	1 793 025
Customer deposits	5 849 023	1 860 167	1 058 295	1 472 475	209 706	103 289	5 625 871	16 178 826
Cash margin	817 729	361 279	280 768	86 010	14 614	5 950	195 514	1 761 864
Borrowed funds	4 197	15 994	5 284	31	5 414	32 821	-	63 741
Provision for income tax	-	-	-	-	-	-	122 264	122 264
Other Provisions	-	-	-	-	-	-	199 586	199 586
Other liabilities and financial derivatives - negative fair value	21 751	9 157	13 807	2 302	-	-	644 398	691 415
Deferred tax liabilities	-	-	-	-	-	-	942	942
Total liabilities	7 106 641	3 201 708	1 571 396	1 637 082	253 505	166 539	6 874 792	20 811 663
Gap	1 760 119	117 230	110 648	(76 624)	1 512 476	3 748 358	(3 622 298)	3 549 909

Exposure to interest rate volatility as of December 31, 2016 (classification is based on interest rate repricing or maturity date, whichever is nearer).

JD '000

Assets	Up to 1 Month	More than 1 Month and till 3 Months	More than 3 Months and till 6 Months	More than 6 Months and till 1 Year	More than 1 Year and till 3 Years	More than 3 Years	Not Tied to Interest Rate Risk	Total
Cash at vaults	-	-	-	-	-	-	255 184	255 184
Mandatory cash reserve	-	-	-	-	-	-	837 167	837 167
Balances with central banks	2 020 743	-	-	-	-	-	303 391	2 324 134
Balances and deposits with banks and financial institutions	2 836 552	596 074	35 450	-	15 000	-	-	3 483 076
Financial assets at fair value through profit or loss	2 350	3 980	76 760	11 960	5 302	980	1 199	102 531
Direct credit facilities at amortized cost	3 579 851	2 263 206	1 028 723	894 830	752 089	2 667 773	-	11 186 472
Financial assets at fair value through other comprehensive income	-	-	-	-	-	-	222 463	222 463
Other financial assets at amortized cost	574 485	609 701	652 819	747 754	1 205 043	608 049	-	4 397 851
Investment in subsidiaries and associates	-	-	-	-	-	-	925 837	925 837
Fixed assets	-	-	-	-	-	-	221 973	221 973
Other assets and financial derivatives - positive fair value	9 462	13 838	22 347	-	5 163	-	207 725	258 535
Deferred tax assets	-	-	-	-	-	-	39 023	39 023
Total assets	9 023 443	3 486 799	1 816 099	1 654 544	1 982 597	3 276 802	3 013 962	24 254 246
Liabilities								
Banks' and financial institutions' deposits	1 030 936	392 330	83 780	168 303	30 204	2 846	95 778	1 804 177
Customer deposits	5 693 234	2 417 963	1 049 342	1 211 085	284 958	68 838	5 525 192	16 250 612
Cash margin	1 130 493	121 803	189 339	81 230	7 387	4 554	128 210	1 663 016
Borrowed funds	1 143	139 565	2 800	2 540	1 516	-	-	147 564
Provision for income tax	-	-	-	-	-	-	115 248	115 248
Other Provisions	-	-	-	-	-	-	145 015	145 015
Other liabilities and financial derivatives - negative fair value	25 966	8 480	12 677	1 789	-	-	578 154	627 066
Deferred tax liabilities	-	-	-	-	-	-	793	793
Total liabilities	7 881 772	3 080 141	1 337 938	1 464 947	324 065	76 238	6 588 390	20 753 491
Gap	1 141 671	406 658	478 161	189 597	1 658 532	3 200 564	(3 574 428)	3 500 755

47. Liquidity Risk

The below is the distribution of the liabilities (undiscounted) according to the residual maturity as of December 31, 2017:

JD '000

Liabilities	Within 1 Month	After 1 Month and till 3 Months	After 3 Months and till 6 Months	After 6 Months and till One Year	After One Year and till 3 Years	After 3 Years	Not Tied to a Specific Maturity	Total
Banks' and financial institutions' deposits	414 052	955 299	74 957	214 761	24 533	26 563	86 217	1 796 382
Customer deposits	4 935 030	1 873 843	1 063 726	1 709 365	257 375	148 170	6 334 819	16 322 328
Cash margin	739 601	128 596	577 351	97 728	20 326	244	201 306	1 765 152
Borrowed funds	4 231	8 495	5 368	31	3 715	42 121	-	63 961
Provision for income tax	-	-	-	-	-	-	122 264	122 264
Other provisions	-	-	-	-	-	-	199 586	199 586
Financial derivatives - negative fair value	1 639	208	262	177	-	-	7 236	9 522
Other liabilities	20 112	8 949	13 545	12 974	340 552	-	285 766	681 898
Deferred tax liabilities	-	-	-	-	-	-	942	942
Total Liabilities	6 114 665	2 975 390	1 735 209	2 035 036	646 501	217 098	7 238 136	20 962 035
Total assets according to expected maturities	4 595 289	3 342 225	1 455 289	1 954 728	2 366 406	4 788 882	5 858 753	24 361 572

The below is the distribution of the liabilities (undiscounted) according to the residual maturity as of December 31, 2016:

JD '000

Liabilities	Within 1 Month	After 1 Month and till 3 Months	After 3 Months and till 6 Months	After 6 Months and till One Year	After One Year and till 3 Years	After 3 Years	Not Tied to a Specific Maturity	Total
Banks' and financial institutions' deposits	662 904	755 295	89 930	168 561	30 707	2 846	95 778	1 806 021
Customer deposits	4 916 027	2 408 353	1 062 041	1 349 421	338 910	118 957	6 198 325	16 392 034
Cash margin	902 918	189 900	238 655	180 826	11 665	276	141 179	1 665 419
Borrowed funds	115	78 898	2 835	-	55 064	10 942	-	147 854
Provision for income tax	-	-	-	-	-	-	115 248	115 248
Other provisions	-	-	-	-	-	-	145 015	145 015
Financial derivatives - negative fair value	1 314	3	-	-	-	-	16 547	17 864
Other liabilities	24 652	8 477	12 677	1 789	234 043	-	327 569	609 207
Deferred tax liabilities	-	-	-	-	-	-	793	793
Total Liabilities	6 507 930	3 440 926	1 406 138	1 700 597	670 389	133 021	7 040 454	20 899 455
Total assets according to expected maturities	5 670 078	2 759 964	1 381 499	1 731 731	2 854 711	4 601 242	5 255 021	24 254 246

48. Net Foreign Currency Positions

The details of this item are as follows:

	December 31, 2017		December 31, 2016	
	Base Currency in Thousand	Equivalent in JD '000	Base Currency in Thousand	Equivalent in JD '000
USD	69 671	49 412	38 242	27 122
GBP	56	54	4 083	3 547
EUR	2 208	1 879	35 040	25 990
JPY	345 381	2 173	621 750	3 850
Other currencies *		58 620		17 026
Total		112 138		77 535

* Various foreign currencies translated to Jordanian Dinars.

49. Fair Value Hierarchy

Financial Instruments are either financial assets or financial liabilities

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

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

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

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

JD'000						
Financial assets / Financial liabilities	Fair Value as at December 31,		Fair Value Hierarchy	Valuation tech- niques and key inputs	Significant unob- servable inputs	Relationship of unobservable in- puts to fair value
	2017	2016				
Financial assets at fair value						
Financial assets at fair value through profit or loss:						
Treasury bills and Bonds	44 457	80 322	Level 1	Quoted Shares	Not Applicable	Not Applicable
Loans and advances	21 010	21 010	Level 2	Through comparison of similar financial instruments	Not Applicable	Not Applicable
Shares and mutual funds	1 015	1 199	Level 1	Quoted Shares	Not Applicable	Not Applicable
Total Financial Assets at Fair Value through Profit or Loss	66 482	102 531				
Financial derivatives - positive fair value	10 330	9 892	Level 2	Through Comparison of similar financial instruments	Not Applicable	Not Applicable
Financial assets at fair value through other comprehensive income:						
Quoted shares	121 699	170 182	Level 1	Quoted Shares	Not Applicable	Not Applicable
Unquoted shares	43 213	52 281	Level 2	Through using the index sector in the market	Not Applicable	Not Applicable
Total financial assets at fair value through other comprehensive income	164 912	222 463				
Total Financial Assets at Fair Value	241 724	334 886				
Financial Liabilities at Fair Value						
Financial derivatives - negative fair value	9 517	17 859	Level 2	Through Comparison of similar financial instruments	Not Applicable	Not Applicable
Total Financial Liabilities at Fair Value	9 517	17 859				

There were no transfers between Level 1 and 2 in the period, during 2017 & 2016.

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

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

	December 31, 2017		December 31, 2016		JD '000
	Book value	Fair value	Book value	Fair value	Fair Value Hierarchy
Financial assets not calculated at fair value					
Mandatory reserve	954 848	954 848	837 167	837 167	Level 2
Time and notice balances with Central Banks	1 373 584	1 374 528	1 557 835	1 558 648	Level 2
Certificates of deposit with central banks	256 745	256 921	462 908	463 149	Level 2
Balances and Deposits with banks and financial institutions	3 130 323	3 133 973	3 483 076	3 484 543	Level 2
Direct credit facilities at amortized cost	11 947 106	11 985 973	11 186 472	11 238 082	Level 2
Other Financial assets at amortized cost	4 286 264	4 325 843	4 397 851	4 433 427	Level 1 & 2
Total financial assets not calculated at fair value	21 948 870	22 032 086	21 925 309	22 015 016	
Financial liabilities not calculated at fair value					
Banks' and financial institutions' deposits	1 793 025	1 800 194	1 804 177	1 807 316	Level 2
Customer deposits	16 178 826	16 241 002	16 250 612	16 298 747	Level 2
Cash margin	1 761 864	1 768 395	1 663 016	1 668 239	Level 2
Borrowed funds	63 741	63 911	147 564	149 602	Level 2
Total financial liabilities not calculated at fair value	19 797 456	19 873 502	19 865 369	19 923 904	

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

50- Analysis for Assets and Liabilities Maturities

The below is an analysis for assets and liabilities maturities according to the expected period to be recovered or settled as at December 31, 2017

JD '000

Assets	UP to One Year	More than One Year	Total
Cash at vaults	318 171	-	318 171
Mandatory cash reserve	954 848	-	954 848
Balances with central banks	1 979 827	17 730	1 997 557
Balances and deposits with banks and financial institutions	3 115 323	15 000	3 130 323
Financial assets at fair value through profit or loss	42 618	23 864	66 482
Direct credit facilities at amortized cost	6 663 484	5 283 622	11 947 106
Financial assets at fair value through other comprehensive income	-	164 912	164 912
Other financial assets at amortized cost	2 477 429	1 808 835	4 286 264
Investment in subsidiaries and associates	-	965 933	965 933
Fixed assets	-	216 816	216 816
Other assets and financial derivatives - positive fair value	261 771	6 237	268 008
Deferred tax assets	45 152	-	45 152
Total Assets	15 858 623	8 502 949	24 361 572
Liabilities			
Banks' and financial institutions' deposits	1 744 775	48 250	1 793 025
Customer deposits	15 865 146	313 680	16 178 826
Cash margin	1 741 294	20 570	1 761 864
Borrowed funds	17 905	45 836	63 741
Provision for income tax	122 264	-	122 264
Other provisions	199 586	-	199 586
Other liabilities and financial derivatives - negative fair value	350 863	340 552	691 415
Deferred tax liabilities	942	-	942
Total Liabilities	20 042 775	768 888	20 811 663
Net	(4 184 152)	7 734 061	3 549 909

The below is an analysis for assets and liabilities maturities according to the expected period to be recovered or settled as at December 31, 2016:

JD '000

Assets	UP to One Year	More than One Year	Total
Cash at vaults	255 184	-	255 184
Mandatory cash reserve	837 167	-	837 167
Balances with central banks	2 324 134	-	2 324 134
Balances and deposits with banks and financial institutions	3 468 076	15 000	3 483 076
Financial assets at fair value through profit or loss	75 239	27 292	102 531
Direct credit facilities at amortized cost	5 715 798	5 470 674	11 186 472
Financial assets at fair value through other comprehensive income	-	222 463	222 463
Other financial assets at amortized cost	2 460 027	1 937 824	4 397 851
Investment in subsidiaries and associates	-	925 837	925 837
Fixed assets	-	221 973	221 973
Other assets and financial derivatives - positive fair value	253 372	5 163	258 535
Deferred tax assets	39 023	-	39 023
Total Assets	15 428 020	8 826 226	24 254 246
Liabilities			
Banks' and financial institutions' deposits	1 771 327	32 850	1 804 177
Customer deposits	15 896 132	354 480	16 250 612
Cash margin	1 651 075	11 941	1 663 016
Borrowed funds	81 720	65 844	147 564
Provision for income tax	115 248	-	115 248
Other provisions	145 015	-	145 015
Other liabilities and financial derivatives - negative fair value	393 023	234 043	627 066
Deferred tax liabilities	793	-	793
Total Liabilities	20 054 333	699 158	20 753 491
Net	(4 626 313)	8 127 068	3 500 755

51. Contractual Maturity of the Contingent Accounts

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

	December 31, 2017			JD '000
	Within 1 year	After 1 year and before 5 years	After 5 years	Total
Letters of credit	1 098 353	14 929	-	1 113 282
Acceptances	392 146	8 908	-	401 054
Letters of guarantee:				
- Payment guarantees	573 511	101 139	-	674 650
- Performance guarantees	2 511 946	994 956	87 421	3 594 323
- Other guarantees	1 956 058	623 166	53 961	2 633 185
Unutilized credit facilities	3 018 427	267 453	14 404	3 300 284
Total	9 550 441	2 010 551	155 786	11 716 778

	December 31, 2017			JD '000
	Within 1 year	After 1 year and before 5 years	After 5 years	Total
Constructions projects contracts	602	7 605	-	8 207
Procurement contracts	4 281	1 393	-	5 674
Operating lease contracts	189	2 379	13 474	16 042
Total	5 072	11 377	13 474	29 923

	December 31, 2016			JD '000
	Within 1 year	After 1 year and before 5 years	After 5 years	Total
Letters of credit	1 246 308	16 327	-	1 262 635
Acceptances	413 571	9 995	-	423 566
Letters of guarantee:				
- Payment guarantees	560 100	136 933	6 391	703 424
- Performance guarantees	2 136 244	1 048 429	644 466	3 829 139
- Other guarantees	1 957 015	610 732	381 254	2 949 001
Unutilized credit facilities	2 868 881	219 045	3 068	3 090 994
Total	9 182 119	2 041 461	1 035 179	12 258 759

	December 31, 2016			JD '000
	Within 1 year	After 1 year and before 5 years	After 5 years	Total
Constructions projects contracts	143	12 628	-	12 771
Procurement contracts	6 053	1 514	677	8 244
Operating lease contracts	396	1 512	12 674	14 582
Total	6 592	15 654	13 351	35 597

52. Capital Management

On October 31, 2016, The Central Bank of Jordan announced the instructions of capital management according to Basel III standards and stopped Basel II instructions.

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

	JD '000	
	December 31,	
	2017	2016
Common Equity Tier 1	3 135 237	3 106 115
Regulatory Adjustments (Deductions from Common Equity Tier 1)	(606 890)	(589 492)
Additional Tier 1	-	-
Supplementary Capital	213 977	200 468
Regulatory Adjustments (Deductions from Supplementary Capital)	(213 810)	(266 986)
Regulatory Capital	2 528 514	2 450 105
Risk-weighted assets (RWA)	19 069 020	18 458 324
Common Equity Tier 1 Ratio	%13.26	%13.27
Tier 1 Capital Ratio	%13.26	%13.27
Capital Adequacy Ratio	%13.26	%13.27

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

53. Transactions with Related Parties

The details of this item are as follows:

JD '000

	December 31, 2017			
	Deposits owed from Related Parties	Direct Credit Facilities at Amortized Cost	Deposits owed to Related Parties	LCs, LGs, Unutilized Credit Facilities and Acceptances
Sister and subsidiary companies	1 336 811	11 890	146 541	112 168
Associates companies	78 167	-	61 050	28 723
Major shareholders and members of the Board of Directors	-	190 012	221 772	72 658
Total	1 414 978	201 902	429 363	213 549

	December 31, 2016			
	Deposits owed from Related Parties	Direct Credit Facilities at Amortized Cost	Deposits owed to Related Parties	LCs, LGs, Unutilized Credit Facilities and Acceptances
Sister and subsidiary companies	1 269 099	104 463	74 812	152 958
Associates companies	146 766	-	25 825	26 802
Major shareholders and members of the Board of Directors	-	339 921	321 964	69 906
Total	1 415 865	444 384	422 601	249 666

- Direct credit facilities granted to key management personnel amounted to JD 1.1 million and indirect credit facilities amounted to JD 6 thousands as of December 31, 2017 (Direct credit facilities JD 1.1 million and indirect credit facilities JD 6 thousand as of December 31, 2016)
- Deposits of key management amounted to JD 2 million as of December 31, 2017 (JD 2.1 million as of December 31, 2016)
- All facilities granted to related parties are performing loans in accordance with the credit rating of the Bank. No provisions for the year have been recorded in relation to impairment in value.

JD '000

The details of transactions with related parties are as follows:

	2017		2016	
	Interest Income	Interest Expense	Interest Income	Interest Expense
Subsidiaries and sister companies	9 151	1 623	5 739	962
Associated companies	1 273	830	1 493	1 592
Total	10 424	2 453	7 232	2 554

- Interest on facilities granted to major shareholders and members of the Board of Directors is recorded at arm's length.
- The salaries and other fringe benefits of the Bank's key management personnel, inside and outside Jordan, amounted to JD 27.7 million for the year ended on December 31, 2017 (JD 26.2 million for the year ended on December 31, 2016).

54. Assets under Management

- There are no assets under management as of December 31, 2017 and 2016.

55. Cash and Cash Equivalent

JD '000

The details of this item are as follows:

	December 31,	
	2017	2016
Cash and balances with central banks maturing within 3 months	3 252 846	3 416 485
Add: Balances with banks and financial institutions maturing within 3 months	2 495 880	2 865 250
Less: Banks and financial institutions deposits maturing within 3 months	1 455 269	1 513 509
Total	4 293 457	4 768 226

56. Legal Cases

- A. In 2004, a number of civil lawsuits were filed against Arab Bank plc in the Eastern District of New York by U.S. plaintiffs and non-U.S. plaintiffs alleging that the Bank provided financial services to individuals and entities who were alleged to have some affiliation with individual «terrorists» or «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.

Regarding the claims filed by the U.S. plaintiffs by virtue of the Anti-Terrorism Act (ATA), after a civil trial, on September 22, 2014, the Bank was found liable for the damages caused by the alleged attacks perpetrated by Hamas.

Following the liability trial, the District Court scheduled a trial date for damages on August 17, 2015, to determine the amount of damages suffered by the plaintiffs (a “bellwether” damages trial). 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 said agreement.

Pursuant to the terms of the settlement agreement, the parties agreed to forego the bellwether damages trial and to proceed to appeal the “liability” verdict. The parties already filed their respective appellate briefs and the Court of Appeals heard oral argument in the case on May 16, 2017.

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 this litigation, which has been outstanding since July 2004, 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.

The claims filed by non-U.S. citizens by virtue of the Alien Tort Statute (ATS) were dismissed by the court in August 2013. Following the appeal filed by said plaintiffs, a panel of the Second Circuit Court of Appeals affirmed the district court’s 2013 decision to dismiss the foreign plaintiffs’ claims on December 8, 2015 and on May 9, 2016 the Court of Appeals en banc ruled in favor of the Bank and affirmed the decision of the Court of Appeals, dismissing all claims against it. The plaintiffs have petitioned the U.S. Supreme Court to review the decision. On April 3, 2017, the Supreme Court agreed to hear the case. The ATS Plaintiffs’ brief was filed on June 20, 2017, the Bank’s opposing brief was filed on August 21, 2017 and the ATS Plaintiffs’ reply brief was filed on September 8, 2017. The U.S. Supreme Court heard oral argument in the case on October 11, 2017. The Bank and its U.S. Counsel are confident that, based on its own precedents, the Supreme Court will concur with the decisions of the lower courts and rule in favor of the Bank.

- B. There are other lawsuits filed against the Bank totaling JD 98 million as of December 31, 2017 (JD 84.8 million as of December 31, 2016).

In the opinion of the management and the lawyers representing the Bank in the litigation at issue, the Bank will not be held liable for any amount in excess of the amount of provisions taken in connection with the lawsuits totaling JD 11 million as of December 31, 2017 (JD 12.2 million as of December 31, 2016).

57. Comparative Figures

Some comparative figures in the financial statements for the year 2016 have been reclassified to be consistent with the year 2017 presentation and it didn’t cause any changes in last years operating results.

INDEPENDENT AUDITORS' REPORT

To the Shareholders
Arab Bank PLC
Amman – Jordan

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Arab Bank PLC Company (a Public Shareholding Company) which comprise the statement of financial position as of December 31, 2017, and the statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Bank as of December 31, 2017, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

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

Emphasis of matter

We refer to disclosure Number (56) in the accompanying financial statements in relation to the lawsuits filed against the Bank in the United States of America in 2004. This has no impact on our unmodified opinion.

Other Matter

The financial statements for the year ended 31 December 2016 were audited by Deloitte & Touche (Middle East) – Jordan as the sole auditor of the Bank for the year 2016. Unqualified opinion was issued on the financial statements on 29 January 2017. Ernst & Young – Jordan and Deloitte & Touche (Middle East) – Jordan were appointed as joint auditors of the Bank for the year 2017 in accordance with Central Bank of Jordan regulations for corporate governance.

Key Audit Matters

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

<p>Provision for Lawsuits and Legal Claims Risks</p> <p>According to the International Financial Reporting Standards, the Bank has to estimate the provision for lawsuits and legal claims, in particular the lawsuit and the related settlement in the United States of America, legal claims associated with it, and the reserving against these claims at the end of each reporting period. Moreover, since the provision for legal claims is based on accounting estimates, it was considered a key audit matter since the assessment process depends heavily on professional judgment which is based on the expected assumptions of the future outcomes for the lawsuits and related settlements, and management's estimates based on the legal inputs and the recommendations of the Bank's legal counsels.</p>	<p>Scope of Audit procedures to Address the Risk</p> <p>Our audit procedures included obtaining support from internal and external legal counsels handling the lawsuits in evaluating the adequacy of management's estimates and probabilities of the expected outcome, in particular to those related to assessing the associated risks and contingent liabilities. In addition, our procedures included assessing the adequacy of the disclosures of the legal cases and the related settlement in the United States of America as set out in Note (56).</p>
<p>Adequacy of Provision for Impairment of Credit Facilities and suspension of interest on non-performing loans</p> <p>The provision for impairment of credit facilities is considered a key audit matter to the financial statements, as its calculation requires assumptions, management's use of estimates for deterioration in credit ratings and the probabilities that credit facilities will not be collected as a result of the deteriorating in economic and financial conditions and in the case of inadequate guarantees.</p> <p>The nature and characteristics of credit facilities granted to these debtors vary from one sector to another and from one country to another, due to the external wide span of the Bank. Therefore, the impairment provision calculation methodology varies due to varied sectors and varied risk assessment relating to those countries and their legal and regulatory requirements.</p>	<p>Scope of Audit procedures to Address the Risk</p> <p>The performed audit procedures included understanding the nature of the credit facilities portfolio, testing the internal control system followed in credit granting, booking and monitoring, and assessing the reasonableness of management's estimates of the provision for impairment. We also have understood the Bank's policy in calculating the provision, and tested a sample of performing, watch-list, and non-performing credit facilities at the Bank level as a whole. We have evaluated the factors affecting the calculation of the provision for impairment of credit facilities. This included evaluating the available collaterals, customers' financial net worth, management's estimates of future cash flows, and regulatory requirements issued by central banks.</p>

<p>Furthermore, Interest is suspended after 90 days from impairment event (default date), Judgment is applied as to determining when the default date occurred which affects the amount of interest to be suspended.</p>	<p>We have also discussed these factors with executive management to verify the adequacy of the provision, as well as recalculated the provision needed for the selected sample.</p> <p>Furthermore, we have also evaluated the appropriateness and adequacy of the disclosure with regards to the credit facilities impairment provision and the associated risks as stated in Note (10).</p> <p>Moreover, Our audit procedures over the interest in suspense included selecting a sample from the schedules of non-performing loans and interest in suspense, and tested suspended interest including recalculation in accordance with CBJ regulations, and assessing the criteria used by management for determining the impairment event.</p> <p>Disclosures of interest in suspense are detailed in Note (10) to the financial statements.</p>
<p>Valuation of Unquoted Investments</p> <p>The recognition of unquoted investments in regulated markets is based on fair value and the available key inputs. These investments are stated in Notes (9) and (49). The valuation technique used by the Bank to measure the fair value of these investment is based on market index method for similar investments.</p>	<p>Scope of Audit procedures to Address the Risk</p> <p>As a result of the lack of quoted market prices for these investments, the valuation technique for unquoted investments was a key audit matter to our audit. Thus, we have reviewed the valuation model prepared by the Bank, and discussed it with the Bank's finance team management. Moreover, our audit procedures included testing the internal controls related to the used valuation techniques and assumptions used to assess the reasonableness of the valuation model and appropriateness of the related assumptions.</p>

<p>Foreign Currency Translation Reserve</p> <p>Due to its wide spread in multiple countries and its dealing with numerous foreign currencies, the Bank is exposed to the risk arising from the fluctuation of those currencies due to the economic conditions of those countries. Therefore, translation of the financial assets and financial liabilities of the branches and subsidiaries abroad from the local currency (functional) to the Jordanian Dinar is considered a key audit matter to our audit. Moreover, exchange differences arising from the revaluation of the net investment in the branches and subsidiaries abroad are recorded in the statement of other comprehensive income.</p>	<p>Scope of Audit procedures to Address the Risk</p> <p>Our audit procedures included testing the internal control system which related to the use of foreign exchange rates approved by the management in addition to reviewing a sample of those rates and matching them with the rates published by the Central Bank of Jordan. Furthermore, we have recalculated a sample of foreign exchange translation differences reflected in the statement of other comprehensive income.</p>
<p>Valuation of Financial Derivatives</p> <p>The valuation of Derivatives is a complex area that requires the use of models and forecasting of future cash flows including other factors to determine the fair value of the Derivatives. The details of financial derivatives are disclosed in Note (40).</p>	<p>Scope of Audit procedures Risk Approach</p> <p>Our audit procedures included an assessment of the methodology and appropriateness of the valuation models prepared by the Bank. As part of these audit procedures, we assessed the reasonableness of key inputs used in the valuation such as expected cash flows and discount rates by benchmarking them with external data.</p>

Other Information

Management is responsible for the other information. The other information comprises of the information stated in the Annual Report and does not include the financial statements and our auditors' report thereon. The Annual Report is expected to be made available to us after the date of this auditors' report. Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risk, 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 the one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidenced obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosure are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represents the underlying transactions and events in a manner that achieves fair presentation.

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

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

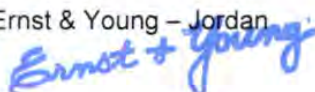
From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law and regulations preclude 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 reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

The Bank maintains proper books of accounts which are in agreement with the financial statements. We recommend that the General Assembly of the shareholders to approve these financial statements.

Amman – Jordan
January 30, 2018

Ernst & Young – Jordan



Deloitte & Touche (Middle East) - Jordan

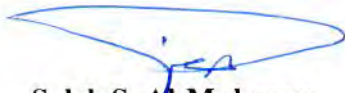
The Board of Directors confirms that there are no significant issues that may affect the continued operations of the Bank during the financial year 2018.



Sabih T. Masri
Chairman



Bassem I. Awadallah
Deputy Chairman



Saleh S. Al-Muhanna
Representing
The Ministry of Finance
Saudi Arabia



Nazek Odeh / Al-Hariri



Suleiman H. Al-Masri



Hamzeh A. Jaradat
Representing
The Social Security Corporation



Khaled A. (Zand Irani)
Representing
Abdul Hamid Shoman Foundation



Wahbe A. Tamari



Bassam W. Kanaan



Abbas F. Zuaiter



Alaa A. Batayneh




Musallam A. Musallam

The Board of Directors confirms its responsibility for the preparation of the financial statements, and for implementing an effective internal control system in line with international standards.



Sabih T. Masri
Chairman



Bassem I. Awadallah
Deputy Chairman




Saleh S. Al-Muhanna
Representing
The Ministry of Finance
Saudi Arabia



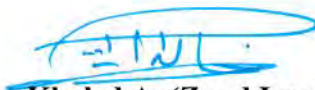
Nazek Odeh / Al-Hariri



Suleiman H. Al-Masri



Hamzeh A. Jaradat
Representing
The Social Security Corporation




Khaled A. (Zand Irani)
Representing
Abdul Hamid Shoman Foundation



Wahbe A. Tamari




Bassam W. Kanaan



Abbas F. Zuaiter



Alaa A. Batayneh



Musallam A. Musallam

The Chairman, the Chief Executive Officer and the Group Chief Financial Officer attest to the accuracy and completeness of the financial statements and the financial information of this report as at 31 December 2017.



Sabih Taher D. Masri
Chairman



Nemeh Elyas Sabbagh
Chief Executive Officer

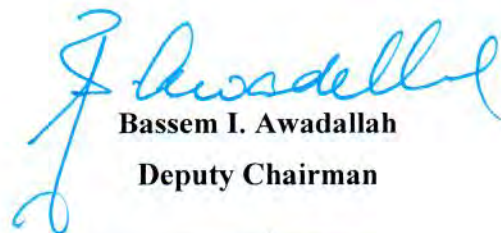


Ghassan Tarazi
Chief Financial Officer

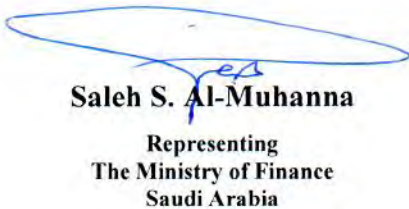
The Board of Directors confirms that none of its members or those related to them received any benefits, whether material or in-kind, for the fiscal year 2017.



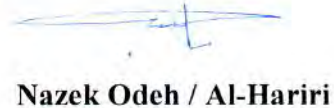
Sabih T. Masri
Chairman



Bassem I. Awadallah
Deputy Chairman




Saleh S. Al-Muhanna
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The Ministry of Finance
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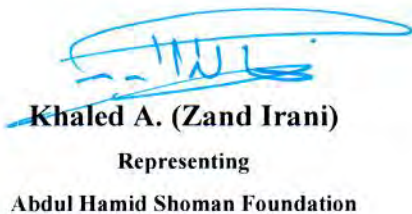
Nazek Odeh / Al-Hariri



Suleiman H. Al-Masri



Hamzeh A. Jaradat
Representing
The Social Security Corporation



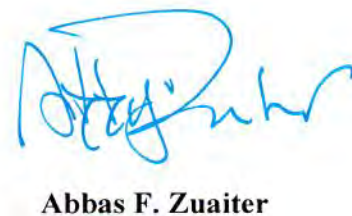
Khaled A. (Zand Irani)
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Wahbe A. Tamari



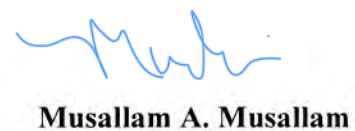
Bassam W. Kanaan



Abbas F. Zuaiter



Alaa A. Batayneh



Musallam A. Musallam

ATTESTATION STATEMENT CONFIRMING THAT NON OF THE BOARD OF DIRECTORS MEMEBERS OR THOSE RELATED TO THEM RECEIVED ANY BENEFITS, WHETHER MATERIAL OR IN-KIND

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Introduction

Arab Bank attaches considerable importance to good corporate governance practices and the Board is committed to implementing the highest professional standards in all the Bank's activities. In this regard the Bank follows the instructions of the Central Bank of Jordan which adopted the Basel Committee's recommendations on Corporate Governance. The Bank also observes the requirements of the relevant regulatory / official entities in Jordan and in the other countries in which it operates.

A pioneer to commit to best practices of Corporate Governance in the Middle East, Arab Bank established the Audit Committee in early 1996 followed by the Corporate Governance Board Committee in 2002. The Nomination and Remuneration Committee was established in 2006, while the Risk Committee and the Strategy Committee were formed in 2007.

This Corporate Governance Code is based on the Code of Corporate Governance for Banks in Jordan and related instructions issued by the Central Bank of Jordan and after aligning it with the Jordanian Banking Law, the Companies Law in addition to the Memorandum and Articles of Association of the Bank .

This Code will continue to be reviewed and developed from time to time and whenever necessary to meet the Bank's changing needs and expectations and to keep up with the changes that may occur in the marketplace.

Article (1): Commitment to Corporate Governance

There is a consistent set of relationships between the Bank, its Board of Directors, Shareholders and other interest groups. The relationship structure deals with the general framework of the Bank's strategy and the necessary means to achieve its goals. The general framework of corporate governance ensures a fair treatment of all shareholders including minority and foreign shareholders. The Bank also recognizes the rights of all shareholders as stipulated by the law, and assures providing them with all necessary information on the Bank's activities and the commitment of its Board members and their accountability to the Bank and its Shareholders.

The Bank has amended this Code in compliance with the instructions of the Central Bank of Jordan issued in its circular No. 58/2014 and in alignment with its needs and policies. This Code has been approved by the Board of Directors in its meeting of 29/1/2015 and has been amended on 28/1/2016. On 27/10/2016 this Code was amended in compliance with the requirements of the Amended Corporate Governance Regulations for Banks issued by the Central Bank of Jordan No. 63/2016. An updated version has been posted on the Bank's website. It is also available to the public upon request. The Bank discloses its compliance with the Corporate Governance Code in its Annual Report .

Article (2): Definitions

In this Code (and unless the context requires otherwise) the following words and expressions shall have the meanings respectively assigned to them herein below:

- a- Corporate Governance:** The system of rules by which the Bank is directed and controlled and which essentially involves identifying the Bank's corporate objectives and the framework for attaining them, the safe operation of the Bank's business, securing the interests of depositors, shareholders and other stakeholders, and compliance with the Bank's bylaws and internal policies.
- b- Suitability:** the fulfilment of certain requirements and criteria by the members of the Board and senior executives.
- c- The Board:** the Board of Directors of the Bank.
- d- Stakeholders:** any person/group/organization that has interest or concern in the Bank such as depositors, shareholders, employees, debtors, customers or competent regulatory authorities.
- e- Major Shareholder:** The person holding (5%) or more of the Bank's share capital whether directly or indirectly.
- f- An Executive Director:** a member of the Board who is paid in consideration for his/her employment at the Bank.
- g- An Independent Director:** a member of the Board who is not subject to any influences that may restrict his ability to make objective decisions for the benefit of the Bank and who satisfies the conditions set out in Article (3/c) of this Code.
- h- Senior Executive Management:** Include the Chief Executive Officer, Deputy Chief Executive Officer, Chief Financial Officer, Chief Operations Officer, Chief Risk Officer, Head of Audit, Head of Treasury, Head of Regulatory Compliance in addition to any other Bank employee who has an executive authority that is equal to the authority of any of the aforementioned and reports directly to the Chief Executive Officer.

Article (3): Composition of the Board

- a) The Board shall be comprised of twelve non-executive members who shall be elected by the General Assembly for a term of four years. The Chairman and Deputy Chairman shall be elected by the members of the Board.

- b) The Board shall have a minimum of four independent members.
- c) The Nomination and Remuneration Committee shall specify the necessary conditions that ensure the independence of the Board Member. The conditions shall include, at a minimum, that the independent member:
 - 1. Has not been an executive member of the Board during the three years preceding the date of his election.
 - 2. Has not been employed by the Bank or any of its subsidiaries in the three years preceding the date of his election.
 - 3. Is not a relative (up to the second degree) of any of the other members of the Board or any Board member of the subsidiaries of the Bank or a relative of any of the Bank's major shareholders.
 - 4. Is not a relative of any of the senior executive management members of the Bank or any of the senior executive management members of the subsidiaries of the Bank up to the second degree.
 - 5. Is not a partner or employee of the external auditor of the Bank, or has been such a partner or employee during the past three years preceding the date of his election as member of the Board and is not a relative (up to the first degree) with the partner responsible for the audit.
 - 6. Is not a major shareholder in the bank or a representative or associate of a major shareholder in the Bank, nor should his shareholding constitute, along with his associate shareholder, a major shareholding, nor is a major shareholder of one of the Bank's subsidiaries.
 - 7. Has not been a member of the Board of Directors of the Bank or any of its subsidiaries for more than eight consecutive years.
 - 8. Has not obtained, personally or through any other company in which he is a Board Member or owner or a major shareholder, credit facilities from the bank in excess of 5% of the Bank's share capital, nor is a guarantor of a facility which amount is in excess of the said percentage.
 - 9. has adequate knowledge or experience in the financial and banking sectors.

Article (4): Board Meetings

- a) The Board shall meet not less than 6 times per year.
- b) Board members must attend the meetings in person, and if unable to attend, the member can give his/her views through video or telephone after the approval of the Chairman in which case such member will not be entitled to vote or sign the minutes of the meeting.
- c) The senior executive management should, and the Chairman should ensure that, the Members of the Board are provided with the agenda of the meeting and all relevant documents prior to the meeting.

- d) Deliberations and proceedings of the meetings of the Board and its Committees shall be fully and accurately minuted along with any reservation that may be voiced by any member. Such minutes shall be duly and properly kept.

Article (5): Responsibilities of the Board of Directors

(1) The Board of Directors should:

- a) Oversee and monitor the executive management and its performance, ensure the financial soundness and solvency of the Bank, and approve appropriate policies and procedures to supervise and control the Bank's performance.
- b) Specify the strategic objectives of the Bank, instruct the executive management to set a strategy for achieving those objectives and approve the strategy and such work plans that are compatible therewith.
- c) approve a policy for monitoring and supervising the performance of the executive management by setting key performance indicators to gauge and observe performance and progress towards the implementation of the strategic plan of the Bank.
- d) Ensure the availability of policies, plans and procedures for all the Bank's activities and that such policies, plans and procedures are in compliance with the relevant applicable legislation, are being circulated to all levels of management and are being regularly reviewed
- e) Identify a corporate culture of high ethical standards and integrity alongside setting and enforcing clear lines of responsibility and accountability throughout the Bank .
- f) Bear the ultimate responsibility for the Bank's business including its financial status , and its compliance with the requirements of the Central Bank and such other regulatory authorities. The Board shall also be ultimately responsible for safeguarding the interests of the Stakeholders, ensuring that the Bank is being operated in accordance with its bylaws and internal policies and that effective supervision and control measures over the activities of the Bank, including those outsourced, are always available.
- g) Appoint and accept the resignation or terminate the employment of any member of the Senior Executive Management based on the recommendation of the Nomination and Remuneration Committee. The Bank shall obtain a no – objection letter from the Central Bank of Jordan to the resignation or termination of employment of the Chief Executive Officer, and the audit, compliance and risk management directors.
- h) approve and annually review the internal control systems of the Bank and ensure that the internal and external auditors review the structure of these systems once a year at least.
- i) Ensure the constant independence of the external auditor.
- j) Approve and monitor the implementation of the risk management strategy including the Bank's risk tolerance/appetite and ensure that the Bank is

not exposed to high risks, that the Board is cognizant of the operational environment and associated risks and that all needed risk management instruments and infra structure are available and able to identify, measure, control and supervise all kinds of risks to which the Bank may be exposed.

- k) Ensure an adequate and reliable information management system covering all the activities of the Bank.
- l) Ensure that the Bank's credit policy includes a corporate governance evaluation system for its corporate customers, in particular the public shareholding companies whereby the risk is evaluated by points of weakness and strength according to their implementation of sound corporate governance practices.
- m) Ensure that the Bank adopts social initiatives in the field of environment, health and education.
- n) Adopt sufficient procedures to ensure clear separation of powers between controlling shareholders on the one part and executive management of the Bank on the other in order to reinforce sound corporate governance. The Board shall also attain proper mechanisms to limit the influence of the controlling shareholders through, inter alia, the following:
 - 1. Preclude the employment of a controlling shareholder in a Senior Executive position.
 - 2. Ensure that the Senior Executive Management obtains its authority solely from the Board and that it functions within the framework of the authorizations granted to it thereby.
- o) Approve the organizational structure of the Bank that shows the administrative hierarchy including Board Committees and executive management.
- p) Approve the strategies and policies at the Group level (including the sister company), approve the administrative structures for the subsidiaries and establish a corporate governance code at the Group level taking into account the instructions issued in this regard by the central banks or regulatory authorities in the countries in which the subsidiaries operate.
- q) Determine the banking operations which require the approval of the Board of Directors subject always to limiting the scope of operations requiring the Board's approval in order not to prejudice the supervisory role of the Board and subject also to not granting the Board any executive authorities including the granting of credit to a single Board Member including the Chairman
- r) Determine the responsibilities of the Secretary of the Board which shall include: -
 - 1. Attending all meetings of the Board and recording all deliberations, suggestions, objections, and results of voting on Board resolutions.
 - 2. Setting the dates for the Board meetings in coordination with the Chairman.

3. Ensuring that all Board members sign the minutes of the meetings and the Board resolutions.
 4. Monitor the implementation of the Board resolutions, and following-up on topics postponed from previous meetings.
 5. Keeping records and documents of board meetings.
 6. Ensuring that the draft resolutions intended to be issued by the Board are consistent with the applicable rules and regulations.
 7. Prepare for the General Assembly meetings and to coordinate with the Board's Committees in this regard.
 8. submit the suitability attestations signed by each of the Board members to the Central Bank.
- s) Allow direct communication between the members of the Board of Directors and its Committees with the executive management and the Secretary of the Board and facilitate the performance of their duties including seeking the assistance, at the expense of the Bank and upon its approval, of third parties provided always that the acts of the members of the Board do not influence the decisions of the executive management apart from through deliberations during the meetings of the Board or its Committees.

(2) Role of the chairman:

- a) Encourage efficient relationship between the Board of Directors and the executive management.
- b) Promote critical discussions of issues deliberated by the Board and ensure different views are expressed and discussed during the decision-making process.
- c) Ensure that the Board Secretary provide the Board members with the minutes of previous meetings and get them signed, and ensure timely provision of board meetings' agendas and documents provided that the said agendas contain sufficient information about the items that will be discussed. The Secretary of the Board shall be responsible for providing the Board members with the documents.
- d) Ensure that there exists a charter that sets out the Board of Directors' mandate and scope of work.
- e) Encourage thorough discussions of strategic and critical issues by the Board.
- f) Provide each Board Member, upon his election, with the laws and regulations that govern bank's activities and the instructions of the Central Bank of Jordan including this Corporate Governance Code and a manual outlining the rights, responsibilities and duties of the Member and the responsibilities and duties of the Secretary of the Board.

- g) Provide each member with comprehensive summary of the Bank's activities upon his/her election or request.
- h) To accommodate the Board members' needs for continuous enhancement of their knowledge and expertise and to allow new Board members, taking into consideration his/her banking background, to join a orientation program that includes at the minimum:
 1. The organizational structure of the Bank, corporate governance and the code of conduct.
 2. Corporate objectives and the Bank's strategic plan and approved policies.
 3. The financial position of the Bank.
 4. The Bank's risk structure and the risk management framework.
- i) Discussing with each new Member and in cooperation with the Bank's legal Counsel, the duties and responsibilities of the Board, in particular; issues pertaining to the legal and regulatory requirements, the term of the Board membership, dates of the meetings, responsibilities and duties of the Board Committees, the amount of remuneration and the ability to seek and obtain an independent specialized opinion if the need arises.

(3) Members of the Board of Directors shall:

- a) Have adequate knowledge of applicable legislation and principles pertaining to the banking industry and the operational environment of the Bank and keep up with major changes in these fields including the requirements of employment in Senior Executive Management positions.
- b) Attend Board meetings, Board Committees and the General Assembly meetings.
- c) Not disclose any Bank confidential information or use the same for his or another's benefit.
- d) Prioritize the Bank's interest in all transactions with any other company in which he/she has a personal interest, not allow competition over business opportunities between the Bank and such other company, avert conflict of interests and disclose to the Board of Directors the details of any conflict of interest situation and abstain from attending or voting in the meeting in which such matter is to be discussed. Such disclosure should be recorded in the minutes of meeting.
- e) Dedicate enough time to fulfill his/her duties as a member of the Board of Directors.

(4) The responsibility of the Board of Directors and its accountability:

- a) Set and enforce clear guidelines for responsibility and accountability at all levels at the Bank and comply and ensure compliance therewith.
- b) Ensure that the organizational chart clearly reflects the lines of responsibility and authority, which chart shall include at least the following supervisory levels:

1. Board of Directors and its Committees.
 2. Separate departments for risk, compliance and internal audit that do not carry out daily executive tasks.
 3. Units/employees not involved in the daily operations of the Bank's activities.
- c) Ensure that the Senior Executive Management carries out its duties relating to the oversight of the day-to-day management of the Bank, contributes to the implementation of sound corporate governance, delegates duties to employees, establishes an effective management structure that promotes accountability, and ensures that the Bank's activities are consistent with the policies and procedures approved by the Board.
 - d) Approve appropriate controls systems that enables it to hold the executive management accountable.
 - e) Ensure that there is no Chairman /Chief Executive Officer duality and that neither the Chairman nor any of the Board members is related to the Chief Executive Officer up to the fourth degree.

Article (6): Chief Executive Officer

In addition to what is stipulated in the legislation, the Chief Executive Officer shall have the following responsibilities:

- a) Develop the strategic objectives of the Bank.
- b) Implement the Bank's strategies policies.
- c) Implement the Board's decisions.
- d) Provide guidance for the implementation of short and long-term action plans.
- e) Communicate the Bank's vision, mission and strategy to the Bank's employees.
- f) Inform the Board of all significant aspects of the Bank's operations.
- g) Manage day-to-day operations of the Bank.

Article (7): Board Committees

Board Committees shall be formed by the Board from among its members. The Board shall define the committees' objectives and delegate its authorities thereto according to the Charter of each Committee. These committees shall periodically report to the Board of Directors. The formation of these Committees shall not exonerate the Board from its responsibilities.

A member of the Board of Directors cannot be Chairman of more than one of these Committees (Corporate Governance, Audit, Nomination and Remuneration and Risk Management Committees). Moreover, a member of the Board of Directors cannot be chairman of more than two of the Board Committees.

The Board Committees are:

a) The Corporate Governance Committee:

The Committee shall comprise of, at least, three Board members provided that the majority of the members are independent directors and should include the Chairman of the Board. The Committee shall direct and examine the preparation and review of the corporate governance code and monitor its implementation.

b) The Audit Committee:

1. The Audit Committee shall be comprised of at least three Board members provided that the majority of the members, including the Chairman of the Committee, shall be independent members and provided also that the Chairman of the Committee shall neither be the Chairman of the Board nor the Chairman of any other Board Committee.
2. The Audit Committee members should have professional financial or accounting qualifications and practical experience in the fields of accountancy, finance or any other specializations or similar areas that are relevant to the Bank's business.
3. The Audit Committee shall meet (4) times per year and whenever necessary.
4. The Audit Committee shall review the following:
 - a) The scope, results and adequacy of the Bank's internal and external audits.
 - b) Accountancy issues that will have a significant impact on the Bank's financial statements.
 - c) The Bank's internal controls.
 - d) The Compliance Department's annual plan.
5. The Audit Committee shall submit its recommendations to the Board regarding the external auditor's appointment / termination of appointment, remuneration, and other terms of engagement taking into account any non-audit services that they have performed, in addition to assessing the independence of the external auditor.
6. Provided that such authority is granted to the Audit Committee in its chart, the Committee may obtain any information from executive management, and summon any executive or Director to attend its meetings.
7. The Audit Committee shall meet, at least once a year, with each of the Bank's external auditor, the internal auditor and the compliance officer, without the presence of the executive management.
8. The Audit Committee shall review and monitor the procedures that enable employees to confidentially communicate any error in the financial reports or any other observation. The Committee shall ensure proper arrangements to ascertain an independent investigation and follow up.
9. The duties of any other Committee may not be merged with the duties of this Committee.

c) The Nomination & Remuneration Committee:

1. The Nomination and Remuneration Committee shall be comprised of at least three Board members the majority of whom including its Chairman shall be Independent members.
2. The Committee shall meet whenever necessary.
3. Duties and responsibilities of the Nomination and Remuneration Committee shall be as follows:
 - a) Recommending qualified candidates for the membership of the Board of Directors taking into consideration the candidates' qualifications and skills. In case of re-nomination, the regular attendance of such candidate of Board meetings and active participation in the meetings shall be taken into consideration.
 - b) Recommending to the Board qualified candidates for appointment to senior executive management jobs.
 - c) Ensuring that Board members attend workshops or seminars related to Banking topics with particular emphasis on Risk management, Corporate Governance and other latest updates in the banking industry.
 - d) Defining and annually reviewing the fulfilment of criteria that designates a member as independent.
 - e) Setting specific standards to evaluate the performance of the Board and the Chief Executive Officer objectively.
 - f) Providing, upon request, background information and summaries to the members of the Board regarding certain significant matters about the Bank and ensure keeping the members up with material updates in the Banking industry.
 - g) Ensuring that there exists a Performance Incentives Policy and that such policy is being implemented and periodically reviewed. The Committee shall also recommend the compensation and benefit plan for the Chief Executive Officer and other senior executive managers.
 - h) Creating a clear methodology to ascertain that a member of the Board dedicates adequate time to carry out their duties as a Board member.

d) The Risk Management Committee:

1. The Risk Management Committee shall be comprised of at least three Board members, one of whom shall be an independent member, in addition to the Chief Executive Officer and Head of Risk Management.
2. The Committee shall meet four times a year and whenever necessary.
3. Duties and responsibilities of The Risk Management committee shall include:
 - a) Review the Bank's risk management framework.
 - b) Review the Bank's risk management strategy prior to being approved by the Board.

- c) Ongoing monitoring of risk factors that might affect the risk profile of the Bank and submitting regular reports to the Board.
- d) Identify any variance between the actual risk taken by the Bank and tolerable risk as approved by the Board.
- e) Identify and regularly report to the Board any risk factors with major effect on the Bank or any other activities that might put the Bank at a risk level higher than the tolerable risk approved by the Bank and follow up on the identified issues.

e) The Corporate Strategy Committee:

1. The Corporate Strategy Committee shall be comprised of three Board members in addition to the Chairman of the Board, Chief Executive Officer and Deputy Chief Executive Officer.
2. The Committee shall meet whenever necessary.
3. Duties of the Corporate Strategy Committee shall include:
 - a) Supervising all elements pertaining to the Bank's strategy and ensuring that there is in place general policies for the implementation of the Bank's strategy.
 - b) Approving all strategic decisions and providing direction to the executive management.
 - c) Reviewing and approving any new investments such as mergers, acquisitions, penetration of new markets, and disposing of any of the Bank's assets or of its subsidiaries.

f) The Credit Committee:

1. The Credit Committee shall be comprised of the Chairman of the Board and four Board members, one of whom may be an Independent member provided that he is not also a member of the Audit Committee. Members of the senior management may participate in the Committee's meetings.
2. The Committee shall meet whenever necessary.
3. The Board Credit committee shall approve granting loans and credit which amounts exceed those within the authority of the higher Credit Committee upon the recommendation of the Higher Credit Committee and in accordance with to the credit policy and credit limitations approved by the Board of Directors.
4. The Credit Committee shall regularly submit to the Board details of the credit facilities approved thereby.

g) The IT Corporate Governance Committee:

1. The Information Technology Governance Committee shall be comprised of at least three members of the Board.
2. The Committee shall meet at least quarterly.
3. The ITCG shall regularly submit reports to the Board of Directors.
4. The ITCG Committee shall carry out its duties according to the IT Governance & Management Manual approved by the Board of Directors.

Article (8): Suitability of Board members:

- a) The Board of Directors shall approve an effective policy to ensure suitability of its members provided that the said policy include the minimum standards, requirements and conditions that a nominated or elected member should fulfil and that such policy be reviewed whenever necessary. Sufficient procedures and controls should also be identified to ensure that all members fulfil and remain fulfilling those requirements.
- b) The Chairman and Board members should meet the following criteria:
 1. Not to be less than twenty-five years of age.
 2. Not to be a member of the Board of any other bank in Jordan or its General Manager or employee unless the other bank is a subsidiary of Arab Bank's.
 3. Not to be the Bank's lawyer, legal advisor or auditor.
 4. Have a bachelor degree at a minimum specializing either in economics, finance, accounting or business administration or any other related field.
 5. Not to be a government employee or employee of an official public institution unless he/she is a representative of that entity.
 6. Not to be a member of the board of directors of more than five public shareholding companies in the Kingdom whether in a personal capacity or as representative of a legal entity.
 7. Possess expertise of not less than 5 years in banking, finance or similar specializations.
- c) The Chairman and members of the Board should each sign a Suitability Attestation in the approved form. The signed form shall be kept at the Bank and a copy thereof shall be sent to the Central Bank of Jordan along with the Member's Curriculum Vitae.
- d) The Chairman shall ensure that any critical information that may adversely affect the suitability of any Member is disclosed to the Central Bank of Jordan.

Article (9): Suitability of Senior Executives:

- a) The Board of Directors shall:
 1. Approve a policy that would ensure the suitability of the members of the Senior Executive Management provided that such policy include the minimum criteria, procedures and controls that ought to be met by the members. The policy is to be reviewed by the Board of Directors from time to time and the Board should set out procedures, and adequate controls to ascertain that the criteria is being met by all members of the Senior Executive Management and they continue to be met.
 2. Appoints a Chief Executive Officer of integrity, technical competence and banking experience after obtaining the no-objection from the Central Bank of Jordan.

3. Approve the appointment of any of the Senior Executive Management members after obtaining a no-objection statement from the Central Bank of Jordan.
 4. Approve a succession plan for the Senior Executive Management and review the plan once at year at a minimum.
 5. Timely disclose to the Central Bank of Jordan any material information that may adversely affect the suitability of any member of the Senior Executive Management.
- b) The Following conditions should be fulfilled by an appointed senior executive:
The appointed member:
1. Should not be a member of the Board of Directors of any other bank in Jordan unless the other bank is a subsidiary of Arab Bank's.
 2. Should be dedicated full time to the management of the Bank's business.
 3. Should have, at a minimum, a bachelor degree in economics, finance, accounting or business administration or any other related field.
 4. Should have a minimum of five year experience in banking or a related field, except for the position of Chief Executive Officer which occupant should have a minimum of ten year experience in banking.
- c) A "no objection" letter should be obtained from the Central Bank of Jordan prior to the appointment of any Board Member to a Senior Executive Management office accordingly the Bank, prior to such appointment, ought to obtain from the candidate his/her Curriculum Vitae along with any academic certificates, certificates of expertise, certificate of good conduct and such other necessary documentation. The Member will also be asked to sign the approved Suitability Attestation form and the Bank will provide the Central Bank of Jordan with a copy thereof along with the Curriculum Vitae.

Article (10): Evaluating the performance of the Board and Senior Executives

- a) The Board of Directors shall develop a mechanism to evaluate its performance and that of its members provided that such mechanism shall at least include the following:
1. Set specific goals and define the role of the Board to achieve these goals in a measurable manner.

2. Identify key performance indicators based on the plans and strategic goals and use them to measure the performance of the Board.
 3. Communication between the Board and the shareholders and the regularity of such communication.
 4. Regularity of the meetings of the Board of Directors with the senior executive management.
 5. The member's participation in the Board meetings, comparing his/her performance with that of other Board members and getting the members feedback in order to improve the evaluation process.
- b) The Nomination and Remuneration Committee shall be responsible for evaluation, on an annual basis, the performance of the Board as a whole, its committees and members, and inform the Central Bank of the results of such evaluation.
- c) The Board shall, on an annual basis, evaluate the performance of the Chief Executive Officer according to an evaluation mechanism set by the Nomination and Remuneration Committee which shall include key performance indicators. The aspects of evaluation of the performance of the Chief Executive Officer shall include the administrative and financial operation of the Bank and the achievement of the medium and long term goals and strategies of the Bank. The Committee shall inform the Central Bank of Jordan of the results of the evaluation.
- d) The Board shall adopt a system to measure the performance of the Bank's executives who are not members of the Board, and Chief Executive Officer. This system should include at a minimum the following:
1. To appropriately measure the extent of commitment to the framework of risk management, internal controls and regulatory requirements.
 2. The total revenue and profitability shall not be the sole measurement indicator; risks related to basic operations and customer satisfaction should and such other indicators should also be considered.
 3. Not using one's position of power and conflict of interests.

Article (11): The Remuneration for the Board and Executives

- a) The Board of Directors shall adopt procedures to determine the remuneration of its members, based on the evaluation system, approved thereby.
- b) The Nomination and Remuneration Committee shall be responsible for setting an objective and transparent remuneration policy for the Executive Management.

- c) The Remuneration policy should include the following key points at a minimum:
1. To be structured to retain and recruit qualified and experienced executives, and to motivate them and promote their performance.
 2. To be designed to ensure that it shall not to be used in a manner that might affect the soundness and reputation of the Bank.
 3. To take into consideration the risks, liquidity, profits and its timing.
 4. To ensure that remuneration is not based on the performance of the current year only but takes into consideration the medium and long term performance (3-5 years).
 5. To reflect the goal, value and strategy of the Bank.
 6. To define the form of the remuneration such as fees, salaries, allowances, bonuses, share options or any other form of benefits.
 7. The possibility of postponing payment of a reasonable proportion of the remuneration. The amount of such proportion and the postponement period shall depend on the nature of the work, the risks associated therewith and the concerned executive's activities.
 8. Executives of supervisory departments (risk management, audit, compliance, etc.) should not be given remunerations based on the performance of the departments that they monitor

Article (12): Conflict of Interests

- a) Executives should avoid conflict of interests.
- b) The Board shall adopt a policy and procedures to handle conflict of interests and disclose any such conflicts which may arise as a result of the inter-group relationships.
- c) The Board shall adopt policies and procedures for dealing with related parties to include the definition of these parties, taking into consideration the regulations, terms of transactions, approval procedures and a mechanism to monitor these transactions, to ensure consistency with the policies and procedures.
- d) The supervisory departments in the Bank shall ensure that any dealings involving the related parties have been carried out in accordance with the approved policy and procedures; the Audit Committee shall review and monitor all related parties' transactions and update the Board on the same.
- e) The Board shall ascertain that the Senior Executive Management implement the adopted policies and procedures.
- f) The Board shall adopt controls to manage the transfer of information within various departments, to prevent using such information for personal gain.
- g) The Board should approve policies and a Code of Conduct and circulate the same to executives, that shall, at a minimum, include:
 1. Executives not to use any inside information for personal gain.
 2. Rules and procedures for managing dealings with related parties.
 3. Situations that may result in conflict of interests.

- h) The Board shall ensure that executive management exercise high integrity and avoid conflict of interests.

Article (13): Internal Audit

(1) The Board of Directors shall:

- a) Ensure that the Bank's internal audit department is capable of fulfilling, among others, the following duties:
 1. To ascertain that there are adequate internal controls of the Bank's and subsidiaries' activities and to ensure compliance therewith.
 2. To ascertain adherence to internal policies, international standards and procedures, and applicable laws and regulations.
 3. To audit the Bank's financial statements and administrative reports while ensuring accuracy and timeliness.
 4. To assess compliance with the Corporate Governance Code.
 5. To examine the comprehensiveness and accuracy of the stress tests in accordance with the methodology approved by the Board.
 6. To ensure the accuracy of the procedures used for the internal evaluation of the Bank's capital adequacy.
- b) To ensure and enhance the independence of internal auditors, ensure that they are well positioned in the bank's hierarchical structure and that they are well qualified to perform their duties including being entitled to access all records and information and to communicate with any employee of the Bank in order to perform their work and prepare reports with no external influence.
- c) Take necessary measures to enhance the efficiency of the internal audit through:
 1. Emphasize the importance of the internal audit function and reinforce that in the Bank.
 2. Requiring timely correction of audit findings.
- d) To adopt Internal Audit charter that includes duties, authorities and responsibilities of the Internal Audit, and circulate it within the Bank.
- e) To ensure that the Internal Audit Department is under the direct supervision of the Audit Committee, and reports directly to the Chairman of the Committee.

(2) The Audit Committee shall be responsible for:

- a) Ensuring the sufficiency of human resources assigned to manage the internal audit work and to train them.
- b) Ensuring rotation of internal auditors to audit the various aspects of the Bank's business at least every three years.
- c) Ensuring that internal auditors are not assigned any executive function.
- d) Ensuring that all the Bank's activities are subject to audit including outsourced activities.
- e) Evaluating the performance of staff and head of internal audit.

Article (14): External Audit

- a) Rotation of external auditors should take place every 7 years at most.
- b) The first seven-years period shall be computed as of the year 2010.
- c) The new external auditor firm (when rotation is implemented) shall work jointly with the old firm for the first year.
- d) Apart from the joint audit, the old external auditor firm shall not be re-elected before at least two years from the date of its last election.
- e) The independence of the external auditor is to be assessed annually by the Audit Committee.
- f) The Board of Directors shall take necessary measures to timely correct any flaws in the internal control system or any other flaws identified by the external auditor.

Article (15): Risk Management

- a) The risk management shall be responsible for monitoring compliance of the executive departments at the Bank with the levels of risk tolerance.
- b) The Board of Directors shall ensure that correction measures and remedies are taken to mitigate risk exposures, and holding executive management accountable for exceeding the limits.
- c) The Board of Directors shall ensure that the Risk Management Department conduct periodical stress tests to gauge the Bank's ability to absorb shocks and deal with high risks. The Board shall also have a fundamental role in approving the hypothesis and scenarios used and discuss the stress tests' results and approve the measures to be taken based on the said results.
- d) The Board of Directors shall adopt a methodology for assessing capital adequacy. The methodology ought to be comprehensive, efficient and able to identify all risks that the Bank may face and shall take into consideration the Bank's strategic plan and capital plan. Additionally, the Board shall review the methodology regularly and ensure that it is duly implemented and that the Bank has adequate capital to face any risk.
- e) Before approving any expansion in the Bank's activities, The Board of Directors will have to consider all associated risks and the skills and qualifications of the Risk Management Department's personnel.
- f) The Board of Directors shall give sufficient authority to the Risk Management Department to report to the Risk Management Committee, have access to all information from the various departments within the Bank and to cooperate with other committees in order for it to fulfil its duties.
- g) The Board of Directors should adopt a charter for the Bank's tolerable risks.
- h) The responsibilities of the Risk Management Department shall include, without limitation,;
 - 1. Reviewing the risk management framework before being approved by the Board of Directors.

2. Implementing the risk management strategy in addition to developing policies and procedures to manage all types of risks.
3. Developing methodologies to identify, measure, monitor and control all types of risks.
4. Reporting to the Executive Management and the Board of Directors, through the Risk Management Committee, and with a copy to the Senior Executive Management, on the actual risk exposures for all the Bank's activities compared to the charter of tolerable risks, and to follow-up on the measures taken to remedy any negative deviations.
5. Verify the compatibility of the risk measurement methodologies with the applied management information systems.
6. Review and analyze all types of risks that the Bank may face.
7. Submitting recommendations to the Risk Management Committee on risk exposures and any exceptions to the risk management policy.
8. Providing necessary Bank risks information for use in the Bank's disclosures.

Article (16): Compliance

- a) The Board shall award the Compliance Department with the necessary authority that would ensure its direct report to the Compliance Committee and continuous recruiting of an adequate number of well trained staff.
- b) The Board of Directors shall ensure that adequate and well trained recruits are being employed at the Compliance Department.
- c) The Board shall approve the compliance policy, ensure its annual review and implementation .
- d) The Board of Directors shall approve roles and responsibilities of the compliance management.
- e) Compliance management shall report to the Audit Committee with a copy to the Chief Executive Officer.

Article (17): Stakeholders' Rights

- a) A mechanism shall be developed to guarantee communication with stakeholders by disclosing and providing relevant information about the Bank's activities through:
 1. General Assembly meetings.
 2. Annual Report.
 3. Quarterly financial reports which enclose financial data , and the Board's report on the Bank's share trading and the Bank's financial status during the year.
 4. The Bank's website.
 5. Shareholders' division.

- b) A part of the Bank's website shall be designated to clarify shareholders' rights and to encourage them to attend and vote at the General Assembly meetings. Also the documents of the General Assembly meetings, including the invitation and minutes of meetings, shall be published on the website.

Article (18): Disclosure and Transparency

- a) The Board shall ensure that all financial and non-financial information that are of interest to the stakeholders shall be published.
- b) The annual report shall include a statement to the effect that the Board is liable for the accuracy and completeness of the financial statements of the Bank and all other information in the report in addition to the adequacy of the internal control systems.
- c) The Board shall ensure that the Bank's financial disclosures are consistent with the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Central Bank of Jordan regulations, and other relevant legislations and also that the executive management keep well informed of changes and updates on the related International Financial Reporting Standards.
- d) The Board shall ensure that the Bank's annual and quarterly reports identify key financial and operational results that enables the shareholders to understand the financial position of the Bank.
- e) The Board shall ensure that the annual report include, at a minimum, the following information:
 - 1. Summary of the organizational chart of the Bank;
 - 2. Summary of the roles and responsibilities of the Board Committees, and the authorities delegated to each Committee;
 - 3. Useful information to stakeholders as identified in the Corporate Governance Code and the extent of compliance with the code;
 - 4. Information about each Board member in terms of his/her qualifications, experience, shareholding, status (independent/non-executive, etc) membership in Board Committees, date of appointment, any other board memberships in the boards of other companies and remunerations of all forms for the previous year in addition to loans granted to the Member by the Bank and any other transaction that has taken between the Bank on the one part and the Member or stakeholders on the other;
 - 5. Information about Risk Management Department, including its structure and nature of its operations and its development;

6. Number of Board and Board Committee meetings and attendance of each member at such meetings;
7. Names of each board member and senior executives who have resigned during the year;
8. Summary of the remuneration policy and full disclosure of all forms of remuneration to board members and executive management individually for the previous year;
9. A list of shareholders who own 1% or more of the share capital of the Bank, the ultimate beneficiary owner of such shareholdings or any part thereof, in addition to a clarification as to whether the shareholdings are wholly or partially pledged;
10. Attestations of all Board members confirming that he/she or any of the members' relatives did not receive any benefits from the Bank during his/her tenor which has not been previously disclosed .

Governance Report

Arab Bank is one of the leading banks and financial institutions to implement corporate governance. The Bank has established the Audit Committee, the Nomination and Remuneration Committee, the Corporate Governance Committee and the Risk Management Committee years ago. Arab Bank issued its first Corporate Governance Code in 2007 and continued to update this Code in alignment with the Regulations issued by the relevant regulatory authorities; also the Bank regularly makes necessary amendments to the Memorandum & Articles of Association, the internal controls and policies to comply with any legislative amendments related to banking regulations or the Companies Law and the Securities Commission.

Arab Bank put in place the following mechanism and procedures to assure the proper implementation of the Corporate Governance Regulations issued by all regulatory authorities, which is being revised annually:

1. Ensure that there exists an approved corporate governance code prepared in accordance with the Corporate Governance Regulations issued by the Central Bank of Jordan and the Jordan Securities Commission, and ensure that the code is being revised and updated in alignment with the requirement of the regulatory authorities.
2. Ensure that there exists a Charter for the Board of Directors and charters for all committees in alignment with the Regulations.
3. Ensure that there exists written and approved policies for the Bank's various activities in accordance with the Regulations.
4. Ensure that the Board of Directors' meetings are held in accordance with the Regulations.
5. Ensure that there exist timetables set for the work of the Board and committees to ensure that all tasks and responsibilities are carried out according to the instructions.
6. Ensure that the Board of Directors and its respective committees carry out an annual self-assessment prepared according to the Regulations.

In compliance with the Corporate Governance Regulations for Listed Shareholding Companies for the year 2017 issued by the Jordan Securities Commission, this report has been prepared to include the following data:

The names of the members of the Board of Directors of the Arab Bank

Name	Position	Independent / Non Independent	Executive / Non Executive
Mr. Sabih Taher AL-Masri Since 27/3/1998	Chairman	Non Independent	Non Executive
H.E. Mr. Bassem Ibrahim Awadallah Since 31/3/2016	Deputy Chairman	Independent	Non Executive
Ministry of Finance, Saudi Arabia Since 29/4/1966	Member	Non Independent	Non Executive
Represented by Mr. Saleh Saad Al-Muhanna Since 31/3/2006		Non Independent	Non Executive
Mrs. Nazek Odeh/AL-Hariri Since 29/8/1996	Member	Non Independent	Non Executive
Social Security Corp. Since 20/9/2001	Member	Non Independent	Non Executive
Represented by Dr. Hamzeh Ahmad Jaradat Since 15/11/2017		Non Independent	Non Executive
Mr. Wahbe Abdallah Tamari Since 31/3/2006	Member	Non Independent	Non Executive
Abdul Hameed Shoman Foundation Since 31/3/2006	Member	Non Independent	Non Executive
Represented by H.E. Mr. Khaled Anis (Zand Irani) Since 27/12/2010		Non Independent	Non Executive
Mr. Bassam Wa'el Kanaan Since 22/1/2013	Member	Independent	Non Executive
Mr. Abbas Farouq Zuaiter Since 27/3/2014	Member	Independent	Non Executive
H.E. Mr. Alaa Arif Batayneh Since 22/4/2015	Member	Independent	Non Executive
H.E. Mr. Suleiman Hafez AL-Masri Since 27/10/2016	Member	Independent	Non Executive
Dr. Musallam Ali Musallam * Since 8/5/2017	Member	Independent	Non Executive

* In light of the resignation of Mr. Mohammad Ahmad Mokhtar Al-Hariri on 15/2/2017

Executive positions in the Bank and the names of the persons who occupy them

Position	Name
Chief Executive Officer	Mr. Nemeh Elias Sabbagh
Deputy Chief Executive Officer	Ms. Randa Muhammad El Sadik
EVP – Chief Credit Officer	Mr. Mohammad Abdel Fattah Al Ghanamah
EVP – Head of Treasury	Mr. Antonio Mancuso Marcello
EVP – Head of Consumer Banking	Mr. Naim Rasim K. AlHussaini
EVP – Jordan Country Head	Mr. Walid Muhi Eddin Al Samhour
EVP – Chief Operating Officer	Mr. Eric Jacques Modave
EVP – Chief Financial Officer	Mr. Ghassan Hanna Suleiman Tarazi
Board Secretary / Head of Legal Affairs	Mr. Basem Ali Abdallah Al Imam
SVP - Head of HR Strategy & Planning / Acting Head of Human Resources	Mr. Yosif Saptis
EVP – Chief Risk Officer	Mr. Georges Fouad El-Hage
EVP – Chief Compliance Officer	Mr. Michael Matossian
EVP – Head of Internal Audit	Mr. Fadi Joseph Zouein

Memberships of the Board of Directors held by the Board of Directors in Public Shareholding Companies

Name	Membership in the Boards of Public Shareholding Companies
Mr. Sabih Taher AL-Masri	<ul style="list-style-type: none"> - Chairman of the Board of Directors of ZARA Holding Co. - Jordan (since 5/1999) - Member of the Board of Directors of Palestine Development & Investment Co. (Padico) - Palestine (since 1994) - Chairman of the Board of Directors of Palestine Telecommunication Corp. - Palestine (since 1998) - Chairman of the Board of Directors of ASTRA Industrial Group - Saudi Arabia (since 2007)
H.E. Mr. Bassem Ibrahim Awadallah	<ul style="list-style-type: none"> - Member of the Board of Directors of Al Baraka Banking Group – Bahrain (2010 - present) - Member of the Board of Directors of Arab National Bank – Saudi Arabia (Representing Arab Bank plc since 1/9/2016 - present)
Ministry of Finance, Saudi Arabia Represented by Mr. Saleh Al-Muhanna	<ul style="list-style-type: none"> - Member of the Board of Directors of Saudi Electricity Company- Saudi Arabia (since 2009) - Member of the Board of Directors of the Saudi Global Port Company-Saudi Arabia (since 2011)
Mrs. Nazik Odeh/AL-Hariri	<ul style="list-style-type: none"> - Board Member of BankMed SAL - Lebanon - Vice Chairman of GroupMed Holding SAL - Lebanon
Social Security Corp. Represented by Dr. Hamzeh Jaradat	None
Mr. Wahbe Abdallah Tamari	<ul style="list-style-type: none"> - Chairman of the Board of Directors of Arab Bank (Switzerland) Ltd, Geneva, Switzerland (since 19/4/2013), previously Member of the Board of Directors (2007 - 2013) - Vice Chairman of the Board of Directors of Oman Arab Bank SAOC- Muscat, Oman (since September 2016)
Abdul Hameed Shoman Foundation Represented by H.E. Mr. Khaled Anis (Zand Irani)	None
Mr. Bassam Wa'el Kanaan	None
Mr. Abbas Farouq Zuaiter	<ul style="list-style-type: none"> - Chairman of the Board of Directors of Adecoagro (2003 - present) - Member of the Board of Directors of The Capital Holdings Funds plc (2014 - present)
H.E. Mr. Alaa Arif Batayneh	<ul style="list-style-type: none"> - Member of the Board of Jordan Petroleum Refinery (2014 – present)
H.E. Mr. Suleiman Hafez AL-Masri	None
Dr. Musallam Ali Musallam	<ul style="list-style-type: none"> - Board Member of Okaz Organization for Press & Publications – Saudi Arabia (2015 – present)

The Name of the Corporate Governance Officer in the bank

- Mrs. Khulud Walid Khaled Eisawi / Head of Secretariat Department – Shareholders Section

List of Board Committees

- Corporate Governance Committee
- Audit Committee
- Nomination & Remuneration Committee
- Corporate Strategy Committee
- Risk Management Committee
- IT Governance Committee
- Credit Committee

The names of the members of the Audit Committee and their financial and accounting qualifications

Member	Qualifications	Experience
Bassam Wael Rushdi Kanaan / Chairman	<ul style="list-style-type: none"> - Executive Masters of Business Administration (MBA), USA 1998 - Bachelor of Arts (BA) in Economics / Accounting, Claremont McKenna College, Los Angeles 1986 - Certified Public Accountant (CPA) California, USA 1989 - Chartered Financial Analyst (CFA) 2001 	<ul style="list-style-type: none"> - More than thirty years in senior executive positions at leading private sector and publicly listed companies in the fields of General Management, Finance, Audit and Investment. - Chief Strategy and Corporate Development Officer, Hikma Pharmaceuticals plc (2014-present) - President & COO, MENA and EU, Hikma Pharmaceuticals plc (2010-present) - Chief Financial Officer, Hikma Pharmaceuticals plc (2001-2010) - Chief Financial Officer, Palestine Development & Investment Ltd (PADICO) (1994-2001) - Audit Manager, Deloitte & Touche, Los Angeles, USA (1986 –1993) - Member of the Board of Directors of Palestine Telecommunications Company (PALTEL) (2000 -2001) - Member of the Board of Directors of Central Electricity Generation Company (CEGCO), Jordan (2004-2005) - Member of the Board of Directors and Audit Committee, Zara Investment Holding Company (2006-2010) - Member of the Board of Directors and Chairman of the Audit Committee of Capital Bank of Jordan (formerly Export Finance Bank) (2007-2009) - Member of the Board of Directors and Chairman of the Audit Committee, Aqaba Development Company (ADC) (2008-2012)

Member	Qualifications	Experience
Dr. Bassem Ibrahim Yousef Awadallah / Member	<ul style="list-style-type: none"> - Doctor of Philosophy in Economics, University of London 1988 - Master of Science in Economics, University of London 1985 - Bachelor of Science in Foreign Service, International Economics, International Finance and Commerce, Georgetown University 1984 	<ul style="list-style-type: none"> - Chief Executive Officer / Tomoh Advisory (2009 - Until now) - Member of the Board of Directors / Arab National Bank – Saudi Arabia (Representing Arab Bank plc since 1/9/2016 - present) - Member of the Board of Directors / Al Baraka Banking Group – Bahrain (2010 - present) - Deputy Chairman of the Board of Trustees / Al Quds University (2014 - present) - Chief of the Royal Hashemite Court (11/2007 – 10/2008) - Director of the Office of His Majesty King Abdullah II (4/2006 – 11/2007) - Minister of Finance (4/2005 – 6/2005) - Minister of Planning and International Cooperation (10/2001 – 2/2005)
Dr. Hamzeh Ahmad Khalifeh Jaradat Representative of Social Security Corporation / Member	<ul style="list-style-type: none"> - Ph.D., Macro and Monetary economics, Econometrics, Finance, The University of Tennessee, Knoxville, U.S.A, August 2000 - M.Sc., Economics, University of Jordan, August 1994 - B.Sc., Economics & Computer Science, Yarmouk University, Jordan, January 1987 	<ul style="list-style-type: none"> - Director, Research Department, Social Security Investment Fund, (September 2015 – present) - General Director, Jordan Post (May 2014 – May 2015) - Director, Public Private Partnership (PPP) Unit, Ministry of Finance, Jordan (2013-2014) - Director, Public Debt Department, Ministry of Finance, Jordan (2012-2013) - Senior Economist, International Monetary Fund, IMF Center for Economics and Finance, Kuwait (2011-2012) - Advisor to the Minister, Ministry of Finance, Jordan (2004-2011)
Abbas Farouq Ahmad Zuaiteh / Member	BSBA, Finance & Accounting, Georgetown University 1989	<ul style="list-style-type: none"> - Co-Founder & Managing Member, Zuaiteh Capital Holdings, LLC (April 2013-present) - Chairman of the Board of Directors of Adecoagro (2003-present) - Member of the Board of Directors of The Capital Holdings Funds plc (2014-present) - Member of the Board of Advisors, iMENA Group (2013–present) - Member of the Board of Regents at Georgetown University (2014–present) - Member of the Executive, Investment, Management, Capital Allocation & Risk Committees, Soros Fund Management (September 2002 – April 2013) - Chief Operating Officer, Soros Fund Management (September 2002-April 2013) - Group Chief Financial Officer, Soros Fund Management (September 2002- December 2004) - Partner, PricewaterhouseCoopers LLP – USA Firm (April 1994-September 2002)

Name of the Chairman and members of the Corporate Governance Committee, Nomination and Remuneration Committee, and Risk Management Committee

Corporate Governance Committee	<ul style="list-style-type: none"> - Mr. Sabih Al-Masri / Chairman - Mr. Alaa Batayneh / Member - Mr. Suleiman Hafez / Member
Nomination and Remuneration Committee	<ul style="list-style-type: none"> - Dr. Bassem Awadallah / Chairman - Mr. Sabih Al-Masri / Member - Mr. Alaa Batayneh / Member
Risk Management Committee	<ul style="list-style-type: none"> - Ministry of Finance / Saudi Arabia Represented by Mr. Saleh Al-Muhanna / Chairman - Social Security Corp. Represented by Dr. Hamzeh Jaradat / Member - Abdul Hameed Shoman Foundation Represented by Mr. Khaled "Zand Irani" / Member - Mr. Abbas Zuaiter / Member - Chief Executive Officer / Member - Head of Risk Department / Member

Number of Board committees meeting during the year 2017 *

	Audit Committee **						Nomination & Remuneration Committee	
	First	Second	Third	Forth	Fifth	Sixth	First	Second
Sabih Masri							✓	
Dr. Bassem Awadallah	✓		✓	✓	✓	✓	✓	✓
Ministry of Finance, Saudi Arabia/ Represented by Saleh Al-Muhanna								
Nazek Hariri								
Social Security Corp. Represented by Dr. Izziddin Kanakrieh Until 14/11/2017								
Represented by Dr. Hamzeh Jaradat Since 15/11/2017		✓		✓	✓	✓		
Wahbe Tamari							✓ Until 27/4/2017	
Abdul Hameed Shoman Foundation /Represented by Khaled (Zand Irani)								
Bassam Kanaan	✓	✓	✓	✓	✓	✓		
Abbas Zuaiter	✓	✓	✓	✓		✓		
Alaa Batayneh								✓ since 27/4/2017
Suleiman Al-Masri								
Mohammad Hariri Until 15/2/2017								
Dr. Musallam Musallam Since 8/5/2017								

* Roles and responsibilities of the committees are in compliance with the Corporate Governance Code.

** The Bank's external auditors attended five meetings of the Audit Committee.

*** The Corporate Strategy Committee includes members of the Executive Management: the Chief Executive Officer and the Deputy Chief Executive Officer, who attended all the meetings of the Committee.

**** The Risk Management Committee includes members of the Executive Management: the Chief Executive Officer and the Chief Risk Officer, who attended all meetings of the Committee.

	Corporate Governance Committee		Strategy Committee ***		Risk Committee ****				IT Governance Committee			
	First	Second	First	Second	First	Second	Third	Forth	First	Second	Third	Forth
	✓		✓	✓								
			✓									
					✓	✓	✓	✓				
						✓		✓				
			✓	✓					✓	✓		
	Until 27/4/2017				✓	✓	✓	✓	✓	✓	✓	✓
			✓	✓								
			✓			✓		✓				
	✓	✓							✓	✓	✓	✓
	✓ Since 27/4/2017	✓										
			Since 8/5/ 2017	✓								

Number of Board meetings during the year 2017

Board of Directors	Meetings of the Board of Directors					
	First	Second	Third	Forth	Fifth	Sixth
Mr. Sabih Masri / Chairman	✓	✓	✓	✓	✓	
Dr. Bassem Awadallah / Deputy Chairman	✓	✓	✓	✓		✓
Ministry of Finance, Saudi Arabia / Member Represented by Mr. Saleh Al Muhanna	✓	✓	✓	✓	✓	✓
Mrs. Nazek Odeh / Al-Hariri / Member		✓	✓	✓	✓	
Social Security Corp. / Member Represented by Dr. Izziddin Kanakrieh Until 14/11/2017 Represented by Dr. Hamzeh Jaradat Since 15/11/2017	✓	✓	✓	✓		✓
Mr. Wahbe Tamari / Member	✓	✓	✓	✓	✓	✓
Abdul Hameed Shoman Foundation / Member Represented by Mr. Khaled (Zand Irani)	✓	✓	✓	✓	✓	✓
Mr. Bassam Kanaan / Member	✓	✓		✓	✓	✓
Mr. Abbas Zuaiter / Member	✓	✓	✓	✓		✓
Mr. Alaa Batayneh / Member		✓	✓	✓	✓	✓
Mr. Suleiman AL-Masri / Member	✓	✓	✓	✓	✓	✓
Dr. Musallam Musallam / Member Since 8/5/2017			✓		✓	✓


Sabih T. Masri
Chairman

Arab Bank confirms its commitment to apply all articles of the Corporate Governance Code as approved by the Board of Directors and published on the website.

Arab Bank approved and published the IT Governance Management Manual on its website in line with the regulations of the Central Bank of Jordan and confirms its commitment to apply all articles of the code.

1. Reciting the minutes of the previous General Assembly Ordinary Meeting of the 87th General Assembly.
2. Discussion and approval of the report of the Board of Directors for the fiscal year 2017 and the future business plan of the Bank for 2018.
3. Presentation of the auditors' report on the financial statements of the Bank for the fiscal year 2017.
4. Discussion and approval of the financial statements and balance sheet of the Bank for the fiscal year 2017, and approval of the recommendation of the Board of Directors to pay dividends to shareholders at the rate of JOD 0.300 per share, i.e. 30% of the nominal value of the share being JOD 1.00.
5. Presentation of a brief on the work undertaken by the Board Committees in accordance with Article 6/h of the Corporate Governance Regulations for Listed Shareholding Companies for the year 2017 issued by the Jordan Securities Commission.
6. Release of the members of the Board of Directors from liability for the fiscal year 2017.
7. Election of the Bank's auditors for the fiscal year 2018 and the determination of their remuneration.
8. Election of new members of the Board of Directors of Arab Bank plc for the next term of four years as of the date of the elections.
9. Other matters which the General Assembly proposes to include in the agenda and are within the work scope of the General Assembly in its ordinary meeting provided that such proposal is approved by shareholders representing not less than 10% of the shares represented in the meeting.

Country	Address	
Jordan	General Management PO BOX 950545 Amman 11195 Jordan	Tel. 00962 (6) 5600000 Fax. 00962 (6) 5606793 00962 (6) 5606830
	Amman PO Box 68 Amman 11118 Jordan	Tel. 00962 (6) 4638161/9 Fax. 00962 (6) 4637082
	Shmeisani PO Box 950546 Amman 11195 Jordan	Tel. 00962 (6) 5000013 Fax. 00962 (6) 5670564
Palestine	PO Box 1476, Grand Park Hotel St. Al Masyoon - Ramallah Palestine	Tel. 00970 (2) 2978100 Fax. 00970 (2) 2982444
Bahrain	PO Box 813, Building 540, Road 1706 - Block 317, Diplomatic Area Kingdom of Bahrain	Tel. 00973 17549000 Fax. 00973 17541116
United Arab Emirates	Abu Dhabi: PO Box 875 Naser St., SH. Tahnoon Bin Moh'd Bldg.	Tel. 00971 (2) 6392225 Fax. 00971 (2) 6212370
	Dubai: PO Box 11364 Emaar Square. Bldg. no. 2	Tel. 00971 (4) 3737400 Fax. 00971 (4) 3385022
Lebanon	PO Box 11-1015 Riad El Solh Square Banks Street Commercial Buildings Co. Bldg. Beirut - Lebanon	Tel. 00961 (1) 980246/9 Fax. 00961 (1) 980299 00961 (1) 980803

Country	Address	
Egypt	46 Gamet El Dowal El Arabia St. Mohandessein - Al Giza	Tel. 00 20 (2) 3332 8500 Fax. 00 20 (2) 3332 8618
Yemen	PO Box 475 & 1301 Zubairi St. Sana'a	Tel. 00967 (1) 276585/93 Fax. 00967 (1) 276583
Morocco	PO Box 13810 174 Mohamed V St. Casablanca	Tel. 00212 (5) 2222 3152 Fax. 00 212 (5) 2220 0233
Qatar	PO Box 172, Grand Hammed Area Avenue no. 119 Doha - Qatar	Tel. 00974 44387777 Fax. 00 974 44387677
Algeria	15 Boulevard du bonheur residence Chaabani Val D'Hydra Alger - Algeria	Tel: 00 213 (21) 60 87 25 Fax: 00 213 (21) 48 00 01
Singapore	80 Raffles Place UOB Plaza 2 # 32-20 Singapore 048624	Tel. 0065 65330055 Fax. 0065 65322150
United States of America (New York Agency)	Federal Agency- New York 150 East 52nd St. New York , NY 10022 - 4213	Tel.: 001 (212) 7159700 Fax.: 001 (212) 5934632
China (Representative Office)	Unit 1803, Shanghai Trade Square 188 Si Ping Road, Shanghai 200086, China	Tel. 0086 (21) 65077737/38 Fax. 0086 (21) 65072776
South Korea (Representative Office)	Seoul Square Bldg., 5Fl. Hangangdaero 416 Jung-gu, Seoul 04637 South Korea	Tel. 0082 (2) 775 4290 Fax. 0082 (2) 775 4294

Country	Address	
Europe Arab Bank plc United Kingdom	13-15 Moorgate London EC2R 6AD	Tel. 0044 (20) 73158500 Fax. 0044 (20) 76007620
France	26 Avenue des Champs Elysées 75008 Paris PO Box 319, 75365 Paris Cedex 08	Tel. 0033 (1) 45616000 Fax. 0033 (1) 42890978
Italy	Corso Matteotti 1A 20121 Milan	Tel. 0039 (2) 76398521 Fax. 0039 (2) 782172
Germany	Niedenau 61-63 D-60325 Frankfurt am Main Germany	Tel. 0049 (69) 242590 Fax. 0049 (69) 235471
Arab Bank Australia Ltd.	Level 7, 20 Bridge Street Sydney NSW 2000 Australia	Tel. 0061 (2) 93778900 Fax. 0061 (2) 92215428
Arab Bank (Switzerland) Ltd.	Geneva Place de Longemalle 10-12 PO Box 3575 1211 Geneva	Tel. 0041 (22) 7151211 Fax. 0041 (22) 7151311
	Zurich Claridenstrasse 26, PO Box 6003 8022 Zurich	Tel. 0041 (44) 2657111 Fax. 0041 (44) 2657330
Finance Accountancy Mohassaba	24 Rue Neuve du Molard PO Box 3155 CH – 1211 Geneva 3	Tel. 0041 (22) 9083000 Fax. 0041 (22) 7387229
Islamic International Arab Bank	Wasfi Al-Tal St., Bldg. no. 20 PO Box 925802 Amman 11190 Jordan	Tel. 00962 (6) 5694901 Fax. 00962 (6) 5694914
Arab National Leasing Co.	Madina Monawwara St., Bldg. no. 255 PO Box 940638 Amman 11194 Jordan	Tel. 00962 (6) 5531649 Fax. 00962 (6) 5529891
Al -Arabi Investment Group Co.	Shmeisani ,Esam Ajlouni St., Bldg. no. 3 PO Box143156 Amman 11814 Jordan	Tel. 00962 (6) 5522239 Fax. 00962 (6) 5519064

Country	Address	
Al Arabi Investment Group Co / .Palestine	Ramallah, Old Town PO Box 1476 Palestine	Tel. 00970 (2) 2980240 Fax. 00970 (2) 2980249
Arab Sudanese Bank Ltd.	Wahat El-Khartoum Towers PO Box 955 Khartoum - Sudan	Tel. 00249 (15) 6550001 Fax. 00249 (15) 6550004
Arab Tunisian Bank	9 Hedi Noura Street, Tunis 1001	Tel. 00216 (71) 351155 Fax. 00216 (71) 342852
Al Nisr Al Arabi Insurance Co.	Esam Ajlouni St., Bldg. no. 21 Shmisani PO Box 9194 Amman 11191	Tel. 00962 (6) 5685171 Fax. 00962 (6) 5685890
Arab Bank - Syria	Mahdi Bin Baraka St., Abu Rummana PO Box 38 Damascus - Syria	Tel. 00963 11 9421 Fax. 00963 11 3349844
Turkland Bank	19 Mayis Mah. 19 Mayis Cad. Sisli Plaza A Blok no. 7 34360 Sisli - Istanbul - Turkey	Tel. 0090 (212) 3683434 Fax. 0090 (212) 3683535
Oman Arab Bank	North Ghubra, PO Box 2010 Ruwi 112 Sultanate of Oman	Tel. 00968 24754000 Tel. 00968 24797736
Arab National Bank	PO Box 56921 Riyadh 11564 Saudi Arabia	Tel. 00966 (11) 4029000 Fax. 00966 (11) 4027747
Arabia Insurance Co.	Company's Bldg., Phoenicia St. PO Box 2172 - 11 Beirut - Lebanon	Tel. 00961 (1) 363610 Fax. 00961 (1) 363659
Commercial Building Co.	Riad El-Solh Sq., Banks St., PO Box 6498 - 11 Beirut - Lebanon	Tel. 00961 (1) 980750 00961 (1) 980751 Fax. 00961 (1) 980752