

Arab Bank Group

Annual Report 2014



CHAIRMAN'S MESSAGE	4
CEO'S MESSAGE	6
BOARD OF DIRECTORS' REPORT	
- MAIN BUSINESS ACTIVITIES OF ARAB BANK	10
- GEOGRAPHICAL COVERAGE	14
- BRANCHES & STAFF DISTRIBUTION ACCORDING TO GOVERNORATES	15
- ADDRESSES OF ARAB BANK BRANCHES AND OFFICES ABROAD	16
- TOTAL EMPLOYEES OF ARAB BANK GROUP	20
- CAPITAL INVESTMENT OF ARAB BANK	21
- SUBSIDIARIES & SISTER COMPANY	22
- DETAILED INFORMATION ON THE BANK'S SUBSIDIARIES & SISTER COMPANY	34
- MEMBERS OF THE BOARD OF DIRECTORS	39
- SENIOR EXECUTIVES	49
- NAMES OF MAJOR SHAREHOLDERS OF 5% AND MORE	65
- COMPETITIVENESS AND MARKET SHARE	66
- PATENTS & GOVERNMENT PROTECTION	68
- MAJOR SUPPLIERS AND CLIENTS	69
- GOVERNMENT OR INTERNATIONAL ORGANIZATIONS REGULATIONS	70
- ARAB BANK ORGANIZATION CHART / HEAD OFFICE	71
- NUMBER OF STAFF AND ACADEMIC QUALIFICATIONS	72
- TRAINING COURSES VS. TRAINEES IN JORDAN & ARAB AREAS IN 2014	74
- RISK MANAGEMENT	76
- ACCOMPLISHMENTS 2014	87
- FINANCIAL IMPACT OF NON-RECURRING OPERATIONS	91

-	TIME SERIES DATA FOR MAJOR FINANCIAL INDICATORS (2010 – 2014)	92
-	FINANCIAL PERFORMANCE	93
-	FUTURE OUTLOOK AND PLANS FOR 2015	102
-	EXTERNAL AUDITORS' COMPENSATION IN JORDAN AND ABROAD	105
-	NUMBER OF ARAB BANK SHARES OWNED BY MEMBERS OF THE BOARD	106
-	NUMBER OF ARAB BANK SHARES OWNED BY SENIOR EXECUTIVES	108
-	NUMBER OF ARAB BANK SHARES OWNED BY THE RELATIVES OF THE BOARD MEMBERS	110
-	NUMBER OF ARAB BANK SHARES OWNED BY THE RELATIVES OF THE SENIOR EXECUTIVES	114
-	BOARD COMPENSATION AND BENEFITS IN 2014	118
-	EXECUTIVE MANAGEMENT COMPENSATION AND BENEFITS IN 2014	120
-	ARAB BANK'S DONATIONS DURING YEAR 2014	122
-	TRANSACTIONS WITH RELATED PARTIES	123
-	ENVIRONMENTAL PROTECTION	125
-	CORPORATE SOCIAL RESPONSIBILITY	127
	ARAB BANK GROUP	139
-	CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR 2014	
-	INDEPENDENT AUDITOR'S REPORT	212
	ARAB BANK PLC	215
-	FINANCIAL STATEMENTS FOR THE YEAR 2014	
-	INDEPENDENT AUDITOR'S REPORT	286
	ATTESTATION STATEMENTS	288
	CORPORATE GOVERNANCE GUIDE	291
	THE AGENDAS OF THE 85th ANNUAL ORDINARY GENERAL ASSEMBLY MEETING AND THE EXTRAORDINARY GENERAL ASSEMBLY	306
	ADDRESSES OF ARAB BANK MAJOR BRANCHES, SUBSIDIARIES, AFFILIATES AND SISTER COMPANY	307



Distinguished Shareholders,

The global economy in 2014 continued on its path to recovery despite modest and gradual growth rates in developed countries in combination with slower economic growth in emerging markets as a result of volatile monetary flows. The global economy faced additional challenges considering the increased inconsistency of monetary policies worldwide. The sharp decrease in oil prices during the second half of 2014 has also created new conditions that will cast a shadow on different regions of the world after four years of relative stability and high oil prices.

On the regional level, a group of oil-exporting Arab countries recorded strong growth levels while many of the oil-importing countries continued to make considerable efforts to maintain stability and revitalization. Despite several positive indicators, the region still faces many challenges associated with the high levels of uncertainty which limit investment levels, economic growth, and job creation. The region is also expected to be affected by the major drop in oil prices on different levels, posing a new set of challenges as well as opportunities.

The financial industry in the Arab world has felt the impact of these developments on various degrees. Whilst the regional uncertainty has reduced private investments and lowered demand for credit in many countries, the Arab banking sector overall has witnessed significantly less volatile monetary flows compared to other emerging markets. Stock markets in the region also felt the impact of this volatility in the wake of lower oil prices whilst the banking sector remained subject to stricter regulations and instructions to maintain financial stability during uncertain times.

Despite all these circumstances and the regional and global volatility at different levels, Arab Bank maintained its strong performance with many significant achievements, including strengthening its capital, expanding operations, increasing its market share in several markets, in addition to diversifying its income streams. On top of all of these accomplishments, the Bank also achieved a 15% growth in net profits. This is an achievement that reflects the high level of trust from our customers in different countries and various sectors, reinforcing our position as a leading institution and one of the key pillars in our journey of

success. The positive results achieved during the year are a testament to the depth of vision and soundness of the prudent approach which Arab Bank applies across its banking network.

Arab Bank also maintained its integral role and instrumental contributions toward driving economic growth in the Arab world by taking part in several major projects that serve critical economic sectors across different countries in the region. As part of its strategic approach to supporting the community, the Bank continued to focus on sustainable initiatives to meet community development needs and build their capacities in order to face challenges while taking advantage of opportunities to achieve growth and advancement.

As we turn another page in Arab Bank's journey of success which is filled with many achievements, we must remember that none of this would have been accomplished without staying true to our core values, prudent approach to banking, and the professionalism of our cadre of employees across different levels and areas.

Today, as we approach a new year, we stand fully confident in the ability of the Bank, through its extensive network and the strength of its capital, to continue growing, generating profits, and reaching new heights of excellence. We will remain, as we always have, an example of outstanding achievement that meets the expectations of our shareholders, customers, and the communities where we operate.

In conclusion, I would like to thank the Central Bank of Jordan for the effective and vital role that it plays in maintaining the safety and stability of the Jordanian banking sector.

My sincere thanks and appreciation also go to our customers for their continued trust and patronage. I would also like to thank our employees in the different areas for their outstanding performance, professionalism, loyalty and dedication to their institution, and assuring you of our ongoing commitment to continue our journey of success.



Sabih Taher Masri
Chairman of the Board of Directors



Distinguished Shareholders,

Arab Bank Group reported positive financial results in 2014 with net profit reaching USD 577.2 million compared to USD 501.9 million at the end of 2013, recording a 15% increase. These results reinforce the Bank's strong financial position and asset quality.

Despite the devaluation of several major currencies, customer deposits reached USD 35 billion compared to USD 34.4 billion at the end of 2013, representing a 2% increase at the end of 2014. Credit facilities also grew to USD 23.7 billion compared to USD 23.1 billion at the end of 2013, an increase of 3%. Adjusting for the impact of exchange rates and extraordinary items, the loan portfolio and customer deposits grew by 9% and 7% respectively. Furthermore, the Bank, in line with its conservative policies and prudent strategy, continued to improve the quality of its loan portfolio and maintained the coverage ratio of non-performing loans above 100%, excluding the value of the collaterals held.

The Bank also achieved growth in revenues from interest and commissions, in addition to revenues from foreign exchange differences. The Bank maintained its strong performance indicators staying on par with the highest local and global standards. The loan-to-deposit ratio reached 67.7% while the capital adequacy ratio equaled 14.8%. Additionally, the Bank has maintained high levels of operational efficiency relying on prudent policies and control of operating expenses.

In 2014, Arab Bank received many awards and recognitions from leading international parties, most notably, the award for Best Bank in the Middle East from Global Finance magazine. The Bank also received the awards for Best Trade Finance Provider in the Middle East from Global Finance and EMEA Finance magazines, as well as the award for Best Cash Manager in the Middle East from Global Investor/ISF, which is published by Euromoney.

Arab Bank was also recognized in 2014 as the Best Bank in Jordan by Global Finance, Euromoney, EMEA Finance, The Banker (published by the Financial Times), the Banker Middle East, and Corporate Finance International magazines.

During the coming period, Arab Bank will continue to apply its balanced strategy by diversifying and actively utilizing its investments across the countries where it operates. The Bank will also maintain high levels of liquidity as well as high capital adequacy ratios in order to be able to operate efficiently in challenging and volatile environments and continue to achieve profits while reinforcing our strong financial position locally and regionally. We will also focus on developing our services for customers across the different sectors and increasing the efficiency of operations.

In conclusion, I would like to thank our esteemed customers for their continued trust and our employees for conducting their duties and responsibilities with the highest levels of dedication and professionalism.



Nemeh Elias Sabbagh
Chief Executive Officer



Corporate and Institutional Banking

With an extensive network serving companies, institutions and governments, Corporate and Institutional Banking (CIB) provides its clients in the region with a range of products and services catered to their specific needs. In addition, CIB works closely with other lines of business to increase inter-business opportunities and maintain an efficient operating environment.

CIB's priority is to strengthen its client franchise in key markets by building on existing client relationships, many of which span decades. CIB is also focusing on adding new clients through acquisition efforts focused mostly on the top corporations and investors in the region.

As part of CIB's belief that the cornerstone of a successful business is human capital, it focuses on the development of its teams across the network. CIB recognizes that the strength of the business is derived from the professionalism and capabilities of its people. As a result, CIB ensures that its teams across the network continuously receive the training and coaching required to meet client expectations and to compete in an increasingly more developed and complex banking environment.

Consumer Banking

Consumer Banking Division maintained its continuous efforts to develop the range of services offered through its branch network and direct banking channels in line with customers' evolving needs and expectations locally and regionally. These services are in line with best banking practices across all of the Bank's branches in its network and through its direct banking channels.

Building on best banking practices, the Bank has tailored programs designed to provide customers with banking services and benefits based on their lifecycle. The programs cover the different customer segments ranging from Jeel Al Arabi, the special program for children, all the way to Elite- the exclusive program offered to the high net worth customers, to name just a couple. Supported by advanced direct banking channels, the Bank ensures high levels of service that



enable customers to conduct their transactions easily, quickly and securely at any time and from any place in the world.

The Bank has transformed customer experience at its core, not just at a branch level, but also across all channels which include Internet banking, mobile banking on smartphones and call centers, in addition to other channels that contribute to the Bank's competitive advantage and overall customer satisfaction.

Arab Bank also emphasized the importance of developing its banking solutions and services on the regional level. This regional focus is part of the Bank's effective strategy to meet the needs of all of its customers locally and regionally which has materialized through providing cross border solutions and services for customers of the Bank's Elite and Arabi Premium programs. Work is also underway to provide innovative solutions during the next year to allow customer to take advantage of the Bank's extensive regional branch network.

TREASURY

Arab Bank's Treasury manages the Bank's liquidity and market risk, as well as providing expert advice and dealing services to Arab Bank's customers globally. The policy framework within which we operate was further strengthened in 2014, and this investment will ensure that we continue to meet developing regulatory standards. Our commitment to improving our processes also extends to developing the skills of our team of Treasury professionals. During 2014 Arab Bank's Treasury conducted more technical and professional training courses than ever before, to a broader range of staff members.

In 2014, Arab Bank maintained high levels of liquidity, a key pillar of the Bank's business strategy. Treasury's role is to ensure not only that the Bank generates surplus liquidity, but also that it is invested in prudent, conservative ways. Surplus liquidity is managed in the following ways;

- i. Short term placements with Central Banks
- ii. Short term deposits with high quality banks
- iii. Multi-currency portfolio of highly liquid bonds and Treasury Bills

Maintaining low risk and high liquidity are Treasury's highest priorities, in order to ensure that Arab Bank is able to fully meet its obligations to customers in every country, and regardless of market conditions.

The foreign exchange markets were extremely volatile in 2014. Despite operating in over 40 currencies, the Bank maintained a low risk position throughout the year, and was able to manage its balance sheet while continuing to deliver stable earnings from foreign exchange activity. This was achieved by carefully maintaining a matched balance sheet, and measuring and managing exposures.

There was also continued volatility in interest rates in 2014, and many interest rates fell to historical lows. Through careful interest rate risk management and the prudent use of hedging techniques, Arab Bank was able to maintain net interest income and protect profit from volatility.

In 2014 Arab Bank began work to design and implement its new state-of-the-art Treasury and Risk Management system, which will boost Arab Bank's ability to measure, model and manage risks, and significantly upgrade our control processes.

Treasury Sales services are available throughout the Bank's network, with a full range of products and services available to our customers, whether they are exporters, importers or savers. The Bank's Treasury further developed its ability to serve these customers during 2014 by increasing the number of staff members serving customers wishing to deal in Treasury products.

Arab Bank believes in the importance of derivatives in protecting the income and interests of the Bank and its customers. Arab Bank's Treasury maintained its position as a leading source of foreign exchange and interest rate risk hedging expertise. The full-time team, which specializes in helping to protect the Bank's customers from market volatility, advised on and executed deals throughout the region. Examples include:



- Foreign exchange options for importers of goods and raw materials from Europe and Japan
- Foreign exchange derivatives through which customers managed the volatile cost of foreign currency payables
- Interest rate swaps through which customers locked in borrowing costs, and protected themselves from interest rate increases



The following list contains basic information of Arab Bank plc's branch network and geographical coverage as of the end of 2014.

Country	Number of Branches	Operating Since	No. of Employees
Jordan	75 (Including HO)	1934	2826
Algeria	8	2001	231
Bahrain	6	1960	185
China (Representative Office)	1	1985	4
Egypt	32	1944	1042
Lebanon	11	1944	311
Morocco	7	1962	171
Palestine	27	1930	887
Qatar	4	1957	135
South Korea (Representative Office)	1	1989	3
Singapore	1	1984	46
UAE	7	1963	291
USA (New York Agency)	1	1982	6
Yemen	9	1972	249
Kazakhstan (Representative Office)	--	2004	--
Total	190	--	6387

Branches & Staff Distribution According to Governorates

Governorate	Number of Branches	No. of Employees
Amman	50 (Including Head Office)	2634
Irbid	4	37
Zarqa	7	61
Aqaba	1	17
Balqa'a	5	26
Karak	1	9
Mafraq	1	7
Ma'adaba	1	8
Jarash	1	5
Ma'an	2	10
Tafeila	1	7
Ajloun	1	5
Total	75	2826

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	32
Lebanon	1944	11
Morocco	1962	7
Palestine	1930	27

Address	No. of Employees
	231
15 Al-Sa'ada Street, Shabani Haidara Valley, Algeria Tel. 00213 (21) 608725 Fax. 00213 (21) 48001	
	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	
	1042
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	
	171
P.O Box 13810 174 Mohamed V Street, Casablanca Tel. 00212 (5) 2222 3152 Fax. 00212 (5) 2220 0233	
	882
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	4
South Korea (Representative Office)	1989	1
Singapore	1984	1
United Arab Emirates	1963	7
Abu Dhabi Branch		
Dubai Branch		
United States of America	1982	1
(New York Agency)		
Yemen	1972	9
Total		115

Address	No. of Employees
	135
P.O Box 172 Grand Hammed Area 119 Avenue Doha – Qatar Tel. 00974 44387777 Fax. 00974 44410774	
	3
Samwha Building, 4th Floor, 21 Sogong-Dong Chung-ku, Seoul 100-070 Korea Tel. 0082 (2) 775 4290 Fax. 0082 (2) 775 4294	
	46
80 Raffles Place –UOB Plaza 2 # 32-20 Singapore 048624 Tel. 0065 65330055 Fax. 0065 65322150	
	291
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	
	6
Federal Agency - New York 50 East 52nd Street New York, NY 1022 - 4213 Tel. 001 (212) 715 9700 Fax. 001 (212) 593 4632	
	249
P.O Box 475 & 1301 Zubairi Str. – Sana'a Tel. 00967 (1) 276585/93 Fax. 00967 (1) 276583	
	3561



Entity	No. of Employees
Arab Bank plc	6387
Europe Arab Bank plc	147
Arab Bank (Switzerland) Limited	96
Arab Bank Australia Limited	132
Islamic International Arab Bank	795
Arab Sudanese Bank Limited	71
Arab Investment Bank	6
Arab Tunisian Bank	1234
Arab Bank – Syria	304
Al Arabi Investment Group (AB Invest)	33
Al Arabi Investment Group / Palestine	9
Al Nisr Al Arabi Insurance Company	272
Arab Company for Shared Services	124
Arab Gulf Tech for IT Services	37
Arab National Leasing Company	29
Total	9676

The capital investment of Arab Bank plc amounted to JOD 192.3 million, representing net fixed assets of the Bank as of the end of year 2014 in comparison to JOD 200.6 million as of the end of year 2013.



The following is a brief description of Arab Bank subsidiaries and sister company and their results for 2014.

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 2014 compared to 2013:

In CHF (thousands)	2014	2013
Capital	26 700	26 700
Total shareholders' equity	504 932	498 410
Total assets	3 008 541	2 724 675
Cash and quasi cash	1 749 683	2 108 532
Direct credit facilities	1 171 597	547 494
Total external sources of funds (customers' & banks' deposits)	2 458 826	2 181 061
Total revenues	56 077	50 409
Net profit / (loss) before tax	17 321	14 302
Net profit / (loss) after tax	11 862	10 123



Arab Bank Australia Limited:

Arab Bank Australia Limited founded in Australia in 1994. The current paid capital of the bank is AUD 62.5 million. The bank is a wholly owned subsidiary of Arab Bank plc. Through a network of 10 branches, the Bank provides all commercial and retail banking products and services to its customers.

The following table lists the main financial highlights of 2014 compared to 2013:

In AUD (thousands)	2014	2013
Capital	62 500	62 500
Total shareholders' equity	118 055	122 884
Percentage ownership	100%	100%
Bank share of net income / (loss)	(4 213)	214
Total assets	956 792	895 075
Cash and quasi cash	320 391	299 106
Direct credit facilities	617 331	578 354
Total external sources of funds (customers' & banks' deposits)	826 896	759 015
Total revenues	21 843	25 617
Net profit / (loss) before tax	(5 872)	(240)
Net profit / (loss) after tax	(4 213)	214



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 610 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. Through a network of seven branches operating in UK, Germany, Italy, Spain, France and Austria, 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 2014 compared to 2013:

In EUR (thousands)	2014	2013
Capital	609 987	609 987
Total shareholders' equity	264 083	266 618
Percentage ownership	100%	100%
Bank share of net income / (loss)	8 875	1 244
Total assets	3 343 639	3 459 651
Cash and quasi cash	1 826 002	1 901 406
Direct credit facilities	1 454 713	1 494 544
Total external sources of funds (customers' & banks' deposits)	3 009 633	3 131 987
Total revenues	50 284	54 446
Net profit / (loss) before tax	8 904	1 866
Net profit / (loss) after tax	8 875	1 244

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 40 branches spread in Jordan.

The following table lists the main financial highlights of 2014 compared to 2013:

In JOD (thousands)	2014	2013
Capital	100 000	100 000
Total shareholders' equity	130 806	117 143
Percentage ownership	100%	100%
Bank share of net income / (loss)	13 365	15 749
Total assets	1 559 268	1 336 304
Cash and quasi cash	635 822	110 467
Direct credit facilities *	874 744	1 176 919
Total external sources of funds (customers' & banks' deposits)	1 397 036	1 194 884
Total revenues	44 094	47 981
Net profit / (loss) before tax	19 092	22 511
Net profit / (loss) after tax	13 365	15 749

* 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:

On 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’s paid up capital is USD 50 Million and started its operational activities in 2009.

The following table lists the main financial highlights of 2014 compared to 2013:

In SDG (thousands)	2014	2013
Capital	117 515	117 515
Total shareholders’ equity	191 103	179 418
Percentage ownership	100%	100%
Bank share of net income / (loss)	27 693	17 461
Total assets	1 155 455	932 743
Cash and quasi cash	833 043	671 846
Direct credit facilities	274 481	211 209
Total external sources of funds (customers’ & banks’ deposits)	853 036	722 753
Total revenues	68 956	51 234
Net profit / (loss) before tax	35 962	25 462
Net profit / (loss) after tax	27 693	17 461

Arab Investment Bank S.A.L.:

Arab Investment Bank S.A.L was founded in 1998 with a paid-up capital of LBP 15 billion, Arab Investment Bank S.A.L. started its operations in 1999 in Beirut / Lebanon as an investment bank, it specializes in medium and long-term lending to its customers through one branch only.

The following table lists the main financial highlights of 2014 compared to 2013:

In LBP (millions)	2014	2013
Capital	15 000	15 000
Total shareholders' equity	20 395	20 585
Percentage ownership	100%	100%
Bank share of net income / (loss)	250	537
Total assets	27 422	27 716
Cash and quasi cash	23 058	23 144
Direct credit facilities	1 842	2 102
Total external sources of funds (customers' & banks' deposits)	6 771	6 869
Total revenues	992	1 510
Net profit / (loss) before tax	259	558
Net profit / (loss) after tax	250	537



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 126 branches, spread in Tunisia.

The following table lists the main financial highlights of 2014 compared to 2013:

In TND (thousands)	2014	2013
Capital	100 000	100 000
Total shareholders' equity	497 150	495 500
Percentage ownership	64.24%	64.24%
Bank share of net income / (loss)	32 488	35 141
Total assets	4 982 072	4 872 695
Cash and quasi cash	1 696 997	1 968 337
Direct credit facilities	3 138 941	2 759 027
Total external sources of funds (customers' & banks' deposits)	4 398 832	4 131 377
Total revenues	174 607	170 031
Net profit / (loss) before tax	53 004	57 582
Net profit / (loss) after tax	50 573	54 703



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 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 2014 compared to 2013:

In SYP (millions)	2014	2013
Capital	5 050	5 050
Total shareholders' equity	6 928	7 156
Percentage ownership	51.29%	51.29%
Bank share of net income / (loss)	(1 562)	(1 199)
Total assets	44 330	43 233
Cash and quasi cash	28 286	24 640
Direct credit facilities	12 949	15 254
Total external sources of funds (customers' & banks' deposits)	36 602	35 421
Total revenues	856	965
Net profit / (loss) before tax	(3 046)	(3 248)
Net profit / (loss) after tax	(3 046)	(2 338)

Al Arabi Investment Group (AB Invest):

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

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

The following table lists the main financial highlights of 2014 compared to 2013:

In JOD (thousands)	2014	2013
Capital	14 000	14 000
Total shareholders' equity	19 798	21 436
Percentage ownership	100%	100%
Bank share of net income / (loss)	910	2 950
Total assets	31 158	36 327
Cash and quasi cash	29 190	35 686
Direct credit facilities	-	-
Total external sources of funds (customers' & banks' deposits)	-	-
Total revenues	2 829	6 111
Net profit / (loss) before tax	1 204	3 871
Net profit / (loss) after tax	910	2 950

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 25 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 2014 compared to 2013:

In JOD (thousands)	2014	2013
Capital	25 000	25 000
Total shareholders' equity / (loss)	73 927	72 720
Percentage ownership	100%	100%
Bank share of net income	5 009	4 943
Total assets	89 835	92 533
Cash and quasi cash	989	9 047
Investment in leasing contracts	84 284	79 452
Total external sources of funds (customers' & banks' deposits)	-	-
Total revenues	8 655	8 908
Net profit / (loss) before tax	6 602	6 644
Net profit / (loss) after tax	5 009	4 943

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 two branches 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 2014 compared to 2013:

In JOD (thousands)	2014	2013
Capital	10 000	10 000
Total shareholders' equity	21 056	20 611
Percentage ownership	50%+2 Shares	50%+2 Shares
Bank share of net income / (loss)	1 021	733
Total assets	60 169	51 453
Cash and quasi cash	19 174	16 074
Total Investments	38 460	34 811
Total external sources of funds (customers' & banks' deposits)	-	-
Total revenues	19 032	15 501
Net profit / (loss) before tax	2 714	1 950
Net profit / (loss) after tax	2 042	1 466

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 2014 compared to 2013:

In JOD (thousands)	2014	2013
Capital	1 700	1 700
Total shareholders' equity	1 486	1 583
Percentage ownership	100%	100%
Bank share of net income / (loss)	(97)	(66)
Total assets	2 227	2 170
Cash and quasi cash	1 874	1 926
Total Investments	-	-
Total external sources of funds (customers' & banks' deposits)	-	-
Total revenues	246	280
Net profit / (loss) before tax	(97)	(66)
Net profit / (loss) after tax	(97)	(66)

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, P.O.Box 940638 Amman 11194 Jordan Tel. +962 6 5531640/49/50 Fax. +962 6 5529891 www.anl-jordan.com	Financial leasing	JOD 25 Million	29
Al Arabi Investment Group (AB Invest)	Limited Liability	Rabia, Abdullah Bin Rawaha St., Bldg. no. 1, P.O.Box 143156 Amman 11814 Jordan Tel. +962 6 5522239 Fax. +962 6 5519064 www.ab-invest.net	Investment & Financial services	JOD 14 Million	33
Al Nisr Al Arabi Insurance Co.	Public Shareholding	Shmeisani, Esam Ajlouni St., Bldg. no. 21, P.O.Box 9194 Amman 11191 Jordan Tel. +962 6 5685171 Fax. +962 6 5685890 E-Mail : al-nisr@al-nisr.com	Insurance services	JOD 10 Million	272
Islamic International Arab Bank	Public Shareholding	Wasfi Al-Tal St., Bldg. no. 20, P.O.Box 925802 Amman 11190 Jordan Tel. +962 6 5694901 Fax. +962 6 5694914 www.iibank.com.jo	Islamic banking	JOD 100 Million	795

Second : Arab & Foreign Companies:

Entity	Type	Address	Type of Activity	Capital	No. of Employees
Al Arabi Investment Group	Private Shareholding	Rammallah, Old Town , Al-Harjeh Bldg., P.O.Box 1476 Palestine Tel. +970 2 2980240 Fax. +970 2 2980249 www.abinvest.ps	Investment & Financial services	JOD 1.7 Million	9
Arab Investment Bank	Public Shareholding	Riad El-Solh Sq., Banks St., Commercial Buildings Co. Bldg., P.O.Box 7000-1107-2230, Riad El-Solh, Beirut, Lebanon Tel. +961 (1) 985 111 Fax. +961 (1) 987 333 E-Mail: arbinv@arabbank.com.lb	Investment Banking specialized in medium and long term	LBP 15 Billion	6
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	1234
Arab Bank – Syria	Public Shareholding	Damascus, Abu Rummana, Mahdi Bin Baraka St., P.O.Box 38 Damascus, Syria Tel. +963 11 9421 Fax. +963 11 3349844 www.arabbank-syria.com	Commercial banking	SYP 5.05 Billion	304

No. of Branches	Name	Major Shareholders (5% or more of capital)			
		No. of Shares as of 31/12/2013	%	No. of Shares as of 31/12/2014	%
1	Arab Bank plc	25 000 000 JD/Share	100%	25 000 000 JD/Share	100%
1	Arab Bank plc	14 000 000 JD/Share	100%	14 000 000 JD/Share	100%
2	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	957 208	9.57%	961 763	9.62%
	Zaid Sabella	894 794	8.95%	894 794	8.95%
40	Arab Bank plc	100 000 000	100%	100 000 000	100%

No. of Branches	Name	Major Shareholders (5% or more of capital)			
		No. of Shares as of 31/12/2013	%	No. of Shares as of 31/12/2014	%
1	Arab Bank plc	1 700 000	100%	1 700 000	100%
1	Arab Bank plc	75 000	100%	75 000	100%
126	Arab Bank plc	64 237 531	64.24%	64 237 531	64.24%
	Zarzari Complex	5 576 281	5.58%	5 576 281	5.58%
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%
	Samer Salah Danial	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 Ltd.	Private Shareholding	Wahat El-Khartoum Towers, P.O.Box 955, Khartoum, Sudan Tel. +2491 56550001 Fax. +2491 56550003	Islamic banking	USD 50 Million	71
Arab Gulf Tech for IT Services	Limited Liability	Dubai Out Source Zone (DOZ), ACSS Building, 2 nd floor, Dubai, UAE Tel: +971 4 4450249 Fax: +971 4 4495466	IT services for Arab Bank branches	USD 1.5 Million	37
Arab Company for Shared Services	Limited Liability	Dubai Out Source Zone (DOZ), P.O.Box 11364 Dubai, UAE Tel: +971 4 4450701 Fax: +971 4 4495463	Financial services for Arab Bank branches	AED 40.37 Million	124
Arab Bank Australia Ltd.	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 62.5 Million	132
Europe Arab Bank plc	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 609.99 Million	147

Third : Sister Company:

Arab Bank (Switzerland) Ltd.	Public Shareholding	10-12 Place de Longemalle, P.O.Box 3575, CH-1211 Geneva 3, Switzerland Tel. +41 22 715 1211 Fax. +41 22 715 1311	Commercial banking	CHF 26.7 Million	96
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No. of Branches	Name	Major Shareholders (5% or more of capital)			
		No. of Shares as of 31/12/2013	%	No. of Shares as of 31/12/2014	%
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%
10	Arab Bank plc	62 500 000	100%	62 500 000	100%
7	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 609 925 540 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 31/12/2014:

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
AI- Arabi Investment Group Co. (AB Invest)	Investment & Financial Services	100%	Subsidiary	Jordan
Arab Sudanese Bank Limited	Islamic Banking	100%	Subsidiary	Sudan
AI – Arabi Investment Group / Palestine	Investment & Financial Services	100%	Subsidiary	Palestine
Arab Investment Bank S.A.L	Investment Banking Specializes in Medium and Long Term Lending & Deposits	100%	Subsidiary	Lebanon
Arab Tunisian Bank	Commercial Banking	64.24%	Subsidiary	Tunisia
AI – Nisr AI – Arabi Co .	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 31/12/2014:

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	37.42%	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 31/12/2014.



Name	Sabih Taher Darwish Masri
Title	Chairman / Non Executive / 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 50 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 , KSA (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. KSA (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	Samir Farhan Khalil Kawar
Title	Deputy Chairman /Non Executive / Independent
Date of membership	29/3/2002
Date of birth	29/10/1934
Academic qualifications	<ul style="list-style-type: none"> - M.Sc. in Agricultural Mechanical Engineering, Kansas State University, USA 1961 - B.Sc. in Agricultural Engineering, University of Arizona, USA 1959
Experiences	<ul style="list-style-type: none"> - Managing private businesses (since 1965) - Head of the Natural, Mineral and Industrial Resources Section, Jordanian National Construction Council (1962 – 1965) - Formerly, Minister of Water and Irrigation and Minister of Transportations, formerly member of the Senate, House of Representatives, the National Consultative Council and many of its committees. - Member of Supreme Council / the Hashemite Association for Education - Chairman of the Board of Directors of Arab Bank Australia Ltd., Australia (until 6/2011) - Chairman of the Board of Directors of the Middle East Insurance Company, Jordan - Member of the Board of Directors of Balamand University, Lebanon. (formerly) - Deputy Chairman of the Board of Trustees of the University of Jordan. (formerly) - Member of the Board of Trustees of Balqa Applied University , Jordan. (formerly) - Founding Member of the Jordanian Businessmen Association, Jordan. - Founding Member of the Salt Development Establishment, Jordan - Member of Amman Chamber of Commerce, Jordan - Member of Amman Chamber of Industry, Jordan - Chairman and Board member in several private companies in Jordan



Name	Ministry of Finance, Saudi Arabia Represented by Mr. Saleh Saad A. Al-Muhanna
Title	Member of the Board of Directors /Non Executive / 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 - Sovereign Rating of Saudi Arabia (since 2001) - 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 Audit committee of Saudi Electricity Company (since 2012) - Member of the Board of Directors of the Saudi Global port company (since 2011) - Member of the Board of Directors of the General Authority of Civil Aviation (since 2012) - Member of the Board of Directors of King Faisal Specialist Hospital (since 2014) - Member of the Advisory Committee of the Military Service Board (since 2014) - Member of the negotiating team with International Petroleum Companies in relation to natural Gas initiative (2000-2004) - Allowances Committee at Ministry of Civil Services (2004-2012) - Training and Scholarship Committee at the Ministry of Finance (2000 - 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	Nazik A.A. Odah / 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 Al Hariri Foundation. - President of Nazik Hariri Welfare Center for Special Education. - President of the Beirut Festivals Association. - Member of the Board of Directors of BankMed. - First Ambassador of the International Osteoporosis Foundation (IOF) and President of IOF's 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 the " Welfare Association ". - Member of the Board of Trustees of Jordan Education Association. - Co-Chairperson of the Rafik Hariri UN-Habitat Memorial Award.

Name Social Security Corporation , Amman , Jordan
Represented by Mr. Ibrahim Yusuf Ibrahim Izziddin until 27/3/2014
Represented by Mr. Emad Al Qudah from 24/4/2014 until 2/9/2014

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

Date of membership - Legal Entity :20/9/2001

	Mr. Ibrahim Yusuf Ibrahim Izziddin	Mr. Emad Al Qudah
Date of birth	3/12/1934	3/5/1961
Academic qualifications	BA in Political Science, American University of Beirut, 1955	MBA, Sull Ross State University (SRSU)/Texas, (1984-1985)
Experiences	<ul style="list-style-type: none"> - President of the Higher Media Council, Jordan (2002-2006). - Director General of the A. H. Shoman Foundation, Jordan (1997 – 2002). - Minister of State for Prime Ministry's Affairs and minister of information (1989 - 1995). - Member of the upper house of the Parliament (1989-1993) - President of the Bureau of Civil Service, (1986 – 1989). - Ambassador of H.K. of Jordan to Switzerland, Germany, UK and USA, in addition to serving as a non-resident Ambassador to Austria, Sweden, Norway, Denmark, Luxembourg, and Holland (1975 – 1985). - Under Secretary General, Ministry of Information, Jordan (1971 – 1975). - Press Secretary, The Royal Hashemite Court (1968 – 1971). - Head of the foreign media Department, Ministry of Information, Jordan (1965 – 1968). - Held different positions in the field of publishing / Beirut - Lebanon (1958 – 1965). - Officer in the Foreign Affairs Department, Ministry of communication. Officer in the Prime Ministry , press. - Officer in the Press and Publication Department/Ministry of Foreign Affairs, Jordan (1955 – 1958) . - Member of the Board of Trustees of King Abdullah II Ibn AL Hussein Creativity Award, Jordan. - Member of the Board of Trustees of the National Centre for Human Rights, Jordan. 	<ul style="list-style-type: none"> - Head of Equity Investment Dept. – Social Security Investment Fund (SSIF) since Jan 2009 - Member of Asset Liability Committee / (SSIF) since 2005 - Member of Internal Investment Committee / (SSIF) since 2003 - Member of Information Technology Steering Committee / (SSIF) since 2003 - Member of Consultation Committee / (SSIF) since 2003 - Head of Treasury Dept. / (SSIF) 2002-2008 - Acting CEO / (SSIF) 2005-2006 - Head of Foreign Investments Dept./ Central Bank of Jordan (CBJ) 2000-2002 - Senior Trader / Foreign Investments Dept. / CBJ 1996-2000 - Trader / Foreign Investments Dept. / CBJ 1991-1996 - Head of Accounting Division / CBJ 1989-1991 - Board Member / Jordan Kuwait Bank 2007-2013 - Member of the Audit Committee / Jordan Kuwait Bank 2007-2013 - Board Member / Jordan Post Company 2007-2011 - Board Member / Al Daman for Investments 2004-2005 - Member of Jordan Association of Global Exchanges 1995-2002

**Name****Mohammed Ahmad Mokhtar Hariri****Title****Member of the Board of Directors /Non Executive / Non-Independent****Date of membership**

6/11/2005

Date of birth

9/11/1958

Academic qualifications

B.Sc. in Business Administration, University of Ottawa, Canada, 1979.

Experiences

- Over 30 years experience in the management of Saudi Oger Ltd., Saudi Arabia and other affiliated entities including Banking, Telecom, and Investment outside Saudi Arabia.
- Chairman of the Board of Directors of Group Med (Holding), Lebanon (since 7/2005)
- Chairman of the Board of Directors and General Manager of Bankmed sal and all of its subsidiaries (since 7/2005).
- Chairman of the Board of Directors of Oger Telecom Ltd., Dubai (since 8/2005)
- Chairman of the Board of Directors of Turk Telekom A.S., Turkey (11/2005)
- Chairman of the Board of Directors of AVEA Illetisim Hizmetleri A.S., Turkey (since 11/2005)
- Chairman of the Board of Directors of TT Net A.S., Turkey (11/2012)
- Chairman of the Board of Directors of Cell C, South Africa (3/2013)
- Chairman of the Board of Directors of Al Mal Investment (Holding), Lebanon (7/2005)
- Chairman of the Board of Directors of Saudi Med Investment Co. (2007)
- Vice Chairman of Saudi Oger Ltd., Saudi Arabia
- Member of the Board of Directors of 3C Telecommunications (PTY), South Africa (since 6/1999)
- Member of the Board of Directors of Ojer Telekomunikasyon A.S., Turkey (since 8/2005).
- Member of the Board of Directors of Entreprise des Travaux Internationaux (ETI), France (since 6/2003)
- Member of the Board of Directors of Oger Interational France (since 5/2003)
- Member of the Board of Directors of Association des Banques du Liban



Name	Wahbe Abdallah Wahbe Tamari
Title	Member of the Board of Directors /Non Executive / Independent
Date of membership	31/3/2006
Date of birth	14/5/1963
Academic qualifications	<ul style="list-style-type: none"> - Owner/President Management Program (OPM 43), Harvard Business School, February 2013 - BA in Management, Webster University, Geneva , Switzerland 1985
Experiences	<ul style="list-style-type: none"> - Chairman of the Board of Directors of Arab Bank (Switzerland) Ltd, Geneva (since 19/4/2013), previously Member of the Board of Directors from (2007 to 2013). - Chairman of the Board of Directors of Arabia Insurance Co. SAL, Lebanon (since 26/6/2006) - Chairman of the Board of Directors of Commercial Building Co. SAL, Lebanon (since 25/5/2009) - Member of the Board of Directors of Consolidated Contractors Company, Athens, Greece (since 9/2010) - Chairman of the Board of Directors of the National Company for Real Estate Projects S.A.L (since 30/5/2013) - Founder & Chairman of the Board of Directors of Watamar & Partners S.A., Geneva, Switzerland (since 15/1/2003) - Chairman of the Board of Directors of Watamar Asset Management AG, Zurich, Switzerland (since 5/8/2011) - Member of the Board of Directors of Sucafina S.A. Co. Geneva (since 25/8/1998) - Member, Welfare Association, (since 2006) - Member of YPO/WPO (Young President Organisation), Alpine Chapter (since 1999) - Member of LIFE, Lebanese International Finance Executives (since 2010)



Name Abdul Hameed Shoman Foundation
Represented by Mr. Khaled Anis Moh'd (Zand Irani)

Title Member of the Board of Directors /Non Executive / 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
- Jordan University 1989, M.S.c. Degree in Arid Land Use
- Jordan University 1986, B.Sc. Degree in Soils

Experiences

- Member of the Upper House of Parliament since 2013
- President of the Royal Society of the Conservation of Nature
- Minister of Energy and Mineral Resources (14/12/2009 - 23/11/2010)
- Minister of Environment (7/4/2005 - 09/12/2009)
- Director General for the Royal Society for the Conservation of Nature.(RSCN) (Oct 1996 - 4/6/2005)
- 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
- Former Member of the Nuclear Energy Committee
- Chairman of the Royal society for the conservation of nature
- Member of the Board of Abdul Hameed Shoman Foundation



Name	Mr. 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	<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 - Chartered Financial Analyst (CFA) - 2001 - Chartered Public Accountants (CPA) -1989
Experiences	<ul style="list-style-type: none"> - More than twenty five years in senior executive positions at leading private sector and publicly listed companies. - President & COO, MENA and EU , Hikma Pharmaceuticals Plc (2011-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. - Memeber of the Board of Directors of Palestine Telecommunications Company (PALTEL), 2001- 2002 - 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 of the Board of Directors of Jordan Dubai Properties 2006-2013 - Member of the Board of Trustees and Member of the Board of Directors of Welfare Association 2011- present

**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

Experiences

- Chairman , Adecoagro (January 2011 – present)
- Co-founder & Managing Member, Zuaiter Capital Holdings, LLC (April 2013 – present)
- Chief Financial Officer, Chief Operating Officer, Soros Fund Management (September 2002 – April 2013)
- Member of the Executive, Investment, Management, Capital Allocation & Risk Committees , Soros Management Fund (September 2002 – April 2013)
- Partner , PricewaterhouseCoopers LLP (April 1994 – 2002)

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
- Board member of Jordan loan Guarantee Corp.
- 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
- Board member of Arab Investment Bank S.A.L – Lebanon
- Vice Chairman of Arab Bank Australia Ltd.
- Chairman of the Management Committee for Al-Arabi Investment Group Co.

Mr. Mohamed A. Hamad Ghanameh**EVP - Head of Credit**

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
- 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

Name: Omar Bouhadiba

EVP/ Head of Corporate and Institutional Banking

Date of appointment : 2/9/2013
Date of birth : 29/6/1953



Academic Qualifications:

- MBA Wharton School of Finance, University of Pennsylvania

Experience:

- National bank of Kuwait (2010 – 2013): CEO International Banking Group.
- Mashreq Bank (2001 – 2009): Head of Corporate and Investment Banking Group.
- Bank of America (1979 – 2000) :
 - Regional head Middle East and North Africa - Dubai (1999 – 2000)
 - Senior Credit Officer Europe Middle East and Africa - London (1998)
 - Senior credit Officer France and Switzerland - Paris (1995 – 1996)
 - Head of Europe Middle East and Africa Credit - London – (1992 – 1994)
 - Marketing Head /Team Leader / Relationship Manager – Bahrain, Athens, Brussels, Tunis, Paris – (1979 - 1991)
 - Oman Arab Bank - Board Member

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)
- Alouini Fellow of Nottingham business school, Nottingham Trent University (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

Mr. Mohammad Musa Dawood "Moh'd Issa"**EVP – Country Manager of Jordan**

Date of Appointment : 9/9/2012

Date of birth : 1/2/1956

B.Sc, Math with minor in Business Administration, University of Jordan, 1978

- Executive Vice President – Country Manager of Jordan (since 16/12/2012)
- Executive Vice President – Head of Libya project (9/2012 – 11/2012)
- Executive Vice President – Head of Corporate and Investment Banking/ Jordan & Palestine (4/2009 – 7/2012)
- Senior Vice President – Head of Credit/ Jordan & Palestine (10/2006– 3/2009)
- Head of Corporate Finance/ Jordan & Palestine (08/2004 – 09/2006)
- Other senior posts within Arab Bank plc, Jordan including: Head of Commercial Lending, Head of Syndicated Loans Unit (10/1983 – 07/2004)

- Deputy Chairman of International Islamic Arab Bank
- Board member of Jordan Hotels and Tourism Company

Name : Eric J. Modave

Title : 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, Europe Middle-East, Africa and Russia, Citigroup, (London) (2005 –2006)
- Head of Retail Operations and Process Re-engineering, 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, Citigroup (Brussels) (1996 - 1999)
- Audit Manager Arthur Andersen (Luxembourg), (1991 - 1996)

Mr. Ghassan Hanna Suleiman Tarazi**EVP - Secretary of the Board, Head of Secretariat
Division, Investments and Investors Relations**

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
- Obtained professional certificates (CBA & CPA) from the USA and FAIBF from Australia

Experience:

- Chief Financial Officer, Arab Bank, (July 2008 - 31/12/2012)
- 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

Name : Mr. Dawod Mohammad Dawod Al-Ghoul

EVP - Chief Financial Officer



Date of Appointment : 2/11/2008

Date of birth : 25/5/1971

Academic Qualifications:

- BA in Accounting – University of Jordan – 1992
- M.SC in Accounting and Finance – University of Colorado – United States of America – 1994
- Certified Public Accountant (CPA) from the United States of America – 1993

Experience:

- Executive Vice President - Chief Financial Officer since 1/1/2013
- Executive Vice President – Financial Planning and Investments – Arab Bank (2008 – 2012)
- Director of Finance – Saraya Holdings (2007 – 2008)
- Head of taxation – Arab Bank (2003 – 2007)
- Consultant in international accounting and taxation – KPMG – United States of America (2000 – 2003)
- Finance Manager – Schlumberger – Dubai (1997 – 2000)
- Senior Auditor – Arthur Andersen – Dubai (1995 – 1997)

- Board member - International Islamic Arab Bank
- Board member – Wehda Bank
- Board Member - Arab Tunisian Bank - Tunisia

Basem Ali Al-Imam, Lawyer
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)

Mr. Marwan Nasha'at R. Riyal
EVP - Head of Human Resources Division



Date of appointment : 13/6/2004
 Date of birth : 15/10/1962

Academic Qualifications:

- B.A. in Economics and Politics, University of Jordan, 1983
- M.A. in International Economic Relations, University of Jordan, 1993

Experience:

- Executive Vice President / Global Head of Human Resources, Arab Bank plc – Amman (since 11/2005 - present)
- Assumed senior positions within the Human Resources Division, Arab Bank plc – Amman (since 2004)
- Head of Recruitment and Training
- Head of Performance Management
- Head of Human Resources, (ABC Bank) – Jordan, (10/2003 – 6/2004)
- Human Resources & Administrative Director, Aqaba Special Economic Zone Authority (ASEZA) – Jordan, (6/2003 – 10/2003)
- Head of Human Resources, Nestle Group – Jordan, (3/2003 – 6/2003)
- Head of Human Resources, Cairo Amman Bank – Jordan, (11/1995 – 1/2002)
- Purchasing Manager, Ministry of Finance – Jordan, (1986 – 1995)

Mr. George 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
- M.Sc. Finance, 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)
- Member of the MENA-Organization for Economic Co-Operation and Development (OECD) Working Group in Improving Corporate Governance in the Middle East and North Africa

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

Mrs. Eman Al- Sahhar
VP - Head of Secretariat Department -
Shareholders Unit



Date of appointment : 18/7/2010
Date of birth : 30/6/1955

Academic Qualifications:

- High School, 1972

Experience:

- Manager, Secretariat Department (since 1995)
- Assistant Manager, Secretariat Department (since 1990)
- Following Secretariat work and Board Meeting preparations and General Assembly since 1990
- Worked in Secretariat Department since 6/12/1972

	Shareholder Name	Nationality	Number of shares 31.12.2013	Ownership % 31.12.2013	Number of shares 31.12.2014	Ownership % 31.12.2014
1.	Social Security Corporation	Jordanian	82770000	15.500%	90434944	15.877%
2.	Oger Middle East Holding	Lebanese	105913575	19.834%	112974480	19.834%



Arab Bank continues its path of achievements, which began around 85 years ago, underlining a success story unfolding year after year. In addition to holding a leading position as one of the most important banks in the Middle East and North Africa, the Bank is also one of the most competitive and diverse. The Bank enjoys a strong reputation and credibility, making it a pillar of trust for its customers and shareholders under all circumstances. Reinforcing this unique position, Arab Bank Group enjoys the widest Arab banking branch network in the world with over 600 branches.

Despite the challenges arising from the current situation in the Middle East and the global economic challenges, Arab Bank continues to enhance the level of competitiveness based on its values of protection for its customers, shareholders, employees and capital. The Bank also implements a balanced strategy based on abundant liquidity and high capital adequacy ratios that allows it to work effectively and efficiently under difficult and volatile conditions while achieving profits and enhancing its strong financial performance.

In 2014, Arab Bank received many awards and recognitions from leading international parties, most notably the award for Best Bank in the Middle East from Global Finance magazine. The Bank also received the awards for Best Trade Finance Provider in the Middle East from both Global Finance and EMEA Finance magazines.

In 2014, Arab Bank was also recognized as the Best Bank in Jordan by Global Finance, Euromoney, EMEA Finance, The Banker (published by the Financial Times), the Banker Middle East and Corporate Finance International magazines.

The Bank received many other awards from Global Finance magazine including: Best Trade Finance Bank in Jordan and Yemen, Best Bank in Yemen, Best Foreign Exchange Provider in Jordan, Best Consumer Internet Bank in Jordan and Best Corporate Internet Bank in Jordan and Lebanon. It also received the award for Best Cash Manager in the Middle East from Global Investor/ISF, which is published by Euromoney. The Bank also received the Best Company in Investor Relations from the Middle East Investor Relations Society.

Arab Bank's Shabab Facebook page received the Most Interactive Page in the Region award as part of the banks category from the Pan Arab Excellence Academy. The Bank's mobile application for smartphones and tablets, Arabi Mobile, won the gold medal at the Jordan Web Awards ceremony.

Market shares in specific Locations:

Arab Bank operates in 30 countries in five continents. Its market share vary by country, according to the nature of business it conducts. The following table presents the Bank's market shares in a selected Arab countries where the Bank operates:

Country	Total Assets %	Deposits %	Direct Credit Facilities %
Jordan	20.41%	20.70%	16.50%
Palestine	27.28%	30.58%	27.21%
Bahrain	2.32%	1.71%	2.74%
Egypt	1.78%	2.01%	2.43%
Lebanon	0.93%	0.95%	1.54%
Qatar	0.73%	0.88%	0.70%
UAE	0.66%	0.91%	0.77%
Yemen	9.88%	11.12%	5.56%

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

It is worth mentioning that Arab Bank ranks first among banks operating in Jordan and Palestine 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

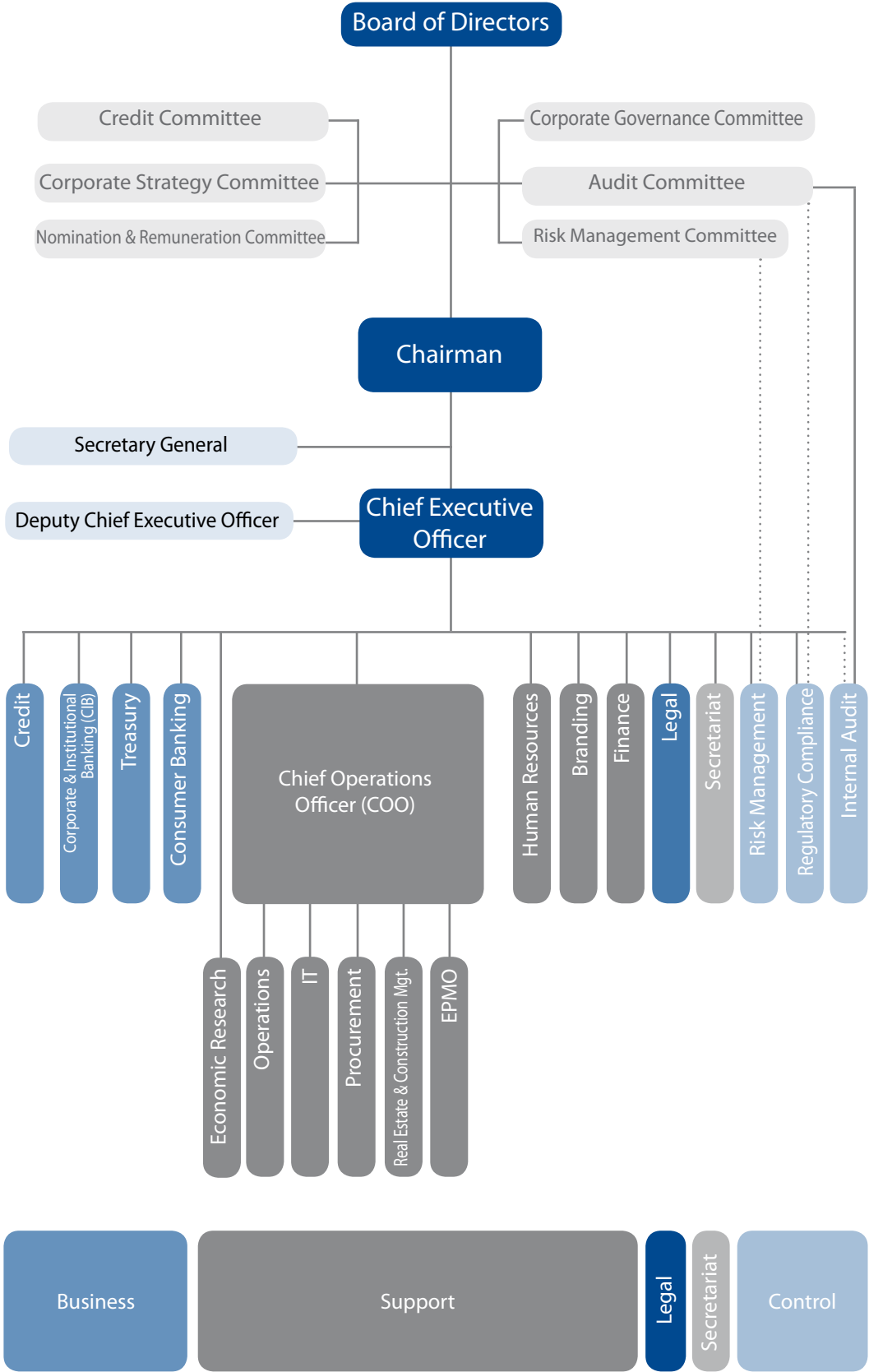
No specific individual supplier or client accounts for 10% or more of the Bank's activities, purchases and / or sales.

No decrees, laws or regulations were issued by any governmental bodies or international organizations or others that would have material impact on the Bank, any of its products or competitive capabilities.

Arab Bank received in 2014 from international credit rating agencies the following ratings: In January 2014, the Bank received (BBB-) rating with (Negative) outlook from Fitch. The Bank also received in October 2014 the rating of (Ba2) with (Stable) from Moody's. As for Standard and Poor's, Arab Bank plc received in November 2014 (BB-) and (BB+) for Europe Arab Bank and Arab Bank Australia, with (Stable) outlook.

The Credit rating agencies in their reports stated that Arab Bank follows a prudent risk approach and enjoys a strong franchise and 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.	Arab Investment Bank	Al-Arabi Investment Group (AB Invest)
PhD	10	0	4	1	6	2	1	0
Master's degree	545	20	13	12	69	18	2	5
Advanced diplomas	34	25	23	1	4	3	0	1
Bachelor's degree	4045	54	11	49	517	42	2	21
Junior college	656	8	14	48	91	1	0	1
High school	573	40	30	18	41	2	1	1
Sub high school	524	0	1	3	67	3	0	4
Total Employees	6387	147	96	132	795	71	6	33

Arab Tunisi- sian Bank	Arab Bank - Syria	Al Nisr Al Arabi Insurance Company	Arab Company for Shared Services	Arab Gulf Tech for IT Ser- vices	Arab National Leasing Company	Al-Arabi Investment Group	Total
3	1	0	0	0	0	0	28
215	25	15	18	5	3	2	967
303	3	0	3	0	0	1	401
68	202	221	80	28	18	5	5363
76	36	24	18	3	5	0	981
208	26	4	3	1	1	1	950
361	11	8	2	0	2	0	986
1234	304	272	124	37	29	9	9676

TRAINING COURSES VS. TRAINEES IN JORDAN & ARAB AREAS IN 2014

Area	Training Agenda		Unscheduled Programs		Middle Management Programs and Ruwad Programs		External Courses Inside and Outside Jordan		Internet Courses	
	Courses	Trainees	Courses	Trainees	Courses	Trainees	Courses	Trainees	Courses	Trainees
Jordan	143	2581	90	1907	28	302	94	249	24	120
Palestine	32	415	10	66	84	1486	31	86	0	0
Egypt	42	635	32	784	0	0	25	106	0	0
Morocco	16	281	2	35	0	0	1	3	0	0
Algeria	13	214	5	14	0	0	0	0	1	228
Lebanon	12	164	7	170	0	0	51	101	5	80
Yemen	27	54	4	33	0	0	0	0	0	0
Bahrain	47	65	6	114	1	5	13	19	3	196
UAE	0	0	4	4	0	0	97	88	0	0
Qatar	0	0	1	1	5	2	1	1	1	10
Total per Item	332	4409	161	3128	118	1795	313	653	34	634



Courses Attended at H.O.		English, French, and Computer Courses		Certification Programs		Grand Total Per Area	
Courses	Trainees	Courses	Trainees	Courses	Trainees	Courses	Trainees
18	413	37	155	18	85	452	5813
0	0	5	86	2	2	164	2141
4	6	12	5	32	568	147	2104
0	0	2	2	0	0	21	321
9	11	0	0	0	0	28	467
5	6	7	11	4	30	91	562
4	4	12	12	0	0	47	103
2	2	2	2	2	2	76	405
0	0	5	4	0	0	106	96
10	10	1	125	1	1	20	150
52	452	83	402	59	688	1152	12161

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 as follows:

Committees:

- Audit Committee. (Board of Directors)
- Risk Management Committee. (Board of Directors)
- Credit Committee. (Board of Directors)
- High Asset and Liability Management Committee (High ALCO)
- Credit Executive 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 all applicable laws, rules and regulations, especially those issued by banking 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 enjoys independence from executive management and reports to the Audit Committee of the Board. It contributes to achieving the Bank's objectives by following a systematic, 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 provides assurance that all functions are committed to maintain 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 implementation of the remediation actions.

RISK MANAGEMENT

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, knowing that the Board has a key role for validating test assumptions and scenarios and to discuss test results and approve 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 departments and committees in order to complete 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 to the Board (through the Risk Committee) and to the CEO reports which include information about actual risks pertaining to all activities of the bank (Risk Profile) and their 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 to 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 as follows:

- The Credit Risk Management Department is responsible for the centralized reporting of credit risk, 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 the Basel II and III requirements 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 risk management framework, as part of the overall strengthening and continuous improvement of the controls within the Bank. The framework consists of policies and procedures supported by a formal methodology of risk and control self-assessment for the identification, assessment, mitigation, monitoring, and reporting of operational risk in all business activities.
- The Information Security Department leads a Bank-wide framework aimed at minimizing information and technology risks, maximizing compliance and enabling the safe use of technology in all lines of business including the electronic banking services enjoyed by our clients. The goal is to ensure that information assets, people, processes and technologies are adequately protected from threats, whether internal or external, deliberate or accidental. Our strategy recognizes the importance of Information Security in establishing trust between our customers, business partners, employees and the Bank and includes activities to promote good security practices, raise information risk awareness, strengthen controls, and enhance the effectiveness of security monitoring and incident response.
- The Business Continuity 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's mandate is to oversee all insurance policies through a centralized database whether these are global or local. It ensures that insurable risks are appropriately mitigated and establishes minimum insurance criteria at the Group and country level. The department also supports the Business Units in reviewing and delivering customized insurance coverage for products, portfolios, or individual transactions.
- The Policy Center Department is responsible for centrally managing all Bank 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 low 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 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. The quality of the portfolio is examined on 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 continuously revised and conservative scenarios and capital planning 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 monitored to adjust as appropriate.
- Credit Committee structure that ensures credit approvals are made with consensus by a committee and not individuals with high level of independency.
- Clear segregation between Business and Credit.
- Authorities are delegated based on risk-differentiated grids for each committee at Country and Head Office levels.
- Well-defined target market and risk asset acceptance criteria.
- Rigorous financial, credit and overall risk analysis for each customer/transaction.
- Concentrations together with mitigation strategies are continuously assessed.
- Early warning system is continually validated and modified to ensure proper functioning for risk identification.
- 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 weakness signs or warning signals and considering proper remedies in case of need.
- 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.
- Conservative approach to provisioning and managing bad debt collection through roll rate, vintage analysis and delinquency trends analysis to enable the early identification of problem areas.
- Periodic legal and credit reviews are conducted and account strategies are set to minimize NPLs and maximize recoveries and collections.
- Periodic and on-demand individual credit reviews to ensure that no negative or backsliding indicators occur which might require additional precautionary measures.
- Regular Stress-testing scenarios for top exposures and portfolios and assessment of impact on capital and earnings.
- The Bank continues to upgrade its systems and technological infrastructure to further enhance performance and to continually adapt to changing environments.

Our rigorous credit processes as noted above 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 and are supplemented by independent reviews by the Business Risk Review team in Group Risk Management and by our Group Internal Audit.

The Bank continuously works to build a highly motivated team, and to promote a culture where continuous learning skills and expertise are maximized through enrolling our credit staff at various levels into well selected and designed credit training programs and courses to ensure that they are equipped to assume their roles and responsibilities effectively.

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 support its strategy and ensuring 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 largely protected the Bank from the effects of the market volatility and funding stress experienced by many other financial institutions in recent years.

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, monitored and coordinated. 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 cash flows 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 risk profile.

The Global Treasurer and Group Risk Management receive daily information on actual, forecasted and modeled liquidity. Such information is received at country level, legal entity level and at Group level. This enables the Treasurer to 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, liquidity risk factors, 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 extremely 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 fundamentally 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, and equity or 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 Investment Banking and Consumer Banking to Treasury, where it can be centrally managed.

The three main activities which expose the bank to market risk are: Money Markets Trading, Foreign Exchange Trading and Capital Markets Trading, across the Trading and Banking books.

The bank's market risk management strategy is to maximize the economic return of assets taking into account the bank's risk tolerance as well as local regulatory constraints. Market risk is governed by the Global Treasurer, the Chief Risk Officer and the Chief Financial Officer. On the other hand, 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 and Group Risk Management 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 multiplying the net balance in each time bucket by its weighted average price sensitivity to changes in interest rates. 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 stemming 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 equities 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 that we originate 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 minimize foreign exchange exposure.

In Treasury, positions are usually held open only for small risk equivalents. The majority of positions arising from customers are covered on a daily basis. Positions are measured and supervised by local management daily and by global management weekly. 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, are risk-based, promote efficiency, foster effectiveness and meet or exceed customer 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 the oversight of compliance with requirements impacting the business lines including, but not limited to, Know Your Customer, Anti-Money Laundering, and Combating Terrorist Financing compliance.

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, and that is considered as one of the key indicators of the level of service quality and performance of products provided by the Bank to its customers. Customer Complaints are managed and handled by the Service Excellence Unit under the Consumer Banking Division, with the exception of Jordan and Egypt where customer complaints are managed by a separate unit established under the Compliance Department (for Jordan in May 2013, and for Egypt in December 2014) to deal with customer complaints 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 a manner that ensures a resolution is reached and / or clarifies the Bank's position regarding customers' complaints. Complaints and inquiries are followed-up with the concerned divisions and departments of the Bank to ensure the delivery of customers' notes / complaints and therefore to be resolved and processed to identify and remedy the root causes thereby avoiding recurrence with other customers.

The Customer Complaints Unit has reviewed and analyzed all the complaints received during the year 2014, which have been handled in accordance with the Bank policies and procedures in place 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.



Arab Bank has accomplished many achievements in various fields despite the prevailing conditions in the region and the relatively unstable global economy in 2014.

Arab Bank Group reported a net profit, after taxes and provisions, of USD 577.2 million in 2014 compared to USD 501.9 million in 2013, a growth of 15%. To enhance the Bank's capital adequacy ratio and to further expand its business, the Board of Directors recommended distributing dividends of 24.5% for the year 2014, made up of 12% cash dividends, and the distribution of two free shares for every sixteen shares.

Despite the challenging environment and the devaluation of several major currencies, customer deposits reached USD 35 billion compared to USD 34.4 billion in 2013, recording a 2% growth at the end of 2014. The Bank's loans and advances reached USD 23.7 billion compared to USD 23.1 billion in 2013, a 3% increase. Adjusting for the impact of exchange rates and extraordinary items, loans and customer deposits grew by 9% and 7% respectively. As part of Arab Bank's strategy to maintain a solid balance sheet and a quality portfolio, loan quality remained very strong with no increase of non performing loans and a provisions' coverage ratio exceeding 100%, excluding the value of collaterals held. The Bank succeeded in growing its operating income, benefiting from its diversified business model and differences in foreign currencies in addition to maintaining key financial indicators on par with the highest local and global standards. These indicators remain strong as the Bank's liquidity continues to be robust with a loan-to-deposit ratio of 67.7%. Capital adequacy ratio reached 14.8%. Arab Bank also maintained high levels of operational efficiency relying on prudent policies and control of operating expenses.

Arab Bank succeeded in achieving its strategic objectives, maintaining its leading position by growing and diversifying its operating income through expansion in markets where the Bank is present.

In 2014, Corporate and Institutional Banking (CIB) continued to build and consolidate an already well-established platform. CIB's strength translated into consistent financial performance, demonstrating healthy and well-diversified revenue growth during the year. Such growth has continued to be in line with disciplined credit risk management, which has always been a core competency of Arab Bank's CIB group.

The large investment programs underway in a number of MENA countries have resulted in increased volumes of transactions received from large multinational companies eager to participate in building and supply contracts. In addition, a growing number of the Bank's corporate customers are expanding their business reach across geographies, some even evolving into substantial regional multinational entities in their own rights. As a result, an increasing number of customers require cross-border financing and look to Arab Bank as a regional institution with the unique ability to provide the facilities necessary to conduct their business wherever they are located across the region. Within this context, our wide network of correspondent banks are routing larger volumes of transactions in different countries where their clients conduct business.

The Bank's corporate electronic banking solutions offer customers a comprehensive commercial banking platform that includes cash management and trade finance services. The solutions are tailored specifically to allow customers to efficiently manage transactions from anywhere in the world using state-of-the-art technology. The solutions have proven particularly popular with corporations enabling them to effectively manage their operations, capital, and liquidity.

CIB continued to support projects across the MENA region, with the GCC taking the lead in 2014. Arab Bank led transactions in Egypt, UAE, Bahrain, Kuwait, Oman, Qatar and Saudi Arabia.



In the North African region, CIB provided financing to key development projects involving well-established regional and multinational corporations, especially in Egypt and Algeria. CIB continued its strategy of focusing on trade finance activities for key commodities and supporting major international and regional contractors involved in large government development projects.

Looking to the Far East, CIB Singapore has become a strategic entry point for major corporations from across Asia involved in trade as well as projects in electricity, power, water treatment and desalination, and road infrastructure across the MENA region.

Ensuring CIB operations are properly governed and streamlined across processes has been a key focus point during 2014. CIB has worked closely with operations and technology teams to enhance operational processes in order to improve cost efficiencies for the business. Cost discipline remains strong in CIB with cost income ratios remaining at very moderate levels and in line with the Bank's historical averages.

CIB launched the Star and Star Plus packages with flexible terms to meet the needs of Small and Medium Size Enterprises (SMEs) in Jordan. This initiative comes as part of the Bank's leading role in small and medium enterprises and to meet the needs of this dynamic and integral sector as part of its corporate services.

It is also worth mentioning that Arab Bank established a specialized unit to provide comprehensive financial services to SMEs to better meet the banking needs of this segment through business centers and branches across the Kingdom.

In addition, an agreement was signed with the Jordan Loan Guarantee Corporation as part of the financing packages provided by Arab Bank. This agreement will open new doors for SME clients in the industrial, manufacturing, tourism, and services sectors to expand their operations and give them access to the needed guarantees.

As for Consumer Banking, many awareness campaigns were launched for Arabi Online in Jordan, Egypt, Palestine, UAE, Qatar, Bahrain, and Lebanon. These campaigns also involved promoting the Easy Payment Plan through Arabi Online in Jordan, Egypt, Palestine, and UAE, in addition to activating and stopping credit cards online in many of these markets. Another awareness campaign was launched to promote Arabi Mobile in the countries where the application is available to promote its many features. Arab Bank is considered the first bank in Palestine to launch this service in the local market. Arabi Mobile is also available in Jordan, Egypt, UAE, Qatar, Bahrain, and Lebanon for smartphones and tablet devices.

Furthermore, Arabi Online, the internet banking service, has received Global Finance magazine's award for Best Consumer Internet Banking Service in Jordan for six consecutive years.

Arab Bank has placed special attention on updating customers' information as part of the Know Your Customer program in order to engage with them continuously through various channels. This program enables the Bank's customers in Jordan, Palestine, UAE, Qatar, Bahrain, and Lebanon to update their information through Arabi Online easily and securely. To further reinforce this initiative, customers are able to update their mobile numbers for the SMS Express service using ATMs in all markets.

As part of the Bank's continuous commitment to protect its customers and to enhance security when using their cards online, Verified by VISA and MasterCard Secure-Code were launched in different markets. When the testing period is complete, it will be rolled out across all markets in the beginning of next year. This service provides added security for customers when shopping online by allowing



them to create a password to verify their identity when conducting any online transaction. This service is provided by the Bank in coordination with related parties. As for the Bank's credit card offering, the MasterCard Titanium and MasterCard World were issued and work is currently underway to provide these cards in Egypt. Additionally, all ATMs in Palestine were upgraded to accept MasterCard types.

In line with the Bank's commitment to provide the highest levels of security, work has been completed on Visa Electron cards which are instantly issued with enabled chips in Jordan, UAE, Palestine, and Egypt. These cards are supported by PIN Pad devices to deliver and set cards' PIN instantly at the branch. Work is currently underway to launch this service in the remaining markets.

Across its branches in Jordan, Arab Bank has provided account number cards which include customers' account number and international bank account numbers. The Bank is currently working on launching this service in the abovementioned countries at the beginning of next year as per the respective markets' requirements.

Arab Bank has also launched the eFAWATEER.com service through Arabi Online in coordination with the Central Bank of Jordan. This service allows customers to view and pay their bills online, saving them time and effort.

The Bank has launched several promotional campaigns in different markets for credit cards including the "Win a Free Trip to the 2014 FIFA World Cup in Brazil" in Jordan, Palestine and Egypt, in addition to "Don't Pay Cash...Use Your Visa Card and Win Cash" in Jordan. The Bank also launched the "Win a Trip Many Dream Of" campaign in cooperation with MasterCard in addition to advertising campaigns for the Elite and Arabi Premium programs. The Bank completed launching its Arabi Premium program in Lebanon, Bahrain, and Qatar.

The Jeel Al Arabi program witnessed great demand from young customers who were able to enjoy its many benefits. The program underwent continuous development in certain markets, specifically Jordan and Palestine, and was also launched in Egypt. This program was supported with many activities at selected schools in these markets.

A special promotional campaign was launched for non-resident mortgages, targeting Jordanians, Palestinians, and Lebanese living in the Arab Gulf to finance the purchase of land and housing properties. In addition, the Bank promoted car loans in Jordan, Egypt, UAE, and Bahrain by providing competitive rates in collaboration with car dealerships in each of these countries.

As part of the Bank's continuous efforts to provide the best workplace for employees and a convenient environment for customers, the Bank started implementing the new branch operating model to improve efficiency and increase sales opportunities. This new operational initiative involves structural changes in terms of employee responsibilities in addition to creating new business and sales objectives. This new model was implemented in Jordan, Palestine, Egypt, Lebanon, UAE, Bahrain, and Qatar.

The Bank also added new outlets by signing agreements with them as part of the Easy Payment Plan for credit cards. Additionally, the Bank expanded the discount offering for the Shabab program and updated the list of participating merchants.

In line with the Bank's main objective to provide the highest levels of service to customers across all markets, Arab Bank has opened several new branches and installed ATMs in different countries.

Service excellence is considered one of the main pillars which is continuously being developed to increase its effectiveness across all of our operations. In 2014, we have implemented several tools and applied many initiatives to obtain customers' direct

feedback as part of our Voice of Customer program. Through this program, the Bank received direct feedback from customers about its main products and services. Suggestion forms, which can be sent online or by paper at the branches, also enabled us to handle complaints and address comments and suggestions during the year. Based on the feedback received, the Bank continues to undertake initiatives that aim to empower front-line employees to better meet our customers' needs.

Arab Bank's human capital is the key to success when it comes to providing exceptional banking services. As part of this belief, Consumer Banking organized a series of regional and specialized conferences with the objective of developing and sharing expertise in addition to implementing initiatives to raise the level of service. The Bank organized workshops for branch employees and front-liners on responsible lending, credit services, and the Elite and Arabi Premium programs. As for the Bank's commitment toward supporting the local community and protecting the environment in Jordan, there is continuous development and implementation of initiatives to achieve these goals. In the environmental field, new brochures were designed with eco-friendly services and products to promote the Bank's offerings which include loans for hybrid cars and financing environmentally-friendly products through the Bank's Easy Payment Plan for credit cards. As for supporting the community, the Bank's Together Platinum Credit Card is continuously being promoted and employees are encouraged to issue this card to support a number of local non-profit organizations.

Arab Bank maintained its advertising campaigns on television and in print media, both locally and regionally. The objective of these campaigns was to enhance the Bank's competitive position, reinforce its corporate identity, and highlight its achievements by focusing on its target audience in the consumer and corporate sectors.

The Bank's social media channels and online community outreach witnessed significant growth in followers and interactions across its Facebook, Twitter, and LinkedIn pages.

Arab Bank issued its third sustainability report for the year 2013 in line with the Global Reporting Initiative's principles (GRI) at an (A) level, being the first bank in Jordan to issue such a report. The report includes the performance and impact of the Bank in the social, environmental and economic fields with its contributions to the community.

In 2014, the Bank received many awards and recognitions from leading international parties, most notably the award for Best Bank in the Middle East from Global Finance magazine. The Bank also received awards for Best Trade Finance Provider in the Middle East from both Global Finance and EMEA Finance magazines.

Arab Bank was recognized as the Best Bank in Jordan by Global Finance, Euromoney, EMEA Finance, The Banker (published by the Financial Times), the Banker Middle East, and Corporate Finance International magazines.

The Bank received many other awards from Global Finance magazine including: Best Trade Finance Provider in Jordan and Yemen, Best Bank in Yemen, Best Foreign Exchange Provider in Jordan, Best Consumer Internet Bank in Jordan and Best Corporate Internet Bank in Jordan and Lebanon. It also received Best Cash Manager in the Middle East from Global Investor/ISF, which is published by Euromoney. The Bank also received the award for Best Company in Investor Relations from the Middle East Investor Relations Society.

Arab Bank's Shabab Facebook page received the Most Interactive Page in the Region award as part of the banks category from the Pan Arab Excellence Academy. Arab Bank's mobile application for smartphones and tablets, Arabi Mobile, won the gold medal at the Jordan Web Awards ceremony.

There have been no non-recurring operation that had a material effect on the bank's or the group financial position in 2014.

Time Series Data for Major Financial Indicators (2010 – 2014)

	Value in JOD Millions for the Bank & in USD Millions for the Group				
	2014	2013	2012	2011	2010
Arab Bank PLC : Net Profit after Tax	359.7	346.2	261.3	263.0	145.1
Arab Bank Group : Net Profit after Tax	577.2	501.9	352.1	305.9	270.8
Arab Bank PLC : Shareholder's Equity	4 040.9	3 955.4	3 875.5	3 813.5	3 786.6
Arab Bank Group : Owner's Equity	7 888.7	7 767.7	7 699.2	7 656.7	7 809.1
Distributed Dividends					
Total Dividends (JOD in millions)	68.4	160.2	160.2	133.5	106.8
Dividends (%)	12%	30%	30%	25%	20%
Number of Issued Shares (in thousands)	569 600	534 000	534 000	534 000	534 000
Share Price on Last Working Day (JOD)	7.10	7.83	7.25	7.85	9.98

* Arab Bank plc Board of Directors recommended to the general assembly to distribute two bonus shares for every sixteen shares for year ended 2014.

This section of the Board of Directors report highlights relevant financial data which is included in the consolidated financial statements of Arab Bank Plc and Arab Bank Group for the year 2014. 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 where the Group operates and the Central Bank of Jordan requirements. The accompanying notes are an integral part of the consolidated financial statements.

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

	Percentage of ownership as of 31 December 2014
Arab Bank Australia Limited	100.00%
Europe Arab Bank Plc	100.00%
Islamic International Arab Bank Plc	100.00%
Arab National Leasing Company L.L.C	100.00%
Al - Arabi Investment Group L.L.C	100.00%
Arab Sudanese Bank Limited	100.00%
Arab Investment Bank S.A.L	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 the bank. Control becomes effective when the bank has the power to govern the financial and operating policies of the subsidiary so as 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 group financial statements.

Arab Bank Group

Consolidated Statement of Income

Arab Bank Group's net income for the year ended 31 December 2014 amounts to USD 577.2 million compared to USD 501.9 million for the year ended 31 December 2013, Total revenues of the Group stood at USD 1877.3 million compared to USD 1810.8 million in 2013 recording an increase of 3.7%, net Provision for doubtful debts amounts to USD 236.2 million represents the provisions booked during the year against watch list and non - performing loans.

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

In USD (Thousands)	2014	2013	Variance	%
Revenue				
Net interest income	1 074 948	1 064 353	10 595	1%
Net commission income	321 593	317 919	3 674	1%
Other	480 768	428 557	52 211	12%
Total Income	1 877 309	1 810 829	66 480	4%
Expenses				
Employees Expenses	434 754	412 593	22 161	5%
Other Expenses	358 653	347 543	11 110	3%
Provision for impairment - direct credit facilities at amortized cost	236 161	285 875	(49 714)	(17%)
Provision for impairment - other financial assets at amortized cost	6 422	23 412	(16 990)	(73%)
Total Expenses	1 035 990	1 069 423	(33 433)	(3%)
Profit For the year before Tax	841 319	741 406	99 913	13%
Income tax	264 166	239 550	24 616	10%
Profit for the year	577 153	501 856	75 297	15%

Consolidated Statement of Comprehensive Income

Arab Bank Group's comprehensive income for the year ended 31 December 2014 amount to USD 390.2 million compared to USD 326.3 million for the year ended 31 December 2013, the following schedule shows the principal components of the Group's consolidated statement of comprehensive income:

In USD (thousands)	2014	2013
Profit for the year	577 153	501 856
Add:		
Items that will be subsequently transferred to the consolidated statement of income		
Exchange differences arising on the translation of foreign operations	(194 911)	(57 025)
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	7 943	(118 576)
Total Comprehensive income for the year	390 185	326 255

Consolidated Statement of Financial Position

Arab Bank Group assets reached USD 48.2 billion as at 31 December 2014, Customer deposits over the year increased by USD 579 million to reach almost USD 35 billion. Investment portfolio has reached USD 10.7 billion, Credit facilities amount to USD 21.3 billion forming 44.3% of total assets while owner's equity reached USD 7.9 billion.

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

In USD (thousands)	2014	2013	Variance	%
Assets				
Cash and due from Banks	12 166 498	11 738 727	427 771	4%
Investment Portfolio	10 721 459	9 917 984	803 475	8%
Direct credit facilities at amortized cost	21 340 919	20 971 444	369 475	2%
Other	3 922 613	3 771 466	151 147	4%
Total Assets	48 151 489	46 399 621	1 751 868	4%
Liabilities				
Due to banks	4 168 204	3 133 983	1 034 221	33%
Due to customers	34 968 829	34 390 055	578 774	2%
Other	1 125 715	1 107 855	17 860	2%
Owners' Equity	7 888 741	7 767 728	121 013	2%
Total Liabilities and Owners Equity	48 151 489	46 399 621	1 751 868	4%

Arab Bank plc

Statement of Income

Arab Bank plc's net income for the year ended 31 December 2014 amounts to JOD 359.7 million compared to JOD 346.2 million for the year ended 31 December 2013, total revenues of the Bank stood at JOD 926.6 million compared to JOD 879.4 million in 2013 recording an increase of 5.4%, Net provision for doubtful debts amounts to JOD 31.8 million represents the provisions booked during the year against watch list and non performing loans.

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

In JOD (thousands)	2014	2013	Variance	%
Revenue				
Net Interest income	606 953	589 707	17 246	3%
Net commission income	170 533	162 846	7 687	5%
other	149 139	126 830	22 309	18%
Total Income	926 625	879 383	47 242	5%
Expenses				
Employees expenses	208 789	191 729	17 060	9%
Other expenses	197 335	190 119	7 216	4%
Provision for impairment - direct credit facilities at amortized cost	31 834	36 059	(4 225)	(12%)
Provision for impairment - other financial assets at amortized cost	288	2 913	(2 625)	(90%)
Total Expenses	438 246	420 820	17 426	4%
Profit for the year before tax	488 379	458 563	29 816	7%
Income tax	128 691	112 337	16 354	15%
Profit for the year	359 688	346 226	13 462	4%

Statement of Comprehensive Income

Arab Bank Plc's comprehensive income for the year ended 31 December 2014 amounts to JOD 245.7 million compared to JOD 240.1 million for the year ended 31 December 2013.

The Following schedule shows the principal components of the Arab Bank plc's statement of comprehensive income

In JOD (thousands)	2014	2013
Profit for the year	359 688	346 226
Add:		
Items that will be subsequently transferred to the statement of income		
Exchange differences arising on the translation of foreign operations	(117 843)	(22 022)
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	3 814	(84 101)
Total Comprehensive income for the year	245 659	240 103

Financial Position

Arab Bank Plc assets reached JOD 25.9 billion as at 31 December 2014 . Customer deposits over the year increased by JOD 694 million to reach almost JOD 18,9 billion . Investment portfolio has reached JOD 5,7 billion . Credit facilities amount to JOD 11,1 billion forming 43% of total assets while shareholder's equity reached JOD 4 billion.

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

In JOD (Thousands)	2014	2013	Variance	%
Assets				
Cash and due from banks	7 527 360	7 249 444	277 916	4%
Investment Portfolio	5 692 244	5 080 330	611 914	12%
Direct credit facilities at amortized cost	11 050 831	10 539 256	511 575	5%
other	1 589 342	1 669 342	(80 000)	(5%)
Total Assets	25 859 777	24 538 372	1 321 405	5%
Liabilities				
Due to banks	2 283 072	1 754 200	528 872	30%
Due to Customers	18 938 148	18 243 668	694 480	4%
Other	597 684	585 090	12 594	2%
Shareholders' equity	4 040 873	3 955 414	85 459	2%
Total Liabilities and shareholders' equity	25 859 777	24 538 372	1 321 405	5%

CAPITAL ADEQUACY

Arab Bank maintains capital adequacy ratios that exceed the required levels as per Basel committee , which is 8% , and Central Bank of Jordan requirements of 12%.

The following table presents a summary of the capital adequacy calculations in accordance with Basel II requirements for 2014 and 2013:

Arab Bank Group

In USD (thousands)

Capital Adequacy Ratio as at 31 December	2014	2013
Risk weighted assets	32 330 688	31 275 340
Core Capital	6 116 481	5 689 357
Supplementary Capital	39 329	207 196
Deductible Items	1 370 134	1 157 623
Regulatory Capital	4 785 676	4 738 930
Core Capital / Risk Weighted assets	14.80%	15.15%
Regulatory Capital / Risk Weighted assets	14.80%	15.15%

Arab Bank plc

In JOD (thousands)

Capital Adequacy Ratio as at 31 December	2014	2013
Risk weighted assets	17 982 801	17 024 838
Core Capital	4 017 389	3 733 454
Supplementary Capital	(81 070)	21 797
Deductible Items	1 199 831	1 273 288
Regulatory Capital	2 736 488	2 481 963
Core Capital / Risk Weighted assets	15.22%	14.58%
Regulatory Capital / Risk Weighted assets	15.22%	14.58%

Income Appropriation - Arab Bank plc

Arab Bank follows a well established policy regarding the income appropriation, 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 12% of the shares par value, or JOD 68.4 million and two bonus shares for every sixteen shares or 71.2 million shares for the year 2014 compared to 30% of the shares par value, or JOD 160.2 million and one bonus share for every fifteen shares or 35.6 million shares for the year 2013, as shown in the table below:

In JOD (Millions)	2014	2013
Income available for appropriation	360	346
Statutory Reserve	48.8	45.9
Voluntary Reserve	-	-
General Reserve	-	-
General banking risk reserve	-	-
Proposed Cash dividends	68.4	160.2
Proposed bonus shares	71.2	35.6
Retained earnings	171.6	104.3
Total Appropriation	360	346

Financial Ratios related to Arab Bank Group:

	2014	2013
Owners' equity / Total Assets	16.4%	16.7%
Loans / Deposits	61.0%	61.0%
Liquidity Ratio (cash and quasi cash)	47.7%	46.7%
Cost / Income	55.2%	59.1%
Cost / Income (excluding provision for doubtful debt)	42.6%	43.3%
Core capital /risk weighted assets	14.80%	15.15%
Regulatory Capital / risk weighted assets	14.80%	15.15%
Return on Equity	7.3%	6.5%
Return on Assets	1.2%	1.1%
Net interest and commission income / total Assets	2.9%	3.0%
EPS (USD)	1.01	0.87

Financial ratios related to Arab Bank plc:

	2014	2013
Shareholders' equity / Total Assets	15.6%	16.1%
Loans / Deposits	58.4%	57.8%
Liquidity ratio (cash and quasi cash)	51.2%	50.3%
Cost / Income	47.3%	47.9%
Cost / income (excluding provision for doubtful debt)	43.9%	43.8%
Core Capital / risk weighted assets	15.22%	14.58%
Regulatory capital / risk weighted assets	15.22%	14.58%
Return on equity	8.9%	8.8%
Return on Assets	1.4%	1.4%
Net interest and commission income / Total Assets	3.0%	3.1%



Our plans for 2015 and beyond have been developed whilst taking into consideration the prevailing and expected market conditions locally, regionally and internationally. Though we expect the global economy to recover slowly, we anticipate to still be indirectly affected along with the world's markets at large. We have been closely monitoring the evolving global and regional situation, regularly simulating the impact and taking the necessary measures to preserve our historical values and principles relating to:

- **Liquidity:**

We believe in maintaining an ample amount of 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 pillars on which Arab Bank is built.

- **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 which we do not understand, cannot calculate and whose risks we cannot mitigate.

- **Excellence:**

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

Our objectives for 2015 focus on further strengthening our financial position in terms of capitalization and liquidity, improving our customer service and business processes in addition to further strengthening our credit policies and enhancing our risk management platform.

Arab Bank will continue to take a cautious approach to secure shareholders' equity and to deal with other unexpected crisis in the MENA region and in the world. Corporate and Institutional Banking (CIB) will continue in 2015 to expand its client franchise, focusing on attracting high quality corporate clients. CIB will also continue to support infrastructure projects in high growth areas such as energy, green ventures and industry.

CIB has traditionally been relationship-driven when dealing with its vast local, regional and multinational client base. It will continue to cater to the evolving requirements of its clients, while simultaneously customizing solutions that meet their needs. With its unique international network, Arab Bank will continue to ensure its offerings cater to the individual requirements of its diverse client base across the region. With its team of skilled professionals around the globe, the Bank is uniquely positioned to be the preferred choice, providing its clients with a definitive added value in their banking requirements, whether in-country or across borders.

The MENA region is undergoing major investments in infrastructure projects that will offer substantial business opportunities for the Bank, as it is able to support its clients with decades-long expertise in construction finance, contractor finance and trade finance. As a result, these lines of business will continue to be important areas that CIB will focus on.

CIB is aware of the challenges created by the developments in the region and the risks incurred by banks as a result of these challenges. The Bank is determined more than ever to maintain its commitment to its historically conservative risk management philosophy, which is continuously reinforced in light of a changing and evermore challenging environment.

Consumer Banking has put in place for 2015 a plan to ensure business continuity and implementation of its strategy to offer banking solutions and programs that best meet the needs of customers by utilizing its branch network, ATMs, online banking, smart phones and call centers. The Bank will continue to increase customers' awareness of its programs, especially for programs which offer dedicated relationship managers.

On the program level, more benefits will be added to the Elite program to reflect its value in all the markets where we operate. This includes allocating special areas to serve customers at branches, in addition to offering them services in any of the countries where the program is available. The Bank will also update its different programs with additional benefits for Arabi Premium, Payroll Extra and Jeel Al Arabi.

As for credit and debit cards and ATM services, work is underway to offer new credit cards to meet the needs of our most valued customers and frequent travelers. The Bank is also preparing the needed infrastructure to provide (Tap N Go) services for cards. Additionally, the Bank is developing its rewards programs for credit cards and improving the process for customers to collect their rewards. The Bank will also provide additional features to allow a greater number of customers to benefit from the program. Furthermore, the Bank will continue running promotional campaigns to increase awareness of the new benefits to its customers and to introduce extra features for other credit cards.

To ensure effective management of the Bank's credit card holder customer base and delivery of benefits to the maximum number of customers, the Bank will conduct specialized workshops to establish a business matrix that is in line with best practices for credit cards. This will also involve increasing customers' awareness of the benefits offered.

In terms of debit cards and ATM services, the Bank will continue working on providing smart cards with the highest levels of security, in addition to instant issuance capabilities in Qatar and Bahrain. Moreover, the Bank will introduce online cash deposit service at ATMs in Lebanon and Bahrain.

In addition, the Bank is working on offering a variety of bancassurance products in Palestine, Egypt, and Jordan in addition to introducing the ability to make payments for bancassurance products through credit cards. The Bank will continuously engage customers to measure their satisfaction levels with these services.

Proactively, the Bank will also launch services that will give local retailers online shopping capabilities using credit and ATM cards. These services will be offered in Jordan, UAE, Egypt, Palestine and other markets according to the Bank's plan.

In light of the importance of our human capital, building employees' capacities and providing them with the effective systems to better serve customers, the Bank will develop a set of systems, in line with the best banking practices, which will reflect positively on different services. Such services include: Account opening, loans, credit and debit cards, in addition to relationship management.

The Bank will provide deposit products in local and US dollar currencies designed to meet the needs of customers, which have been studied in order to provide the best products.

The Bank will launch interactive ATMs with innovative features such as automated teller services with audio and visual capabilities in Jordan. This service will allow customers to save time by conducting transactions outside of regular working hours. A key highlight of this service is the ability for customers to withdraw amounts over their daily limits for debit cards and to deposit cash or cheques, in addition to transfers between bank accounts.

As part of the Bank's focus on providing cross-border banking services, Consumer Banking will continue working to transform the call center in Jordan to a regional hub that services customers in Jordan, Palestine, UAE, Qatar and Bahrain, in addition to launching the service in Yemen and Lebanon. Taking into consideration, the Bank will focus on instant services to increase efficiency and productivity with paperless transactions which will reflect positively on speed of service. Work is also underway on developing ATM services such as withdrawals without using a card and increasing security levels. The Bank is also working on differentiating its cards by giving customers the ability to use the Bank's regional ATM network regardless of their card's country of issuance.

To reinforce electronic payments in Egypt, Bahrain, UAE and Jordan, the Bank will provide services linking the Bank's network to national systems in each of these countries enabling bill payments and personal transfers. The Bank will also link its system with the national Palestinian ATM network.

New services through Arabi Online and Arabi Mobile will be launched to include the ability to redeem reward points accumulated on credit cards. Moreover, these services will allow customers to receive instant updates on their credit card balances and transactions in addition to enabling the customer to place a daily limit on different transfers. The Bank will also promote its Easy Payment Plan by sending notifications to customers through Arabi Mobile.

In terms of service excellence and ensuring that we achieve the highest levels of customer satisfaction across all of our channels, the Bank will continue working during the coming year on measuring customer experiences and satisfaction by employing different tools and initiatives. In addition, the Bank will develop service levels and plans with the objective of continuously improving service levels and front-liners' skills.

In relation to Treasury products, Arab Bank will continue to serve customers and protect the Bank. Throughout 2015, Arab Bank will further develop its products and services, while ensuring that the Bank remains well positioned to serve its customers and generate high quality earnings.

In JOD Thousands	2014	2013
Fees for quarterly and annual audits and reviews	1 018	1 018

Number of Arab Bank Shares Owned by Members of the Board:-

No.	Name	Position
1.	Mr. Sabih Taher D. Masri	Chairman
2.	H. E. Mr. Samir Farhan Kawar	Deputy Chairman
3.	Ministry of Finance, Saudi Arabia Represented by H. E. Mr. Saleh Saad Al-Muhanna	Member of the Board
4.	Mrs. Nazik A. A.Odah/ Al Hariri	Member of the Board
5.	Social Security Corporation Represented by H.E. MR. Ibrahim Yusuf Izziddin 27/3/2014 Represented by MR. Imad AL Qudah from 24.4.2014 to 2.9.2014	Member of the Board
6.	Mr. Riad Burhan Taher Kamal to 27.3.2014	Member of the Board
7.	Mr. Mohammed Hariri	Member of the Board
8.	Abdul Hameed Shoman Foundation Represented by H. E. Mr. Khaled Anis Mohammad "Zand Al-Erani"	Member of the Board
9.	Mr. Wahbe Abdallah Tamari	Member of the Board
10.	Dr. Omar Ahmad Munif Razzaz to 14.10.2014	Member of the Board
11.	Mr. Bassam Wael Roshdi Kanaan	Member of the Board
12.	Mr. Abbas Farouq Ahmad Zuaiter	Member of the Board

Nationality	Number of shares		Holding of controlled companies	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
Jordanian	7484928	7017120	--	--
Jordanian	195520	183300	Middle East Insurance Co. 557840	Middle East Insurance Co. 522975
Saudi	25600000	24000000	---	---
Saudi	64128	60120	---	---
Jordanian	90434944	82770000	---	---
Jordanian	-----	15000	-----	SKYBERRY LTD 2348490
Lebanese/ Canadian	73280	68700	---	---
Jordanian	17922032	15000000	---	---
Lebanese	16000	15000	---	---
Jordanian	-----	10005	---	---
Jordanian	43856	41115	---	---
Jordanian	22400	-----	---	---

Number of Arab Bank Shares Owned by Senior Executives :

No.	Name	Position	Nationality
1.	MR NEMEH ELYAS SABBAGH	Chief Executive Officer	Lebanese
2.	MISS RANDA EL SADEK	Deputy Chief Executive Officer	British
3.	MR. GHASSAN HANNA SULEIMAN TARAZI	EVP – Secretary of the Board, Head of Secretariat Division, Investments and Investors Relations	Jordanian
4.	MR. MARWAN NASHAT RAGHEB RIYAL	EVP - Head of Human Resources	Jordanian
5.	MR. MOHAMED ABDUL FATTAH HAMAD GHANAMEH	EVP - Chief Credit Officer	Jordanian
6.	MR. GEORGE FOUAD GEORGY EL HAGE	EVP Chief Risk Officer	Canadian
7.	MR. MICHAEL MATOSSIAN	EVP - Chief Compliance Officer	American
8.	MR. NAIM RASEM KAMEL AL HUSSAINI	EVP - Consumer Banking Head	Saudi
9.	MR. FADI ZOUEN	EVP – Head of Audit	Lebanese
10.	MR. BASEM ALI ABDULLAH AL EMAM	Head of Legal Affairs	Jordanian
11.	MR. ANTONIO MANCUSO MARCELLO	EVP Head Of Treasury	British
12.	MR. DAWOD MOHAMMAD DAWOD AL GHOUL	EVP Chief Financial Officer	Jordanian
13.	MR. MOHAMAD MOUSA DAWOUD MOHAMAD ISSA	EVP - Country Manager of Jordan	Jordanian
14.	MR. OMAR BEN AMOR BOUHADIBA	EVP Head of Corporate & Institutional Banking	French
15.	MR. ERIC JACQUEST J. MODAVE	Chief Operating Officer	Belgian
16.	MRS. EMAN JAMAL OMAR AL-SAHHAR	Head of Secretariat Department	Jordanian

NUMBER OF ARAB BANK SHARES OWNED BY SENIOR EXECUTIVES

Number of shares		Holding of controlled companies	
31.12.2014	31.12.2013	31.12.2014	31.12.2013
10672	10005	-----	-----
21344	20010	-----	-----
10672	10005	-----	-----
208	195	-----	-----
16000	15000	-----	-----
-----	-----	-----	-----
1280	1200	-----	-----
-----	-----	-----	-----
-----	-----	-----	-----
960	900	-----	-----
-----	-----	-----	-----
-----	-----	-----	-----
10672	10005	-----	-----
-----	-----	-----	-----
-----	-----	-----	-----
5600	5250	-----	-----

Number of Arab Bank Shares Owned by the Relatives of the Board Members :

No.	Name and Position	Relation-ship
1.	Mr. Sabih Taher D. Masri Chairman	
		Spouse Minors
2.	H. E. Mr. Samir Farhan Kawar Deputy Chairman	
		Spouse Minors
3.	Ministry of Finance, Saudi Arabia Member of the Board Represented by H.E. MR. Saleh Saad Al-Muhanna	
		Spouse Minors
4.	Mrs. Nazik A. A. Odah/Al Hariri Member of the Board	
		--- Minors
5.	Social Security Corporation Member of the Board Represented by H. E. Mr. Ibrahim Yusuf Izziddin to 27/3/2014 Represented by Imad Al Qudah from 24/4/2014 to 2/9/2014	
		Spouse Minors

Nationality	Number of shares		Holding of controlled companies	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
Jordanian	3384320	3172800	---	---
---	---	---	---	---
---	---	---	---	---
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No.	Name and Position	Relation-ship
6.	Mr. Riad Burhan Taher Kamal	Spouse
	Member of the Board To 27.3.2014	Minors
7.	Mr. Mohammed Hariri	Spouse
	Member of the Board	Minors
8.	Abdul Hameed Shoman Foundation	Spouse
	Member of the Board Represented by H. E. Mr. Khaled Anis Mohammad "Zand Al-Erani	Minors
9.	Mr. Wahbe Abdullah Tamari	Spouse
	Member of the Board	Minors
10.	Dr. Omar Ahmad Munif Razzaz	Spouse
	Member of the Board To 14.10.2014	Minors
11.	Mr. Bassam Wael Roshdi Kanaan	Spouse
	Member of the Board	Minors
12.	Mr. Abbas Farouq Ahmad Zuaiter	Spouse
	Member of the Board	Minors

Number Of Arab Bank Shares Owned by the Relatives of Senior Executives:

No.	Name	Relationship
1.	MR NEMEH ELYAS SABBAGH	Spouse Minors
2.	MISS RANDA EL SADEK	-----
3.	MR. MOHAMAD MOUSA DAWOUD MOHAMAD ISSA	Spouse Minors
4.	MR. GHASSAN HANNA SULEIMAN TARAZI MRS. NAWAL WAFI NAJIB TARAZI DALYA GHASSAN HANNA TARAZI LAYAN GHASSAN HANNA TARAZI	Spouse Minors Minors
5.	MR. MARWAN NASHAT RAGHEB RIYAL	Spouse Minors
6.	MR. MOHAMED ABDUL FATTAH HAMAD GHANAME	Spouse Minors
7.	MR. NAEM RASEM KAMEL AL HUSSEINI	Spouse Minors
8.	MR. MICHAEL MATOSSIAN	Spouse Minors
9.	MR. GEORGE FOUAD GEORGY EL HAGE	Spouse Minors

Nationality	Number of shares		Holding of controlled Companies	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
Lebanese	-----	-----	-----	-----
-----	-----	-----	-----	-----
Jordanian	-----	-----	-----	-----
Jordanian	1072	1005	-----	-----
Jordanian	10144	9510	-----	-----
Jordanian	10144	9510	-----	-----
Jordanian	-----	-----	-----	-----
Jordanian	-----	-----	-----	-----
Saudi	-----	-----	-----	-----
American	-----	-----	-----	-----
Jordanian	-----	-----	-----	-----

No.	Name	Relationship
10.	MR. FADY ZOUEIN	Spouse Minors
11.	MR. ANTONIO MANCUSO MARCELLO	Spouse Minors
12.	MR. DAWOD MOHAMMAD DAWOUD AL GHOUL MRS. NIVEEN AMIN MOHAMAD A>DILAH	Spouse Minors
13.	MR. BASEM ALI ABDULLAH AL EMAM	Spouse Minors
14.	MR. OMAR BEN AMOR BOUHADIBA	Spouse Minors
15.	MR. ERIC JACQUEST J. MODAVE	Spouse Minors
16.	MRS. EMAN JAMAL OMAR AL-SAHHAR MR. «JAMAL ABDELNASER» MOHAMAD ALHAJ AHMAD	Spouse Minors

Nationality	Number of shares		Holding of controlled Companies	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
Lebanese	-----	-----	-----	-----
British	-----	-----	-----	-----
Jordanian	320	300	-----	-----
Jordanian	-----	-----	-----	-----
French	-----	-----	-----	-----
Belgian	-----	-----	-----	-----
Jordanian	-----	2400	-----	-----

No.	Member Name	Title
1	Mr. Sabih Taher Darwish Al-Masri	Chairman
2	Mr. Samir Farhan Khalil Kawar	Deputy Chairman
3	Messrs. Ministry of Finance , Saudi Arabia Represented by Saleh Saad A. Al-Muhanna	Member
4	Mrs. Nazik Odah Al-Hariri	Member
5	Messrs. Social Security Corporation Represented by Ibrahim Yusuf Ibrahim Izziddin to 27.3.2014 Represented by Mr. Emad Jamal AL Quddah from 24/4/2014 to 2/9/2014	Member
6	Mr. Riad Burhan Taher Kamal	Member (till 27/3/2014)
7	Mr. Mohammed Ahmad Mokhtar Hariri	Member
8	Mr. Wahbe Abdallah Wahbe Tamari	Member
9	Messrs. Abdul Hameed Shoman Foundation Represented by Khaled Anis Moh'd (Zand Irani)	Member
10	Dr. Omar Ahmad Muneef Alrazzaz	Member (till 14/10/2014)
11	Mr. Bassam Wael Rushdi Kana'an	Member
12	Mr. Abbas Farouq Ahmad Zuaiter (From, March 27, 2014)	Member

(Jordanian Dinar)

Annual Salary	Annual Transportation Allowance	Board Remuneration	Total
-	24,000	5,000	29,000
-	24,000	5,000	29,000
-	24,000	5,000	29,000
-	24,000	5,000	29,000
-	24,000	5,000	29,000
-	6,000	5,000	11,000
-	24,000	5,000	29,000
-	24,000	5,000	29,000
-	24,000	5,000	29,000
-	19,000	5,000	24,000
-	24,000	5,000	29,000
-	18,323	0	18,323

Executive Management Compensation and Benefits in 2014:

	Name	Position
1	Mr. Nemeah Elias Sabbagh	Chief Executive Officer
2	Ms. Randa Muhammad Sadik	Deputy Chief Executive Officer
3	Mr. Mohamed A. Hamad Ghanameh	EVP- Head of Credit
4	Mr. Omar Bouhadiba	EVP- Head of Corporate and Institutional Banking
5	Mr. Antonio Mancuso-Marcello "Tony Marcello"	EVP- Head of Treasury
6	Mr. Naim Rassem Kamel Al-Hussaini	EVP- Head of Consumer Banking
7	Mr. Mohammad Musa Dawood "Moh'd Issa"	EVP- Country Manager of Jordan
8	Mr. Eric Modave *	Chief Operating Officer
9	Mr. Ghassan Hanna Suleiman Tarazi**	EVP - Secretary of the Board Head of Secretariat Division, Investments and Investors Relations
10	Mr. Dawod Mohammad Dawod Al-Ghoul	EVP- Chief Financial Officer
11	Mr. Basem Ali- Al-Imam, Lawyer	Head of Legal Affairs Division
12	Mr. Marwan Nasha'at R. Riyal	EVP- Head of Human Resources Division
13	Mr. George Fouad El-Hage	EVP- Chief Risk Officer
14	Mr. Michael Matossian	EVP- Chief Compliance Officer
15	Mr. Fadi J. Zouein	EVP- Head of Internal Audit
16	Mrs. Eman Al- Sahhar	VP- Head of Secretariat Department- Shareholders Unit

* Date of appointment July 1st, 2014

** His base of employment was transferred to Jordan on July 1st, 2014

(In JOD)

Annual Salary	Annual transportation allowance	Travel expenses (not include accommodation and tickets)	Total
542625	-	-	542625
450000	-	-	450000
257008	-	-	257008
389844	-	-	389844
424865	-	-	424865
285600	-	-	285600
326622	-	-	326622
130080	-	-	130080
162000 CHF + 54080 JOD	-	-	162000 CHF + 54080 JOD
372128	-	-	372128
253716	-	-	253716
258456	-	-	258456
156048	-	-	156048
379768	-	-	379768
273088	-	-	273088
100714	-	-	100714

Project / Entity	JOD
Abdul Hameed Shoman Foundation	11,124,379
King Hussein Cancer Foundation	512,704
Al-Hussein Bin Talal University	200,000
King's Academy	145,655
Scholarships for Employees' Children	101,402
Jordan River Foundation	82,412
Jordan Joud Foundation	57,573
The King Abdullah II Fund for Development	50,000
Amman Baccalaureate School	35,450
Tkiyet Um Ali	34,082
Al Aman Fund for the Future of Orphans	24,800
Fuel Support for Employees	24,648
Others	40,598
Total	12,433,703

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 Executive Officer, any of its staff or their relatives.

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

	December 31, 2014				JD'000
	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	1 189 218	111 785	159 670	168 894	
Associates	543 519	-	63 278	45 636	
Major Shareholders and Members of the Board of Directors	-	301 956	432 661	39 978	
Total	1 732 737	413 741	655 609	254 508	

	December 31, 2013				JD'000
	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	1 481 506	116 817	237 056	184 844	
Associates	83 884	-	33 211	3 537	
Major Shareholders and Members of the Board of Directors	-	337 851	450 513	41 216	
Total	1 565 390	454 668	720 780	229 597	

JD '000

The details of transactions with related parties are as follows:

	2014		2013	
	Interest Income	Interest Expense	Interest Income	Interest Expense
Sister and Subsidiary Companies	5409	3002	9556	6654
Associates	424	24	280	104
Total	5 833	3 026	9 836	6 758

- 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 the society as a whole. Based on this conviction, the Bank actively participates in internal and external initiatives and activities aimed at protecting the environment.

When it comes to internal environment protection initiatives, the Bank maintained its policy of adopting environment-friendly systems in new branches as well as the deployment of innovative solutions at existing branches where possible. The Bank began replacing lighting in all of its buildings to either LED units or more efficient power consumption systems, which contributed significantly to the reduction in energy consumption during the year.

Additionally, the Bank has implemented a range of initiatives using solar energy to be announced in 2015 after the initial rollout, which will contribute greatly to the efficiency of electric power consumption. On the other hand, the Bank adopted a new AC system in some locations instead of the traditional system. The new (VRV/VRF) system is considered an environmentally-friendly system and has led to a marked deduction in electricity consumption.

The Bank continued rationalizing fuel consumption and works to reduce its fleet of vehicles operating in the Bank to reduce harmful and toxic emissions. It also adopted water-saving units across the Bank's operations to decrease consumption of this scarce resource.

As part of the Bank's commitment to environmental sustainability, natural resources conservation and paper consumption reduction, Consumer Banking promoted its eStatement service in different countries and encourages customers to finance environmentally-friendly products through the Bank's Easy Payment Plan preferential rates.

During 2014 and after the successful collaboration with the International Finance Corporation (IFC) in financing Al-Tafila Wind Farm, Arab Bank Group participated in financing several solar power projects in Jordan that use Photovoltaic technology, under the umbrella of the IFC and in cooperation with other financiers. The Bank also undertook the roles of Onshore Account Bank and Onshore Security Agent for this strategic financing. With a total installed capacity of 81 MW, these projects will add about 150 gigawatt hours a year to the national grid and will altogether reduce Jordan's carbon emissions by about 112,000 tons a year.



Currently, the Bank is in contact with several developers that were pre-qualified in Renewable Energy Round Two and is exploring opportunities to provide support letters for a few international consortia that submitted bids to the Ministry of Energy and Mineral Resources under Round Two for the purpose of building, owning, and operating of approximately four to five photovoltaic solar energy plants in Jordan.

Arab Bank supported a number of initiatives to protect the environment in Jordan mainly through collaborations with the Royal Society for the Conservation of Nature (RSCN), one of the Together program's participating NGOs. The Bank sponsored the Solar Energy Unit at Al Mujib Biosphere Reserve to increase the production of renewable energy in Jordan and achieve environmental sustainability at the reserve. The project will help in decreasing the financial burden on the reserve's budget, reducing total greenhouse gas emissions to support its conservation programs and increasing dependence on clean renewable energy sources instead of traditional sources.

As part of the Bank's support of biodiversity conservation, the Bank sponsored the annual Council Meeting of Birdlife International, which focused on the private sector's contribution to sustainable development as well as discussed the evolution of CSR policies and practices in key sectors with a focus on investment and financial management. Donations through the Bank's service channels from customers were also received by RSCN.

Additionally, the Bank continued its support of the Asfour Forest, which was adopted in Jerash in collaboration with Al Shajarah society back in 2013. Forty one employees and their family members volunteered to plant and irrigate 200 seedlings in the forest.

In Palestine, and as part of the Bank's commitment to environmental protection, 15 employees participated in volunteering activities that included cleaning up and planting trees in the Jennah Natural Reserve on Mareer Mountain in Bethlehem.



Sustainability at Arab Bank

Arab Bank's sustainability journey began since its inception in 1930 and evolved over time as an extension of the Bank's purpose, which is to enable the Arab world to reach preeminence. The Bank has, and continues to play, a significant role in shaping the lives of people in the Arab world, developing the economies and communities in which it operates. This is done through supporting and financing strategic projects in the region in addition to pioneering its social responsibility toward developing the capacity of the Arab world by serving its communities' needs and priorities. Adopting this approach enabled Arab Bank to build extensive experience in the field of philanthropy. Within this context, the Bank established the Abdul Hameed Shoman Foundation in 1978, launched a multi-dimensional corporate social responsibility (CSR) program under the title "Together" in 2009, and identified a special sustainability framework with a clear mission and vision.

Stemming from the growing socio-economic challenges at the local, regional, and global levels, along with the Bank's belief in the financial sector's unique ability to address and resolve these challenges, Arab Bank realizes the importance of integrating the sustainable development concept into its daily operations. As part of this belief, in 2011, the Bank evolved its CSR approach into a more holistic and comprehensive sustainability framework and established a sustainability department to be responsible for the systematic management of the goals and programs that aim to improve the economic, social, and environmental impacts of the Bank.

The strategic approach followed by the Bank is multi-dimensional and revolves around five main strategic focus areas: Responsible financing, empowered employees, system optimization, transparent reporting, and community cooperation. These focus areas aim to achieve a sustainable future for the Bank through economic performance, environmental impact, and community contributions. Since the launch of the strategy in 2011, Arab Bank was able to achieve most of its strategic goals by adopting initiatives that focused on raising employees' awareness on sustainability issues and highlighting the importance of integrating sustainability aspects into its daily operations.

During 2014, the sustainability strategy was further developed by identifying and adopting a number of new objectives related to social, environmental, and economic aspects that include: Enhancing internal operations to reduce environmental impacts, increasing employees' and stakeholders' awareness on sustainability issues, and implementing a number of financial literacy initiatives for students and local non-governmental organizations (NGOs). To ensure proper implemen-

tation of these objectives, the Bank continued implementing the Sustainability Champions program, bringing together employees from different divisions to work closely with the Sustainability Department to integrate the strategy's goals within the Bank's daily operations while regularly reporting on their progress.

The Bank issued its fourth sustainability report in 2014 based on Global Reporting Initiative (GRI) guidelines and was able to achieve (A) level reporting. Arab Bank is the first bank in Jordan to publish such a specialized report with the aim of enhancing transparency and engagement with stakeholders. The Bank has committed to publishing this report on an annual basis since 2011.

The Bank also ensured the integration of the sustainability concept within its community contribution efforts by further enhancing its CSR program beyond financial support to include the following aspects:

- Providing special products and services to enable customers to support the community.
- Building the capacities of NGOs by providing training and development opportunities to ensure their sustainability.
- Involving employees in volunteering activities and initiatives to support their mission.

Corporate Social Responsibility Program: Together

Together is a multi-dimensional Corporate Social Responsibility (CSR) program launched by Arab Bank in 2009 in collaboration with various non-governmental organizations (NGOs) which aims to support the community in four main areas: Health, poverty alleviation, environmental protection, and education and orphan support. The program implements community initiatives in these areas to achieve sustainable development while creating a long-term positive impact on communities through collaboration with NGOs and engaging the Bank's employees and customers in community development efforts.

The Bank has made great strides in these areas through cooperation with various NGOs such as the King Hussein Cancer Foundation, Tkiyet Um Ali, the Royal Society for the Conservation of Nature, and Al Aman Fund for the Future of Orphans. This is in addition to the participation of employees in volunteering activities and providing customers the opportunity to donate to the Together program's participants through the following banking channels: Internet Banking Service (Arabi Online), Phone Banking Service (Hala Arabi), ATMs, the Bank's branch network across the Kingdom, in addition to the Together Platinum Credit Card. This card offers cardholders a unique mechanism that allows them to donate up to (0.5%) of the value of their purchases to the Together program's participants and in return the Bank will match the amount, in addition to donating 50% of the card's annual membership fee to these NGOs.



In 2014, the number of Arab Bank's employee volunteers increased by 12%. Three hundred and two employees in Jordan participated in 39 activities with 609 participations, reaching more than 85,000 beneficiaries. This is double the number of beneficiaries in 2013.

The year 2014 also witnessed a noticeable growth in customers' donations, with an increase of 20% compared to last year through the Bank's donation channels. The total amount of donations reached approximately JD 163,000 from the Bank's donation channels to the NGOs participating in the Together program.

In addition to involving employees and customers in the Together program, Arab Bank pays special attention to building NGOs' capacities by providing training and development opportunities to enhance their employees' skills and capabilities. In 2014, the Bank conducted a number of courses for employees of NGOs participating in the Together program. The Bank's certified internal trainers utilized their skills to give NGO employees a range of courses that were identified based on their organizations' needs and priorities. In the same year, the number of beneficiaries from this program increased by 34%, reaching 86 employees from five NGOs. The Bank conducted six successful courses covering specialized topics that include: Telephone Handling Skills, Marketing and Social Media, Service Excellence, Project Management, and Advanced Microsoft Excel. The Bank also conducted a special course on financial literacy targeting 15 university students in collaboration with INJAZ and Al Aman Fund for the Future of Orphans.

As part of the Bank's commitment toward the development and empowerment of communities where it operates, the Bank continued to expand the geographical outreach of the Together program to include Palestine. With the goal of achieving social, economic, and environmental development, the program covers the same areas as in Jordan which are health, poverty alleviation, environmental protection, and education and orphan support.

The below are highlights of the Bank's community contributions under the umbrella of the Together program:

Health

Arab Bank supported a number of health-related initiatives in collaboration with the King Hussein Cancer Foundation (KHCF), one of the NGOs participating in the Together program. During 2014, and for the fifth consecutive year, the Bank held two blood donation drives with 90 blood units donated by employees to patients of the King Hussein Cancer Center (KHCC). Moreover, a number of volunteers from the Bank spent a day at the Children's Museum with young patients from KHCC.

KHCF has also received donations from customers through the Bank's service channels. These channels allow customers to donate directly to the NGOs participating in the Together program.



The Bank reinforced the importance of supporting health initiatives by participating in several sports and social activities in Jordan. In 2014, Arab Bank was the Platinum Sponsor for the Lowest to Highest for Cancer – Africa initiative. This initiative was a Jordanian fundraising drive which involved people trekking from the lowest point on earth, the Dead Sea, to the highest summit in Africa, Kilimanjaro, to raise money in support of the KHCC expansion project.

Arab Bank has been the Official Bank of the Jordan Football Association and the Jordan National Football and Youth leagues since 2011, a sponsorship that covers four consecutive years. The Bank also organized a football tournament between eight schools in Amman for children between 12 – 13 years old to promote the importance of sports and healthy activities. In collaboration with KHCF and the Jordan Breast Cancer Program (JBCP), the Bank organized a breast cancer awareness campaign, benefiting 71 female employees as part of its commitment to protecting the health and safety of its employees.

For the sixth consecutive year, Arab Bank was the Gold Sponsor for the Amman International Marathon in addition to covering the participation cost of over 1,380 employees and their families and friends during the Amman and Dead Sea Ultra Marathons. The Bank also participated in the Goal for Life Tournament, which was organized by KHCF, along with the Banks' tournament organized by DUPLAY to promote the importance of living a healthy lifestyle and playing sports all the while making a difference in the lives of cancer patients.

Arab Bank also sponsored the production of the Music for Hope initiative to make a difference in the lives of people suffering from cancer.

As for health initiatives in Palestine, the Bank supported a hospital in Qalqilia by providing medical equipment and devices to help improve the local health sector of the governorate and the surrounding areas.

Poverty Alleviation

Arab Bank continued its support for programs that aim to alleviate poverty pockets in the Kingdom through its ongoing work with Tkiyet Um Ali (TUA), one of the Together program NGOs. The Bank supported 50 underprivileged families in Amman, Madaba, and Karak by providing them with monthly food packages for one year. In addition, the Bank organized two Iftar events at TUA's premises with the participation of 45 volunteers, benefiting approximately 2,500 people from underprivileged families in support of TUA's Ramadan campaign.



Moreover, 76 employees and their family members participated in four volunteering activities including the preparation of more than 700 food packages that reached 4,944 people. It is also worth mentioning that six of the Bank's volunteers were involved in the distribution of food packages to 87 families in Irbid. The Bank participated in four field assessment visits with 31 volunteers reaching more than 125 underprivileged families. Additionally, Arab Bank sponsored a unique initiative with the goal of bringing joy to more than 50 children and their families during Eid Al Adha at TUA's premises.

The Bank was the Exclusive Sponsor for TUA's winter campaign (Lamsit Dafa) campaign, which involved distributing blankets to underprivileged families to help them cope with the cold weather. Twenty-three employees volunteered to distribute 1,286 blankets to approximately 670 underprivileged families in poverty pockets in East Amman, Irbid, Tafleeh, Mafraq, Aqaba, Zarqa, and the Jordan Valley.

TUA also received donations through the Bank's service channels, which allow customers to donate directly to the NGOs participating in the Together program.

Arab Bank continued its support of the Charity Clothing Bank, which operates under the Jordanian Hashemite Charity Organization (JHCO), by sponsoring the Orphans' Day program that entails providing 1,200 underprivileged orphans with new clothes and toys for one year. During this initiative, 76 employees from different branches participated in shopping activities with orphans in different governorates. Thirty-eight employees and their family members also participated in two activities to sort and pack more than 396 boxes (10 tons) of donated items to be displayed at their show room.

The Bank also sponsored a charity Iftar at the Children's Museum during Ramadan and hosted 185 children with the participation of 18 volunteers from the Bank.

Environmental Protection

Arab Bank supported a number of initiatives to protect the environment in Jordan, mainly through collaborations with the Royal Society for the Conservation of Nature (RSCN), one of the NGOs participating in the Together program. The Bank also sponsored the Solar Energy Unit at Al Mujib Biosphere Reserve to increase the production of renewable energy in Jordan and achieve environmental sustainability at the reserve. The project will help in decreasing the financial burden on the reserve's budget, reducing total Greenhouse Gas emissions to support its conservation programs, and increasing dependence on clean renewable energy sources instead of traditional sources. To support biodiversity conservation, Arab Bank sponsored the annual BirdLife International Council Meeting, which focused on the private sector's contribution to sustainable development. The meeting also discussed the evolution of CSR policies and practices in key sectors with a focus on investment and financial management.

RSCN also received donations through the Bank's service channels from customers.

During this year, the Bank continued its support of the Asfour Forest which the Bank adopted in Jerash in collaboration with Al Shajarah Society in 2013. Forty-one employees and their family members volunteered to plant and irrigate 200 seedlings in the forest.

In Palestine, and as part of the Bank's commitment to environmental protection, 15 employees participated in volunteering activities in the Jennah Natural Reserve on Mareer Mountain in Bethlehem to clean up the area and plant trees.

Education and Orphan Support

Arab Bank collaborated with a number of organizations to empower youth through education and training such as Al Aman Fund for the Future of Orphans and INJAZ.

In 2014, the Bank supported several programs with Al Aman Fund for the Future of Orphans, one of the NGOs participating in the Together program. These programs include supporting the university education of eight students during the 2013/2014 academic year. These students are expected to graduate at the end of the academic year 2016/2017. The Bank also sponsored Al Aman Fund's vocational training program for 32 orphans which entailed supporting eight students' vocational training every year for four years. As part of the Bank's commitment to conduct volunteering activities to support orphans, the Bank organized a recreational day in collaboration with the Abdul Hameed Shoman Foundation (AHSF) during which a number of employees accompanied 34 young orphans to the Foundation's premises to inspire creative thinking through imaginative and educational activities.

Al Aman Fund has also received donations from the Bank's service channels from customers.

As part of its collaboration with INJAZ, Arab Bank adopted four schools in Amman, Ma'an, and Irbid to provide improve the educational environment for approximately 2,600 students during the 2013/2014 academic year. Twenty-one employees volunteered to provide a number of extracurricular programs in public schools and universities to build students' capacities through interactive sessions that reached approximately 1,625 students in the four adopted schools.

The Bank was also the Gold Sponsor of the Job Shadow program organized by INJAZ, which entailed hosting 20 students from public schools to visit different departments and branches at the Bank during a regular workday. The goal of the program was to provide students with a closer look at what a job is like and help them decide whether they would like to pursue a career in that profession in the future.

Arab Bank also collaborated with the Raneen Foundation to develop students' creative skills, specifically visually impaired students, by setting up ten audio libraries in public schools in Amman, Karak, Mafraq and Ajloun, in addition to the Abdul Hameed Shoman Foundation's Library. Twenty training workshops were also implemented for 20 teachers from different public schools and employees from the Children's Museum, Haya Cultural Center, and AHSF. The Bank also sponsored the Fifth Short Story Series to support the production of a number of stories with music and vocals in the formal Arabic language.

The Bank collaborated with Al Jude Foundation and was the Strategic Sponsor for the Sherkitna initiative, which aims at enhancing entrepreneurial skills and encourages self-employment in students by providing 630 schools with a small budget to establish their own companies.

Arab Bank continued to support the Traffic Department for the fifth consecutive year to enhance road safety by sponsoring their awareness campaign which involved distributing 125,000 educational booklets to students across the Kingdom.

The Bank was also the main sponsor for the New Think Festival organized by Al Jude Foundation. The festival brought together creative minds from different sectors to discuss today's big business, social, and environmental challenges. It hosted over 13,000 people over two days at the King Hussein Business Park to promote entrepreneurship concepts through different activities and workshops.

The Bank also sponsored a special road safety booklet under the title "Safer Roads with Arab Bank" with the ultimate goal of raising awareness on road safety for youth.

In addition, the Bank signed an agreement with the Children's Museum to sponsor the "I Am Change" and "Earth Month" exhibits to raise awareness on the importance of conserving nature and its resources.

As part of its support for local educational initiatives, Arab Bank sponsored the second Education UK exhibition organized by the British Council in Jordan, which caters to students who are interested in continuing their higher education in the United Kingdom.

In Palestine, as part of its local contribution to education, the Bank participated in the Banking Week activity for kids and young people. Employees from different branches in Palestine visited 162 schools to conduct financial awareness sessions for more than 9,000 students in the eighth grade. Additionally, the Bank's branches hosted a number of students and their family members to raise awareness on financial literacy and banking related subjects.



The Bank also sponsored the National Math Olympiad in collaboration with Khadoorie University – Palestine, an event which was set up to discover talented and smart students at an early stage. These students can then be supported to continue their education and to be active members in their communities.

Other Initiatives:

In order to promote sustainable economic development, Arab Bank was the Official and Exclusive Sponsor of the Jordan Loan Guarantee Corporation's SME Financing and Loan Guarantee Programs Conference which was held in Jordan. The conference was the first regional forum to discuss funding programs and special guarantees for SMEs as a platform to present and discuss the different experiences in the region and build greater cooperation between public and private sectors to support SMEs.

The Bank was the Strategic Sponsor of the Financial Times International Summit-Investing in the Levant: New Opportunities. The summit featured a combination of panel discussions, keynote addresses, interviews, and sessions to cover emerging prospects for the entire Levant region.

The Bank was also the Gold Sponsor of the International Economic Association's 17th World Congress organized by Columbia Global Centers Middle East. The event hosted distinguished economists from around the globe to discuss economic issues at both the macro and micro levels.

Arab Bank was also the Exclusive Sponsor of the 42nd Annual Meeting of the Federation of Arab Businessmen organized by the Jordanian Businessmen Association. The meeting brought together 53 different unions from across the Arab world to present research papers and discuss a wide variety of topics related to economic issues and achievements.

The Bank was also the Gold Sponsor of the 16th Arab Business and Investors Summit in Egypt. A number of local banks and corporations attended the event in addition to representatives from the Ministry of Finance and the Ministry of Industry to discuss new opportunities in Egypt.

With the aim of shedding light on the private sector's role and impact in developing the local community, Arab Bank sponsored a dedicated CSR column in Al Ghad, a major daily Jordanian newspaper, for the third consecutive year. Through weekly articles, the column focuses on raising awareness and building knowledge on CSR and sustainability initiatives implemented and adopted by the private sector. This initiative also aims to encourage other entities to become active corporate citizens and to transparently communicate their achievements through this column.



Abdul Hameed Shoman Foundation

The Abdul Hameed Shoman Foundation was established in 1978 by Arab Bank, in what was then an innovative move by the private sector to contribute to the initiation of a beacon of knowledge and innovation in Jordan and the Arab world. Since its establishment, the Foundation played a positive role in enriching the Jordanian and Arab culture and the development of the scientific scene through knowledge, research and dialogue.

The Foundation's mission is to invest in cognitive, cultural and social innovation to positively impact the communities it serves through three strategic pillars: Thought Leadership, Arts and Literature, and Employment and Innovation. Consistent with its mission, and to achieve its vision for a society of culture and innovation, the year 2014 marked numerous achievements for the Foundation on the local and regional levels within the three strategic pillars. One of the prominent achievements was the Abdul Hameed Shoman Award for Arab Researchers where the Foundation awarded nine researchers in appreciation of their distinguished published scientific works in the fields of: Medical and Health Sciences, Engineering Sciences, Basic Sciences, Arts and Humanities, Social and Administrative Sciences, Agricultural Sciences and Applied Sciences. The award aims to shed light on exceptional scientific works with the objective of promoting applied and scientific knowledge, and increasing awareness on scientific research. This contributes to addressing challenges in high priority areas at the local, regional and international levels.

Through the Abdul Hameed Shoman Fund for Scientific Research, the Foundation continues its support for scientific research projects in research institutions and universities in Jordan, including postgraduate research. This year, the Foundation provided grants for five research projects in the fields of engineering, chemistry, agriculture, nutrition and medical and assistant medical sciences.

The Abdul Hameed Shoman Award for Children's Literature, which aims at advancing the literature presented to children to better foster their creativity, focused on the 2013 editions of literary works in the category of "Novels for Adolescents." The Foundation presented the award to three winners from Jordan, Algeria and Egypt.

In 2014, the Science and Technology program was also launched to promote a culture of scientific research and innovation amongst children and youth. The program aspires to:



- Positively influence education in Jordan by building the capacities of science teachers and students, organizing science fairs and offering awards for innovative and creative science projects, thus contributing to an improved, more dynamic and thought-provoking science.
- Innovatively contribute to employment amongst youth through technology by offering children and youth the opportunity to acquire skills in programming and robotics that could be used to generate income.

During 2014, the program conducted and supported a series of programming and robotics workshops for kids and youth in Amman, Karak and Mafrq. The Children's Science Fair "Future Scientists" was also supported, which was held by UNRWA's Educational Development Center, along with the Energy Center's Science Day and Conference for Renewable Energy.

The Knowledge Path Library

Launched in 2013, the Knowledge Path Library provides a dynamic, open space and nurturing environment for children and youth (ages 3-16 years) from different backgrounds to read, interact and participate in fun and creative activities as part of their intellectual and creative journey to self-discovery and awareness. In 2014, the library served and reached out to around 13,000 patrons and hosted 184 schools through several services and programs including: daily storytelling and creative activities, summer and winter clubs programming, capacity building workshops for children, book signing ceremonies for renowned authors of children books, science shows and children book club sessions in collaboration with local and international parties. Also, the Library hosted and organized screenings and activities for the Science Film Week in cooperation with Goethe Institute – Jordan.

The Knowledge Path Library aims to devote its activities to revive the role of the book in the upbringing of the child and raising an innovative and knowledgeable generation. The library's mission is to promote reading in a child's life as a necessity in their quest for knowledge by providing a friendly and fun environment that contributes to nurturing a self-aware and capable generation through reading, storytelling and creative activities.

The Abdul Hameed Shoman Cultural Forum

The Abdul Hameed Shoman Cultural Forum continued to host prominent Jordanian and Arab intellectuals through its weekly program. It also held various activities including seminars and sessions on various hot topics pertaining to cultural, social, economic, educational and financial issues that are of high priority

in Jordan and the region. The forum held a number of exhibitions, various book launches and hosted youth initiatives. To build on the success of the Forum and to further expand its outreach, the Foundation organized two lectures in the governorates of Ajloun and Irbid in 2014.

The Cinema

The Foundation's Cinema Program continued to offer screenings of carefully selected Arabic and international movies and held a number of discourse sessions, which comes as part of its weekly program every Tuesday. Moreover, the Cinema program organized two film-weeks; namely the British Film Week in collaboration with the Cultural British Council, which included workshops in cinema critique. The other event included several sessions on acting, scenario development and script writing.

Jabal Amman Cultural Week

The Foundation held the Jabal Amman Cultural Week in celebration of its 35th anniversary, and in recognition of Jabal Amman's heritage as the center point for cultural activities in the heart of the capital. The weeklong event was held under the patronage of the Greater Amman Municipality (GAM) and in partnership with the Jabal Amman Residents' Association (JARA). The event offered several cultural activities and functions targeting all age groups and interests. These included screenings of Jordanian and international children films, musical and poetry evenings, panel discussions, book fairs including book signings, photos exhibitions and caricature exhibitions by Jordanian cartoonists.

Abdul Hameed Shoman Public Library

As the first well-equipped and computerized public library in Jordan, the Abdul Hameed Shoman Public Library underwent many developments and upgrades in 2014 to meet the needs of its visitors and enable them to work on their studies and research. These developments include: offering free Wi-Fi, a well-equipped training facility, a group study room and access to international resources and databases. Moreover, the Library helps organize various literary activities such as book launches and book signings, and hosts various book club discussions. The Library also provides capacity-building workshops for its patrons on how to use available databases.

In 2014, the total number of library patrons exceeded 155,000, which is a 36% increase from 2013. The number of library memberships also increased by 50%, reaching 1,328 registered members recording a combined total of approximately 40,000 members.

Since its establishment, and as part of its community outreach, the Library contributed to establishing and launching 15 municipal libraries across the Kingdom and 14 municipal libraries in Palestine. The Library also continued to provide support to the Ministry of Culture's Al Usra Library, and renewed its financial support for Haya Cultural Center's mobile library and provided it with children books.

Abdul Hameed Shoman Musical Evenings

The Foundation launched the Musical Evenings Program early in 2014 to promote the rising musical talents in Jordan and the region, as well as to expose the wider Jordanian public to diverse musical genres by providing a free platform for local and regional artists to perform and exhibit their musical talents and styles.

Children's Cinema Program

The Children's Cinema Program was also launched in 2014 to enhance the critical thinking of children and youth and heighten their appreciation for the arts through filmmaking workshops and free monthly film screenings, followed by discussions. The Foundation also hosted the first PRIX Jeunesse International Youth Jury 2014 Workshop in Jordan in cooperation with and an international film festival in cooperation with the Goethe Institute.

Other Events and Initiatives Supported in 2014

Through its different grants and patronage programs, the Foundation approved more than 36 proposals across the three strategic pillars:

- Under "Thought Leadership," the Foundation aims to promote scientific pursuits that tackle the most pressing societal issues and encourage accessibility of science for all. Accordingly, the Foundation sponsored several scientific awards and competitions and organized other scientific seminars and conferences. The Foundation also supported various scientific and cultural entities in Jordan and the Arab world. Examples include: the Intel Award and New Think Festival.
- Under "Arts and Literature," the Foundation provided financial and in kind support to ensure accessibility of the arts for everyone and to contribute to cultural diversity. This includes support to libraries in Jordan and Palestine, theatrical performances, multimedia events, literary events and competitions and music.
- Under "Employment and Innovation," the Foundation strives to spread innovation and creativity, focusing on youth, women and local communities. The Foundation also aims at supporting pilot projects that contribute to building youth capacities and skills before entering the job market, in addition to supporting projects that accelerate societal gains while addressing pressures critical to the region through innovation and entrepreneurship. Only two projects were supported by the Foundation this year; namely PACES and Tomorrow's Youth Organization, which focus on providing opportunities for youth to build marketable skills that improve their employment prospects.

Arab Bank Group

CONSOLIDATED STATEMENT OF FINANCIAL POSITION	141
CONSOLIDATED STATEMENT OF INCOME	142
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	143
CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY	144
CONSOLIDATED STATEMENT OF CASH FLOWS	146
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	147
INDEPENDENT AUDITOR'S REPORT	212

Arab Bank plc

STATEMENT OF FINANCIAL POSITION	215
STATEMENT OF INCOME	216
STATEMENT OF COMPREHENSIVE INCOME	217
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	218
STATEMENT OF CASH FLOWS	220
NOTES TO THE FINANCIAL STATEMENTS	221
INDEPENDENT AUDITOR'S REPORT	286

		December 31,	
	Note	2014	2013
Cash and balances with central banks	6	7 391 974	8 179 537
Balances with banks and financial institutions	7	4 664 078	3 491 694
Deposits with banks and financial institutions	8	110 446	67 496
Financial assets at fair value through profit or loss	9	1 126 894	934 370
Financial derivatives - positive fair value	40	56 264	33 807
Direct credit facilities at amortized cost	11	21 340 919	20 971 444
Financial assets at fair value through other comprehensive income	10	477 547	453 510
Other financial assets at amortized cost	12	9 117 018	8 530 104
Investment in associates	13	2 829 624	2 618 191
Fixed assets	14	473 241	499 593
Other assets	15	504 552	564 302
Deferred tax assets	16	58 932	55 573
TOTAL ASSETS		48 151 489	46 399 621
Banks and financial institutions' deposits	17	4 081 113	3 028 613
Customer deposits	18	32 065 271	30 722 831
Cash margin	19	2 903 558	3 667 224
Financial derivatives - negative fair value	40	62 489	66 684
Borrowed funds	20	87 091	105 370
Provision for income tax	21	235 248	196 895
Other provisions	22	144 203	139 022
Other liabilities	23	671 851	697 202
Deferred tax liabilities	24	11 924	8 052
Total Liabilities		40 262 748	38 631 893
Share capital	25	826 223	776 027
Share premium	25	1 225 747	1 225 747
Statutory reserve	26	712 722	643 860
Voluntary reserve	27	977 315	977 315
General reserve	28	1 822 824	1 822 824
General banking risks reserve	29	363 458	363 458
Reserves with associates		1 540 896	1 540 896
Foreign currency translation reserve	30	(122 751)	61 715
Investment revaluation reserve	31	(219 278)	(228 393)
Retained earnings	32	634 525	437 933
Total Equity Attributable to the Shareholders of the Bank		7 761 681	7 621 382
Non-controlling interests		127 060	146 346
Total Owners' Equity		7 888 741	7 767 728
TOTAL LIABILITIES AND OWNERS' EQUITY		48 151 489	46 399 621

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

ASSETS

LIABILITIES AND OWNERS' EQUITY

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ARAB BANK GROUP

USD'000

	Note	2014	2013	
REVENUE	Interest income	33	1 845 096	1 837 756
	Less: interest expense	34	770 148	773 403
	Net interest income		1 074 948	1 064 353
	Net commissions income	35	321 593	317 919
	Net interest and commissions income		1 396 541	1 382 272
	Foreign exchange differences		55 830	44 451
	Gain from financial assets at fair value through profit or loss	36	7 046	12 491
	Dividends on financial assets at fair value through other comprehensive income	10	8 566	9 174
	Group's share of profits of associates	13	348 201	310 094
	Other revenue	37	61 125	52 347
TOTAL INCOME		1 877 309	1 810 829	
EXPENSES	Employees' expenses	38	434 754	412 593
	Other expenses	39	285 996	276 330
	Depreciation and amortization	14	56 612	53 819
	Provision for impairment - direct credit facilities at amortized cost	11	236 161	285 875
	Provision for impairment - other financial assets at amortized cost	12	6 422	23 412
	Other provisions	22	16 045	17 394
	TOTAL EXPENSES		1 035 990	1 069 423
PROFIT FOR THE YEAR	Profit for the year before Income Tax		841 319	741 406
	Less: Income tax expense	21	264 166	239 550
	Profit for the Year		577 153	501 856
	Attributable to :			
	Bank shareholders		573 687	497 021
	Non-controlling interests		3 466	4 835
Total		577 153	501 856	
Earnings per share attributable to Bank Shareholders				
	- Basic and Diluted (US Dollars)	52	1.01	0.87

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

	USD'000	
	2014	2013
Profit for the Year	577 153	501 856
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	(194 911)	(57 025)
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	7 943	(118 576)
Total other comprehensive income items - after tax	(186 968)	(175 601)
Total Comprehensive Income for the Year	390 185	326 255
Attributable to :		
- Bank shareholders	397 663	332 144
- Non-controlling interests	(7 478)	(5 889)
Total	390 185	326 255

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

	Notes	Share Capital	Share Pre- mium	Statutory Reserve	Voluntary Reserve	General Reserve	General Banking Risks Reserve
2014	Balance at the Beginning of the year	776 027	1 225 747	643 860	977 315	1 822 824	363 458
	Profit for the year	-	-	-	-	-	-
	Other comprehensive income for the year	-	-	-	-	-	-
	Total Comprehensive Income for the Year	-	-	-	-	-	-
	Transferred to statutory reserve	-	-	68 862	-	-	-
	Transferred from investments revaluation reserve to retained earnings	-	-	-	-	-	-
	Paid dividends	32	-	-	-	-	-
	Adjustments during the year	-	-	-	-	-	-
	Increase in Share Capital (Stock Dividends)	32	50 196	-	-	-	-
Balance at the End of the Year		826 223	1 225 747	712 722	977 315	1 822 824	363 458
2013	Balance at the Beginning of the year	776 027	1 225 747	579 202	977 315	1 822 824	363 458
	Effect of the adoption of the adjustment of IFRS 19	-	-	-	-	-	-
	Balance at the Beginning of the Year (Adjusted)	776 027	1 225 747	579 202	977 315	1 822 824	363 458
	Profit for the year	-	-	-	-	-	-
	Other comprehensive income for the year	-	-	-	-	-	-
	Total Comprehensive Income for the Year	-	-	-	-	-	-
	Transferred to statutory reserve	-	-	64 658	-	-	-
	Transferred from investments revaluation reserve to retained earnings	-	-	-	-	-	-
	Paid dividends	-	-	-	-	-	-
	Adjustments during the year	-	-	-	-	-	-
Balance at the End of the Year		776 027	1 225 747	643 860	977 315	1 822 824	363 458

* The retained earnings include restricted deferred tax assets in the amount of USD 58.9 million, as well as, unrealized gains from financial assets at fair value through profit or loss in the amount of USD 3.6 million. Restricted retained earnings that cannot be distributed or otherwise utilized except only under certain circumstances, as a result of the adoption of certain International accounting Standards, amounted to USD 2.5 million as of December 31, 2014.

* The retained earnings include an unrealized loss in the amount of USD (149) million due to the effect of the adoption of IFRS 9 as of December 31, 2014.

* 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 (219.3) million as of December 31, 2014 which represents the negative investment revaluation reserve balance is restricted according to Jordan Securities Commission instructions.

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

USD '000

Reserves with Associates	Foreign Currency Translation Reserve	Investment Re-valuation Reserve	Retained Earnings	Total Equity Attributable to the Shareholders of the Bank	Non-Control-ling Interests	Total Owners Equity
1 540 896	61 715	(228 393)	437 933	7 621 382	146 346	7 767 728
-	-	-	573 687	573 687	3 466	577 153
-	(184 466)	8 442	-	(176 024)	(10 944)	(186 968)
-	(184 466)	8 442	573 687	397 663	(7 478)	390 185
-	-	-	(68 862)	-	-	-
-	-	673	(673)	-	-	-
-	-	-	(231 894)	(231 894)	(5 922)	(237 816)
-	-	-	(25 470)	(25 470)	(5 886)	(31 356)
-	-	-	(50 196)	-	-	-
1 540 896	(122 751)	(219 278)	634 525	7 761 681	127 060	7 888 741
1 540 896	108 389	(110 983)	255 600	7 538 475	160 691	7 699 166
-	-	-	(11 210)	(11 210)	-	(11 210)
1 540 896	108 389	(110 983)	244 390	7 527 265	160 691	7 687 956
-	-	-	497 021	497 021	4 835	501 856
-	(46 674)	(118 203)	-	(164 877)	(10 724)	(175 601)
-	(46 674)	(118 203)	497 021	332 144	(5 889)	326 255
-	-	-	(64 658)	-	-	-
-	-	793	(793)	-	-	-
-	-	-	(231 721)	(231 721)	(5 844)	(237 565)
-	-	-	(6 306)	(6 306)	(2 612)	(8 918)
1 540 896	61 715	(228 393)	437 933	7 621 382	146 346	7 767 728

CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY

ARAB BANK GROUP

USD '000

	Note	2014	2013
Profit for the year before tax		841 319	741 406
Adjustments for:			
- Group's share from associates profits		(348 201)	(310 094)
- Depreciation and amortization		56 612	53 819
- Provision for impairment - direct credit facilities at amortized cost		236 161	285 875
- Net interest income		4 942	16 449
- (Gain) from sale of fixed assets		(2 025)	(477)
- Dividends on financial assets at fair value through other comprehensive income		(8 566)	(9 174)
- (Gain) from revaluation of financial assets at fair value through profit or loss		(3 616)	(6 311)
- Provision for impairment- other financial assets at amortized cost		6 422	23 412
- Other provisions		16 045	17 394
Total		799 093	812 299
(Increase) decrease in assets:			
Balances with central banks (maturing after 3 months)		60 171	80 450
Deposits with banks and financial institutions (maturing after 3 months)		(42 950)	34 328
Direct credit facilities at amortized cost		(605 636)	(776 905)
Financial assets at fair value through profit or loss		(188 908)	36 427
Other assets and financial derivatives		33 934	77 926
Increase (decrease) in liabilities:			
Banks and financial institutions deposits (maturing after 3 months)		35 032	(391 638)
Customer deposits		1 342 440	1 370 447
Cash margin		(763 666)	133 503
Other liabilities and financial derivatives		(59 244)	22 923
Net Cash Generated by Operating Activities before Income Tax		610 266	1 399 760
Income tax paid		(231 136)	(278 120)
Net Cash Generated by Operating Activities		379 130	1 121 640
CASH FLOWS FROM INVESTING ACTIVITIES			
(Purchase) of financial assets at fair value through other comprehensive income		(15 595)	(17 160)
(Purchase) of other financial assets at amortized cost		(593 336)	(1 272 992)
(Increase) of investments in associates		(35 765)	(54 807)
Dividends received from associates		153 329	149 215
Dividends on financial assets at fair value through other comprehensive income		8 566	9 174
(Increase) in fixed assets		(61 696)	(56 127)
Proceeds from sale of fixed assets		12 965	8 647
Net Cash (Used in) Investing Activities		(531 532)	(1 234 050)
CASH FLOWS FROM FINANCING ACTIVITIES			
(Paid) borrowed funds		(18 279)	(51 142)
Dividends (paid) to the shareholders		(230 611)	(230 716)
Dividends (paid) to non-controlling interests		(5 922)	(5 844)
Net Cash (Used in) Financing Activities		(254 812)	(287 702)
Net (Decrease) in Cash and Cash Equivalents		(407 214)	(400 112)
Exchange differences - change in foreign exchange rates		(165 262)	(22 730)
Cash and cash equivalent at the beginning of the year		8 701 700	9 124 542
Cash and Cash Equivalent at the End of the Year	54	8 129 224	8 701 700

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

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 branches, 75 branches in Jordan and 115 branches abroad, subsidiaries and sister company and Arab Bank (Switzerland) Limited.
- Arab Bank plc General Assembly in its extraordinary meeting held on March 27, 2014 approved to increase the banks' capital by USD 50.2 million, to become USD 826.2 million. The bank has completed the legal procedures with the Ministry of Industry and Trade on April 1, 2014 and Jordan Securities Commission on April 8, 2014.
- Arab Bank shares are traded on Amman Stock Exchange.
- The accompanying consolidated financial statements were approved by the Board of Directors in its meeting Number (1) on January 29, 2015 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, its sister company, Arab Bank (Switzerland) Limited and its subsidiaries. The Group main subsidiaries are as follows:

Company Name	Percentage of Ownership (%)		Date of Acquisition	Principal Activity	Place of Incorporation	Paid-up Capital
	2014	2013				
Europe Arab Bank plc	100.00	100.00	2006	Banking	United Kingdom	€ 610m
Arab Bank Australia Limited	100.00	100.00	1994	Banking	Australia	AUD 62.5m
Islamic International Arab Bank plc	100.00	100.00	1997	Banking	Jordan	JD 100m
Arab National Company for Leasing of Equipment 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
Arab Investment Bank S.A.L.	100.00	100.00	1998	Banking	Lebanon	LBP 15b
Al Arabi Investment Group	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 plc	50.00	50.00	2006	Insurance	Jordan	JD 10m

- Subsidiaries are companies under the effective control of Arab Bank plc. Control is achieved when the Group has the power to govern the strategic financial and operating policies of the subsidiary so as to obtain benefits from its activities. The investment in subsidiaries is stated at cost when preparing the financial statements for Arab Bank Plc.
- The consolidated financial statements reflect the financial position and results of operations at the level of the consolidated economic ownership of Arab Bank plc and the sister company Arab Bank (Switzerland) Limited, which is considered an integral part of Arab Bank Group.
- The 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, the sister company, Arab Bank (Switzerland) Limited and other subsidiaries are eliminated. Items in transit are stated within other assets or other liabilities, as appropriate. Non-controlling interests (the interest not owned by the Group in the equity of subsidiaries) are stated separately within owners' equity in the consolidated statement of financial position.

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

- a. New and revised IFRSs applied with no material effect on the consolidated financial statements:
 - The following new and revised IFRSs have been adopted in the preparation of the consolidated financial statements for which they did not have any material impact on the amounts and disclosures of the consolidated financial statements; however, they may affect the accounting for future transactions and arrangements

<ul style="list-style-type: none"> Amendments to IAS 32: Financial Instruments 	<p>Presentation relating to application guidance on the offsetting of financial assets and financial liabilities.</p>
<ul style="list-style-type: none"> Amendments to IAS 36: recoverable amount disclosures 	<p>The amendments restrict the requirements to disclose the recoverable amount of an asset or CGU to the period in which an impairment loss has been recognised or reversed. They also expand and clarify the disclosure requirements applicable when an asset or CGU's recoverable amount has been determined on the basis of fair value less costs of disposal.</p>
<ul style="list-style-type: none"> Amendments to IAS 39: Financial Instruments, Recognition and Measurement, Novation of Derivatives and Continuation of Hedge Accounting 	<p>The amendments provide relief from the requirement to discontinue hedge accounting when a derivative designated as a hedging instrument is novated under certain circumstances. The amendments also clarify that any change to the fair value of the derivative designated as a hedging instrument arising from the novation should be included in the assessment and measurement of hedge effectiveness.</p>
<ul style="list-style-type: none"> Amendments to IFRS 10, IFRS 12 and IAS 27 – Guidance on Investment Entities 	<p>On 31 October 2012, the IASB published a standard on investment entities, which amends IFRS 10, IFRS 12, and IAS 27 and introduces the concept of an investment entity in IFRSs.</p>

b. **New and Revised IFRSs issued but not yet effective**

The following new and revised IFRSs have been issued but are not effective yet:

The Group has not applied the following new and revised IFRSs that are available for early application but are not effective yet:

	Effective for Annual Periods Beginning On or After
IFRS 15: Revenue from Contracts with Customers	1 January 2017
Amendments to IFRS 11 to clarify accounting for acquisitions of Interests in Joint Operations.	1 January 2016
Amendments to IAS 16 and IAS 38 to clarify the acceptable methods of depreciation and amortization.	1 January 2016
Amendments to IAS 16 and IAS 41 require biological assets that meet the definition of a bearer plant to be accounted for as property, plant and equipment in accordance with IAS 16.	1 January 2016
IFRS 9 Financial Instruments (2014) In July 2014 the final standard of IFRS 9 was issued introducing: a) New classification for debt instruments that are held to collect contractual cash flows with the ability to sell, to be classified under the "fair value through other comprehensive income (FVTOCI) category. b) Impairment of financial assets applying expected loss model through 3 phases, starting by 12 month expected impairment loss to be initiated on initial recognition of the credit exposure, and life time impairment loss to be recognized upon significant increase in credit risk prior to the date the credit exposure is being impaired, and phase 3 when the loan is effectively impaired.	1 January 2018

Amendments to IFRS 10 and IAS 28 clarify that the recognition of the gain or loss on the sale or contribution of assets between an investor and its associate or joint venture depends on whether the assets sold or contributed constitute a business.	1 January 2016
Amendments to IAS 27 allow an entity to account for investments in subsidiaries, joint ventures and associates either at cost, in accordance with IAS 39/IFRS 9 or using the equity method in an entity's separate financial statements.	1 January 2016
Amendments to IFRS 10, IFRS 12 and IAS 28 clarifying certain aspects of applying the consolidation exception for investment entities.	1 January 2016
Amendments to IAS 1 to address perceived impediments to preparers exercising their judgment in presenting their financial reports.	1 January 2016
Annual Improvements to IFRSs 2012 - 2014 Cycle.	1 July 2016

Management anticipates that each of the above standards and interpretations will be adopted in the consolidated financial statements by its date mentioned above without having any material impact on the Group's consolidated financial statements, except for IFRS 15 and IFRS 9. Management anticipates that IFRS 15 and IFRS 9 will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2017 and 1 January 2018 respectively. The application of IFRS 15 and IFRS 9 may have significant impact on amounts reported and disclosures made in the Group's consolidated financial statements in respect of revenue from contracts with customers and the Group's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of effects of the application of these standards until the Group performs a detailed review.

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, 2013 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 arises. 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 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's 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, sister company 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. The cost of goodwill is subsequently reduced by and decline in the value of the investment.

- 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 recoded in the consolidated statement of income as impairment loss.

2. Other Intangible Assets

- Other intangible assets acquired through merging are stated at fair value at the date of acquisition, while other intangible assets (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 in the statement of income for a period not more than 5 years from the acquisition date 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 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 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

- Associates are those in which the Group exerts significant influence over the financial and operating policy decisions, and in which the Group holds between 20% and 50% of the voting rights.
- Investments in associated companies are accounted for according to the equity method.
- Transactions and balances between the Group and the associates are eliminated to the extent of the Group's ownership in the associate.

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 is measured either at amortized cost or at 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 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)
- At initial recognition, the Group can make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee.
- Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in the investments revaluation reserve. Where the asset is disposed of, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not transferred to consolidated income statement, but is reclassified to retained earnings.
- Dividends on these investments in equity instruments are recognized in the consolidated income statement when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

l. 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 among "other assets" or "other liabilities" 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. Accounting Estimates

- Preparation of the consolidated financial statements and the application of the accounting policies require the Group's management to perform assessments and assumptions that affect the amounts of financial assets, financial liabilities, fair value reserve and to disclose contingent liabilities. Moreover, these assessments and assumptions affect revenues, expenses,

provisions, and changes in the fair value shown in the consolidated statement of other comprehensive income and owners' equity. In particular, this requires the Group's management to issue significant judgments and assumptions to assess future cash flow amounts and their timing. Moreover, the said assessments are necessarily based on assumptions and factors with varying degrees of consideration and uncertainty. In addition, actual results may differ from assessments due to the changes resulting from the conditions and circumstances of those assessments in the future.

- 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 sufficient and recent evaluation of the acquired properties has been conducted by approved surveyors. The impairment loss is reviewed periodically.
 - Management estimates the impairment in value when the market prices reach a limit that indicates the impairment loss provided that this does not contradict the instructions of the regulatory authorities or International Financial Reporting Standards.
 - 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 fair value or at cost 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,	
	2014	2013
Cash in vaults	442 651	470 344
Balances with central banks:		
- Current accounts	1 748 978	1 663 677
- Time and notice	3 328 069	4 120 224
- Mandatory cash reserve	1 681 736	1 467 994
- Certificates of deposit	190 540	457 298
Total	7 391 974	8 179 537

- Except for the mandatory cash reserve, there are no restricted balances at Central Bank.
- Balances and certificates of deposit maturing after three months amounted to USD 103.4 million as of December 31, 2014 (USD 163.6 million as of December 31, 2013).

7. Balances with Banks and Financial Institutions

The details of this item are as follows:

USD '000

Local banks and financial institutions	December 31,	
	2014	2013
Time deposits maturing within 3 months	63 450	74 025
Total	63 450	74 025

Abroad banks and financial institutions	December 31,	
	2014	2013
Current accounts	1 738 318	941 445
Time deposits maturing within 3 months	2 862 310	2 476 224
Total	4 600 628	3 417 669
Total balances with banks and financial institutions Local and Abroad	4 664 078	3 491 694

- There are no non interest bearing balances as of December 31, 2014 and 2013.
- There are no restricted balances as of December 31, 2014 and 2013.

8. Deposits with Banks and Financial Institutions

The details of this item are as follows:

Deposit with Abroad banks and financial institutions	December 31,	
	2014	2013
Time deposits maturing after 3 months and before 6 months	87 757	26 316
Time deposits maturing after 6 months and before 9 months	18 490	6 469
Time deposits maturing after 9 months and before one year	4 199	33 188
Time deposits maturing after one year	-	1 523
Total	110 446	67 496

- There are no restricted balances as of December 31, 2014 and 2013.
- There are no deposits with local banks as of December 31, 2014 and 2013.

9. Financial Assets at Fair Value through Profit or Loss

The details of this item are as follows:

	December 31,	
	2014	2013
Treasury bills and Government bonds	638 921	464 171
Corporate bonds	413 312	395 552
Loans and advances	22 757	26 488
Corporate shares	20 566	20 487
Mutual funds	31 338	27 672
Total	1 126 894	934 370

10. Financial Assets at Fair Value through Other Comprehensive Income

The details of this item are as follows:

	December 31,	
	2014	2013
Quoted shares	241 820	249 103
Un-quoted shares	235 727	204 407
Total	477 547	453 510

- * Cash dividends from investments above amounted to USD 8.6 million for the year ended December 31, 2014 (USD 9.2 million as of December 31, 2013).
- * Realized Losses that have been transferred from investment revaluation reserve to the retained earnings amounted to USD 0.7 Million as of December 31, 2014 (USD 0.8 million as of December 31, 2013).

11. Direct Credit Facilities at Amortized Cost

The details of this item are as follows:

USD '000

	December 31, 2014					Total
	Consumer Banking	Corporates		Banks and Financial Institutions	Government and Public Sector	
		Small and Medium	Large			
Discounted bills *	86 236	161 811	456 896	405 866	786	1 111 595
Overdrafts *	108 636	965 941	3 267 565	4 062	354 266	4 700 470
Loans and advances *	2 554 247	1 529 271	10 856 591	77 287	706 138	15 723 534
Real-estate loans	1 755 989	244 694	26 883	-	-	2 027 566
Credit cards	115 313	-	-	-	-	115 313
Total	4 620 421	2 901 717	14 607 935	487 215	1 061 190	23 678 478
Less: Interest and commission in suspense	60 515	93 016	237 177	3 739	-	394 447
Provision for impairment - direct credit facilities at amortized cost	164 912	121 681	1 653 146	1 256	2 117	1 943 112
Total	225 427	214 697	1 890 323	4 995	2 117	2 337 559
Net Direct Credit Facilities at Amortized Cost	4 394 994	2 687 020	12 717 612	482 220	1 059 073	21 340 919

- * Net of interest and commission received in advance, which amounted to USD 103.6 million as of December 31, 2014.
- Rescheduled loans during the year ended December 31, 2014 amounted to USD 165.1 million.
 - Restructured loans (transferred from non performing to watch list loans) during the year ended December 31, 2014 amounted to USD 31.1 million.
 - Direct credit facilities granted to and guaranteed by the government of Jordan as of December 31, 2014 amounted to USD105.5 million, or 0.4% of total direct credit facilities.
 - Non-performing direct credit facilities as of December 31, 2014 amounted to USD1592.5 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, 2014 amounted to USD 1211 million, or 5.2 % of direct credit facilities after deducting interest and commission in suspense.

	December 31, 2013					Total
	Consumer Banking	Corporates		Banks and Financial Institutions	Government and Public Sector	
		Small and Medium	Large			
Discounted bills *	85 697	142 712	561 380	77 855	18 504	886 148
Overdrafts *	121 838	759 754	2 975 052	5 330	256 520	4 118 494
Loans and advances *	2 081 682	1 272 705	11 884 244	81 226	779 488	16 099 345
Real-estate loans	1 625 345	168 514	86 922	-	-	1 880 781
Credit cards	101 054	-	-	-	-	101 054
Total	4 015 616	2 343 685	15 507 598	164 411	1 054 512	23 085 822
Less: Interest and commission in suspense	57 773	96 314	192 890	2 962	-	349 939
Provision for impairment - direct credit facilities at amortized cost	163 270	154 389	1 442 504	1 256	3 020	1 764 439
Total	221 043	250 703	1 635 394	4 218	3 020	2 114 378
Net Direct Credit Facilities at Amortized Cost	3 794 573	2 092 982	13 872 204	160 193	1 051 492	20 971 444

- * Net of interest and commission received in advance, which amounted to USD 100.5 million as of December 31, 2013.
- Rescheduled loans during the year ended December 31, 2013 amounted to USD 311.2 million.
 - Restructured loans (transferred from non performing to watch list loans) during the year ended December 31, 2013 amounted to USD 55.3 million.
 - Direct credit facilities granted to and guaranteed by the government of Jordan as of December 31, 2013 amounted to USD 88.6 million, or 0.4% of total direct credit facilities.
 - Non-performing direct credit facilities as of December 31, 2013 amounted to USD 1619.4 million, or 7% of total direct credit facilities
 - Non-performing direct credit facilities net of interest and commission in suspense as of December 31, 2013 amounted to USD 1279.2 million, or 5.6% 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 as follows:

USD '000

	December 31, 2014						The total includes movement on the real-estates loans provision as follows:
	Consumer Banking	Corporates		Banks and Financial Institutions	Government and Public Sector	Total	
		Small and Medium	Large				
Balance at the beginning of the year	163 270	154 389	1 442 504	1 256	3 020	1 764 439	20 749
Impairment losses charged to income	14 024	11 587	277 355	87	138	303 191	3 857
Used from provision (written off or transferred to off consolidated statement of financial position) *	(3 476)	(16 203)	(16 721)	-	-	(36 400)	(581)
Surplus in provision transferred to statement of income	(9 961)	(12 507)	(43 805)	(3)	(754)	(67 030)	(7 883)
Adjustments during the year	5 573	(6 370)	20 648	-	(171)	19 680	1 701
Translation adjustments	(4 518)	(9 215)	(26 835)	(84)	(116)	(40 768)	(33)
Balance at the End of the Year	164 912	121 681	1 653 146	1 256	2 117	1 943 112	17 810

	December 31, 2013						The total includes movement on the real-estates loans provision as follows:
	Consumer Banking	Corporates		Banks and Financial Institutions	Government and Public Sector	Total	
		Small and Medium	Large				
Balance at the beginning of the year	166 819	158 344	1 379 391	6 473	2 185	1 713 212	16 594
Impairment losses charged to income	18 280	22 714	287 162	3 686	-	331 842	7 055
Used from provision (written off or transferred to off consolidated statement of financial position) *	(1 818)	(9 473)	(219 019)	-	-	(230 310)	(16)
Surplus in provision transferred to statement of income	(6 052)	(11 069)	(28 355)	(179)	(312)	(45 967)	(2 205)
Adjustments during the year	(10 371)	(4 549)	35 562	(8 724)	1 290	13 208	(679)
Translation adjustments	(3 588)	(1 578)	(12 237)	-	(143)	(17 546)	-
Balance at the End of the Year	163 270	154 389	1 442 504	1 256	3 020	1 764 439	20 749

- 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, 2014 and 2013.
- Impairment is assessed based on individual customer accounts.

* There are no Non-performing direct credit facilities transferred to off consolidated statement of financial position as of December 31, 2014, (USD 243.8 million as of December 31, 2013 noting that these non-performing direct credit facilities are fully covered by set provisions and suspended interest).

The details of movement on the interest and commission in suspense:

	December 31, 2014					USD '000	
	Consumer Banking	Corporates		Banks and Financial Institutions	Government and Public Sector	Total	The total includes interest and commission in suspense movement on real - estates loans as follows:
		Small and Medium	Large				
Balance at the Beginning of the year	57 773	96 314	192 890	2 962	-	349 939	15 325
Interest and commission suspended during the year	8 570	10 264	60 868	776	-	80 478	3 601
Interest and commission in suspense settled (written off or transferred to off consolidated statement of financial position)	(1 013)	(9 165)	(8 631)	-	-	(18 809)	(4 157)
Recoveries	(5 270)	(2 277)	(4 004)	-	-	(11 551)	(1 925)
Adjustments during the year	1 261	(354)	701	-	-	1 608	(7)
Translation adjustments	(806)	(1 766)	(4 647)	1	-	(7 218)	12
Balance at the End of the Year	60 515	93 016	237 177	3 739	-	394 447	12 849

	December 31, 2013					USD '000	
	Consumer Banking	Corporates		Banks and Financial Institutions	Government and Public Sector	Total	The total includes interest and commission in suspense movement on real - estates loans as follows:
		Small and Medium	Large				
Balance at the Beginning of the year	53 583	101 672	156 802	2 273	-	314 330	11 087
Interest and commission suspended during the year	12 869	11 792	57 999	897	-	83 557	4 786
Interest and commission in suspense settled (written off or transferred to off consolidated statement of financial position)	(814)	(15 446)	(13 625)	-	-	(29 885)	(219)
Recoveries	(6 341)	(2 117)	(3 109)	-	-	(11 567)	(1 425)
Adjustments during the year	(996)	1 140	(237)	(207)	-	(300)	1 096
Translation adjustments	(528)	(727)	(4 940)	(1)	-	(6 196)	-
Balance at the End of the Year	57 773	96 314	192 890	2 962	-	349 939	15 325

Direct Credit Facilities at amortized cost according to geographical distribution and economic sectors

USD '000

Economic Sector	Inside Jordan	Outside Jordan	December 31,2014	December 31, 2013
Consumer Banking	1 903 561	2 491 433	4 394 994	3 794 573
Industry and mining	1 051 680	3 088 654	4 140 334	4 398 686
Constructions	293 283	1 311 899	1 605 182	1 396 913
Real - Estates	285 594	1 355 690	1 641 284	1 893 666
Trade	816 453	2 918 118	3 734 571	4 081 950
Agriculture	52 998	115 325	168 323	164 724
Tourism and Hotels	236 009	372 996	609 005	658 781
Transportations	219 017	568 589	787 606	866 296
Shares	4 876	82 853	87 729	118 141
General Services	285 948	2 344 650	2 630 598	2 386 029
Banks and Financial Institutions	12 602	469 618	482 220	160 193
Government and Public Sector	105 540	953 533	1 059 073	1 051 492
Net Direct Credit Facilities at amortized Cost	5 267 561	16 073 358	21 340 919	20 971 444

12. Other financial assets at amortized cost

USD '000

The details of this item are as follows:

	December 31,	
	2014	2013
Treasury bills	3 100 455	2 672 770
Government bonds and bonds guaranteed by the government	4 296 889	4 131 159
Corporate bonds	1 749 194	1 754 364
Less: Provision for impairment	(29 520)	(28 189)
Total	9 117 018	8 530 104

Analysis of bonds based on interest nature:

USD '000

	December 31,	
	2014	2013
Floating interest rate	551 811	732 054
Fixed interest rate	8 565 207	7 798 050
Total	9 117 018	8 530 104

Analysis of financial assets based on market quotation:

USD '000

	December 31,	
	2014	2013
Financial assets quoted in the market:		
Treasury bills	654 496	554 715
Government bonds and bonds guaranteed by the government	1 326 075	1 262 571
Corporate bonds	1 453 887	1 458 641
Total	3 434 458	3 275 927

	December 31,	
	2014	2013
Financial assets unquoted in the market:		
Treasury bills	2 445 959	2 118 055
Government bonds and bonds guaranteed by the government	2 970 814	2 868 588
Corporate bonds	265 787	267 534
Total	5 682 560	5 254 177
Grand Total	9 117 018	8 530 104

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

USD '000

	December 31,	
	2014	2013
Balance at the beginning of the year	28 189	15 329
Impairment losses charged to income	6 422	23 412
Used from provision (written off)	(4 514)	-
Adjustments during the year	-	(11 031)
Translation adjustments	(577)	479
Balance at the End of the year	29 520	28 189

During the year ended December 31, 2014 certain financial assets at amortized cost amounted to USD 376.3 million were sold (USD 215.1 million during the year ended December 31, 2013).

13. Investment in Associates

The details of this item are as follows:

USD '000

	December 31, 2014		December 31, 2013		Place of Incorporation	Fair Value	Published Financial Statements Date	Principal Activity
	Owner-ship and Voting Right	Investment Value	Owner-ship and Voting Right	Investment Value				
	%		%					
Turkland Bank A.Ş.	50.00	244 067	50.00	218 108	Turkey	Unquoted	2014	Banking
Oman Arab Bank S.A.O.	49.00	270 487	49.00	252 930	Oman	Unquoted	2014	Banking
Arab National Bank	40.00	2 250 218	40.00	2 079 499	Saudi Arabia	3 253 333	2014	Banking
Arabia Insurance Company	37.42	40 879	37.42	49 691	Lebanon	Unquoted	2013	Insurance
Other	Various	23 973	Various	17 963	Various	Unquoted		Various
Total		2 829 624		2 618 191				

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

USD '000

	2014	2013
Balance at the beginning of the year	2 618 191	2 426 449
Purchase of additional investments	35 765	54 807
Group's share of profits for the year	348 201	310 094
Dividends received	(153 329)	(149 215)
Group's share of other changes in equity	(19 204)	(23 944)
Balance at the end of the Year	2 829 624	2 618 191

* The closing price of the Arab National Bank's share as of December 31, 2014 was Saudi Riyal 30.5 as quoted on Saudi Arabia Stock Exchange (Saudi Riyal 30.8 as of December 31, 2013). However, due to matters relating to the ownership concentrations of the Arab National Bank, the closing price of the share may not necessarily represent its fair value.

The group Share from the profit or loss of the associates are as follows:

USD '000

	2014	2013
Turkland Bank A.Ş.	6 956	4 930
Oman Arab Bank S.A.O.	35 748	31 847
Arab National Bank	306 669	269 066
Arabia Insurance Company	(2 795)	3 046
Other	1 623	1 205
Total	348 201	310 094

The Group's share from assets, liabilities and revenue of associates are as follows:

USD '000

	2014	2013
Total Assets	21 128 648	17 667 846
Total Liabilities	18 377 074	15 138 543
Total Revenue	730 485	670 543

14. Fixed Assets

USD '000

The details of this item are as follows:

	Land	Buildings	Furniture, Fixtures and Equipment	Computers and Communication Equipment	Motor Vehicles	Leasehold Improvements	Total
Historical Cost:							
Balance as of January 1, 2013	78 847	379 156	193 619	121 071	14 514	102 759	889 966
Additions	7 394	11 901	8 272	10 927	2 022	15 611	56 127
Disposals	(62)	(4 352)	(5 156)	(2 936)	(1 727)	(11 275)	(25 508)
Adjustments during the year	-	(950)	87	(6 311)	3	30	(7 141)
Translation Adjustments	(3 241)	(2 326)	(2 824)	(1 512)	(324)	(1 762)	(11 989)
Balance as of December 31, 2013	82 938	383 429	193 998	121 239	14 488	105 363	901 455
Additions	-	17 524	11 982	14 731	2 092	15 367	61 696
Disposals	(134)	(7 494)	(5 311)	(2 588)	(1 503)	(11 730)	(28 760)
Adjustments during the year	-	-	(5 188)	5 188	-	-	-
Translation Adjustments	(2 215)	(16 493)	(2 797)	(5 313)	(680)	(6 405)	(33 903)
Balance at December 31, 2014	80 589	376 966	192 684	133 257	14 397	102 595	900 488
Accumulated Depreciation :							
Balance as of January 1, 2013	-	95 833	122 669	96 802	11 236	46 627	373 167
Depreciation charge for the year	-	11 962	18 469	5 948	1 499	15 941	53 819
Disposals	-	(292)	(4 961)	(2 906)	(1 720)	(7 459)	(17 338)
Adjustments during the year	-	946	(776)	(2 367)	-	(1 243)	(3 440)
Translation adjustments	-	415	(2 124)	(1 212)	(197)	(1 228)	(4 346)
Balance as of December 31, 2013	-	108 864	133 277	96 265	10 818	52 638	401 862
Depreciation charge for the year	-	12 041	16 717	12 000	1 437	14 417	56 612
Disposals	-	(1 391)	(5 023)	(2 382)	(1 208)	(7 816)	(17 820)
Adjustments during the year	-	725	(4 008)	3 389	-	-	106
Translation adjustments	-	(3 479)	(1 973)	(4 240)	(458)	(3 363)	(13 513)
Balance as at December 31, 2014	-	116 760	138 990	105 032	10 589	55 876	427 247
Net Book Value as of December 31, 2014	80 589	260 206	53 694	28 225	3 808	46 719	473 241
Net Book Value as of December 31, 2013	82 938	274 565	60 721	24 974	3 670	52 725	499 593

* The cost of fully Depreciated assets amounted to USD 181.9 million as of December 31,2014 (USD 168.2 million as of December 31, 2013)

15. Other Assets

USD '000

The details of this item are as follows:

	December 31,	
	2014	2013
Accrued interest receivable	206 380	217 634
Prepaid expenses	127 751	149 709
Foreclosed assets *	80 387	89 000
Items in transit	2 144	4 135
Miscellaneous assets	87 890	103 824
Total	504 552	564 302

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

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

	2014			
	Land	Buildings	Other	Total
Balance at the beginning of the year	36 515	33 014	19 471	89 000
Additions	2 692	4 545	663	7 900
Disposals	(509)	(3 349)	(12 254)	(16 112)
Impairment losses charged to income	(35)	(226)	-	(261)
Impairment loss - returned to profit	35	68	-	103
Translation adjustments	1	(244)	-	(243)
Balance at the End of the Year	38 699	33 808	7 880	80 387

	2013			
	Land	Buildings	Other	Total
Balance at the beginning of the year	27 128	39 397	12 256	78 781
Additions	10 486	3 211	7 215	20 912
Disposals	(907)	(9 405)	-	(10 312)
Impairment losses charged to income	(192)	(48)	-	(240)
Impairment loss - returned to profit	-	3	-	3
Translation adjustments	-	(144)	-	(144)
Balance at the End of the Year	36 515	33 014	19 471	89 000

16. Deferred Tax Assets

Items attributable to deferred tax assets are as follows:

	2014				USD '000
	Balance at the Beginning of the Year	Adjustments During the Year and Translation	Amounts Added	Amounts Released	Balance at the End of the Year
Provision for impairment - direct credit facilities at amortized cost	103 841	(12 309)	10 874	(7 316)	95 090
End-of-Service indemnity	56 323	(4)	4 607	(1 869)	59 057
Interest in suspense	12 284	777	4 963	(7 414)	10 610
Other provisions	40 417	5 607	13 057	(4 134)	54 947
Total	212 865	(5 929)	33 501	(20 733)	219 704

	2013				USD '000
	Balance at the Beginning of the Year	Adjustments During the Year and Translation	Amounts Added	Amounts Released	Balance at the End of the Year
Provision for impairment - direct credit facilities at amortized cost	48 144	7 756	49 757	(1 816)	103 841
End-of-Service indemnity	52 381	1	5 892	(1 951)	56 323
Interest in suspense	5 801	1	7 360	(878)	12 284
Other provisions	59 730	(16 798)	9 595	(12 110)	40 417
Total	166 056	(9 040)	72 604	(16 755)	212 865

	December 31,	
	2014	2013
Deferred tax assets balances are as follows:		
Provision for impairment - direct credit facilities at amortized cost	24 413	25 719
End-of-Service indemnity	18 434	17 201
Interest in suspense	3 254	2 784
Other provisions	12 831	9 869
Total	58 932	55 573

* 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 near future.

	USD '000	
	2014	2013
The details of movements on deferred tax assets are as follows:		
Balance at the beginning of the year	55 573	43 890
Additions during the year	10 183	18 428
Amortized during the year	(5 161)	(4 742)
Adjustments and translation adjustments during the year	(1 663)	(2 003)
Balance at the End of the Year	58 932	55 573

17. Banks and Financial Institutions Deposits

The details of this item are as follows:

USD '000

	December 31, 2014			December 31, 2013		
	Inside the Kingdom	Outside the Kingdom	Total	Inside the Kingdom	Outside the Kingdom	Total
Current and demand	21 180	371 591	392 771	7 820	256 347	264 167
Time deposits	19 994	3 668 348	3 688 342	34 989	2 729 457	2 764 446
Total	41 174	4 039 939	4 081 113	42 809	2 985 804	3 028 613

18. Customer Deposits

The details of this item are as follows:

USD '000

	December 31, 2014				Total
	Consumer Banking	Corporates		Government and Public Sector	
		Small and Medium	Large		
Current and demand	6 786 145	1 978 110	2 485 664	441 233	11 691 152
Savings	2 719 876	119 378	68 459	80	2 907 793
Time and notice	8 064 091	928 099	5 024 633	2 851 925	16 868 748
Certificates of deposit	432 908	14 460	86 115	64 095	597 578
Total	18 003 020	3 040 047	7 664 871	3 357 333	32 065 271

- The government of Jordan and Jordanian public sector deposits amounted to USD 984.6 million, or 3.1% of total customer deposits as of December 31, 2014 (USD 554.7 million, or 1.8% of total customer deposits as of December 31, 2013).
- Non-interest bearing deposits amounted to USD 10526.8 million, or 32.8 % of total customer deposits as of December 31, 2014 (USD 10060.7 million or 32.8% of total customer deposits as of December 31, 2013).
- Blocked deposits amounted to USD 366.9 million, or 1.1 % of total customer deposits as of December 31, 2014 (USD 492.4 million, or 1.6% of total customer deposit as of December 31, 2013).
- Dormant deposits amounted to USD 431.9 million, or 1.3 % of total customer deposits as of December 31, 2014 (USD 464.4 million, or 1.5% of total customer deposits as of December 31, 2013).

The details of this item are as follows:

USD '000

	December 31, 2013				Total
	Consumer Banking	Corporates		Government and Public Sector	
		Small and Medium	Large		
Current and demand	6 651 578	1 911 028	2 176 821	538 837	11 278 264
Savings	2 586 930	55 566	11 423	56	2 653 975
Time and notice	7 897 481	1 162 185	3 995 471	2 835 537	15 890 674
Certificates of deposit	470 661	19 738	202 939	206 580	899 918
Total	17 606 650	3 148 517	6 386 654	3 581 010	30 722 831

19. Cash Margin

USD'000

The details of this item are as follows:

	December 31,	
	2014	2013
Against direct credit facilities at amortized cost	2 348 527	3 052 334
Against indirect credit facilities	546 327	608 489
Against margin trading	5 623	3 276
Other cash margin	3 081	3 125
Total	2 903 558	3 667 224

20. Borrowed Funds

USD'000

The details of this item are as follows:

	December 31,	
	2014	2013
From Central Banks *	7 614	2 115
From banks and financial institutions **	79 477	103 255
Total	87 091	105 370

Analysis of borrowed funds according to interest nature:

USD'000

	December 31,	
	2014	2013
Floating interest rate	85 117	105 370
Fixed interest rate	1 974	-
Total	87 091	105 370

* 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 with a floating interest rate of (1.8%+LIBOR 6 months). The agreement aims to support SME. The loan is repaid semi-annually, with installments in March and September of each year. The Balance of the loan as of December 31, 2014 amounted to USD 5.6 million (USD 2.1 million as of Decemer 31, 2013).

* 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 with a fixed interest rate of 2.5%. The agreement aims to support SME. The loan is repaid semi-annually, with installments in March and September of each year. The Balance of the loan as of December 31, 2014 amounted to USD 2 million

** The Group borrowed amounts from banks and financial institutions, as well issued syndicated term loans through the Arab Tunisian Bank, the balance amounted to USD 79.5 million as of December 31, 2014 (USD 103.3 million as of December 31, 2013), whereas the lowest interest rate is (0.25%) and the highest is (6.7%) and the last maturity date is on May 19, 2032, as per the following details :

	December 31,	
	2014	2013
Loans maturing within one year	10 374	15 678
Loans maturing after 1 year and less than 3 years	20 060	23 130
Loans maturing after 3 years	49 043	64 447
Total	79 477	103 255

21. Provision for Income Tax

The details of this item are as follows:

USD '000

	2014	2013
Balance at the beginning of the year	196 895	218 692
Income tax expense	269 489	256 323
Income tax paid	(231 136)	(278 120)
Balance at the End of the Year	235 248	196 895

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

USD '000

	2014	2013
Income tax expense for the year	269 489	256 323
Deferred tax assets for the year	(10 183)	(18 428)
Amortization of deferred tax assets	5 161	4 742
Amortization of deferred tax liabilities	(301)	(3 087)
Total	264 166	239 550

- The banking sector income tax rate in Jordan is 30% (35% starting 1st of January 2015), while, the tax rate in the countries where the Group has branches and subsidiaries is ranging between 0 to 37% as at December 2014
- The subsidiaries and branches of Arab bank Group have reached a recent tax settlements ranging between 2006 as for Arab Bank Egypt and 2013 as for Arab Bank United Arab Emirates.

22. Other Provisions

The details of this item are as follows:

USD '000

	2014					Balance at the End of the Year
	Balance at the Beginning of the Year	Addition	Utilized or transferred	Returned to Income	Adjustments during the Year and translation	
End-of-service indemnity	109 805	10 691	(5 991)	(94)	(57)	114 354
Legal cases	6 086	1 081	(309)	(247)	(1 094)	5 517
Other	23 131	4 681	(2 142)	(67)	(1 271)	24 332
Total	139 022	16 453	(8 442)	(408)	(2 422)	144 203

	2013					Balance at the End of the Year
	Balance at the Beginning of the Year	Addition	Utilized or transferred	Returned to Income	Adjustments during the Year	
End-of-service indemnity	100 679	14 560	(5 016)	(377)	(41)	109 805
Legal cases	4 978	4 592	(1 399)	(2 032)	(53)	6 086
Other	15 116	1 378	(5 385)	(727)	12 749	23 131
Total	120 773	20 530	(11 800)	(3 136)	12 655	139 022

23. Other Liabilities

The details of this item are as follows:

USD '000

	December 31,	
	2014	2013
Accrued interest payable	140 952	147 264
Notes payable	134 685	154 273
Interest and commission received in advance	115 712	107 388
Accrued expenses	80 145	80 700
Other miscellaneous liabilities	200 357	207 577
Total	671 851	697 202

24. Deferred Tax Liabilities

Items attributable to deferred tax liabilities are as follows:

	2014				USD '000
	Balance at the Beginning of the Year	Amounts Added	Amounts Released	Adjustments during the Year and Translation	Balance at the End of the Year
Investment revaluation reserve	22 157	9 567	-	(302)	31 422
Retained earnings	10 167	-	(2 632)	(308)	7 227
Other	-	-	-	-	-
Total	32 324	9 567	(2 632)	(610)	38 649

	2013				USD '000
	Balance at the Beginning of the Year	Amounts Added	Amounts Released	Adjustments during the Year and Translation	Balance at the End of the Year
Investment revaluation reserve	14 855	11 191	(6 346)	2 457	22 157
Retained earnings	10 069	1 875	(279)	(1 498)	10 167
Other	13 739	-	(12 946)	(793)	-
Total	38 663	13 066	(19 571)	166	32 324

	USD '000	
	December 31,	
	2014	2013
The balance of deferred tax liabilities is as follows:		
Investment revaluation reserve	10 217	6 004
Retained earnings	1 707	2 048
Other	-	-
Total	11 924	8 052

	USD '000	
	2014	2013
The details of movements on deferred tax liabilities are as follows:		
Balance at the beginning of the year	8 052	9 502
Additions during the year	4 252	3 524
Amortized during the year	(301)	(4 974)
Adjustments during the Year and Translation	(79)	-
Balance at the End of the Year	11 924	8 052

25. Share Capital

- a. Arab bank general assembly in its extraordinary meeting held on March 27, 2014 approved to increase the bank's capital by USD 50.2 million to become USD 826.2 million for the group, as of December 31, 2014 distributed to 569.6 million share, the bank has completed the legal procedures with the ministry of industry and trade on April 1, 2014 and Jordan Securities Commission on April 8, 2014 (USD 776 million distributed to 534 million share as of December 31, 2013).
- b. Share premium amounted to USD 1225.7 million as of December 31, 2014 and 2013.

26. Statutory Reserve

Statutory reserve amounted to USD 712.7 million as of December 31, 2014 (USD 643.9 million as of December 31, 2013) according to the regulations of the Central Bank of Jordan and Companies Law and it can not be distributed to the shareholders of the banks.

27. Voluntary Reserve

The voluntary reserve amounted to USD 977.3 million as of December 31, 2014 and 2013. 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 1822.8 million as of December 31, 2014 and 2013. 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 363.5 million as of December 31, 2014 and 2013. 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.

30. Foreign currency translation reserve

USD '000

The details of this item are as follows:

	December 31,	
	2014	2013
Balance at the beginning of the year	61 715	108 389
Addition (disposal) during the year transferred to other comprehensive income for the year	(184 466)	(46 674)
Balance at the end of the year	(122 751)	61 715

31. Investment Revaluation Reserve

USD '000

The details of this item are as follows:

	December 31,	
	2014	2013
Balance at the beginning of the year	(228 393)	(110 983)
Change in fair value during the year	8 442	(118 203)
Net realized loss transferred to retained earning	673	793
Balance at the End of the Year	(219 278)	(228 393)

- * Investment revaluation reserve is stated net of deferred tax liabilities in the amount of USD 10.2 million as of December 31, 2014 (USD 6 million as of December 31, 2013).

32. Retained Earnings

USD '000

The movement of this item is as follows:

	2014	2013
Balance at the beginning of the year	437 933	255 600
Profit for the year Attributable to Shareholders of the Bank	573 687	497 021
Investments revaluation reserve transferred to retained earnings	(673)	(793)
Paid dividends	(231 894)	(231 721)
Transferred to statutory reserve	(68 862)	(64 658)
Adjustments during the year	(25 470)	(6 306)
Effect of adoption of IAS 19	-	(11 210)
Increase in Capital (Stock Dividends)	(50 196)	-
Balance at the End of the Year *	634 525	437 933

- * Arab Bank plc Board of Directors recommended a 12% of par value as cash dividend, equivalent to USD 96.4 million, and two bonus shares for each sixteen shares a total of 71.2 million shares for the year 2014, 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 27, 2014 approved the recommendations of the board of directors to distribute 30% of the par value as a cash dividends equivalent to USD 225.9 million and a bonus share for every fifteen shares amounting 35.6 million share for the year 2013).
- * The retained earnings include restricted deferred tax assets in the amount of USD 58.9 million, as well as unrealized gains from financial assets at fair value through profit or loss in the amount of USD 3.6 million. Restricted retained earnings that cannot be distributed or otherwise utilized except only under certain circumstances, as a result of the adoption of certain International Accounting Standards, amounted to USD 2.5 million as of December 31, 2014
- * Retained earnings include an unrealized loss in the amount of USD (149) million due to the effect of the adoption of IFRS 9 as of December 31, 2014.
- * The negative balance of the investments revaluation reserve in the amount of USD (219.3) million as of December 31, 2014 is restricted according to Jordan Securities Commission instructions.

33. Interest Income

USD '000

The details of this item are as follows:

	2014	2013
Direct credit facilities at amortized cost *	1 151 577	1 110 183
Central banks	86 492	123 619
Banks and financial institutions	15 881	39 198
Financial assets at fair value through profit or loss	33 615	28 637
Other financial assets at amortized cost	557 531	536 119
Total	1 845 096	1 837 756

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

	2014					Total
	Consumer Banking	Corporates Small and Medium	Large	Banks and Financial Institutions	Government and Public Sector	
Discounted bills	9 484	16 855	18 537	3 583	110	48 569
Overdrafts	12 798	53 742	189 989	624	19 338	276 491
Loans and advances	182 479	76 504	401 158	5 670	31 099	696 910
Real estate loans	104 288	6 546	2 266	-	-	113 100
Credit cards	16 507	-	-	-	-	16 507
Total	325 556	153 647	611 950	9 877	50 547	1 151 577

	2013					Total
	Consumer Banking	Corporates Small and Medium	Large	Banks and Financial Institutions	Government and Public Sector	
Discounted bills	5 377	16 115	21 031	2 254	1 523	46 300
Overdrafts	9 098	55 323	181 862	666	22 847	269 796
Loans and advances	159 781	66 620	399 389	4 138	32 317	662 245
Real estate loans	102 230	7 390	6 228	-	-	115 848
Credit cards	15 994	-	-	-	-	15 994
Total	292 480	145 448	608 510	7 058	56 687	1 110 183

34. Interest Expense

USD'000

The details of this item are as follows:

	2014	2013
Customer deposits *	654 401	627 673
Banks and financial institutions	35 206	59 346
Cash margins	53 182	65 857
Borrowed funds	3 721	5 351
Deposit insurance fees	23 638	15 176
Total	770 148	773 403

* Interest expense on customers' deposits is as follows:

	2014				USD'000
	Consumer Banking	Corporates		Government and Public Sector	Total
		Small and Medium	Large		
Current and demand	11 594	4 772	9 309	5 206	30 881
Savings	38 972	2 853	449	-	42 274
Time and notice	278 211	37 773	128 424	71 222	515 630
Certificates of deposit	46 557	826	6 986	11 247	65 616
Total	375 334	46 224	145 168	87 675	654 401

	2013				USD'000
	Consumer Banking	Corporates		Government and Public Sector	Total
		Small and Medium	Large		
Current and demand	10 464	3 359	11 697	1 979	27 499
Savings	41 925	1 408	242	-	43 575
Time and notice	264 725	47 699	108 560	68 540	489 524
Certificates of deposit	43 873	1 213	10 921	11 068	67 075
Total	360 987	53 679	131 420	81 587	627 673

35. Net Commission Income

USD '000

The details of this item are as follows:

	2014	2013
Commission income:		
- Direct credit facilities at amortized cost	90 905	82 131
- Indirect credit facilities	155 538	161 978
- Assets under management	15 082	17 269
- Other	87 403	80 692
Less: commission expense	(27 335)	(24 151)
Net Commission Income	321 593	317 919

36. Gain (Loss) from Financial Assets at Fair Value Through Profit or Loss

The details of this item are as follows:

USD '000

	2014			Total
	Realized Gains	Unrealized Gains (Losses)	Dividends	
Treasury bills and bonds	1 839	581	-	2 420
Corporate shares	23	3 058	1 568	4 649
Mutual funds	-	(23)	-	(23)
Total	1 862	3 616	1 568	7 046

	2013			Total
	Realized Gains	Unrealized Gains (Losses)	Dividends	
Treasury bills and bonds	3 435	(1 667)	-	1 768
Corporate shares	1 249	6 234	1 496	8 979
Mutual funds	-	1 744	-	1 744
Total	4 684	6 311	1 496	12 491

37. Other Revenue

USD'000

The details of this item are as follows:

	2014	2013
Revenue from customer services	19 856	20 410
Safe box rent	1 596	1 374
Gains from derivatives	1 494	2 693
Miscellaneous revenue	38 179	27 870
Total	61 125	52 347

38. Employees' Expenses

USD'000

The details of this item are as follows:

	2014	2013
Salaries and benefits	304 485	295 175
Social security	30 653	30 697
Savings fund	4 663	4 588
Indemnity compensation	8 297	4 879
Medical	11 547	10 769
Training	2 866	2 519
Allowances	57 805	48 356
Other	14 438	15 610
Total	434 754	412 593

39. Other Expenses

USD'000

The details of this item are as follows:

	2014	2013
Occupancy	72 989	68 979
Office	66 463	62 828
Services	60 843	56 877
Fees	9 875	8 801
Information technology	32 781	30 681
Other administrative expenses	43 045	48 164
Total	285 996	276 330

40. Financial Derivatives

The details of this item are as follows:

USD'000

	December 31,	
	2014	2013
Forward contracts	284 971	539 575
Interest rate swaps	1 813 701	2 160 821
Foreign currency forward contracts	5 661 310	6 368 718
Total	7 759 982	9 069 114

The details of financial derivatives are as follows:

USD '000

December 31, 2014

	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	4 266	3 711	284 971	131 469	81 078	66 335	6 089
Interest rate swaps	19 211	24 534	1 084 234	112 004	154 858	177 955	639 417
Foreign currency forward contracts	26 941	16 606	4 838 323	2 666 356	2 167 864	4 103	-
Derivatives held for trading	50 418	44 851	6 207 528	2 909 829	2 403 800	248 393	645 506
Forward contracts	-	-	-	-	-	-	-
Interest rate swaps	5 846	14 625	649 136	37 376	54 548	471 748	85 464
Foreign currency forward contracts	-	-	135 853	5 763	130 090	-	-
Derivatives held for fair value hedge	5 846	14 625	784 989	43 139	184 638	471 748	85 464
Forward contracts	-	-	-	-	-	-	-
Interest rate swaps	-	3 013	80 331	-	12 286	12 286	55 759
Foreign currency forward contracts	-	-	687 134	687 134	-	-	-
Derivatives held for cash flow hedge	-	3 013	767 465	687 134	12 286	12 286	55 759
Total	56 264	62 489	7 759 982	3 640 102	2 600 724	732 427	786 729

The details of financial derivatives are as follows:

USD '000

	December 31, 2013						
	Positive Fair Value	Negative Fair Value	Total Notional Amount	Notional amounts by maturity			
				Within 3 Months	From 3 Months to 1 Year	From 1 Year to 3 Years	More than 3 Years
Forward contracts	4 654	3 590	539 575	387 677	61 793	90 105	-
Interest rate swaps	11 439	18 045	1 517 845	502	169 949	797 758	549 636
Foreign currency forward contracts	7 825	23 587	6 086 751	5 064 276	1 022 475	-	-
Derivatives held for trading	23 918	45 222	8 144 171	5 452 455	1 254 217	887 863	549 636
Forward contracts	-	-	-	-	-	-	-
Interest rate swaps	8 190	17 680	520 450	9 992	15 023	289 475	205 960
Foreign currency forward contracts	-	-	77 211	29 097	48 114	-	-
Derivatives held for fair value hedge	8 190	17 680	597 661	39 089	63 137	289 475	205 960
Interest rate swaps	117	2 246	122 526	-	41 498	13 402	67 626
Foreign currency forward contracts	1 582	1 536	204 756	204 756	-	-	-
Derivatives held for cash flow hedge	1 699	3 782	327 282	204 756	41 498	13 402	67 626
Total	33 807	66 684	9 069 114	5 696 300	1 358 852	1 190 740	823 222

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 Expenses 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 expenses inside and outside Jordan:

USD '000

	Inside Jordan		Outside Jordan		Total	
	2014	2013	2014	2013	2014	2013
Revenues	490 379	454 397	1 386 930	1 356 432	1 877 309	1 810 829
Assets	12 392 008	11 654 499	35 759 481	34 745 122	48 151 489	46 399 621
Capital Expenses	19 904	25 858	41 792	30 269	61 696	56 127

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

	2014					USD '000
	Corporate and institutional Banking	Treasury	Consumer Banking		Other	Total
			Elite	Retail Banking		
Total income	762 546	681 725	(123 735)	166 167	390 606	1 877 309
Net inter-segment interest income	(19 093)	(384 616)	224 864	178 845	-	-
Provision for impairment - direct credit facilities at amortized cost	228 993	-	261	6 907	-	236 161
Other provisions	12 790	2 601	1 377	5 699	-	22 467
Direct administrative expenses	122 179	18 911	27 581	149 862	4 857	323 390
Result of operations of segments	379 491	275 597	71 910	182 544	385 749	1 295 291
Indirect expenses on segments	201 622	66 468	40 519	143 642	1 721	453 972
Profit for the year before income tax	177 869	209 129	31 391	38 902	384 028	841 319
Income tax expense	60 784	59 668	14 327	12 741	116 646	264 166
Profit for the Year	117 085	149 461	17 064	26 161	267 382	577 153
Depreciation and amortization	18 953	5 571	2 474	29 614	-	56 612
Other information						
Segment assets	18 026 171	20 585 442	1 738 113	3 809 406	1 162 733	45 321 865
Inter-segment assets	-	-	9 684 091	4 276 342	4 666 800	-
Investment in associates	-	-	-	-	2 829 624	2 829 624
TOTAL ASSETS	18 026 171	20 585 442	11 422 204	8 085 748	8 659 157	48 151 489
Segment liabilities	17 104 923	2 879 457	11 422 204	8 085 748	770 416	40 262 748
Owners equity	-	-	-	-	7 888 741	7 888 741
Inter-segment liabilities	921 248	17 705 985	-	-	-	-
TOTAL LIABILITIES AND OWNERS' EQUITY	18 026 171	20 585 442	11 422 204	8 085 748	8 659 157	48 151 489

Information about the Group's Business Segments

	2013					USD '000
	Corporate and institutional Banking	Treasury	Consumer Banking		Other	Total
			Elite	Retail Banking		
Total income	752 043	695 232	(126 763)	159 804	330 513	1 810 829
Net inter-segment interest income	(44 947)	(346 724)	229 596	162 075	-	-
Provision for impairment - direct credit facilities at amortized cost	275 097	-	182	10 596	-	285 875
Other provisions	30 041	2 581	785	5 930	1 469	40 806
Direct administrative expenses	111 916	20 879	25 798	147 490	752	306 835
Result of operations of segments	290 042	325 048	76 068	157 863	328 292	1 177 313
Indirect expenses on segments	191 136	61 252	37 638	143 231	2 650	435 907
Profit for the year before income tax	98 906	263 796	38 430	14 632	325 642	741 406
Income tax expense	45 503	59 795	15 345	4 039	114 868	239 550
Profit for the Year	53 403	204 001	23 085	10 593	210 774	501 856
Depreciation and amortization	17 879	5 209	2 589	28 142	-	53 819
Other information						
Segment assets	17 912 114	20 332 200	750 267	3 623 351	1 163 498	43 781 430
Inter-segment assets	-	-	10 130 610	4 403 436	4 545 049	-
Investment in associates	-	-	-	-	2 618 191	2 618 191
TOTAL ASSETS	17 912 114	20 332 200	10 880 877	8 026 787	8 326 738	46 399 621
Segment liabilities	17 218 006	1 947 213	10 880 877	8 026 787	559 010	38 631 893
Owners equity	-	-	-	-	7 767 728	7 767 728
Inter-segment liabilities	694 108	18 384 987	-	-	-	-
TOTAL LIABILITIES AND OWNERS' EQUITY	17 912 114	20 332 200	10 880 877	8 026 787	8 326 738	46 399 621

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 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 (47) shows the maturities of the assets and liabilities of the Bank.

d. Market Risk

Market risk is defined as the potential for loss from changes in the value of the 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 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 Group.

44. Credit Risk

a. Gross exposure to credit risk (net of impairment provisions and prior to other risk collaterals and mitigations):

Credit risk exposures relating to items on the consolidated statement of financial position:	USD '000	
	December 31,	
	2014	2013
Balances with central banks	6 949 323	7 709 193
Balances with banks and financial institutions	4 664 078	3 491 694
Deposits with banks and financial institutions	110 446	67 496
Financial assets at fair value through profit or loss	1 074 990	886 211
Direct credit facilities at amortized cost	21 340 919	20 971 444
Consumer Banking	4 394 994	3 794 573
Small and medium corporate	2 687 020	2 092 982
Large corporate	12 717 612	13 872 204
Banking and financial institutions	482 220	160 193
Government and public sector	1 059 073	1 051 492
Other financial assets at amortized cost	9 117 018	8 530 104
Other assets and financial derivatives - positive fair value	390 395	401 150
Total Credit Exposure relating to items on the Consolidated statement of financial position	43 647 169	42 057 292
Credit risk exposures relating to items off the consolidated statement of financial position:		
Letters of credit	2 093 319	1 860 890
Acceptances	884 892	814 170
Letters of guarantees	13 513 896	13 374 469
Unused credit facilities	5 088 108	4 118 859
Total	21 580 215	20 168 388
Grand total for Credit exposure	65 227 384	62 225 680

The table above shows the maximum limit of the bank credit risk as of December 31, 2014 and 2013 excluding collaterals or risks mitigations.

b. Classification of Assets Credit Exposure based on risk degree.*

USD '000

December 31, 2014

	Consumer Banking	Corporates		Banks and Financial Institutions	Government and Public Sector	Total
		Small and Medium	Large			
Low risk	1 330 986	1 545 034	2 053 580	10 351 200	8 896 172	24 176 972
Acceptable risk	3 082 769	1 221 985	11 435 648	3 854 711	286 820	19 881 933
Due:	35 972	33 787	119 152	1 426	-	190 337
- Up to 30 days	31 238	27 634	38 944	58	-	97 874
- 31 - 60 days	4 734	6 153	80 208	1 368	-	92 463
Watch list	24 461	32 832	280 081	-	-	337 374
Non-performing:	206 343	243 975	1 136 341	30 202	1 108	1 617 969
- Substandard	20 549	12 222	7 888	-	-	40 659
- Doubtful	17 512	10 571	525 911	28 946	-	582 940
- Problematic	168 282	221 182	602 542	1 256	1 108	994 370
Total	4 644 559	3 043 826	14 905 650	14 236 113	9 184 100	46 014 248
Less: interest and commission in suspense	60 515	93 016	237 177	3 739	-	394 447
Less: provision for impairment	164 912	121 681	1 682 666	1 256	2 117	1 972 632
Net	4 419 132	2 829 129	12 985 807	14 231 118	9 181 983	43 647 169

* 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 that are exposed to credit risk.

	December 31, 2013					USD '000
	Consumer Banking	Corporates		Banks and Financial Institutions	Government and Public Sector	Total
		Small and Medium	Large			
Low risk	1 216 001	1 014 254	1 816 455	10 137 330	8 260 484	22 444 524
Acceptable risk	2 572 474	1 075 986	12 444 866	3 289 224	279 587	19 662 137
Due:	39 069	10 294	303 554	-	-	352 917
- Up to 30 days	27 949	6 253	84 739	-	-	118 941
- 31 - 60 days	11 120	4 041	218 815	-	-	233 976
Watch list	26 759	44 574	365 524	-	732	437 589
Non-performing:	216 691	282 971	1 123 058	31 730	1 159	1 655 609
- Substandard	26 956	16 164	11 276	-	-	54 396
- Doubtful	18 905	23 635	540 499	30 780	-	613 819
- Problematic	170 830	243 172	571 283	950	1 159	987 394
Total	4 031 925	2 417 785	15 749 903	13 458 284	8 541 962	44 199 859
Less: interest and commission in suspense	57 773	96 314	192 890	2 962	-	349 939
Less: provision for impairment	163 270	154 389	1 470 693	1 256	3 020	1 792 628
Net	3 810 882	2 167 082	14 086 320	13 454 066	8 538 942	42 057 292

c. Fair value of collaterals obtained against direct credit facilities at amortized cost:

	December 31, 2014					USD '000
	Consumer Banking	Corporates		Banks and Financial Institutions	Government and Public Sector	Total
		Small and Medium	Large			
Collaterals against:						
Low risk/direct credit facilities	328 501	1 325 344	1 199 324	4 504	215 359	3 073 032
Acceptable risk / direct credit facilities	1 099 933	673 253	4 935 008	43 878	-	6 752 072
Watch list	16 185	11 739	116 532	-	-	144 456
Non-performing:	49 854	64 892	198 622	-	-	313 368
- Substandard	10 967	6 179	19 025	-	-	36 171
- Doubtful	8 906	8 242	14 053	-	-	31 201
- Problematic	29 981	50 471	165 544	-	-	245 996
Total	1 494 473	2 075 228	6 449 486	48 382	215 359	10 282 928
Of which:						
Cash margin	219 679	655 350	1 481 162	-	29 318	2 385 509
Accepted Banks letters of guarantees	1 552	59 569	257 534	39 477	-	358 132
Real estate properties	304 814	564 731	2 205 578	2 017	44 859	3 121 999
Listed securities	2 594	143 796	371 126	-	-	517 516
Vehicles and equipment	81 624	26 356	339 955	-	-	447 935
Other	884 210	625 426	1 794 131	6 888	141 182	3 451 837
Total	1 494 473	2 075 228	6 449 486	48 382	215 359	10 282 928

	December 31, 2013					USD '000
	Consumer Banking	Corporates		Banks and Financial Institutions	Government and Public Sector	Total
		Small and Medium	Large			
Collaterals against:						
Low risk/direct credit facilities	425 211	811 769	1 391 248	13 515	250 092	2 891 835
Acceptable risk / direct credit facilities	945 289	645 974	6 413 525	2 979	155	8 007 922
Watch list	12 316	22 359	144 158	-	-	178 833
Non-performing:	58 118	72 296	194 467	-	12	324 893
- Substandard	17 761	5 528	10 152	-	-	33 441
- Doubtful	9 146	13 823	54 116	-	-	77 085
- Problematic	31 211	52 945	130 199	-	12	214 367
Total	1 440 934	1 552 398	8 143 398	16 494	250 259	11 403 483
Of which:						
Cash margin	265 325	336 265	2 511 339	-	42 676	3 155 605
Accepted Banks letters of guarantees	11 706	79 441	618 350	-	46 396	755 893
Real estate properties	195 453	475 307	2 437 929	4 773	72 583	3 186 045
Listed securities	58 854	103 715	263 745	276	-	426 590
Vehicles and equipment	67 996	22 893	459 828	-	-	550 717
Other	841 600	534 777	1 852 207	11 445	88 604	3 328 633
Total	1 440 934	1 552 398	8 143 398	16 494	250 259	11 403 483

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, 2014		USD '000
	Financial Assets at Fair Value through P&L	Other Financial Assets at Amortized Cost	Total
Private sector:			
AAA to A-	413 312	1 174 863	1 588 175
BBB+ to B-	-	396 561	396 561
Below B-	-	10 954	10 954
Unrated	22 757	137 296	160 053
Governments and public sector	638 921	7 397 344	8 036 265
Total	1 074 990	9 117 018	10 192 008

Credit rating	December 31, 2013		USD '000
	Financial Assets at Fair Value through P&L	Other Financial Assets at Amortized Cost	Total
Private sector:			
AAA to A-	395 552	1 162 740	1 558 292
BBB+ to B-	-	442 553	442 553
Below B-	-	9 380	9 380
Unrated	26 488	111 502	137 990
Governments and public sector	464 171	6 803 929	7 268 100
Total	886 211	8 530 104	9 416 315

E. Credit exposure categorized by geographical region:

	December 31, 2014						USD '000
	Jordan	Other Arab Countries	Asia *	Europe	America	Rest of the World	Total
Balances with central banks	3 984 926	2 139 789	7 574	816 677	-	357	6 949 323
Balances and deposits with banks and financial institutions	83 033	2 282 107	416 047	836 419	1 105 447	51 471	4 774 524
Financial assets at fair value through profit or loss	17 651	469 872	76 147	506 270	-	5 050	1 074 990
Direct credit facilities at amortized cost	5 267 561	13 877 375	286 601	1 046 287	38 373	824 722	21 340 919
Other financial assets at amortized cost	2 889 648	4 782 270	57 943	592 733	521 289	273 135	9 117 018
Other assets and financial derivatives - positive fair value	55 671	266 109	2 054	59 404	81	7 076	390 395
Total	12 298 490	23 817 522	846 366	3 857 790	1 665 190	1 161 811	43 647 169

	December 31, 2013						USD '000
	Jordan	Other Arab countries	Asia *	Europe	America	Rest of the World	Total
Balances with central banks	3 727 036	2 323 858	6 337	1 647 185	-	4 777	7 709 193
Balances and deposits with banks and financial institutions	98 985	1 460 848	278 404	1 204 038	440 076	76 839	3 559 190
Financial assets at fair value through profit or loss	17 570	291 074	56 665	511 250	-	9 652	886 211
Direct credit facilities at amortized cost	5 057 286	13 634 067	266 289	1 308 613	30 626	674 563	20 971 444
Other financial assets at amortized cost	2 533 952	4 532 362	35 726	655 426	469 296	303 342	8 530 104
Other assets and financial derivatives - positive fair value	54 277	290 594	3 227	46 518	389	6 145	401 150
Total	11 489 106	22 532 803	646 648	5 373 030	940 387	1 075 318	42 057 292

* 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	4 394 994	4 140 334	1 605 182	1 641 284	3 734 571
Other financial assets at amortized cost	-	68 282	-	15 633	42 464
Other assets and financial derivatives - positive fair value	24 138	15 918	7 385	6 655	16 763
Total	4 419 132	4 224 534	1 612 567	1 663 572	3 793 798

	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	-	7 030	-	-	-
Direct credit facilities at amortized cost	3 794 573	4 398 686	1 396 913	1 893 666	4 081 950
Other financial assets at amortized cost	-	34 984	-	14 234	21 054
Other assets and financial derivatives - positive fair value	16 309	14 975	4 352	7 604	17 303
Total	3 810 882	4 455 675	1 401 265	1 915 504	4 120 307

USD '000

December 31, 2014

Corporates					Banks and Financial Institutions	Government and Public Sector	Total
Agriculture	Tourism and Hotels	Transportation	Shares	General Services			
-	-	-	-	-	6 949 323	-	6 949 323
-	-	-	-	-	4 774 524	-	4 774 524
-	-	22 755	-	-	413 314	638 921	1 074 990
168 323	609 005	787 606	87 729	2 630 598	482 220	1 059 073	21 340 919
-	-	-	-	170 272	1 423 023	7 397 344	9 117 018
1 029	2 965	9 366	-	30 817	188 714	86 645	390 395
169 352	611 970	819 727	87 729	2 831 687	14 231 118	9 181 983	43 647 169

USD '000

December 31, 2013

Corporates					Banks and Financial Institutions	Government and Public Sector	Total
Agriculture	Tourism and Hotels	Transportation	Shares	General Services			
-	-	-	-	-	7 709 193	-	7 709 193
-	-	-	-	-	3 559 190	-	3 559 190
-	-	26 488	-	-	388 525	464 168	886 211
164 724	658 781	866 296	118 141	2 386 029	160 193	1 051 492	20 971 444
-	-	-	-	99 865	1 556 038	6 803 929	8 530 104
545	2 576	7 782	-	29 424	80 927	219 353	401 150
165 269	661 357	900 566	118 141	2 515 318	13 454 066	8 538 942	42 057 292

45. Market Risk**Market Risk sensitivity**

Assuming market prices as of December 31, 2014 and 2013 change by 5%, the impact on the consolidated statement of income and owners' equity will be as follows:

	USD '000					
	December 31, 2014			December 31, 2013		
	Consolidated Statement of Income	Owners' Equity	Total	Consolidated Statement of Income	Owners' Equity	Total
Interest rate sensitivity	37 521	-	37 521	34 897	-	34 897
Foreign exchange rate sensitivity	12 093	5 146	17 239	8 036	5 658	13 694
Equity instruments prices sensitivity	2 595	27 877	30 472	2 408	27 688	30 096
Total	52 209	33 023	85 232	45 341	33 346	78 687

46. Interest Rate Risk

a. Exposure to interest rate volatility as of December 31, 2014 (classification is based on interest rate reprising 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	-	-	-	-	-	-	442 651	442 651
Mandatory cash reserve	-	-	-	-	-	-	1 681 736	1 681 736
Balances with central banks	3 372 928	42 245	62 610	40 826	-	-	1 748 978	5 267 587
Balances and deposits with banks and financial institutions	2 453 790	471 970	87 757	22 689	-	-	1 738 318	4 774 524
Financial assets at fair value through profit or loss	121 016	209 647	52 282	363 293	281 879	46 873	51 904	1 126 894
Direct credit facilities at amortized cost	9 631 680	3 268 690	2 230 749	1 047 695	1 687 025	3 475 080	-	21 340 919
Financial assets at fair value through OCI	-	-	-	-	-	-	477 547	477 547
Other financial assets at amortized cost	927 325	1 534 919	1 263 873	1 346 077	2 956 272	1 088 552	-	9 117 018
Investment in associates	-	-	-	-	-	-	2 829 624	2 829 624
Fixed assets	-	-	-	-	-	-	473 241	473 241
Other assets and financial derivatives - positive fair value	9 855	99 576	15 300	1 197	22 229	1 678	410 981	560 816
Deferred tax assets	-	-	-	-	-	-	58 932	58 932
TOTAL ASSETS	16 516 594	5 627 047	3 712 571	2 821 777	4 947 405	4 612 183	9 913 912	48 151 489
LIABILITIES AND OWNERS' EQUITY								
Banks and financial institutions' deposits	3 185 511	245 110	246 690	3 276	7 755	-	392 771	4 081 113
Customer deposits	11 349 023	4 274 603	2 769 432	2 605 039	461 560	78 832	10 526 782	32 065 271
Cash margin	992 128	1 051 335	273 931	102 110	29 075	22 482	432 497	2 903 558
Borrowed funds	32 770	566	7 360	2 640	12 375	31 380	-	87 091
Provision for income tax	-	-	-	-	-	-	235 248	235 248
Other provisions	-	-	-	-	-	-	144 203	144 203
Other liabilities and financial derivatives - negative fair value	90 913	31 994	111 834	3 679	312	1 833	493 775	734 340
Deferred tax liabilities	-	-	-	-	-	-	11 924	11 924
Total owners' equity	-	-	-	-	-	-	7 888 741	7 888 741
Total liabilities and owners' equity	15 650 345	5 603 608	3 409 247	2 716 744	511 077	134 527	20 125 941	48 151 489
Gap	866 249	23 439	303 324	105 033	4 436 328	4 477 656	(10 212 029)	-
Accumulated gap	866 249	889 688	1 193 012	1 298 045	5 734 373	10 212 029	-	-

b. Exposure to interest rate volatility as of December 31, 2013 (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	-	-	-	-	-	-	470 344	470 344
Mandatory cash reserve	-	-	-	-	-	-	1 467 994	1 467 994
Balances with central banks	4 390 903	23 012	49 283	114 324	-	-	1 663 677	6 241 199
Balances and deposits with banks and financial institutions	1 930 398	619 851	27 529	39 967	-	-	941 445	3 559 190
Financial assets at fair value through profit or loss	77 748	347 544	143 933	276 460	17 810	22 716	48 159	934 370
Direct credit facilities at amortized cost	9 207 686	3 989 936	2 559 804	1 060 980	1 547 572	2 605 466	-	20 971 444
Financial assets at fair value through OCI	-	-	-	-	-	-	453 510	453 510
Other financial assets at amortized cost	959 216	1 556 205	1 051 261	1 428 393	2 097 335	1 437 694	-	8 530 104
Investment in associates	-	-	-	-	-	-	2 618 191	2 618 191
Fixed assets	-	-	-	-	-	-	499 593	499 593
Other assets and financial derivatives - positive fair value	21 820	29 590	25 693	1 596	3 188	122	516 100	598 109
Deferred tax assets	-	-	-	-	-	-	55 573	55 573
TOTAL ASSETS	16 587 771	6 566 138	3 857 503	2 921 720	3 665 905	4 065 998	8 734 586	46 399 621
LIABILITIES AND OWNERS' EQUITY								
Banks and financial institutions' deposits	2 137 147	404 610	200 455	22 234	-	-	264 167	3 028 613
Customer deposits	9 981 049	4 292 952	2 845 666	2 831 487	665 549	45 463	10 060 665	30 722 831
Cash margin	1 267 866	1 340 873	416 328	148 580	5 466	-	488 111	3 667 224
Borrowed funds	97 162	-	2 115	-	1 016	5 077	-	105 370
Provision for income tax	-	-	-	-	-	-	196 895	196 895
Other provisions	-	-	-	-	-	-	139 022	139 022
Other liabilities and financial derivatives - negative fair value	96 137	31 607	45 526	3 690	49	873	586 004	763 886
Deferred tax liabilities	-	-	-	-	-	-	8 052	8 052
Total owners' equity	-	-	-	-	-	-	7 767 728	7 767 728
Total liabilities and owners' equity	13 579 361	6 070 042	3 510 090	3 005 991	672 080	51 413	19 510 644	46 399 621
Gap	3 008 410	496 096	347 413	(84 271)	2 993 825	4 014 585	(10 776 058)	-
Accumulated gap	3 008 410	3 504 506	3 851 919	3 767 648	6 761 473	10 776 058	-	-

47. Liquidity Risk

The below is the distribution of the Liabilities (undiscounted) according to the residual maturity as of December 31, 2014:

USD '000

	Within 1 Month	After 1 Month and till 3 Months	After 3 Month and till 6 Months	After 6 Month 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	3 301 173	172 933	261 536	4 701	8 350	7 755	392 771	4 149 219
Customer deposits	9 947 344	4 350 830	2 954 287	2 695 944	530 953	131 577	11 691 152	32 302 087
Cash margin	937 128	1 110 731	280 931	111 733	37 397	14 648	422 525	2 915 093
Borrowed funds	1 417	566	5 750	2 640	20 060	56 694	-	87 127
Provision for income tax	-	235 248	-	-	-	-	-	235 248
Other Provisions	-	-	-	-	-	-	144 203	144 203
Financial derivatives - negative fair value	14 546	2 432	374	1 455	9 598	11 196	23 134	62 735
Other liabilities	66 570	21 538	110 100	2 040	312	453	470 838	671 851
Deferred tax liabilities	-	-	-	-	-	-	11 924	11 924
Total Liabilities	14 268 178	5 894 278	3 612 978	2 818 513	606 670	222 323	13 156 547	40 579 487
Total Assets according to the expected maturities	10 008 845	7 538 350	3 268 130	3 101 346	6 320 440	8 040 161	9 874 217	48 151 489

The below is the distribution of the liabilities (undiscounted) according to the residual maturity as of December 31, 2013

USD '000

	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
Liabilities								
Banks and financial institutions' deposits	2 404 748	147 164	230 951	32 695	-	-	264 167	3 079 725
Customer deposits	8 743 217	4 099 950	2 952 057	3 042 884	778 701	51 993	11 278 264	30 947 066
Cash margin	1 983 953	523 627	513 168	162 515	7 157	-	488 111	3 678 531
Borrowed funds	592	87	7 171	3 352	23 125	71 278	-	105 605
Provision for income tax	-	196 895	-	-	-	-	-	196 895
Other Provisions	-	-	-	-	-	-	139 022	139 022
Financial derivatives - negative fair value	14 236	10 925	3 646	733	14 153	11 685	11 422	66 800
Other liabilities	61 607	46 472	56 483	17 459	9 202	-	505 979	697 202
Deferred tax liabilities	-	-	-	-	-	-	8 052	8 052
Total Liabilities	13 208 353	5 025 120	3 763 476	3 259 638	832 338	134 956	12 695 017	38 918 898
Total Assets according to the expected maturities	10 364 335	7 004 182	2 960 415	3 156 474	6 311 745	7 983 980	8 618 490	46 399 621

48. Net Foreign Currency Positions

The details of this item are as follows:

	December 31, 2014		December 31, 2013	
	Base cur- rency in thousands	Equivalent in thousand US Dollars	Base cur- rency in thousands	Equivalent in thousand US Dollars
USD	87 764	87 764	(14 675)	(14 675)
GBP	56 081	87 245	(64 992)	(107 093)
EUR	(9 820)	(11 932)	(34 263)	(47 246)
JPY	55 556	329	(2 284 529)	(21 743)
CHF	(2 890)	(2 920)	(97)	(109)
Other currencies *		81 379		30 144
Total		241 865		(160 722)

* Various foreign currencies translated to US Dollars.

49. Fair Value Hierarchy

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

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

				USD '000		
Financial assets / Financial Liabilities	Fair Value as at December 31,		Fair Value Hierarchy	Valuation tech- niques and key inputs	Significant unobservable inputs	Relationship of unobserv- able inputs to fair value
	2014	2013				
Financial assets at fair value						
Financial assets at fair value through profit or loss						
Government Bonds and bills	638 921	464 171	Level 1	Quoted	Not Applicable	Not Applicable
Corporate bonds	413 312	395 552	Level 1	Quoted	Not Applicable	Not Applicable
Loans and advances	22 757	26 488	Level 2	Through Com- parison of similar financial instru- ments	Not Applicable	Not Applicable
Shares and mutual funds	51 904	48 159	Level 1	Quoted	Not Applicable	Not Applicable
Total Financial Assets at fair value through Profit or Loss	1 126 894	934 370				
Financial derivatives - positive fair value	56 264	33 807	Level 2	Through Com- parison of similar financial instru- ments	Not Applicable	Not Applicable
Financial assets at fair value through other comprehensive income:						
Quoted shares	241 820	249 103	Level 1	Quoted Shares	Not Applicable	Not Applicable
Unquoted shares	235 727	204 407	Level 2	Through using the index sector in the market	Not Applicable	Not Applicable
Total Financial Assets at fair value through other comprehensive income	477 547	453 510				
Total Financial Assets at Fair Value	1 660 705	1 421 687				
Financial Liabilities at Fair Value						
Financial derivatives - negative fair value	62 489	66 684	Level 2	Through Com- parison of similar financial instru- ments	Not Applicable	Not Applicable
Total Financial Liabilities at Fair Value	62 489	66 684				

There were no transfers between Level 1 and 2 during 2014 & 2013.

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 Group financial statements approximate their fair values:

USD '000

	December 31, 2014		December 31, 2013		Fair Value Hierarchy
	Book value	Fair value	Book value	Fair value	
Financial assets not calculated at fair value					
Mandatory reserve	1 681 736	1 681 736	1 467 994	1 467 994	Level 2
Deposits with central banks	3 328 069	3 329 047	4 120 224	4 120 896	Level 2
Certificates of deposit with central banks	190 540	190 577	457 298	457 684	Level 2
Balances and Deposits with banks and Financial institutions	4 774 524	4 779 564	3 559 190	3 564 210	Level 2
Direct credit facilities at amortized cost	21 340 919	21 404 920	20 971 444	21 039 890	Level 2
Other Financial assets at amortized cost	9 117 018	9 219 095	8 530 104	8 569 915	Level 1 and 2
Total financial assets not calculated at fair value	40 432 806	40 604 939	39 106 254	39 220 589	
Financial liabilities not calculated at fair value					
Banks' and financial institutions' deposits	4 081 113	4 084 175	3 028 613	3 034 435	Level 2
Customer deposits	32 065 271	32 180 895	30 722 831	30 840 161	Level 2
Cash margin	2 903 558	2 919 129	3 667 224	3 685 589	Level 2
Borrowed funds	87 091	88 839	105 370	107 596	Level 2
Total financial liabilities not calculated at fair value	39 137 033	39 273 038	37 524 038	37 667 781	

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

50. 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, 2014			USD '000
	Within 1 Year	More than 1 Year and up to 5 Years	More than 5 Years	Total
Letters of credit	2 030 406	62 913	-	2 093 319
Acceptances	876 534	8 358	-	884 892
Letters of guarantee:				
- Payment guarantees	932 033	126 195	4 685	1 062 913
- Performance guarantees	3 443 981	2 385 514	365 277	6 194 772
- Other guarantees	4 146 430	1 817 905	291 876	6 256 211
Unutilized credit facilities	4 628 100	371 885	88 123	5 088 108
Total	16 057 484	4 772 770	749 961	21 580 215
Constructions projects contracts	420	8 065	-	8 485
Procurement contracts	6 380	4 265	-	10 645
Operating lease contracts	2 863	11 560	8 833	23 256
Total	9 663	23 890	8 833	42 386

	December 31, 2013			USD '000
	Within 1 Year	More than 1 Year and up to 5 Years	More than 5 Years	Total
Letters of credit	1 804 500	56 390	-	1 860 890
Acceptances	811 950	2 194	26	814 170
Letters of guarantee:				
- Payment guarantees	958 873	90 422	5 292	1 054 587
- Performance guarantees	2 639 943	2 381 287	338 020	5 359 250
- Other guarantees	4 475 528	1 755 678	729 426	6 960 632
Unutilized credit facilities	3 652 835	462 005	4 019	4 118 859
Total	14 343 629	4 747 976	1 076 783	20 168 388
Constructions projects contracts	557	-	-	557
Procurement contracts	3 226	3 116	-	6 342
Operating lease contracts	3 899	14 760	7 967	26 626
Total	7 682	17 876	7 967	33 525

51. Capital Management

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 the Basel Committee, is as follows:

	USD '000	
	December 31,	
	2014	2013
A- CORE CAPITAL		
Share capital	826 223	776 027
Statutory reserve	712 722	643 860
Voluntary reserve	977 315	977 315
Share premium	1 225 747	1 225 747
General reserve	1 822 824	1 822 824
Retained earnings *	471 556	148 337
Intangible assets	(2 980)	(1 835)
Foreclosed assets	(11 208)	(5 783)
Non-controlling interests	94 282	102 865
Total core capital	6 116 481	5 689 357
B- SUPPLEMENTARY CAPITAL		
Undisclosed Reserves		
Foreign currency translation reserve	(122 751)	61 715
Investments revaluation reserve	(219 278)	(228 393)
Subordinated loans	17 900	24 055
General banking risk reserve	363 458	349 819
Total supplementary capital	39 329	207 196
C- Deductible Items	1 370 134	1 157 623
Regulatory capital (A+B-C)	4 785 676	4 738 930
Risk-weighted assets (RWA)	32 330 688	31 275 340
Regulatory capital / risk-weighted assets	14.80%	15.15%
Core capital / risk-weighted assets	14.80%	15.15%

- The Board of Directors performs an overall review of the capital structure of the Group on a quarterly basis. As part of this review, the Board takes into consideration matters such as cost and risks of capital as integral factors in managing capital through setting dividend policies and capitalization of reserves.
- The minimum level of the capital adequacy ratio as defined by the Basel Committee is 8% and 12% as per the instructions of the Central Bank of Jordan. Capital adequacy ratio amounted to 14.8% as of December 31, 2014 (15.15% as of December 31, 2013).

52. Earnings Per Share

The details of this item are as follows:

	December 31,	
	2014	2013
	USD '000	
Profit for the year attributable to Shareholders of the Bank	573 687	497 021
	Thousand Shares	
Average number of shares	569 600	569 600
	USD / Share	
Earnings Per Share (Basic and diluted)	1.01	0.87

The average number of shares, was calculated on the basis of 569.6 million shares, instead of 534 million shares for the year ended December 31, 2013, taking into consideration the increase in shares as a result of the stock dividends.

53. Assets under management

Assets under management as of December 31, 2014 amounted to USD 3060 million (USD 2992 million as of December 31,2013). These deposits are not included in the Group consolidated financial statements.

54. Cash and Cash Equivalent

The details of this item are as follows:

	December 31,	
	2014	2013
Cash and balances with central banks maturing within 3 months	7 288 538	8 015 930
Add: balances with banks and financial institutions maturing within 3 months	4 664 078	3 491 694
Less: banks and financial institutions deposits maturing within 3 months	3 823 392	2 805 924
Total	8 129 224	8 701 700

55. Transactions and Balance with Related Parties

The details of this item are as follows:

	December 31, 2014				USD '000
	Deposits Owed from Related Parties	Direct Credit Facilities at Amortized Cost	Deposits Owed to Related Parties	LCs, LGs, Unutilized Credit Facilities and Acceptances	
Associates	772 675	-	116 111	85 438	
Major Shareholders and Members of the Board of Directors	-	425 758	611 474	56 369	
Total	772 675	425 758	727 585	141 807	

	December 31, 2013				USD '000
	Deposits Owed from Related Parties	Direct Credit Facilities at Amortized Cost	Deposits Owed to Related Parties	LCs, LGs, Unutilized Credit Facilities and Acceptances	
Associates	132 210	-	57 678	40 895	
Major Shareholders and Members of the Board of Directors	-	476 902	638 087	107 596	
Total	132 210	476 902	695 765	148 491	

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

The details of transactions with related parties are as follows:

	2014		USD '000
	Interest Income	Interest Expense	
Associates	764	169	

	2013		
	Interest Income	Interest Expense	
Associates	404	214	

- Direct credit facilities granted to key management personnel amounted to USD 0.8 million and indirect credit facilities amounted to USD 0.1 million as of December 31, 2014 (USD 0.9 million direct credit facilities and USD 0.1 million indirect credit facilities as of December 31, 2013).
- 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 56.6 million for the year ended on December 31, 2014 (USD 51.2 million for the year ended December 31, 2013).

56. Legal Cases

- a. A certain number of civil lawsuits seeking damages were filed against Arab Bank plc in which it was alleged that the Bank provided financial services to individuals and entities who were characterized in the claims as “terrorists” and “terrorist organizations” operating in the Palestinian Territories. The plaintiffs claimed that the Bank’s provision of these financial services constituted material support for terrorism, which resulted in their death or injury, and for which they seek damages.

After a trial in the Eastern District of New York, on September 22, 2014, the jury found the Bank civilly liable for the claims of approximately 300 plaintiffs. The Bank has filed two motions with the District Court: one seeking the entry of Judgment as a Matter of Law and the other a New Trial. The Bank has also filed a motion for certification of the liability verdict in order to be able to seek an immediate interlocutory appeal. These are all steps initiated by the Bank in order to accelerate the appeal process. The Judge has not ruled on these motions as of this date and the Bank is considering the filing of an interlocutory appeal without his permission.

After the liability verdict, Plaintiffs requested a damages trial for all plaintiffs at issue in the liability phase. The Court rejected this request and will instead proceed with a “bellwether” damages trial limited to three incidents and 17 plaintiffs. This trial will commence on July 13, 2015.

At the conclusion of the first damages trial, the Bank will file an appeal as of right.

In the opinion of counsel handling this matter as well as appellate counsel retained by the Bank, the Bank’s position is strong, and they are confident that there is a high likelihood of success on appeal and the outcome of the lawsuit.

In the year 2005, the Bank in New York entered into an agreement with the Office of the Comptroller of the Currency pursuant to which the branch was converted into a Federal Agency with limited operations in compliance with the provisions of the U.S. Federal Banking Act. It was also agreed that the Federal Agency would be allowed to maintain financial assets in the approximate amount of USD 420 million.

- b. There are other lawsuits filed against the Group totaling USD 155.1 million as of December 31, 2014 (USD 83.8 million as of December 31, 2013).

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 USD 6 million as of December 31, 2014 (USD 6 million as of December 31, 2013).

57. Comparative Figures

Some of the comparative figures for the year 2013 have been reclassified to be consistent with the year 2014 presentation and it didn’t cause any changes in last years operating results.

INDEPENDENT AUDITOR'S REPORT

AM / 218

To the Shareholders
Arab Bank plc
Amman – Jordan

We have audited the accompanying consolidated financial statements of Arab Bank Group, which comprise the consolidated statement of financial position as of December 31, 2014, and the consolidated statements of income, comprehensive income, changes in owners' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.



An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including an assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal controls relevant to the Group's preparation and fair presentation of the consolidated financial statements 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 controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by management, as well as, evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Arab Bank Group as of December 31, 2014, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Additional Statement

We refer to disclosure number (56) in the attached consolidated financial statements in relation to the lawsuit filed against the Bank in the United States of America in 2004. This has no impact on our clean opinion above.

Amman – Jordan
January 29, 2015


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

	Note	December 31,			
		2014	2013		
Cash and balances with central banks	5	3 930 155	4 331 096	ASSETS	
Balances with banks and financial institutions	6	3 313 566	2 676 405		
Deposits with banks and financial institutions	7	283 639	241 943		
Financial assets at fair value through profit or loss	8	297 432	176 900		
Financial derivatives - positive fair value	40	16 438	8 369		
Direct credit facilities at amortized cost	10	11 050 831	10 539 256		
Financial assets at fair value through other comprehensive income	9	223 737	205 461		
Other financial assets at amortized cost	11	5 171 075	4 697 969		
Investments in subsidiaries and associates	12	1 052 137	1 123 719		
Fixed assets	13	192 297	200 619		
Other assets	14	302 054	313 149		
Deferred tax assets	15	26 416	23 486		
TOTAL ASSETS		25 859 777	24 538 372		
Banks' and financial institutions' deposits	16	2 277 672	1 752 700		LIABILITIES AND SHAREHOLDERS' EQUITY
Customer deposits	17	17 095 378	15 794 047		
Cash margin	18	1 842 770	2 449 621		
Financial derivatives - negative fair value	40	17 630	10 012		
Borrowed funds	19	5 400	1 500		
Provision for income tax	20	143 376	123 121		
Other provisions	21	83 008	80 266		
Other liabilities	22	345 350	366 258		
Deferred tax liabilities	23	8 320	5 433		
Total Liabilities		21 818 904	20 582 958		
Share capital	24	569 600	534 000		
Share premium	24	859 626	859 626		
Statutory reserve	25	470 579	421 741		
Voluntary reserve	26	614 920	614 920		
General reserve	27	1 066 674	1 066 674		
General banking risks reserve	28	200 468	200 468		
Foreign currency translation reserve	29	(103 472)	14 371		
Investment revaluation reserve	30	(178 066)	(182 357)		
Retained earnings	31	540 544	425 971		
Total Shareholders' Equity		4 040 873	3 955 414		
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		25 859 777	24 538 372		

The accompanying notes from (1) to (56) are an integral part of these financial statements and should be read with them and with the accompanying independent Auditor report.

ARAB BANK Plc

JD '000

	Note	2014	2013	
REVENUE	Interest income	32	1 041 502	1 027 810
	Less: interest expense	33	434 549	438 103
	Net interest income		606 953	589 707
	Net commission income	34	170 533	162 846
	Net interest and commission income		777 486	752 553
	Foreign exchange differences		29 255	17 704
	Gain from financial assets at fair value through profit or loss	35	6 188	5 445
	Dividends from financial assets at fair value through other comprehensive income	9	5 969	6 370
	Dividends from subsidiaries and associates	36	76 167	73 350
	Other revenue	37	31 560	23 961
Total Income		926 625	879 383	
EXPENSES	Employees expenses	38	208 789	191 729
	Other expenses	39	163 934	152 605
	Depreciation and amortization	13	26 838	27 246
	Provision for impairment - direct credit facilities at amortized cost	10	31 834	36 059
	Provision for impairment - other financial assets at amortized cost	11	288	2 913
	Other provisions	21	6 563	10 268
	Total Expenses		438 246	420 820
PROFIT FOR THE YEAR	Profit for the year before Income Tax		488 379	458 563
	Less: Income tax expense	20	128 691	112 337
	Profit for the Year		359 688	346 226

The accompanying notes from (1) to (56) are an integral part of these financial statements and should be read with them and with the accompanying independent Auditor report.

ARAB BANK Plc

		JD'000	
	Note	2014	2013
Profit for the year		359 688	346 226
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	(117 843)	(22 022)
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	30	3 814	(84 101)
Total Other Comprehensive Income Items - After Tax		(114 029)	(106 123)
Total Comprehensive Income for the Year		245 659	240 103

The accompanying notes from (1) to (56) 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
2014	Balance at the beginning of the year	534 000	859 626	421 741	614 920
	Profit for the year	-	-	-	-
	Other comprehensive income for the year	-	-	-	-
	Total Comprehensive Income for the Year	-	-	-	-
	Investment revaluation reserve transferred to retained earnings	-	-	-	-
	Transferred to statutory reserve	-	-	48 838	-
	Paid Dividends	31	-	-	-
	Increase in share capital (stock dividends)	31	35 600	-	-
	Balance at the End of the Year		569 600	859 626	470 579

2013	Balance at the beginning of the year	534 000	859 626	375 885	614 920
	Profit for the year	-	-	-	-
	Other comprehensive income for the year	-	-	-	-
	Total Comprehensive Income for the Year	-	-	-	-
	Investment revaluation reserve transferred to retained earnings	-	-	-	-
	Transferred to statutory reserve	-	-	45 856	-
	Paid dividends	-	-	-	-
	Balance at the End of the Year		534 000	859 626	421 741

- * Retained earnings include restricted deferred tax assets of JD 26.4 million, as well as unrealized gain from financial assets at fair value through profit or loss in the amount of JD 4.1 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 1.8 million as of December 31, 2014.
- * The retained earnings include unrealized loss of JD (43.1) million as a result of the adoption of IFRS (9) as of December 31, 2014.
- * 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 (178) million as of December 31, 2014 which represents the negative investment revaluation reserve balance is restricted according to the Jordan Securities Commission instructions.

The accompanying notes from (1) to (56) are an integral part of these financial statements and should be read with them and with the accompanying independent Auditor report.

JD'000

General Reserve	General Banking Risk Reserve	Foreign Currency Translation Reserve	Investment revaluation reserve	Retained Earnings	Total Shareholders Equity
1 066 674	200 468	14 371	(182 357)	425 971	3 955 414
-	-	-	-	359 688	359 688
-	-	(117 843)	3 814	-	(114 029)
-	-	(117 843)	3 814	359 688	245 659
-	-	-	477	(477)	-
-	-	-	-	(48 838)	-
-	-	-	-	(160 200)	(160 200)
-	-	-	-	(35 600)	-
1 066 674	200 468	(103 472)	(178 066)	540 544	4 040 873
1 066 674	200 468	36 393	(98 490)	286 035	3 875 511
-	-	-	-	346 226	346 226
-	-	(22 022)	(84 101)	-	(106 123)
-	-	(22 022)	(84 101)	346 226	240 103
-	-	-	234	(234)	-
-	-	-	-	(45 856)	-
-	-	-	-	(160 200)	(160 200)
1 066 674	200 468	14 371	(182 357)	425 971	3 955 414

STATEMENT OF CASH FLOWS

	Note	2014	2013
Profit for the year before tax		488 379	458 563
Adjustments for:			
Depreciation and amortization	13	26 838	27 246
Provision for impairment - direct credit facilities at amortized cost	10	31 834	36 059
Net interest income		(719)	19 137
(Gain) from sale of fixed assets		(1 436)	(338)
(Gain) from revaluation of financial assets at fair value through profit or loss	35	(4 129)	(3 400)
Provision for impairment- other financial assets at amortized cost	11	288	2 913
Dividends from subsidiaries and associates	36	(76 167)	(73 350)
Dividends from financial assets at fair value through other comprehensive income		(5 969)	(6 370)
Other provisions	21	6 563	10 268
Total		465 482	470 728
(Increase) Decrease in assets			
Balances with central banks (maturing after 3 months)		40 544	55 204
Deposits with banks and financial institutions (maturing after 3 months)		(41 696)	(9 526)
Direct credit facilities at amortized cost		(543 409)	(637 718)
Financial assets at fair value through profit or loss		(116 403)	149 242
Other assets and financial derivatives		96	9 600
(Decrease) Increase in liabilities:			
Banks and financial institutions deposits (maturing after 3 months)		(27 744)	(193 355)
Customer deposits		1 301 331	778 182
Cash margin		(606 851)	102 623
Other liabilities and financial derivatives		(10 150)	25 865
Net Cash Generated by Operating Activities before Income Tax		461 200	750 845
Income tax paid		(110 426)	(90 647)
Net Cash Generated by Operating Activities		350 774	660 198
CASH FLOWS FROM INVESTING ACTIVITIES			
(Purchase) of financial assets at fair value through other comprehensive income		(14 462)	(1 076)
(Purchase) of other financial assets at amortized cost		(473 394)	(643 712)
(Increase) of investments in subsidiaries and associates		(25 365)	(21 651)
(Purchase) of fixed assets		(27 246)	(24 180)
Proceeds from selling fixed assets		7 891	3 748
Dividends from subsidiaries and associates	36	76 167	73 350
Dividends from financial assets at fair value through other comprehensive income		5 969	6 370
Net Cash (used in) Investing Activities		(450 440)	(607 151)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid to shareholders		(159 290)	(159 487)
Increase in borrowed funds		3 900	1 500
Net Cash (used in) Financing Activities		(155 390)	(157 987)
Net (Decrease) in Cash and Cash Equivalent		(255 056)	(104 940)
Exchange differences - change in foreign exchange rates		(20 896)	(4 584)
Cash and cash equivalent at the beginning of the year		5 231 397	5 340 921
Cash and Cash Equivalent at the End of the Year	54	4 955 445	5 231 397

The accompanying notes from (1) to (56) 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 75 branches in Jordan and 115 abroad.
- Arab Bank General Assembly in its extraordinary meeting held on March 27, 2014 approved to increase the Bank's capital by JD 35.6 million, to become JD 569.6 million. The Bank has completed the legal procedures with the Ministry of industry and Trade on April 1, 2014, and Jordan Securities Commission on April 8, 2014.
- Arab Bank shares are traded on Amman Stock Exchange. The share of Arab Bank represents the Bank's share in all entities of the Bank except for the sister company, Arab Bank (Switzerland) Limited shares that 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 29, 2015 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 and revised IFRSs applied with no material effect on the financial statements:
 - The following new and revised IFRSs have been adopted in the preparation of the financial statements for which they did not have any material impact on the amounts and disclosures of the financial statements; however, they may affect the accounting for future transactions and arrangements.

<ul style="list-style-type: none"> • Amendments to IAS 32: Financial Instruments 	<p>Presentation relating to application guidance on the offsetting of financial assets and financial liabilities.</p>
<ul style="list-style-type: none"> • Amendments to IAS 36: recoverable amount disclosures 	<p>The amendments restrict the requirements to disclose the recoverable amount of an asset or CGU to the period in which an impairment loss has been recognised or reversed. They also expand and clarify the disclosure requirements applicable when an asset or CGU's recoverable amount has been determined on the basis of fair value less costs of disposal.</p>
<ul style="list-style-type: none"> • Amendments to IAS 39: Financial Instruments, Recognition and Measurement, Novation of Derivatives and Continuation of Hedge Accounting 	<p>The amendments provide relief from the requirement to discontinue hedge accounting when a derivative designated as a hedging instrument is novated under certain circumstances. The amendments also clarify that any change to the fair value of the derivative designated as a hedging instrument arising from the novation should be included in the assessment and measurement of hedge effectiveness.</p>
<ul style="list-style-type: none"> • Amendments to IFRS 10, IFRS 12 and IAS 27 – Guidance on Investment Entities 	<p>On 31 October 2012, the IASB published a standard on investment entities, which amends IFRS 10, IFRS 12, and IAS 27 and introduces the concept of an investment entity in IFRSs.</p>

b. New and Revised IFRSs issued but not yet effective

The following new and revised IFRSs have been issued but are not effective yet:

- The Bank has not applied the following new and revised IFRSs that are available for early application but are not effective yet:

	Effective for Annual Periods Beginning On or After
IFRS 15: Revenue from Contracts with Customers	1 January 2017
Amendments to IFRS 11 to clarify accounting for acquisitions of Interests in Joint Operations.	1 January 2016
Amendments to IAS 16 and IAS 38 to clarify the acceptable methods of depreciation and amortization.	1 January 2016
Amendments to IAS 16 and IAS 41 require biological assets that meet the definition of a bearer plant to be accounted for as property, plant and equipment in accordance with IAS 16.	1 January 2016
IFRS 9 Financial Instruments (2014) In July 2014 the final standard of IFRS 9 was issued introducing: a) New classification for debt instruments that are held to collect contractual cash flows with the ability to sell, to be classified under the "fair value through other comprehensive income (FVTOCI) category. b) Impairment of financial assets applying expected loss model through 3 phases, starting by 12 month expected impairment loss to be initiated on initial recognition of the credit exposure, and life time impairment loss to be recognized upon significant increase in credit risk prior to the date the credit exposure is being impaired, and phase 3 when the loan is effectively impaired.	1 January 2018

Amendments to IFRS 10 and IAS 28 clarify that the recognition of the gain or loss on the sale or contribution of assets between an investor and its associate or joint venture depends on whether the assets sold or contributed constitute a business.	1 January 2016
Amendments to IAS 27 allow an entity to account for investments in subsidiaries, joint ventures and associates either at cost, in accordance with IAS 39/IFRS 9 or using the equity method in an entity's separate financial statements.	1 January 2016
Amendments to IFRS 10, IFRS 12 and IAS 28 clarifying certain aspects of applying the consolidation exception for investment entities.	1 January 2016
Amendments to IAS 1 to address perceived impediments to preparers exercising their judgment in presenting their financial reports.	1 January 2016
Annual Improvements to IFRSs 2012 - 2014 Cycle.	1 July 2016

- Management anticipates that each of the above standards and interpretations will be adopted in the financial statements by its date mentioned above without having any material impact on the Bank's financial statements, except for IFRS 15 and IFRS 9. Management anticipates that IFRS 15 and IFRS 9 will be adopted in the Bank's financial statements for the annual period beginning 1 January 2017 and 1 January 2018 respectively. The application of IFRS 15 and IFRS 9 may have significant impact on amounts reported and disclosures made in the Bank's financial statements in respect of revenue from contracts with customers and the Bank's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of effects of the application of these standards until the Bank performs a detailed review.

3 - SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

- The accompanying financial statements include the financial statements of the Bank's branches in Jordan and abroad after eliminating inter-branch balances. Transactions in transit at year end are presented among other assets or other liabilities, as appropriate. 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 the Bank and its subsidiaries, including the financial statements of its sister company, Arab Bank (Switzerland) Limited, to reflect the consolidated financial position and results of operations at the level of the consolidated economic ownership of the Bank.

Basis of Preparation

- 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 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, 2013 except for what is stated in note (2.A) to the financial statements.

- Following are 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 (3.C) in the next page:

B. Direct Credit Facilities

- 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 whichever 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
- Land and assets under construction are not depreciated.
- 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 in the statement of income for the a period not exceeding 5 years from the acquisition date. 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 contracts 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

- Associates are those in which the Bank exerts significant influence over the financial and operating policy decisions, and in which the Bank holds between 20% and 50% of the voting rights.
- Investments in associated companies are accounted for according to the cost method.

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 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)
- At initial recognition, the Bank can make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Bank manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee.

- Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in the investments revaluation reserve. Where the asset is disposed of, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not transferred to statement of income, but is reclassified to retained earnings.
- Dividends on these investments in equity instruments are recognized in the statement of income when the Bank's right to receive the dividends is established, unless the dividends clearly represent a recovery part of the cost of the investment.

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.

a) 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.

b) 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 legal right to offset the recognized amounts, and the Bank intends to either settle them on a net basis or to realize the assets and settle the liabilities simultaneously.

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. Accounting Estimates

- Preparation of the financial statements and the application of the accounting policies require the Bank's management to perform assessments and assumptions that affect the amounts of financial assets, financial liabilities, fair value reserve and to disclose contingent liabilities. Moreover, these assessments and assumptions affect revenues, expenses, provisions, and changes in the fair value shown in the statement of other comprehensive income and owners' equity. In particular, this requires the Bank's management to issue significant judgments and assumptions to assess future cash flow amounts and their timing. Moreover, the said assessments are necessarily based on assumptions and factors with varying degrees of consideration and uncertainty. In addition, actual results may differ from assessments due to the changes resulting from the conditions and circumstances of those assessments in the future.
- 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 is taken after a sufficient and recent evaluation of the acquired properties has been conducted by approved surveyors. The impairment loss is reviewed periodically.
 - Management estimates the impairment in value when the market prices reach a limit that indicates the impairment loss provided that this does not contradict the instructions of the regulatory authorities or International Financial Reporting Standards.

- 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,	
	2014	2013
Cash in vaults	272 677	291 456
Balances with central banks:		
- Current accounts	233 859	215 707
- Time and notice	2 208 640	2 559 996
- Mandatory cash reserve	1 079 844	939 613
Certificates of deposit	135 135	324 324
Total	3 930 155	4 331 096

- 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 73.4 million as of December 31, 2014 (JD 113.9 million as of December 31, 2013).

6. BALANCES WITH BANKS AND FINANCIAL INSTITUTIONS

The details of this item are as follows:

JD '000

Local banks and financial institutions	December 31,	
	2014	2013
Current accounts	190	310
Time deposits maturing within 3 months	45 000	52 500
Total	45 190	52 810

Abroad Banks and financial institutions

JD '000

	December 31,	
	2014	2013
Current accounts	918 915	590 279
Time deposits maturing within 3 months	2 349 461	2 033 316
Certificates of deposit	-	-
Total	3 268 376	2 623 595
Total balances with banks and financial institutions Local and abroad	3 313 566	2 676 405

There are no noninterest bearing balances as of December 31, 2014 and 2013.
There are no restricted balances as of December 31, 2014 and 2013.

7. DEPOSITS WITH BANKS AND FINANCIAL INSTITUTIONS

JD'000

The details of this item are as follows:

Deposits with banks and financial institutions abroad	December 31,	
	2014	2013
Time deposits maturing after 3 months and before 6 months	190 155	109 998
Time deposits maturing after 6 months and before 9 months	48 273	63 787
Time deposits maturing after 9 months and before one year	45 211	68 158
Time deposits maturing after one year	-	-
Total	283 639	241 943

There are no restricted deposits as of December 31, 2014 and 2013.

There are no deposits with local banks as of December 31, 2014 and 2013.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The details of this item are as follows:

JD'000

	December 31,	
	2014	2013
Treasury bills and Government bonds	279 637	156 731
Loans and advances	16 139	18 786
Corporate shares	1 656	1 383
Total	297 432	176 900

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The details of this item are as follows:

JD'000

	December 31,	
	2014	2013
Quoted shares	162 001	161 648
Unquoted shares	61 736	43 813
Total	223 737	205 461

* Cash dividends on the investments above amounted to JD 5.97 million for the year ended December 31, 2014 (JD 6.37 million for the year ended December 31, 2013)

* Realized losses that have been transferred from investment revaluation reserve to retained earnings amounted of JD 0.477 million as of December 31, 2014 (JD 0.234 million as of December 31, 2013).

10. DIRECT CREDIT FACILITIES AT AMORTIZED COST

JD '000

The details of this item are as follows:

	December 31, 2014					Total
	Consumer Banking	Corporates		Banks and Financial Institutions	Government and Public Sector	
		Small and Medium	Large			
Discounted bills *	57 555	61 686	239 656	124 941	-	483 838
Overdrafts *	33 658	460 939	2 218 738	674	250 335	2 964 344
Loans and advances *	979 595	372 313	5 698 640	164 226	413 323	7 628 097
Real-estate loans	784 988	1 888	-	-	-	786 876
Credit cards	75 374	-	-	-	-	75 374
Total	1 931 170	896 826	8 157 034	289 841	663 658	11 938 529
Less: Interest and commission in suspense	37 009	58 374	146 961	2 651	-	244 995
Provision for impairment - direct credit facilities at amortized cost	87 675	48 276	505 276	674	802	642 703
Total	124 684	106 650	652 237	3 325	802	887 698
Net Direct Credit Facilities at Amortized Cost	1 806 486	790 176	7 504 797	286 516	662 856	11 050 831

- * Net of interest and commission received in advance, which amounted to JD 22.9 million as at December 31, 2014.
- Rescheduled loans during the year ended December 31, 2014 amounted to JD 102.6 million.
 - Restructured loans (transferred from non performing to watch list loans) during the year ended December 31, 2014 amounted to JD 0.8 million.
 - Direct credit facilities granted to and guaranteed by government of Jordan as of December 31, 2014 amounted to JD 74.9 million or 0.6% of total direct credit facilities.
 - Non-performing direct credit facilities as of December 31, 2014 amounted to JD 871.2 million or 7.3% of total direct credit facilities.
 - Non-performing direct credit facilities, net of interest and commission in suspense, as of December 31, 2014 amounted to JD 633.4 million or 5.4 % of direct credit facilities after deducting interest and commission in suspense.

JD '000

	December 31, 2013					Total
	Consumer Banking	Corporates		Banks and Financial Institutions	Government and Public Sector	
		Small and Medium	Large			
Discounted bills *	55 143	52 740	307 531	19 512	-	434 926
Overdrafts *	31 158	406 587	2 011 458	674	171 085	2 620 962
Loans and advances *	845 589	387 356	5 663 231	174 424	455 928	7 526 528
Real-estate loans	716 440	2 005	4 177	-	-	722 622
Credit cards	70 151	-	-	-	-	70 151
Total	1 718 481	848 688	7 986 397	194 610	627 013	11 375 189
Less: Interest and commission in suspense	34 523	57 885	121 452	2 101	-	215 961
Provision for impairment - direct credit facilities at amortized cost	85 526	53 171	479 346	674	1 255	619 972
Total	120 049	111 056	600 798	2 775	1 255	835 933
Net Direct Credit Facilities at Amortized Cost	1 598 432	737 632	7 385 599	191 835	625 758	10 539 256

- * Net of interest and commission received in advance, which amounted to JD 21.9 million as at December 31, 2013.
- Rescheduled loans during the year ended in December 31, 2013 amounted to JD 152.8 million.
 - Restructured loans (transferred from non performing to watch list loans) during the year ended December 31, 2013 amounted to JD 0.6 million.
 - Direct credit facilities granted to and guaranteed by government of Jordan as of December 31, 2013 amounted to JD 62.8 million or 0.6% of total direct credit facilities.
 - Non-performing direct credit facilities as of December 31, 2013 amounted to JD 850.1 million or 7.5% of total direct credit facilities.
 - Non-performing direct credit facilities, net of interest and commission in suspense, as of December 31, 2013 amounted to JD 639.6 million or 5.7 % 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, 2014							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	85 526	53 171	479 346	674	1 255	619 972	12 882
Impairment losses charged to income	8 359	8 041	46 139	-	98	62 637	2 251
Used from provision (written off or transferred to off statement of financial position) *	(470)	(1 535)	(5 630)	-	-	(7 635)	(412)
Surplus in provision transferred to statement of income	(5 917)	(8 433)	(15 918)	-	(535)	(30 803)	(5 480)
Adjustments during the year	53	(1 754)	3 167	-	-	1 466	1 363
Translation adjustments	124	(1 214)	(1 828)	-	(16)	(2 934)	(39)
Balance at the end of the Year	87 675	48 276	505 276	674	802	642 703	10 565

December 31, 2013							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	82 341	62 904	552 179	4 591	1 549	703 564	8 867
Impairment losses charged to income	9 098	11 840	33 584	2 270	-	56 792	3 912
Used from provision (written off or transferred to off statement of financial position) *	(956)	(6 662)	(110 200)	-	-	(117 818)	(11)
Surplus in provision transferred to statement of income	(4 010)	(7 698)	(8 804)	-	(221)	(20 733)	(1 470)
Adjustments during the year	-	(9 261)	15 448	(6 187)	-	-	1 584
Translation adjustments	(947)	2 048	(2 861)	-	(73)	(1 833)	-
Balance at the end of the Year	85 526	53 171	479 346	674	1 255	619 972	12 882

- 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, 2014 and 2013.

- Impairment is assessed based on individual customer accounts.

* There are no Non-performing direct credit facilities transferred to off statement of financial position as of December 31, 2014, (JD 129.6 million as of December 31, 2013, noting that these non-performing direct credit facilities are fully covered by set provisions and suspended interest).

- The details of movement on interest and Commission in suspens are as follows:

	December 31, 2014						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	34 523	57 885	121 452	2 101	-	215 961	10 393
Interest and commission suspended during the year	5 735	7 164	30 360	550	-	43 809	2 311
Interest and commission in suspense settled/written off or transferred to off statement of financial position	(395)	(5 158)	(3 904)	-	-	(9 457)	(2 948)
Recoveries	(3 006)	(1 363)	(779)	-	-	(5 148)	(1 297)
Adjustments during the year	-	(41)	(129)	-	-	(170)	(5)
Translation adjustments	152	(113)	(39)	-	-	-	9
Balance at the end of the Year	37 009	58 374	146 961	2 651	-	244 995	8 463

	December 31, 2013						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	31 042	62 691	99 247	1 612	-	194 592	7 607
Interest and commission suspended during the year	8 446	7 641	31 830	636	-	48 553	3 125
Interest and commission in suspense settled/written off or transferred to off statement of financial position	(577)	(10 937)	(9 663)	-	-	(21 177)	(155)
Recoveries	(4 388)	(1 327)	(229)	-	-	(5 944)	(961)
Adjustments during the year	-	(200)	347	(147)	-	-	777
Translation adjustments	-	17	(80)	-	-	(63)	-
Balance at the end of the Year	34 523	57 885	121 452	2 101	-	215 961	10 393

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

Economic Sector	JD'000			
	Inside Jordan	Outside Jordan	December 31, 2014	December 31, 2013
Consumer Banking	773 882	1 032 604	1 806 486	1 598 432
Industry & Mining	611 130	1 816 826	2 427 956	2 468 986
Constructions	178 461	839 940	1 018 401	860 516
Real Estate	110 321	548 124	658 445	793 271
Trade	489 819	1 651 334	2 141 153	1 956 759
Agriculture	25 430	40 175	65 605	67 092
Tourism & Hotels	166 104	48 734	214 838	201 318
Transportation	96 343	266 878	363 221	376 588
Shares	2 147	58 546	60 693	79 907
General Service	199 571	1 145 090	1 344 661	1 318 794
Banks and Financial Institutions	4 413	282 103	286 516	191 835
Government and public sector	74 851	588 005	662 856	625 758
Net direct Credit facilities at amortized cost	2 732 472	8 318 359	11 050 831	10 539 256

11. OTHER FINANCIAL ASSETS AT AMORTIZED COST

The details of this item are as follows:

	JD '000	
	December 31,	
	2014	2013
Treasury bills	2 176 686	1 874 797
Government bonds and bonds guaranteed by the government	2 526 923	2 391 112
Corporate bonds	470 298	437 805
Less: Provision for impairment	(2 832)	(5 745)
Total	5 171 075	4 697 969

Analysis of bonds based on interest nature:

	JD '000	
	December 31,	
	2014	2013
Floating interest rate	91 344	156 721
Fixed interest rate	5 079 731	4 541 248
Total	5 171 075	4 697 969

Analysis of financial assets based on market quotation:

Financial assets quoted in the market:	JD '000	
	December 31,	
	2014	2013
Treasury bills	464 181	393 415
Government bonds and bonds guaranteed by the government	839 629	814 249
Corporate bonds	352 804	307 069
Total	1 656 614	1 514 733

Financial assets unquoted in the market:	JD '000	
	December 31,	
	2014	2013
Treasury bills	1 712 505	1 481 382
Government bonds and bonds guaranteed by the government	1 687 294	1 576 863
Corporate bonds	114 662	124 991
Total	3 514 461	3 183 236
Grand Total	5 171 075	4 697 969

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

	JD '000	
	December 31,	
	2014	2013
Balance at the beginning of the year	5 745	2 832
Impairment losses charged to income	288	2 913
Used from provision	(3 201)	-
Balance at the end of the year	2 832	5 745

During the year ended December 31, 2014 certain financial assets at amortized cost amounted to JD 199.1 million were sold (JD 25.2 Million during the year ended December 31,2013).

JD '000

12. Investment in Subsidiaries and Associates

The details of this item are as follows:

	December 31, 2014		December 31, 2013		Place of incorporation	Principal activity
	Ownership and voting rights %	Cost	Ownership and voting rights%	Cost		
The Bank's investments in subsidiaries:						
Europe Arab Bank plc	100.00	525 692	100.00	596 553	U.K.	Banking
Arab Bank Australia Limited	100.00	36 305	100.00	39 604	Australia	Banking
Islamic International Arab Bank	100.00	73 500	100.00	73 500	Jordan	Banking
Arab National Leasing Company Ltd	100.00	15 000	100.00	15 000	Jordan	Finance leasing
Al-Arabi Investment Group Ltd	100.00	8 900	100.00	8 900	Jordan	Financial services
Arab Sudanese Bank Limited	100.00	13 223	100.00	13 982	Sudan	Banking
Al Arabi Investment Group Limited - Palestine	100.00	1 600	100.00	1 600	Palestine	Financial services
Arab Investment Bank S.A.L	66.68	5 129	66.68	5 129	Lebanon	Banking
Arab Tunisian Bank	64.24	54 950	64.24	62 432	Tunisia	Banking
Arab Bank Syria	51.29	12 636	51.29	15 743	Syria	Banking
Al-Nisr Al Arabi plc	50.00	11 250	50.00	11 250	Jordan	Insurance
Other		8 895		8 895		Various
Total		767 080		852 588		

The Bank's investments in associates

Turkland Bank A.Ş	33.33	115 281	28.33	101 355	Turkey	Banking
Oman Arab Bank	49.00	65 874	49.00	65 874	Oman	Banking
Arab National Bank	40.00	102 870	40.00	102 870	Saudi Arabia	Banking
Arabia Insurance Company S.A.L	37.42	652	37.42	652	Lebanon	Insurance
Commercial Building Company S.A.L	35.24	380	35.24	380	Lebanon	Real estate operating leasing
Total		285 057		271 131		
Grand Total		1 052 137		1 123 719		

JD '000

The movements on the investments in associates are as follows:

	2014	2013
Balance at the beginning of the year	271 131	266 812
Purchase of investments in associates	25 365	21 651
Translation adjustment	(11 439)	(17 332)
Balance at the end of the year	285 057	271 131

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	Leasehold Improve- ments	Total
Historical Cost :							
Balance as of January 1, 2013	38 469	156 170	111 847	43 080	6 653	27 007	383 226
Additions	4 714	5 779	3 443	5 125	540	4 579	24 180
Disposals	-	(2 807)	(3 367)	(1 747)	(1 211)	(5 797)	(14 929)
Adjustments during the year	-	(609)	-	-	-	609	-
Translation adjustments	9	290	96	156	2	(27)	526
Balance as of December 31, 2013	43 192	158 823	112 019	46 614	5 984	26 371	393 003
Additions	-	11 404	6 205	6 892	218	3 199	27 918
Disposals	(81)	(4 968)	(3 073)	(1 036)	(420)	(6 583)	(16 161)
Adjustments during the year	-	-	-	-	-	-	-
Translation adjustments	(415)	(2 721)	(435)	(735)	(26)	(87)	(4 419)
Balance as of December 31, 2014	42 696	162 538	114 716	51 735	5 756	22 900	400 341
Accumulated Depreciation :							
Balance as of January 1, 2013	-	54 302	70 192	35 879	5 455	10 538	176 366
Depreciation charge for the year	-	5 698	10 759	3 002	574	7 213	27 246
Disposals	-	(118)	(3 322)	(1 737)	(1 211)	(5 131)	(11 519)
Adjustments during the year	-	671	(550)	-	-	(121)	-
Translation adjustments	-	114	56	120	1	-	291
Balance as of December 31, 2013	-	60 667	77 135	37 264	4 819	12 499	192 384
Depreciation charge for the year	-	5 740	10 231	4 190	457	6 220	26 838
Disposals	-	(861)	(2 897)	(909)	(279)	(4 760)	(9 706)
Adjustments during the year	-	514	(491)	52	-	-	75
Translation adjustments	-	(714)	(281)	(528)	(11)	(13)	(1 547)
Balance as of December 31, 2014	-	65 346	83 697	40 069	4 986	13 946	208 044
Net Book Value as of December 31, 2014	42 696	97 192	31 019	11 666	770	8 954	192 297
Net Book Value as of December 31, 2013	43 192	98 156	34 884	9 350	1 165	13 872	200 619

The cost of the fully depreciated fixed assets amounted to JD 92 million as of December 31, 2014 (JD 86 million as of December 31, 2013)

14. OTHER ASSETS

The details of this item are as follows:

	JD'000	
	December 31,	
	2014	2013
Accrued interest receivable	103 827	107 208
Prepaid expenses	107 703	93 973
Foreclosed assets *	55 839	61 582
Other miscellaneous assets	34 685	50 386
Total	302 054	313 149

* The central bank of Jordan instructions require the 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:

	2014			JD'000
	Land	Buildings	Other	Total
Balance at the beginning of the year	25 765	22 008	13 809	61 582
Additions	1 845	3 056	470	5 371
Disposals	(361)	(1 950)	(8 691)	(11 002)
Impairment loss charged to income	(25)	(160)	-	(185)
Impairment loss - returned to profit	25	48	-	73
Balance at the End of the Year	27 249	23 002	5 588	55 839

	2013			JD'000
	Land	Buildings	Other	Total
Balance at the beginning of the year	19 240	26 059	8 692	53 991
Additions	7 304	2 250	5 117	14 671
Disposals	(643)	(6 269)	-	(6 912)
Impairment loss charged to income	(136)	(34)	-	(170)
Impairment loss - returned to profit	-	2	-	2
Balance at the End of the Year	25 765	22 008	13 809	61 582

15. DEFERRED TAX ASSETS

Items attributable to deferred tax assets are as follows

JD '000

	December 31, 2014				Balance at the End of the Year	Deferred Tax
	Balance at the Beginning of the Year	Amounts Added	Amounts Released	Adjustments during the year and Translation		
Provision for impairment - direct credit facilities at amortized cost	33 907	5 599	(4 532)	2	34 976	8 488
End-of-Service indemnity	37 799	2 702	(1 039)	1	39 463	12 721
Interest in suspense	8 712	3 238	(5 163)	(2)	6 785	1 640
Other provisions	7 274	3 095	(2 294)	4 843	12 918	3 567
Total	87 692	14 634	(13 028)	4 844	94 142	26 416

	December 31, 2013				Balance at the End of the Year	Deferred Tax
	Balance at the Beginning of the Year	Amounts Added	Amounts Released	Adjustments during the year and Translation		
Provision for impairment - direct credit facilities at amortized cost	19 292	15 530	(915)	-	33 907	7 914
End-of-Service indemnity	35 330	3 665	(1 196)	-	37 799	11 556
Interest in suspense	4 115	5 220	(623)	-	8 712	1 975
Other provisions	7 408	4 766	(4 919)	19	7 274	2 041
Total	66 145	29 181	(7 653)	19	87 692	23 486

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

JD '000

	2014	2013
Balance at the beginning of the year	23 486	17 758
Additions during the year	5 067	7 717
Amortized during the year	(3 196)	(2 276)
Adjustments during the year and Translation	1 059	287
Balance at the End of the Year	26 416	23 486

16. BANKS' AND FINANCIAL INSTITUTIONS' DEPOSITS

JD '000

The details of this item are as follows:

	December 31, 2014			December 31, 2013		
	Inside the Kingdom	Outside the Kingdom	Total	Inside the Kingdom	Outside the Kingdom	Total
Current and demand	15 022	132 062	147 084	5 546	129 989	135 535
Time Deposits	14 180	2 116 408	2 130 588	24 815	1 592 350	1 617 165
Total	29 202	2 248 470	2 277 672	30 361	1 722 339	1 752 700

17. CUSTOMER DEPOSITS

The details of this item are as follows:

JD '000

	December 31, 2014				
	Consumer Banking	Corporates		Government and public sector	Total
		Small and medium	Large		
Current and demand	3 337 739	1 007 395	1 478 582	260 577	6 084 293
Savings	1 402 452	12 366	17 010	29	1 431 857
Time and notice	4 315 283	456 638	2 884 598	1 617 959	9 274 478
Certificates of deposit	302 272	1 506	972	-	304 750
Total	9 357 746	1 477 905	4 381 162	1 878 565	17 095 378

- Government of Jordan and Jordanian Public Sector deposits amounted to JD 672.9 million, or 3.9% of total customer deposits as of December 31, 2014 (JD 366.5 million, or 2.3% of total customer deposits as of December 31, 2013).
- Non-interest bearing deposits amounted to JD 5399 million, or 31.6 % of total customer deposits as of December 31, 2014 (JD 4945.5 million, or 31.3% of total customer deposits as of December 31, 2013).
- Blocked deposits amounted to JD 35.6 million, or 0.21 % of total customer deposits as of December 31, 2014 (JD 30.5 million, or 0.19% of total customer deposits as of December 31, 2013).
- Dormant deposits amounted to JD 97.3 million, or 0.57% of total customer deposits as of December 31, 2014 (JD 91.8 million, or 0.58% of total customer deposits as of December 31, 2013).

	December 31, 2013				JD '000
	Consumer Banking	Corporates		Government and public sector	Total
		Small and medium	Large		
Current and demand	3 189 257	947 039	1 150 658	292 488	5 579 442
Savings	1 312 396	14 275	3 082	23	1 329 776
Time and notice	4 093 329	665 684	2 208 093	1 590 726	8 557 832
Certificates of deposit	323 360	2 978	659	-	326 997
Total	8 918 342	1 629 976	3 362 492	1 883 237	15 794 047

18. CASH MARGIN

The details of this item are as follows:

	JD '000	
	December 31,	
	2014	2013
Against direct credit facilities at amortized cost	1 490 794	2 055 129
Against indirect credit facilities	348 362	391 355
Against margin trading	2 627	1 984
Other cash margins	987	1 153
Total	1 842 770	2 449 621

19. BORROWED FUNDS

The details of this item are as follows:

	JD '000	
	December 31,	
	2014	2013
From Central Banks	5 400	1 500
From local banks and financial institutions	-	-
Total	5 400	1 500

During 2013, Arab Bank (Jordan branches) signed a loan agreement with the Central Bank of Jordan amounting to JD 4 million, for a duration of 15 years with a floating interest rate of (1.8% + LIBOR 6 months). The agreement aims to support SME. The loan is repaid semi-annually, with installments in March and September of each year. The Balance of the loan as of December 31, 2014 amounted to JD 4 million (JD 1.5 million as of December 31, 2013)

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 with a fixed interest rate of 2.5%. The agreement aims to support SME. The loan is repaid semi-annually, with installments in March and September of each year. The Balance of the loan as of December 31, 2014 amounted to JD1.4 million

Analysis of borrowed funds according to interest nature :

	JD '000	
	December 31,	
	2014	2013
Floating interest rate	4 000	1 500
Fixed interest rate	1 400	-
Total	5 400	1 500

20. PROVISION FOR INCOME TAX

JD '000

The details of this item are as follows:

	2014	2013
Balance at the beginning of the year	123 121	95 935
Income tax expense	130 681	117 833
Income tax paid	(110 426)	(90 647)
Balance at the end of the year	143 376	123 121

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

JD '000

	2014	2013
Income tax expense for the year	130 681	117 833
Deferred tax assets for the year	(5 067)	(7 717)
Amortization of deferred tax assets	3 196	2 276
Amortization of deferred tax liabilities	(119)	(55)
Total	128 691	112 337

The banking sector income tax rate in Jordan is 30% (35% starting 1st of January 2015), while, the income tax rate in the countries where the bank has branches ranging between 0 to 37% as of 31 December 2014. The branches of Arab Bank plc have reached recent tax settlement ranging between 2006 for Arab Bank Egypt and 2013 for Arab Bank United Arab Emirates

21. Other Provisions

JD '000

The details of this item are as follows:

	2014					Balance at the end of the year
	Balance at the beginning of the year	Additions	Utilized / Transferred	Returned to income	Translation adjustments	
End-of-service indemnity	74 031	6 608	(3 685)	(67)	(16)	76 871
Legal cases	3 022	195	(79)	(142)	(16)	2 980
Other	3 213	-	-	(31)	(25)	3 157
Total	80 266	6 803	(3 764)	(240)	(57)	83 008

JD '000

	2013					Balance at the end of the year
	Balance at the beginning of the year	Additions	Utilized / Transferred	Returned to income	Translation adjustments	
End-of-service indemnity	67 875	9 450	(3 036)	(262)	4	74 031
Legal cases	2 661	2 761	(987)	(1 414)	1	3 022
Other	3 745	186	(281)	(453)	16	3 213
Total	74 281	12 397	(4 304)	(2 129)	21	80 266

22. Other Liabilities

The details of this item are as follows:

JD'000

	December 31,	
	2014	2013
Accrued interest payable	80 827	84 927
Notes payable	74 411	92 810
Interest and commission received in advance	79 154	71 979
Accrued expenses	22 728	21 872
Other miscellaneous liabilities	88 230	94 670
Total	345 350	366 258

23. DEFERRED TAX LIABILITIES

Items attributable to deferred tax liabilities are as follows:

JD'000

	2014					
	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	13 883	6 609	-	6	20 498	7 173
Other	5 068	-	(479)	(7)	4 582	1 147
Total	18 951	6 609	(479)	(1)	25 080	8 320

	2013					
	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	10 530	7 854	(4 501)	-	13 883	4 167
Other	5 289	-	(221)	-	5 068	1 266
Total	15 819	7 854	(4 722)	-	18 951	5 433

- The details of movement on deferred tax liabilities are as follows: JD '000

	2014	2013
Balance at the beginning of the year	5 433	4 482
Additions during the year	3 006	2 356
Amortized during the year	(119)	(1 405)
Balance at the end of the year	8 320	5 433

24. SHARE CAPITAL

A. Arab Bank General Assembly in its extraordinary meeting held on March 27, 2014 approved to increase the Bank's capital by JD 35.6 million, to become JD 569.6 million as of December 31, 2014 distributed to 569.6 million shares at a nominal value of 1 JD each. The Bank has completed the legal procedures with the Ministry of industry and Trade on April 1, 2014, and Jordan Securities Commission on April 8, 2014 (JD 534 million as of December 31, 2013 divided into 534 million shares, at a nominal value of JD 1 each.

B. Share premium amounted to JD 859.6 million as at December 31, 2014 and 2013.

25. Statutory Reserve

The statutory reserve amounted to JD 470.6 million as at December 31, 2014 (JD 421.7 million as at December 31, 2013) 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, 2014 and 2013. 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 1066.7 million as of December 31, 2014 and 2013. 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 200.5 million as at December 31, 2014 and 2013, 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

	2014	2013
Balance at the beginning of the year	14 371	36 393
Additions (disposals) during the year transferred to other comprehensive income	(117 843)	(22 022)
Balance at the end of the year	(103 472)	14 371

30. INVESTMENT REVALUATION RESERVE

The details of this item are as follows:

JD'000

	2014	2013
Balance at the beginning of the year	(182 357)	(98 490)
Change in fair value during the year	3 814	(84 101)
Net realized losses transferred to retained earnings	477	234
Balance at the end of the year *	(178 066)	(182 357)

* Investments revaluation reserve is stated net of deferred taxes in the amount of JD 7.2 million as of December 31, 2014 (JD 4.2 million as of December 31, 2013)

31. RETAINED EARNINGS

The movement of this item is as follows:

JD'000

	2014	2013
Balance at the beginning of the year	425 971	286 035
Profit for the year	359 688	346 226
Transferred from investment revaluation reserve to retained earnings	(477)	(234)
Paid Dividends *	(160 200)	(160 200)
Transferred to Statutory reserve	(48 838)	(45 856)
Increase in capital (Stock Dividends)	(35 600)	-
Balance at the end of the year **	540 544	425 971

* Arab Bank plc Board of Directors recommended a 12% of par value as cash dividend, equivalent to JD 68.4 million, and two bonus shares for each sixteen shares a total of 71.2 million shares for for the year 2014, 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 27,2014 approved the recommendations of the board of directors to distribute 30% of the par value as a cash dividends equivalent to JOD 160.2 million and a bonus share for every fifteen shares amounting 35.6 million share for the year 2013).

** The retained earnings include restricted deferred tax assets in the amount of JD 26.4 million, as well as unrealized gains from financial assets at fair value through profit or loss in the amount of JD 4.1 million. Restricted retained earnings that cannot be distributed or otherwise utilized except only under certain circumstances, as a result of the adoption of certain International Financial Reporting Standards, amounted to JD 1.8 million as of December 31, 2014.

** Retained earnings include an unrealized loss in the amount of JD (43.1) million due to the effect of the adoption of IFRS 9 as of December 31, 2014.

** The negative balance of the investments revaluation reserve in the amount of JD (178) million as of December 31, 2014 is restricted according to the Jordan Securities Commission instructions.

32. INTEREST INCOME

The details of this item are as follows:

JD '000

	2014	2013
Direct credit facilities at amortized cost *	597 972	569 641
Central Banks	61 148	87 336
Banks and financial institutions deposits	9 862	17 562
Financial assets at fair value through profit or loss	17 331	13 531
Other financial assets at amortized cost	355 189	339 740
Total	1 041 502	1 027 810

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

	2014					JD '000
	Consumer Banking	Corporates		Banks and financial institutions	Government and public sector	Total
		Small and medium	Large			
Discounted bills	3 474	9 193	8 885	1 441	-	22 993
Overdrafts	3 025	31 260	128 268	45	13 515	176 113
Loans and advances	84 367	27 792	209 446	3 974	18 207	343 786
Real estate loans	43 319	68	-	-	-	43 387
Credit cards	11 693	-	-	-	-	11 693
Total	145 878	68 313	346 599	5 460	31 722	597 972

	2013					JD '000
	Consumer Banking	Corporates		Banks and financial institutions	Government and public sector	Total
		Small and medium	Large			
Discounted bills	3 350	7 447	8 787	735	-	20 319
Overdrafts	3 000	31 924	121 409	16	16 042	172 391
Loans and advances	74 775	26 264	201 178	2 935	19 538	324 690
Real estate loans	40 868	40	18	-	-	40 926
Credit cards	11 315	-	-	-	-	11 315
Total	133 308	65 675	331 392	3 686	35 580	569 641

33. INTEREST EXPENSES

The details of this item are as follows:

	JD'000	
	2014	2013
Customer deposits *	366 510	351 184
Banks and financial institutions deposits	14 222	30 082
Cash margins	37 057	46 131
Borrowed funds	80	23
Deposit insurance fees	16 680	10 683
Total	434 549	438 103

* Interest expense on customer deposits is as follows:

	2014				JD'000
	Consumer Banking	Corporates		Government and public sector	Total
		Small and medium	Large		
Current and demand	7 114	1 328	4 565	3 044	16 051
Savings	14 202	234	9	-	14 445
Time and notice	160 683	18 221	79 426	44 612	302 942
Certificates of deposit	32 847	156	69	-	33 072
Total	214 846	19 939	84 069	47 656	366 510

	2013				JD'000
	Consumer Banking	Corporates		Government and public sector	Total
		Small and medium	Large		
Current and demand	4 604	669	6 597	632	12 502
Savings	16 158	168	14	-	16 340
Time and notice	153 765	26 551	68 059	42 946	291 321
Certificates of deposit	30 682	270	69	-	31 021
Total	205 209	27 658	74 739	43 578	351 184

34. NET COMMISSION INCOME

The details of this item are as follows:

	JD '000	
	2014	2013
Commission income:		
Direct credit facilities at amortized cost	55 198	49 044
Indirect credit facilities	85 711	87 109
Other	43 347	38 794
Less: commission expense	(13 723)	(12 101)
Net Commission Income	170 533	162 846

35. GAIN FROM FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The details of this item are as follows:

	JD '000			
	2014			
	Realized gains	Unrealized gains	Dividends	Total
Treasury bills and bonds	1 931	2 853	-	4 784
Corporate shares	16	1 276	112	1 404
Total	1 947	4 129	112	6 188

	JD '000			
	2013			
	Realized gains	Unrealized gains	Dividends	Total
Treasury bills and bonds	998	256	-	1 254
Corporate shares	886	3 144	161	4 191
Total	1 884	3 400	161	5 445

36. DIVIDENDS FROM SUBSIDIARIES AND ASSOCIATES

The details of this item are as follows:

	JD '000	
	2014	2013
Arab Tunisian Bank	6 095	6 152
Arab Investment Bank S.A.L	194	99
Arab Sudanese Bank Limited	1 904	1 162
Al-Nisr-Arabi Co. LTD	800	550
Al Arabi Investment Group	2 400	340
Arab National Leasing Co.	4 000	-
Total dividends from subsidiaries	15 393	8 303
Arab National Bank	50 113	53 135
Oman Arab Bank	10 467	10 467
Arabian Insurance Co.	-	1 251
Commercial Building Co. S.A.L	194	194
Total dividends from associates	60 774	65 047
Total dividends from subsidiaries and associates	76 167	73 350

37. OTHER REVENUE

The details of this item are as follows:

	JD '000	
	2014	2013
Revenue from customer services	11 543	10 280
Safe box rent	1 070	900
Gain from derivatives	682	1 898
Miscellaneous revenue	18 265	10 883
Total	31 560	23 961

38. EMPLOYEES' EXPENSES

The details of this item are as follows:

	JD '000	
	2014	2013
Salaries and benefits	148 448	140 076
Social security	10 260	9 759
Savings fund	1 393	1 437
Indemnity compensation	5 446	3 406
Medical	6 257	5 802
Training	989	801
Allowances	31 078	25 397
Other	4 918	5 051
Total	208 789	191 729

39. OTHER EXPENSES

The details of this item are as follows:

	JD '000	
	2014	2013
Occupancy	35 485	33 700
Office	35 150	32 779
Services	46 843	42 904
Fees	6 042	5 223
Information technology	16 523	14 659
Other administrative expenses	23 891	23 340
Total	163 934	152 605

40. FINANCIAL DERIVATIVES

JD '000

The details of this item are as follows:

	December 31,	
	2014	2013
Interest rate swaps	898 193	856 125
Foreign currency forward contracts	3 141 365	3 707 424
Total	4 039 558	4 563 549

- The details of financial derivatives are as follows:

	December 31, 2014							JD '000
	Positive fair value	Negative fair value	Total notional amount	Notional amounts by maturity				
				Within 3 months	From 3 months to 1 year	From 1 year to 3 years	More than 3 years	
Interest rate swaps	7 327	7 593	618 781	51 053	70 211	159 792	337 725	
Foreign currency forward contracts	5 100	5 099	2 643 675	1 121 959	1 518 806	2 910	-	
Derivatives held for trading	12 427	12 692	3 262 456	1 173 012	1 589 017	162 702	337 725	
Interest rate swaps	4 011	4 938	256 370	17 717	1 655	187 588	49 410	
Foreign currency forward contracts	-	-	-	-	-	-	-	
Derivatives held for fair value hedge	4 011	4 938	256 370	17 717	1 655	187 588	49 410	
Interest rate swaps	-	-	23 042	-	-	-	23 042	
Foreign currency forward contracts	-	-	497 690	497 690	-	-	-	
Derivatives held for cash flow hedge	-	-	520 732	497 690	-	-	23 042	
Total	16 438	17 630	4 039 558	1 688 419	1 590 672	350 290	410 177	

	December 31, 2013			JD'000			
	Positive fair value	Negative fair value	Total notional amount	Notional amounts by maturity			
				Within 3 months	From 3 months to 1 year	From 1 year to 3 years	More than 3 years
Interest rate swaps	282	172	656 621	355	3 545	422 884	229 837
Foreign currency forward contracts	1 475	1 740	3 427 462	2 219 813	1 207 649	-	-
Derivatives held for trading	1 757	1 912	4 084 083	2 220 168	1 211 194	422 884	229 837
Interest rate swaps	5 490	7 011	169 372	7 087	-	141 837	20 448
Foreign currency forward contracts	-	-	-	-	-	-	-
Derivatives held for fair value hedge	5 490	7 011	169 372	7 087	-	141 837	20 448
Interest rate swaps	-	-	30 132	-	-	-	30 132
Foreign currency forward contracts	1 122	1 089	279 962	279 962	-	-	-
Derivatives held for cash flow hedge	1 122	1 089	310 094	279 962	-	-	30 132
Total	8 369	10 012	4 563 549	2 507 217	1 211 194	564 721	280 417

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

41 . GEOGRAPHICAL DISTRIBUTION OF ASSETS, REVENUE AND CAPITAL EXPENDITURES

The table below shows the geographical distribution of assets, revenue and Capital Expenditures inside and outside the Hashemite Kingdom of Jordan:

	JD'000					
	Inside Jordan		Outside Jordan		Total	
	2014	2013	2014	2013	2014	2013
Revenue	286 407	257 083	640 218	622 300	926 625	879 383
Assets	7 204 360	7 371 023	18 655 417	17 167 349	25 859 777	24 538 372
Capital Expenditures	7 291	11 861	20 627	12 319	27 918	24 180

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 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 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

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 Bank's Business Segments

JD '000

	2014					Total
	Corporate and institutional banking	Treasury	Consumer Banking		Other	
			Elite	Retail banking		
Total income	418 875	447 117	(103 661)	70 977	93 317	926 625
Net inter-segment interest income	(1 022)	(257 111)	156 359	101 774	-	-
Provision for impairment - direct credit facilities at amortized cost	29 070	-	185	2 579	-	31 834
Other provisions	2 978	907	271	2 695	-	6 851
Direct administrative expenses	65 023	9 388	8 296	77 949	-	160 656
Result of operations of segment	320 782	179 711	43 946	89 528	93 317	727 284
Indirect expenses on segments	110 609	34 321	12 560	79 533	1 882	238 905
Profit for the year before income tax	210 173	145 390	31 386	9 995	91 435	488 379
Income tax expense	38 867	42 554	9 928	3 511	33 831	128 691
Profit for the year	171 306	102 836	21 458	6 484	57 604	359 688
Depreciation and amortization	9 000	2 205	794	14 839	-	26 838
Other Information						
Segment assets	9 675 676	12 696 149	359 352	1 709 646	366 817	24 807 640
Inter-segment assets	-	-	5 795 380	1 827 383	2 941 260	-
Investments in associates and subsidiaries	-	-	-	-	1 052 137	1 052 137
Total Assets	9 675 676	12 696 149	6 154 732	3 537 029	4 360 214	25 859 777
Segment liabilities	9 454 305	2 353 497	6 154 732	3 537 029	319 341	21 818 904
Shareholders' equity	-	-	-	-	4 040 873	4 040 873
Inter-segment liabilities	221 371	10 342 652	-	-	-	-
Total Liabilities and shareholders' equity	9 675 676	12 696 149	6 154 732	3 537 029	4 360 214	25 859 777

Information about the Bank's Business Segments

JD '000

	2013					
	Corporate and institutional banking	Treasury	Consumer Banking		Other	Total
			Elite	Retail banking		
Total income	395 215	437 666	(101 831)	66 585	81 748	879 383
Net inter-segment interest income	(12 631)	(240 468)	156 392	96 707	-	-
Provision for impairment - direct credit facilities at amortized cost	31 282	-	120	4 657	-	36 059
Other provisions	7 235	1 801	512	3 633	-	13 181
Direct administrative expenses	57 342	9 994	8 096	78 205	-	153 637
Result of operations of segment	286 725	185 403	45 833	76 797	81 748	676 506
Indirect expenses on segments	95 950	31 122	11 307	77 651	1 913	217 943
Profit for the year before income tax	190 775	154 281	34 526	(854)	79 835	458 563
Income tax expense	32 771	38 422	9 771	(430)	31 803	112 337
Profit (loss) for the year	158 004	115 859	24 755	(424)	48 032	346 226
Depreciation and amortization	7 773	2 078	744	16 651	-	27 246
Other Information						
Segment assets	9 354 679	11 746 537	301 993	1 577 381	434 063	23 414 653
Inter-segment assets	-	171 806	5 475 931	1 928 761	2 694 569	-
Investments in associates and subsidiaries	-	-	-	-	1 123 719	1 123 719
Total Assets	9 354 679	11 918 343	5 777 924	3 506 142	4 252 351	24 538 372
Segment liabilities	9 182 873	1 819 082	5 777 924	3 506 142	296 937	20 582 958
Shareholders' equity	-	-	-	-	3 955 414	3 955 414
Inter-segment liabilities	171 806	10 099 261	-	-	-	-
Total Liabilities and shareholders' equity	9 354 679	11 918 343	5 777 924	3 506 142	4 252 351	24 538 372

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 (47) shows the maturities of the assets and liabilities of the Bank.

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 prior to other risk collaterals and mitigations):

	JD '000	
	December 31,	
Credit risk exposures relating to Items on the statement of financial position:	2014	2013
Balances with central banks	3 657 478	4 039 640
Balances with banks and financial institutions	3 313 566	2 676 405
Deposits with banks and financial institutions	283 639	241 943
Financial assets at fair value through profit or loss	295 776	175 517
Direct credit facilities at amortized cost	11 050 831	10 539 256
Consumer Banking	1 806 486	1 598 432
Corporate medium and small	790 176	737 632
Corporate large	7 504 797	7 385 599
Banks and financial institutions	286 516	191 835
Government and public sector	662 856	625 758
Other Financial assets at amortized cost	5 171 075	4 697 969
Other assets and financial derivatives - positive fair value	227 968	209 550
Total credit exposure relating to items on the statement of financial position	24 000 333	22 580 280
Credit risk exposures relating to items off the statement of financial position:		
Letters of credit	1 229 719	1 078 525
Acceptances	595 427	540 036
Letters of guarantee	8 223 133	8 494 057
Unutilized credit facilities	3 051 339	2 516 170
Total	13 099 618	12 628 788
Grand Total	37 099 951	35 209 068

The table above shows the maximum limit of the bank credit risk as of December 31, 2014 and 2013 excluding collaterals or risks mitigations.

B. Classification of Assets Credit Exposure based on risk degree*.

	December 31, 2014					JD '000
	Consumer Banking	Corporates		Banks and financial institutions	Government and public sector	Total
		Small and medium	Large			
low risk	415 317	134 535	520 977	5 662 222	5 566 532	12 299 583
acceptable risk	1 409 716	629 171	7 017 585	2 344 092	163 265	11 563 829
Due:	22 451	23 021	83 109	-	-	128 581
- Up to 30 days	20 410	18 751	26 918	-	-	66 079
- 31- 60 days	2 041	4 270	56 191	-	-	62 502
Watch list	13 213	15 606	124 646	-	-	153 465
Non-performing:	101 758	120 529	630 298	21 203	198	873 986
- Substandard	10 326	6 299	3 962	-	-	20 587
- Doubtful	5 872	3 897	338 802	20 529	-	369 100
- Problematic	85 560	110 333	287 534	674	198	484 299
Total	1 940 004	899 841	8 293 506	8 027 517	5 729 995	24 890 863
Less: interest and commission in suspense	37 009	58 374	146 961	2 651	-	244 995
Less: provision for impairment	87 675	48 276	508 108	674	802	645 535
Net	1 815 320	793 191	7 638 437	8 024 192	5 729 193	24 000 333

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 that are exposed to credit risk.

	December 31, 2013					JD'000
	Consumer Banking	Corporates		Banks and financial institutions	Government and public sector	Total
		Small and medium	Large			
low risk	319 609	91 758	472 100	5 463 898	5 006 264	11 353 629
acceptable risk	1 297 796	619 765	6 888 047	2 079 638	178 847	11 064 093
Due:	18 167	5 541	205 866	-	-	229 574
- Up to 30 days	16 736	3 750	51 692	-	-	72 178
- 31- 60 days	1 431	1 791	154 174	-	-	157 396
Watch list	6 921	18 462	117 173	-	-	142 556
Non-performing:	102 317	121 401	612 562	22 287	200	858 767
- Substandard	11 458	3 742	5 085	-	-	20 285
- Doubtful	6 563	6 885	325 950	21 613	-	361 011
- Problematic	84 296	110 774	281 527	674	200	477 471
Total	1 726 643	851 386	8 089 882	7 565 823	5 185 311	23 419 045
Less: interest and commis- sion in suspense	34 523	57 885	121 452	2 101	-	215 961
Less: provision for impair- ment	85 526	53 171	482 178	674	1 255	622 804
Net	1 606 594	740 330	7 486 252	7 563 048	5 184 056	22 580 280

C. Fair value of collaterals obtained against credit facilities at amortized cost :

JD '000

December 31, 2014

	Consumer Banking	Corporates		Banks and financial institutions	Government and public sector	Total
		Small and medium	Large			
Collaterals against credit facilities of						
Performing / Low risk	111 056	213 518	363 252	-	127 455	815 281
Performing / Acceptable risk	521 921	392 289	3 189 999	-	-	4 104 209
Watch list	8 756	6 800	56 153	-	-	71 709
Non-performing:	17 746	30 704	90 203	-	-	138 653
- Substandard	5 266	3 506	3 884	-	-	12 656
- Doubtful	3 594	4 870	3 509	-	-	11 973
- Problematic	8 886	22 328	82 810	-	-	114 024
Total	659 479	643 311	3 699 607	-	127 455	5 129 852
Of which :						
Cash margin	122 798	238 176	1 017 879	-	20 790	1 399 643
Banks accepted letters of guarantees	1 078	39 705	151 028	-	-	191 811
Real estate properties	57 095	233 922	1 152 883	-	31 815	1 475 715
Listed securities	523	813	169 965	-	-	171 301
Vehicles and equipment	2 742	16 148	238 609	-	-	257 499
Other	475 243	114 547	969 243	-	74 850	1 633 883
Total	659 479	643 311	3 699 607	-	127 455	5 129 852

JD'000

December 31, 2013

	December 31, 2013				Government and public sector	Total
	Consumer Banking	Corporates		Banks and financial institutions		
		Small and medium	Large			
Collaterals against credit facilities of						
Performing / Low risk	106 464	176 635	613 134	-	144 451	1 040 684
Performing / Acceptable risk	482 221	370 275	3 913 545	-	110	4 766 151
Watch list	4 530	14 018	37 962	-	-	56 510
Non-performing:	18 163	32 756	77 560	-	9	128 488
- Substandard	7 270	1 699	5 084	-	-	14 053
- Doubtful	2 087	8 499	10 364	-	-	20 950
- Problematic	8 806	22 558	62 112	-	9	93 485
Total	611 378	593 684	4 642 201	-	144 570	5 991 833
Of which :						
Cash margin	110 632	210 720	1 717 544	-	30 252	2 069 148
Banks accepted letters of guarantees	1 220	25 292	196 468	-	-	222 980
Real estate properties	46 341	231 818	1 224 222	-	51 478	1 553 859
Listed securities	441	2 460	93 350	-	-	96 251
Vehicles and equipment	1 594	14 208	322 202	-	-	338 004
Other	451 150	109 186	1 088 415	-	62 840	1 711 591
Total	611 378	593 684	4 642 201	-	144 570	5 991 833

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, 2014		JD '000
	Financial assets at fair value through profit or loss	Other financial assets at amortized cost	Total
Private sector:			
AAA to A-	-	232 518	232 518
BBB+ to B-	-	174 641	174 641
Below B-	-	-	-
Unrated	16 139	60 307	76 446
Government and public sector	279 637	4 703 609	4 983 246
Total	295 776	5 171 075	5 466 851

Credit rating	December 31, 2013		JD '000
	Financial assets at fair value through profit or loss	Other financial assets at amortized cost	Total
Private sector:			
AAA to A-	-	205 770	205 770
BBB+ to B-	-	194 536	194 536
Below B-	-	-	-
Unrated	18 786	31 754	50 540
Government and public sector	156 731	4 265 909	4 422 640
Total	175 517	4 697 969	4 873 486

E. Credit exposure categorized by geographical region

	December 31, 2014						JD'000
	Jordan	Other Arab countries	Asia *	Europe	America	Rest of the world	Total
Balances with central banks	2 241 831	1 410 275	5 372	-	-	-	3 657 478
Balances and deposits with banks and financial institutions	45 271	1 514 036	189 604	1 345 564	491 781	10 949	3 597 205
Financial assets at fair value through profit or loss	-	295 776	-	-	-	-	295 776
Direct credit facilities at amortized cost	2 732 472	8 016 824	168 505	103 211	257	29 562	11 050 831
Other Financial assets at amortized cost	2 020 164	2 816 303	15 298	17 900	301 410	-	5 171 075
Other assets and financial derivatives - positive fair value	33 965	188 143	1 169	2 105	57	2 529	227 968
Total	7 073 703	14 241 357	379 948	1 468 780	793 505	43 040	24 000 333

	December 31, 2013						JD'000
	Jordan	Other Arab countries	Asia *	Europe	America	Rest of the world	Total
Balances with central banks	2 574 074	1 461 072	4 494	-	-	-	4 039 640
Balances and deposits with banks and financial institutions	61 870	915 512	116 191	1 639 640	175 649	9 486	2 918 348
Financial assets at fair value through profit or loss	-	175 517	-	-	-	-	175 517
Direct credit facilities at amortized cost	2 794 473	7 376 138	181 215	150 209	168	37 053	10 539 256
Other Financial assets at amortized cost	1 769 467	2 590 248	5 039	31 833	301 382	-	4 697 969
Other assets and financial derivatives - positive fair value	32 664	170 892	2 280	2 278	49	1 387	209 550
Total	7 232 548	12 689 379	309 219	1 823 960	477 248	47 926	22 580 280

* 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	1 806 486	2 427 956	1 018 401	658 445	2 141 153
Other financial assets at amortized cost	-	21 270	-	10 001	30 116
Other assets and financial derivatives - positive fair value	8 834	4 704	3 643	2 235	8 527
Total	1 815 320	2 453 930	1 022 044	670 681	2 179 796

	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	1 598 432	2 468 986	860 516	793 271	1 956 759
Other financial assets at amortized cost	-	21 270	-	8 389	14 118
Other assets and financial derivatives - positive fair value	8 162	5 810	2 531	2 705	7 562
Total	1 606 594	2 496 066	863 047	804 365	1 978 439

JD '000

December 31, 2014

Corporates					Banks and Financial Institutions	Government and Public Sector	Total
Agriculture	Tourism and Hotels	Transportation	Shares	General Services			
-	-	-	-	-	3 657 478	-	3 657 478
-	-	-	-	-	3 597 205	-	3 597 205
-	-	16 139	-	-	-	279 637	295 776
65 605	214 838	363 221	60 693	1 344 661	286 516	662 856	11 050 831
-	-	-	-	27 772	378 307	4 703 609	5 171 075
110	444	1 124	59	10 512	104 686	83 090	227 968
65 715	215 282	380 484	60 752	1 382 945	8 024 192	5 729 192	24 000 333

JD '000

December 31, 2013

Corporates					Banks and Financial Institutions	Government and Public Sector	Total
Agriculture	Tourism and Hotels	Transportation	Shares	General Services			
-	-	-	-	-	4 039 640	-	4 039 640
-	-	-	-	-	2 918 348	-	2 918 348
-	-	18 786	-	-	-	156 731	175 517
67 092	201 318	376 588	79 907	1 318 794	191 835	625 758	10 539 256
-	-	-	-	10 969	377 314	4 265 909	4 697 969
130	440	855	-	9 786	35 911	135 658	209 550
67 222	201 758	396 229	79 907	1 339 549	7 563 048	5 184 056	22 580 280

45. MARKET RISK

Market Risk Sensitivity

Assuming market prices as at December 31, 2014 and 2013 change by 5%, the impact on statement of income and shareholders equity will be as follows:

	December 31, 2014			December 31, 2013			JD '000
	Statement of income	Shareholders' equity	Total	Statement of income	Shareholders' equity	Total	
Interest rate sensitivity	22 835	-	22 835	22 295	-	22 295	
Foreign exchange rate sensitivity	6 366	33 032	39 398	7 676	37 247	44 923	
Equity instruments price sensitivity	83	11 187	11 270	69	10 273	10 342	
Total	29 284	44 219	73 503	30 040	47 520	77 560	

46. INTEREST RATE RISK

A. Exposure to interest rate volatility as of December 31, 2014 (classification is based on interest rate reprising 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	-	-	-	-	-	-	272 677	272 677
Mandatory cash reserve	-	-	-	-	-	-	1 079 844	1 079 844
Balances with central banks	2 240 473	29 943	44 401	28 958	-	-	233 859	2 577 634
Balances and deposits with banks and financial institutions	1 628 743	765 718	190 155	93 484	-	-	919 105	3 597 205
Financial assets at fair value through profit or loss	23 622	21 872	37 080	144 184	42 867	26 151	1 656	297 432
Direct credit facilities at amortized cost	4 314 791	1 582 403	1 094 940	880 866	885 889	2 291 942	-	11 050 831
Financial assets at fair value through other comprehensive income	-	-	-	-	-	-	223 737	223 737
Other financial assets at amortized cost	501 385	892 423	874 268	814 663	1 670 317	418 019	-	5 171 075
Investment in subsidiaries and associates	-	-	-	-	-	-	1 052 137	1 052 137
Fixed assets	-	-	-	-	-	-	192 297	192 297
Other assets and financial derivatives - positive fair value	12 418	72 194	15 303	1 197	22 229	1 678	193 473	318 492
Deferred tax assets	-	-	-	-	-	-	26 416	26 416
Total assets	8 721 432	3 364 553	2 256 147	1 963 352	2 621 302	2 737 790	4 195 201	25 859 777
Liabilities and shareholders' equity								
Banks' and financial institutions' deposits	1 978 788	89 045	40 941	4 332	17 482	-	147 084	2 277 672
Customer deposits	6 655 186	2 094 950	1 235 567	1 427 008	237 533	46 148	5 398 986	17 095 378
Cash margin	694 529	741 515	189 525	63 014	19 847	15 945	118 395	1 842 770
Borrowed funds	-	-	4 000	-	-	1 400	-	5 400
Other Provisions	-	-	-	-	-	-	83 008	83 008
Provision for income tax	-	-	-	-	-	-	143 376	143 376
Other liabilities and financial derivatives - negative fair value	30 985	12 169	69 971	279	-	355	249 221	362 980
Deferred tax liabilities	-	-	-	-	-	-	8 320	8 320
Shareholders' equity	-	-	-	-	-	-	4 040 873	4 040 873
Total liabilities and shareholders' equity	9 359 488	2 937 679	1 540 004	1 494 633	274 862	63 848	10 189 263	25 859 777
Gap	(638 056)	426 874	716 143	468 719	2 346 440	2 673 942	(5 994 062)	-
Accumulated gap	(638 056)	(211 182)	504 961	973 680	3 320 120	5 994 062	-	-

B. Exposure to interest rate volatility as of December 31, 2013 (classification is based on interest rate repricing or maturity date, whichever is nearer).

Assets	JD '000							Total
	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	
Cash at vaults	-	-	-	-	-	-	291 456	291 456
Mandatory cash reserve	-	-	-	-	-	-	939 613	939 613
Balances with central banks	2 748 051	22 367	32 821	81 081	-	-	215 707	3 100 027
Balances and deposits with banks and financial institutions	1 418 321	667 495	109 998	131 945	-	-	590 589	2 918 348
Financial assets at fair value through profit or loss	1 408	3 388	36 918	105 062	12 631	16 110	1 383	176 900
Direct credit facilities at amortized cost	4 177 871	1 360 515	1 328 583	961 517	881 629	1 814 967	14 174	10 539 256
Financial assets at fair value through other comprehensive income	-	-	-	-	-	-	205 461	205 461
Other financial assets at amortized cost	513 043	777 091	596 960	897 522	1 179 052	734 301	-	4 697 969
Investment in subsidiaries and associates	-	-	-	-	-	-	1 123 719	1 123 719
Fixed assets	-	-	-	-	-	-	200 619	200 619
Other assets and financial derivatives - positive fair value	6 711	13 402	17 671	-	-	-	283 734	321 518
Deferred tax assets	-	-	-	-	-	-	23 486	23 486
Total assets	8 865 405	2 844 258	2 122 951	2 177 127	2 073 312	2 565 378	3 889 941	24 538 372
Liabilities and shareholders' equity								
Banks' and financial institutions' deposits	1 477 578	49 088	46 258	26 617	17 624	-	135 535	1 752 700
Customer deposits	5 827 469	1 900 767	1 351 136	1 389 850	358 874	20 466	4 945 485	15 794 047
Cash margin	878 008	945 649	291 550	104 107	934	-	229 373	2 449 621
Borrowed funds	-	-	1 500	-	-	-	-	1 500
Other Provisions	-	-	-	-	-	-	80 266	80 266
Provision for income tax	-	-	-	-	-	-	123 121	123 121
Other liabilities and financial derivatives - negative fair value	20 091	20 577	25 052	839	-	279	309 432	376 270
Deferred tax liabilities	-	-	-	-	-	-	5 433	5 433
Shareholders' equity	-	-	-	-	-	-	3 955 414	3 955 414
Total liabilities and shareholders' equity	8 203 146	2 916 081	1 715 496	1 521 413	377 432	20 745	9 784 059	24 538 372
Gap	662 259	(71 823)	407 455	655 714	1 695 880	2 544 633	(5 894 118)	-
Accumulated gap	662 259	590 436	997 891	1 653 605	3 349 485	5 894 118	-	-

47. LIQUIDITY RISK

The below is the distribution of the liabilities (undiscounted) according to the residual maturity as of December 31, 2014:

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	1 979 259	89 094	40 974	4 375	18 321	-	147 084	2 279 107
Customer deposits	5 799 566	2 147 556	1 365 427	1 490 550	286 609	83 526	6 084 293	17 257 527
Cash margin	936 964	334 911	361 767	69 806	25 749	10 389	111 323	1 850 909
Borrowed funds	-	-	-	-	-	5 426	-	5 426
Other Provisions	-	-	-	-	-	-	83 008	83 008
Provision for income tax	-	143 376	-	-	-	-	-	143 376
Financial derivatives - negative fair value	2 534	20	2	-	-	355	14 893	17 804
Other liabilities	28 487	12 149	69 968	279	-	-	234 467	345 350
Deferred tax liabilities	-	-	-	-	-	-	8 320	8 320
Total Liabilities	8 746 810	2 727 106	1 838 138	1 565 010	330 679	99 696	6 683 388	21 990 827
Total assets according to expected maturities	6 350 888	3 743 264	2 065 384	1 990 976	2 961 387	3 973 158	4 774 720	25 859 777

The below is the distribution of the liabilities (undiscounted) according to the residual maturity as of December 31, 2013:

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	1 478 300	49 095	46 409	26 880	18 216	-	135 535	1 754 435
Customer deposits	5 161 853	1 857 359	1 411 331	1 435 096	437 598	24 101	5 579 442	15 906 780
Cash margin	1 385 833	366 055	360 241	113 991	2 133	-	229 374	2 457 627
Borrowed funds	-	-	-	-	-	1 509	-	1 509
Other Provisions	-	-	-	-	-	-	80 266	80 266
Provision for income tax	-	123 121	-	-	-	-	-	123 121
Financial derivatives - negative fair value	1 031	-	640	-	-	279	8 205	10 155
Other liabilities	29 637	31 119	34 954	11 381	6 492	-	252 675	366 258
Deferred tax liabilities	-	-	-	-	-	-	5 433	5 433
Total Liabilities	8 056 654	2 426 749	1 853 575	1 587 348	464 439	25 889	6 290 930	20 705 584
Total assets according to expected maturities	6 971 593	3 184 379	1 805 619	2 236 155	2 752 304	3 794 887	3 793 435	24 538 372

48. Net Foreign Currency Positions

The details of this item are as follows:

	December 31, 2014		December 31, 2013	
	Base Currency in Thousand	Equivalent in JD '000	Base Currency in Thousand	Equivalent in JD '000
USD	120 042	85 136	(58 497)	(41 487)
GBP	(121)	(134)	(68 851)	(79 691)
EUR	1 659	1 430	(33 333)	(32 598)
JPY	(52 855)	(313)	(2 620 000)	(17 685)
Other currencies *		41 207		17 945
Total		127 326		(153 516)

* Various foreign currencies translated to Jordanian Dinars.

49. FAIR VALUE HIERARCHY

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

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

Financial assets / Financial liabilities	Fair Value in JD'000 as at		Fair Value Hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
	December 31,					
	2014	2013				
Financial assets at fair value						
Financial assets at fair value through profit or loss:						
Treasury bills and Bonds	279 637	156 731	Level 1	Quoted	Not Applicable	Not Applicable
Loans and advances	16 139	18 786	Level 2	Through Comparison of similar financial instruments	Not Applicable	Not Applicable
Shares and mutual funds	1 656	1 383	Level 1	Quoted	Not Applicable	Not Applicable
Total financial assets at fair value through profit or loss	297 432	176 900				
Financial derivatives - positive fair value	16 438	8 369	Level 2	Through Comparison of similar financial instruments	Not Applicable	Not Applicable
Financial assets at fair value through other comprehensive income:						
Quoted shares	162 001	161 648	Level 1	Quoted	Not Applicable	Not Applicable
Unquoted shares	61 736	43 813	Level 2	Through using the index sector in the market	Not Applicable	Not Applicable
Total financial assets at fair value through other comprehensive income	223 737	205 461				
Total Financial Assets at Fair Value	537 607	390 730				
Financial Liabilities at Fair Value						
Financial derivatives - negative fair value	17 630	10 012	Level 2	Through Comparison of similar financial instruments	Not Applicable	Not Applicable
Total Financial Liabilities at Fair Value	17 630	10 012				

There were no transfers between Level 1 and 2, during 2014 & 2013.

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, 2014		December 31, 2013		JD '000
	Book value	Fair value	Book value	Fair value	Fair Value Hierarchy
Financial assets not calculated at fair value					
Mandatory reserve	1 079 844	1 079 844	939 613	939 613	Level 2
Deposits with Central Banks	2 208 640	2 209 043	2 559 996	2 560 466	Level 2
Certificates of deposit with central banks	135 135	135 436	324 324	324 588	Level 2
Balances and Deposits with banks and financial institutions	3 597 205	3 598 936	2 918 348	2 919 991	Level 2
Direct credit facilities at amortized cost	11 050 831	11 077 995	10 539 256	10 566 771	Level 2
Other Financial assets at amortized cost	5 171 075	5 223 265	4 697 969	4 746 562	Level 1 & 2
Total financial assets not calculated at fair value	23 242 730	23 324 519	21 979 506	22 057 991	
Financial liabilities not calculated at fair value					
Banks' and financial institutions' deposits	2 277 672	2 278 310	1 752 700	1 753 816	Level 2
Customer deposits	17 095 378	17 161 230	15 794 047	15 862 573	Level 2
Cash margin	1 842 770	1 853 648	2 449 621	2 462 460	Level 2
Borrowed funds	5 400	5 428	1 500	1 511	Level 2
Total financial liabilities not calculated at fair value	21 221 220	21 298 616	19 997 868	20 080 360	

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. 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, 2014			JD'000
	Within 1 year	After 1 year and before 5 years	After 5 years	Total
Letters of credit	1 185 194	44 525	-	1 229 719
Acceptances	589 499	5 928	-	595 427
Letters of guarantee:				
- Payment guarantees	837 629	83 659	3 125	924 413
- Performance guarantees	1 740 560	1 298 885	93 031	3 132 476
- Other guarantees	2 767 180	1 237 870	161 194	4 166 244
Unutilized credit facilities	2 854 898	187 582	8 859	3 051 339
Total	9 974 960	2 858 449	266 209	13 099 618
Constructions projects contracts	-	5 720	-	5 720
Procurement contracts	4 525	3 025	-	7 550
Operating lease contracts	64	3 315	3 899	7 278
Total	4 589	12 060	3 899	20 548

JD '000

December 31, 2013

	Within 1 year	After 1 year and before 5 years	After 5 years	Total
Letters of credit	1 038 882	39 643	-	1 078 525
Acceptances	538 462	1 556	18	540 036
Letters of guarantee:				
- Payment guarantees	1 346 649	49 680	3 556	1 399 885
- Performance guarantees	1 187 307	1 152 218	53 714	2 393 239
- Other guarantees	3 041 249	1 193 318	466 366	4 700 933
Unutilized credit facilities	2 292 751	220 569	2 850	2 516 170
Total	9 445 300	2 656 984	526 504	12 628 788
Constructions projects contracts	395	-	-	395
Procurement contracts	2 288	2 210	-	4 498
Operating lease contracts	46	3 907	2 722	6 675
Total	2 729	6 117	2 722	11 568

51. CAPITAL MANAGEMENT

The bank manages its Capital to Safeguard its ability to continue as a going concern while maximizing the return to shareholders. The composition of the regulatory capital as defined by Basel Committee is as follows:

	JD'000	
	December 31,	
	2014	2013
A- CORE CAPITAL		
Share capital	569 600	534 000
Statutory reserve	470 579	421 741
Voluntary reserve	614 920	614 920
Share premium	859 626	859 626
General reserve	1 066 674	1 066 674
Retained earnings*	443 939	240 594
Foreclosed assets	(7 949)	(4 101)
Total core capital	4 017 389	3 733 454
B- SUPPLEMENTARY CAPITAL		
Foreign currency translation reserve	(103 472)	14 371
Investment revaluation reserve	(178 066)	(182 357)
General banking risk reserve	200 468	189 783
Total supplementary capital	(81 070)	21 797
C. DEDUCTIBLE ITEMS	1 199 831	1 273 288
Regulatory capital (A+B-C)	2 736 488	2 481 963
Risk-weighted assets	17 982 801	17 024 838
Regulatory capital / risk-weighted assets	15.22%	14.58%
Core capital / risk-weighted assets	15.22%	14.58%

* Net after deducting deferred tax assets.

- The Board of Directors performs an overall review of the capital structure of the Bank on quarterly basis. As part of this review, the Board takes into consideration matters such as cost and risks of capital as integral factors in managing capital through setting dividend policies and capitalization of reserves.
- The minimum level of the capital adequacy ratio as defined by Basel Committee is 8% and 12% as per the instructions of the Central Bank of Jordan. The capital adequacy ratio is 15.22 % of the Bank as of December 31, 2014 (14.58% as of December 31, 2013).

52. TRANSACTIONS WITH RELATED PARTIES

The details of this item are as follows:

	December 31, 2014				JD '000
	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	1 189 218	111 785	159 670	168 894	
Associates companies	543 519	-	63 278	45 636	
Major shareholders and Members of the Board of Directors	-	301 956	432 661	39 978	
Total	1 732 737	413 741	655 609	254 508	

	December 31, 2013				JD '000
	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	1 481 506	116 817	237 056	184 844	
Associates companies	83 884	-	33 211	3 537	
Major shareholders and Members of the Board of Directors	-	337 851	450 513	41 216	
Total	1 565 390	454 668	720 780	229 597	

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

The details of transactions with related parties are as follows:

	2014		2013		JD '000
	Interest Income	Interest Expense	Interest Income	Interest Expense	
Subsidiaries and Sister companies	5 409	3 002	9 556	6 654	
Associated companies	424	24	280	104	
Total	5 833	3 026	9 836	6 758	

- Direct credit facilities granted to top management amounted to JD 0.6 million and indirect credit facilities JD 0.1 million as of December 31, 2014 (Direct credit facilities JD 0.7 million and indirect credit facilities JD 0.1 million as of December 31, 2013)
- 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 26.8 million for the year ended December 31, 2014 (JD 23.4 million for the year ended December 31, 2013).

53. ASSETS UNDER MANAGEMENT

There are no assets under management as of December 31, 2014 and 2013 -

54. CASH AND CASH EQUIVALENT

The details of this item are as follows:

JD'000

	December 31,	
	2014	2013
Cash and balances with central banks maturing within 3 months	3 856 796	4 217 193
Add: Balances with banks and financial institutions maturing within 3 months	3 313 566	2 676 405
Less: Banks and financial institutions deposits maturing within 3 months	2 214 917	1 662 201
Total	4 955 445	5 231 397

55. LEGAL CASES

A. A certain number of civil lawsuits seeking damages were filed against Arab Bank plc in which it was alleged that the Bank provided financial services to individuals and entities who were characterized in the claims as "terrorists" and "terrorist organizations" operating in the Palestinian Territories. The plaintiffs claimed that the Bank's provision of these financial services constituted material support for terrorism, which resulted in their death or injury, and for which they seek damages.

After a trial in the Eastern District of New York, on September 22, 2014, the jury found the Bank civilly liable for the claims of approximately 300 plaintiffs. The Bank has filed two motions with the District Court: one seeking the entry of Judgment as a Matter of Law and the other a New Trial. The Bank has also filed a motion for certification of the liability verdict in order to be able to seek an immediate interlocutory appeal. These are all steps initiated by the Bank in order to accelerate the appeal process. The Judge has not ruled on these motions as of this date and the Bank is considering the filing of an interlocutory appeal without his permission.

After the liability verdict, Plaintiffs requested a damages trial for all plaintiffs at issue in the liability phase. The Court rejected this request and will instead proceed with a "bellwether" damages trial limited to three incidents and 17 plaintiffs. This trial will commence on July 13, 2015.

At the conclusion of the first damages trial, the Bank will file an appeal as of right.

In the opinion of counsel handling this matter as well as appellate counsel retained by the Bank, the Bank's position is strong, and they are confident that there is a high likelihood of success on appeal and the outcome of the lawsuit.

In the year 2005, the Bank in New York entered into an agreement with the Office of the Comptroller of the Currency pursuant to which the branch was converted into a Federal Agency with limited operations in compliance with the provisions of the U.S. Federal Banking Act. It was also agreed that the Federal Agency would be allowed to maintain financial assets in the approximate amount of USD 420 million.

B. There are other lawsuits filed against the Bank totaling JD 95.1 million as of December 31, 2014 (JD 42.6 million as of December 31, 2013).

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 3 million as of December 31, 2014 (JD 3 million as of December 31, 2013).

56. COMPARATIVE FIGURES

Some of the comparative figures for the year 2013 have been reclassified to correspond with the year 2014 presentation and didn't cause any changes in last year's operating results.



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INDEPENDENT AUDITOR'S REPORT

AM / 218

To the Shareholders
Arab Bank plc
Amman – Jordan

We have audited the accompanying financial statements of Arab Bank plc (a Public Shareholding Company), which comprise the statement of financial position as of December 31, 2014, 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.

Management's Responsibility 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including an assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal controls relevant to the Bank's preparation and fair presentation of the financial statements 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 controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Arab Bank plc as of December 31, 2014, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Additional Statement

We refer to disclosure number (55) in the attached financial statements in relation to the lawsuit filed against the Bank in the United States of America in 2004. This has no impact on our clean opinion above.

Report on other Legal and Regulatory Requirements

The Bank maintains proper accounting records and the accompanying financial statements are in agreement therewith and with the financial statements presented in the Board of Directors' report. We recommend that the General Assembly of Shareholders to approve these financial statements.

Amman – Jordan
January 29, 2015


Deloitte & Touche (M.E.) – Jordan

Deloitte & Touche (M.E.)
Public Accountants
Amman - 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 2015.



Sabih Taher D. Masri
Chairman



Samir Farhan K. Kawar
Deputy Chairman



Saleh Bin Saad A. Al-Muhanna
Representing
The Ministry of Finance
Saudi Arabia



Nazik Assad Odah/Al-Hariri



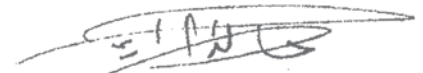
Wahbe Abdullah W. Tamari



The Social Security Corporation



Mohammed Ahmed M. Hariri



Khaled Anis M. (Zand Irani)
Representing
Abdul Hamid Shoman Foundation



Abbas Farouq A. Zuaiter



Bassam Wael R. Kanaan

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 Taher D. Masri
Chairman



Samir Farhan K. Kawar
Deputy Chairman



Saleh Bin Saad A. Al-Muhanna
Representing
The Ministry of Finance
Saudi Arabia



Nazik Assad Odah/Al-Hariri



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Abbas Farouq A. Zuaiter



Bassam Wael R. Kanaan

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 2014.

Sabih Taher D. Masri
Chairman

Nemeh Elyas Sabbagh
Chief Executive Officer

Dawod Al-Ghoul
Group Chief Financial Officer

Introduction	292
The Pillars of the Code	292
1) Commitment to Corporate Governance	292
2) The Board of Directors	293
a) General principles	293
b) The Chairman and the General Manager	293
c) The role of the Chairman of the Board	293
d) Composition of the Board	294
e) Board practices	295
f) Board activities: appointments, succession & development	295
g) Board activities: self-assessment and the General Manager performance appraisal	296
h) Board activities: planning, controls, code of conduct, conflict-of-interest policy	296
3) Board Committees	297
a) General principles	297
b) The Corporate Governance Committee	298
c) The Audit Committee	298
d) The Selection and Remuneration Committee	298
e) The Risk Management Committee	299
f) The Corporate Strategy Committee	300
4) Control Environment	300
a) Internal controls	300
b) Internal audit	301
c) External audit	301
d) Risk management	301
e) Compliance	302
5) Treatment of Shareholders	302
6) Transparency and Disclosure	303
Clarification concerning the Corporate Governance Guide	305

Introduction

Arab Bank attaches considerable importance to the good corporate governance practices and is committed to applying the highest standards of professional competence in all its activities. The Bank follows the guidelines of the Central Bank of Jordan, which are based on Basel Committee recommendations on corporate governance. It also observes the regulatory requirements of other countries in which it operates.

Arab Bank pioneered corporate governance practices in the Middle East. In early 1996 the Audit Committee was established, and in 2002, a special committee for corporate governance was created. In 2006, the Selection and Remuneration Committee was formed, and in year 2007 the Risk Management Committee and the Corporate Strategy Committee were established. The Board, with all its members in attendance, holds regular and extraordinary meetings to discuss the strategic direction of the Bank and the changes in the key indicators affecting the general strategy of the Bank.

This Corporate Governance of the Bank is based on the Code of Corporate Governance for Banks in Jordan issued by the Central Bank of Jordan. It is in alignment with the current Jordanian Banking Law, the current Jordanian Corporations Law and the Articles of Association and Memorandum of Association of the Bank.

This Code will be kept under review, and will be developed and amended as required from time to time to meet the changing needs and expectations of the Bank and the marketplace.

The Pillars of the Code:

1) Commitment to Corporate Governance

The Bank has a well established framework for good corporate governance which provides a solid basis for an effective relationship between the Bank, its Board of Directors, its shareholders and other interest groups. The general framework for corporate governance ensures equitable treatment for all shareholders, and recognizes the established legal rights of both minority and foreign shareholders. It also guarantees the availability of timely and precise information in all material matters concerning the Bank along with the accountability of the Board to the Bank and the shareholders.

The Bank has prepared this Code in compliance with the requirements of the Code of Corporate Governance for Banks in Jordan issued by the Central Bank of Jordan. This Code also reflects the needs and policies of the Bank. This Code has been approved by the Board in its meeting on 30/12/2007 and an up-to-date version of the Code is available to the public on request and is also posted on the Bank's website.

The Bank publicly reports its compliance with the Code on an annual basis, where necessary detailing how each provision of the Code has been implemented and, where relevant, where and why the Bank's executive management has adopted procedures that are different from those recommended by the Code.

2) The Board of Directors

a) General principles

- i) The primary responsibility of the Board is to protect and maximize the interests of the shareholders in the long term. For this purpose the Board bears the full responsibility for corporate governance, including setting the strategy of the Bank and the goals of the executive management and overseeing the implementation to achieve those goals.
- ii) The Board of Directors has overall responsibility for the operations and the financial soundness of the Bank. It aims to ensure that the interests of shareholders, depositors, creditors, employees, and other stakeholders, including the Central Bank of Jordan, are met. The Board ensures that the Bank is managed prudently, within the framework of laws and regulations and the Bank's own policies.

The Bank affirms that the obligations of each Director are owed to the Bank as a whole, and not to any particular shareholder.

- iv) The Board sets the Bank's strategic goals, as well as overseeing the executive management of the Bank. The day-to-day operations of the Bank are the responsibility of executive management, but the Board as a whole ensures and certifies that internal control systems are effective and that the Bank's activities comply with strategy, policies and procedures approved by the Board or as required by law or regulation. As a critical element of these internal controls, the Board ensures that all dimensions of the Bank's risk are managed properly.

b) The Chairman / General Manager

- i) The position of Chairman of the Board is separated from that of General Manager. In addition, there is no family relationship up to the third degree between the Chairman and the General Manager. The division of responsibilities is to be set in writing and to be approved by the Board and is subject to review and from time to time as necessary.
- ii) If the Chairman is also an executive, then the Bank will consider appointing an independent member of the Board as a Deputy Chairman to act as an independent resource and conduit for shareholders. The Chairman is an executive if he is a full-time employee and has an operational position in the Bank.
- iii) The status of the Chairman (whether executive or non-executive) should be publicly disclosed.

c) The role of the Chairman of the Board

- i) The Chairman promotes a constructive relationship between the Board and the Bank's executive management, and between the executive Directors and the non-executive Directors.

- ii) The Chairman promotes a culture in the boardroom that encourages constructive criticism and presentation of alternative views on certain issues under consideration, and encourages discussion and voting on those issues.
- iii) The Chairman ensures that both Directors and the Bank's shareholders receive adequate and timely information.
- iv) The Chairman ensures high standards of corporate governance by the Bank.

d) Composition of the Board

- i) The Board shall be comprised of eleven members. It shall be elected by the Annual General Assembly for a term of four years. The Chairman shall be elected by the members of the Board.
- ii) The composition of the Board should attempt to obtain the optimal mix of skills and experience that enable each of them to participate in the Board discussions with full independence. The Board shall include the General Manager and non-executive members (members who do not occupy operational position in the Bank).
- iii) To foster the Board's independence, the Bank's policy is that the Board should have at least three independent Directors.
- iv) An 'independent' Director (whether a natural person or representing legal entity) is one whose directorship constitutes his/her only connection to the Bank, and whose judgment is therefore unlikely to be influenced by external considerations. Minimum standards for an 'independent' Director include:
 - (1) A person who has not been employed by the Bank for the preceding three years;
 - (2) Is not a relative (up to the second degree) of an executive of the Bank;
 - (3) Is not receiving payment or compensation from the Bank (other than as a Director);
 - (4) Is not a director or owner of a company with which the Bank does business (other than business relationships made in the ordinary course of business of the Bank and on substantially the same terms as those prevailing at the time for comparable transactions with non-affiliated parties);
 - (5) Is not, nor in the past three years has been, affiliated with or employed by a present or former external auditor of the Bank; and
 - (6) Is neither a shareholder with an effective interest in the capital of the Bank nor affiliated with one.

e) Board practices

- i) In order to ensure that a full range of topics is considered, the Bank's Board meetings take place at least six times a year.
- ii) The executive management is to schedule a specific topic(s) to be highlighted at each meeting.
- iii) The topics at each meeting shall be discussed comprehensively.
- iv) The Bank's policy is that the Board should include independent element in order that it can exercise objective judgment and to maintain a level of checks and balances to balance the influence of all parties, including executive management and significant shareholders, and ensures that decisions are taken in the Bank's best interest.
- v) The Bank should provide adequate information to Directors sufficiently in advance of meetings to enable them to reach informed decisions.
- vi) The Board Secretary shall record the discussions at all Board meetings.
- vii) The responsibilities of the Board are clearly identified in accordance with relevant legislation. Each Director of the Bank is provided with a formal appointment letter upon his/her election, in which he/she is advised about his/her rights, responsibilities and duties.
- viii) All banking transactions that require Board approval are clearly defined in writing, including:
 - The authority of the Board to approve loans larger than a set amount.
 - The authority of the Board to deal with related parties.
- ix) Directors will keep themselves informed of developments within the Bank, and in the banking industry as a whole, both local and international. The Bank shall provide the Directors with appropriate briefings regarding its activities.
- x) Communication between Directors and committees of the Board with executive management should be facilitated.
- xi) The Bank has drawn up an organizational chart, showing lines of reporting and authority including Board committees and executive management. The portion of the chart showing the more senior levels is made public.
- xii) In addition to the arrangement of Board meetings and the taking of meeting minutes, the Board Secretary shall ensure that Board procedures are followed, and that information is conveyed between the members of the Board, the members of the Board Committees, and the executive management. The function and duties of the Board Secretary are formally defined in writing and, in accordance with this level of responsibility, and the Board Secretary's appointment as well as his/her removal is taken by the unanimous decision of the Board.

f) Board activities: appointments, succession and development

- i) The Board's policy is to appoint a General Manager with proven integrity, technical competence, and experience in banking.

- ii) The Board is required to approve the appointment of some senior executives such as the Chief Financial Officer and the Head of Internal Audit, and to ensure that they have the requisite skills.
- iii) The Board shall, with respect to appointment, succession and development, ensure:
 - The existence of a regulation for occupational levels and grading and another for salary and benefit based on classification and evaluation methodology.
 - The existence of career path plans, succession plan, performance management plan, and succession plans for executive managers, which list requirements and competences.
 - That the Bank regularly reviews the staff regulations, instruction and benefits, to ensure maximizing the competitiveness of the Bank in response to the latest global trends in Human Resource for the purpose of attracting and retaining high effective personnel.
 - That the Bank focuses on providing high level professional qualification programs in areas of expertise needed by the Bank, especially in the fields of compliance, risk management, information security systems and bank secrecy, and that it offers employees the opportunity to gain those qualifications.

g) Board activities: self-assessment and the General Manager performance appraisal

- i) The Board assesses, at least once a year, its own performance as a Board, as well as the standards of accuracy and fairness of the financial statements of the Bank and the extent of compliance with the regulations, using specific and approved evaluation methods. The evaluation method shall be objective and comparable to those used by other similar banks and financial institutions.
- ii) There should be a formal annual evaluation of the General Manager by the Board.

h) Board activities: planning, controls, code of conduct, conflict of interest policy

- i) The Board establishes the Bank's business objectives, and draws up and approves the business strategy for achieving those objectives. Through a planning process, involving input from the Bank's various departments, the executive management draws up business plans that are consistent with these strategies. The Board is required to approve the strategy, and the business plans, and review the Bank's performance against the plan, ensuring that corrective action is taken as needed. The Bank's budgeting process is part of the short-term planning and performance measurement.

- ii) The Board ensures that the Bank maintains a high degree of integrity in its operations. Formal policies, including a code of conduct, and definitions and controls on conflicts of interest and insider dealing, have been established and published. All employees and Directors are required to give their assent to these. The policies include the following:
 - (1) Rules and procedures for related party transactions between the Bank and its employees or Directors or their companies, or other related parties, including lending and share trading transactions. Furthermore bank loans extended to Directors and/or their companies are made at market rates and not on preferential terms and the Directors involved in any such transaction do not participate in discussions, nor vote on them. Related party transactions are subject to individual approval by those Directors of the Bank who are unrelated to the transaction, and they are disclosed in the Bank's annual report. The Bank's internal controls ensure that all related party transactions are handled in accordance with this policy.
 - (2) Clear controls preventing Directors or employees benefiting from the use of insider information are in place.
- iii) The Bank has written policies covering all significant bank activities. Such policies are regularly reviewed to ensure that they conform to any changes in laws and regulations, the economic environment and other circumstances affecting the Bank.
- iv) The Bank as part of its lending and credit approval process, assesses the quality of corporate governance in its corporate borrowers, especially public shareholding companies, including the strength or weakness of their corporate governance practice.

3) Board Committees

a) General principles

- i) The Board is ultimately responsible for the conduct of the Bank's affairs, but for greater efficiency, Board Committees have been set up with formally delegated objectives, authorities, responsibilities and tenure. The Board Committees regularly report to the full Board and do not substitute for the Board and its' responsibilities.
- ii) There is a formal and transparent process for appointments to the Board Committees. The membership of Board Committees, together with summaries of their responsibilities and duties, are disclosed in the Bank's annual report.
- iii) The Board may decide to combine the functions of several Committees if appropriate or if administratively more convenient.

b) The Corporate Governance Committee

- i) The corporate governance committee consists of the Chairman and three non-executive members.
- ii) The committee oversees corporate governance practices within the Bank and ensures that all aspects of corporate governance are complied with.
- iii) The Committee assumes the responsibility of updating and implementation of this Code.

c) The Audit Committee

- i) The Bank has an Audit Committee that comprises at least three non-executive Directors. Membership of the Audit Committee is disclosed in the Bank's annual report.
- ii) The Bank's policy is that at least two members of the Audit Committee should have relevant financial management qualifications and/or expertise and at least two members of the Audit Committee are independent Directors.
- iii) The Audit Committee has all the duties and responsibilities required by the Banking Law and other relevant laws and regulations, including the duties to review:
 - (1) the scope, results and adequacy of the Bank's internal and external audits,
 - (2) the accounting judgments that are intrinsic to the financial statements; and
 - (3) the Bank's internal controls.
- iv) The Audit Committee recommends to the Board the appointment or the removal, the remuneration, and other contractual terms of the external auditors, in addition to assessing the objectivity of the external auditors, including the consideration of any other non-audit work performed by the external auditors.
- v) The Audit Committee has the ability to obtain any information from executive management, and the ability to call any executive or Director to attend its meetings.
- vi) The Audit Committee meets each of the Bank's external auditors, its internal auditors and its compliance officers, without the presence of the executive management, at least once a year.
- vii) The Bank recognizes that the Audit Committee does not substitute for the responsibilities of the Board or the Bank's executive management for the supervision and adequacy of the Bank's internal control systems.
- viii) The Audit Committee approves the annual audit plan and oversees its implementation. It also reviews audit reports and is responsible to oversee the Internal Audit Department.

d) The Selection and Remuneration Committee

- i) The Selection and Remuneration Committee consists of a minimum of three non-executive Directors, the majority of which (including the Committee chairman) are independent.
- ii) The Committee determines whether a Director is 'independent' based on the minimum standards for independence set out in this Code.

- iii) It is responsible for providing background briefing material for Directors as requested, as well as ensuring that they are kept up to date on relevant banking topics. The Bank encourages Directors to attend seminars and events that allow them meet local and international organizations, entities and companies.
- iv) The Committee agrees to the remuneration of the key members of the executive management at the Bank, and recommends to the Board of Directors the appointment of the following positions:
 1. Chief Executive Officer
 2. Deputy Chief Executive Officer
 3. Chief Financial Officer
 4. Head of Risk Management Division
 5. Head of Internal Audit Division
 6. Head of Compliance Officer
 7. Head of Legal Affairs Division
- v) The Committee ensures that the Bank has a remuneration policy, which is sufficient to attract and retain qualified individuals, and is in line with the Bank's peers in the market.
- vi) A summary of the Bank's remuneration policy is disclosed in the Annual Report. In particular, the remuneration of individual Directors and the highest paid non-Director executives is disclosed, including salary and benefits in kind.
- vii) Nothing prevents the Selection and Remuneration Committee from nominating members of the Board for a new term according to the Companies Law, taking into consideration their attendance, quality and extent of their participation in the Board meetings. In accordance with the Companies Law, the tenure of the Board expires every four years from the date of election, and each Director may submit himself/herself for re-election at the Annual General Assembly.

e) The Risk Management Committee

- i) The Risk Management Committee is comprised of three Board Members in addition to the Chief Executive Officer and the Head of Risk Management.
- ii) The Board reviews and approves the risk management strategies and policies of the Bank. Executive management is responsible for implementing the strategies that have been approved by the Board, and for developing the policies and procedures for managing the various types of risks.
- iii) The structure and development of a coherent and comprehensive risk management department within the Bank is to be proposed by executive management, reviewed by the Risk Management Committee, and approved by the Board.
- iv) The Bank considers that, owing to the rapid development and increasing complexity of risk management, the Risk Management Committee should keep itself fully informed of developments in the Bank's risk management. Accordingly, the Committee makes regular reports of this to the Board.

- v) The Board ensures that the Bank has an effective control system and is responsible to oversee its effectiveness. The Board also approves risk management policies and defines their framework.

F) The Corporate Strategy Committee

- i) The Corporate Strategy Committee is comprised of three Board Members in addition to the Chairman; the Chief Executive Officer and the Deputy Chief Executive Officer.
- ii) The Corporate Strategy Committee has the following duties:
 - (1) Oversees all issues related to the Strategy of the Bank and formulates general policies to effectively implement that strategies.
 - (2) Approves strategic decisions and oversees the work of the executive management and management team with regard to;
 - Strategy and business plans
 - Corporate actions
 - (3) Reviews and approves any new investments, acquisitions, mergers and expansion in new markets, and selling of assets of the Bank or of its subsidiary or affiliate companies.

4) Control Environment

a) Internal controls

- i) The Bank's structure of internal controls is reviewed at least once a year by internal and external auditors.
- ii) The Board provides a statement in each annual report on the adequacy of the Bank's internal controls on its financial reporting, it contains:
 - (1) A statement of executive management's responsibility for establishing and maintaining adequate internal control over financial reporting for the Bank;
 - (2) A statement identifying the framework used by executive management to evaluate the effectiveness of the Bank's internal controls;
 - (3) The executive management's assessment of the effectiveness of internal control up to the date of the financial statements included in the annual report;
 - (4) Disclosure of any material weaknesses in the internal controls (i.e. a significant deficiency or combination of significant deficiencies that result in the possibility that a material misstatement will not be prevented or detected);
 - (5) A statement that the Bank's external auditor has issued an attestation on the executive management's assessment of the effectiveness of internal controls.

- iii) The Bank has established arrangements that allow staff to confidentially raise concerns about possible irregularities, and that allow for such concerns to be independently investigated and followed up. Such arrangements are overseen and monitored by the Audit Committee.

b) Internal audit

- i) The Bank's policy requires the Internal Audit function of the Bank to be adequately resourced, trained and remunerated. It is to be provided full access to Bank records and staff members and should be given sufficient standing and authority within the Bank to adequately carry out its task. The functions, powers and responsibilities of Internal Audit are documented within the Internal Audit Charter which is approved by the Board and published within the Bank.
- ii) Internal Audit function reports primarily to the Chairman of the Audit Committee.
- iii) To promote independence, internal audit staff do not also have operational responsibilities. The internal audit function is responsible for proposing the structure and scope of the audit schedule, and any potential conflicts of interest are to be reported to the Audit Committee.
- iv) The internal audit function's reports may be discussed with the departments and operational units being reviewed, but it is allowed to operate and make a full and honest report without outside influence or interference.
- v) The primary responsibility of the internal audit function and for conducting risk focused audits, is at least the review of:
 - (1) The Bank's financial reporting, ensuring that significant financial, managerial, and operating information is accurate, reliable and timely; and
 - (2) Compliance with internal policies, international standards and procedures, and applicable laws and regulations.

c) External audit

- i) The Bank requires the regular rotation of the external audit between auditing firms. Should this no longer be practical, then the Bank will at a minimum require the regular rotation of the principal partner in charge of the external audit.
- ii) The external auditors' report is submitted to both the Audit Committee and the Annual General Assembly. The external auditors meet with the Audit Committee, without executive management present, at least once a year.

d) Risk Management

- i) The Risk Management department within the Bank reports to the Risk Management Committee of the Board, and on a day-to-day operational basis it reports to the General Manager.

- ii) The responsibilities of the Bank's Risk Management department include:
 - (1) Analysis of all risks including credit risk, market risk, liquidity risk and operational risk;
 - (2) Development of methodologies for the measurement and control of each risk;
 - (3) Recommendation of limits to Risk Management Committee, and the approval, reporting and recording of exceptions to policy;
 - (4) Provision of information on risk metrics and on the Bank's risk profile to senior management and to the Board which reviews the risk statistics of the Bank, both qualitative and quantitative, at each regular Board meeting; and
 - (5) Provision of risk information for use in the Bank's public statements and reporting.
- iii) The functions of the Risk Management department are assisted by a network of properly constituted, authorized, and documented committees such as credit committees, assets and liabilities/treasury committees, and operational risk committees.
- iv) The structure, operation, and ongoing development of the Bank's Risk Management Department are discussed and explained in the Bank's public documents, primarily in its annual report.

e) Compliance

- i) The Bank's policy is that it has an independent compliance function which is adequately resourced, trained and remunerated in accordance with the Central Bank's instructions in this regard.
- ii) The compliance function establishes effective mechanisms to ensure that the Bank complies with all applicable laws and regulations, and any non-statutory guidelines and codes. The powers and responsibilities of the compliance function are documented and published within the Bank.
- iii) The compliance function is responsible for developing the compliance policy of the Bank and ensuring its implementation throughout the Bank. The Board is responsible for approving the compliance policy and overseeing its implementation.
- iv) The compliance function reports on operational compliance within the Bank to the Chairman or a committee of the Board, copying the General Manager on each report, in accordance with the Central Bank's instructions in this regard.

5) Treatment of Shareholders

- i) The Bank takes proactive steps to encourage shareholders, in particular minority shareholders, to participate in the Annual General Assembly, and also to vote either in person or in their absence by proxy.
- ii) The Bank's policy is that the chairmen of all Board Committees should be present at the Annual General Assembly, and are invited to address relevant questions from shareholders.

- iii) Representatives from the external auditors are present at the Annual General Assembly to answer questions about the audit and their auditors' report.
- iv) The Bank's policy requires voting on each separate issue that is raised at the Annual General Assembly.
- v) As required by the Companies Law, Directors submit themselves for election or re-election at the Annual General Assembly, as provided by the Memorandum of Association of the Bank, and the Bank's external auditors are elected at the Annual General Assembly.
- vi) Notes, minutes, and a report of the proceedings of the Annual General Assembly, including the results of voting, and the questions from shareholders and executive management's responses, are prepared and made available to shareholders after the Annual General Assembly.

6) Transparency and Disclosure

- i) The Bank is required to disclose in accordance with the International Financial Reporting Standards (IFRS), the Banking Law and instructions issued pursuant thereto, and other relevant legislation. Furthermore, the Bank acknowledges that financial reporting practices and the level of transparency required of financial institutions is changing rapidly. The Bank's executive management reports on these developments to the Board, and makes recommendations for the regular enhancement of the Bank's own disclosure practices, beyond those required by the Central Bank of Jordan.
- ii) The Bank recognizes its obligation to provide meaningful information on its activities to shareholders, depositors, financial market counterparts, regulators and the public in general. It also has a duty to address shareholder concerns. The Bank's disclosure of such information on a timely basis should be available to all.
- iii) The Board accepts responsibility for the Bank's financial statements and the contents of the Annual Report, for their accuracy, and for their completeness.
- iv) The Bank commits to maintaining the following information channels with its shareholders, depositors, financial market counterparts, regulators and the public in general:
 - (1) A professionally-staffed investor relations function that provides comprehensive, objective, and up-to-date information on the Bank, its financial condition and performance, and its activities;
 - (2) The Annual Report, produced after the end of the financial year;
 - (3) Quarterly reports, providing quarterly financial information and the Board's report on the Bank's stocks trading and financial condition during the year;
 - (4) Regular meetings between senior executives of the Bank and investors and shareholders;
 - (5) Regular briefings by senior executives of the Bank, especially the General Manager and the Chief Financial Officer, for shareholders, financial market analysts, and financial journalists; and

- (6) Information provided through the Bank's annual report, or its quarterly reports, and the text of any public presentations given by executives, is made available to interested parties both in writing through the Bank's investor relations function, and in a timely manner on the Bank's website, in both Arabic and English.
- v) In its annual reports and quarterly reports, the Bank's executive management includes 'Management Discussion and Analysis' (MD&A) which enables investors to understand current and future operating results and the financial condition of the Bank, including the possible impacts of known trends and events and uncertainties. The Bank commits to ensuring that such commentary is reliable, complete, fair and balanced, and understandable, and is grounded in the Bank's financial statements as reported.
- vi) As part of its commitment to transparency and full disclosure, the Bank includes the following information in its annual report:
- (1) Its Corporate Governance Code, and annual details of its compliance,
 - (2) Information on each individual Director: qualifications and experience, shareholding in the Bank, whether an independent, non-executive, or executive Director, the membership of Board Committees, dates of appointment to the Board, other directorships, attendance at Board and Board Committee meetings, remuneration, loans from the Bank and other transactions between the Bank and the Director or his companies or other related parties;
 - (3) Summary organization chart;
 - (4) Summaries of the terms of reference of Board Committees, and any authorities delegated by the Board to Board Committees;
 - (5) The frequency of Board and Board Committee meetings;
 - (6) Summary of the remuneration policy including remuneration of highest paid members of the executive management;
 - (7) Statement by the Board of the adequacy of internal controls;
 - (8) A description of the structure and activities of the risk management department;
 - (9) A list of the largest shareholders of the Bank (for example, individual or related parties holding or controlling more than 10% of shares), identifying the ultimate beneficiaries of such interests, if this is needed for explanation.

The Arab Bank confirms its commitment to the application of the provisions and terms contained in the Guide to Corporate Governance adopted by the Board of Directors.

Disclose the extent of obligation to apply the guidelines of the Corporate Governance Guide for listed companies in the Amman Stock Exchange.

Company name : **Arab Bank**
Fiscal year : **2014**
Chairman of the Board of Directors : **Sabih Taher Darwish Masri**
Chief Executive Officer : **Nemeh Sabbagh**

The company is committed to all the rules, as it is committed to the rules guiding in line with the nature and type of activity / business banking and in accordance with the provisions and laws in force and applicable, and that the rules guiding the company fails it is set out, consequently, and pointing towards them justification for non-compliance by: -

No.	Rule	Cause
1-	Members of the board will be elected in accordance with the cumulative method of voting by the company's general assembly and in secret ballot. (Indicative Rule)	What is happening to the Companies Control Department and in accordance with the provisions of the Companies Act is the election to all candidates or for some candidates or to one not exceeding the number of the company's board In accordance with the article of the association of the company.
2-	Board of Directors sends invitations to each shareholder to attend the meeting of the General assembly by e-mail, before 21 days of the due date for the meeting, to be set up arrangements and appropriate procedures for the convening of the meeting, including choosing the place and time. (Indicative Rule)	The company is committed to send the invitations to the shareholders to attend the meeting of the General Assembly in accordance with the provisions of Article (144) of the Companies law.
3-	The date and venue of the General Assembly meeting will be announced in three local daily newspapers and at least twice on the company's website. (Indicative Rule)	The company commits to announce the date and venue of the meeting of the General Assembly in accordance with the provisions of Article (145) of the Companies law.
4-	Distribute the annual dividends of the company within thirty days after the decision has been taken in the general assembly meeting (Indicative & Obligated Rule)	The company commits to distribute dividends within 45 days from the date of issuance of the decision, and distributed in accordance with the provisions of the Article (191 / c) of the Companies Act.

Agenda of the 85th Ordinary General Assembly:

1. Reciting the minutes of the previous ordinary meeting of the 84th General Assembly.
2. Discussion and approval of the report of the Board of Directors for the fiscal year 2014 and the future business plan of the company .
3. Discussion of the auditors' report on the financial statements of the Bank for the fiscal year 2014.
4. Discussion and approval of the financial statements and balance sheet of the Bank for the fiscal year 2014, and adoption of the recommendation of the Board of Directors to pay dividends to shareholders at the rate of JOD 0.120 per share, i.e. 12% of the nominal value of the share being JOD 1.00.
5. Release of the members of the Board of Directors from liability for the fiscal year 2014.
6. Election of the Bank's auditors for the fiscal year 2015 and determining their remuneration.
7. 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.

Agenda of the Extraordinary General Assembly:

- The issuance of 71.2 million bonus shares to be distributed to the shareholders as at the end of the fifteenth day of the registration date of the securities with the Jordan Securities Commission by two bonus shares for every sixteen shares.
- The amendment of Article (6) of the Memorandum of Association of the company (Bank) to read as follows:

"The capital of the Company shall be 640 800 000 (six hundred forty million and eight hundred thousand Jordanian dinars) divided into 640 800 000 (six hundred forty million and eight hundred thousand) shares, each share with a nominal value of one Jordanian Dinar."- Approval of the General Assembly to the above decision is subject to the approval of the Central Bank of Jordan, the Ministry of Industry and Trade and the Jordan Securities Commission.
- Approval of the General Assembly to the above decision is subject to the approval of the Central Bank of Jordan, the Ministry of Industry and Trade and the Jordan Securities Commission.
- Arab Bank plc trading unit shall be 18 shares in Arab Bank plc versus one share in Arab Bank (Switzerland) .

Main Head Office Address and Address of Each Branch

Country	Address	
	General Management PO BOX 950545 Amman 11195 Jordan	Tel. 00962 (6) 5600000 00962 (6) 5660140 Fax. 00962 (6) 5606793 00962 (6) 5606830
Jordan	Amman PO Box 144186 Amman 11814 Jordan	Tel. 00962 (6) 4638161/9 Fax. 00962 (6) 4637082
	Shmeisani PO Box 144186 Amman 11814 Jordan	Tel. 00962 (6) 5000013 Fax. 00962 (6) 5670564
Palestine	PO Box 1476, Grand Park Hotel Street 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. Building No. 2	Tel. 00971 (4) 3737400 Fax. 00971 (4) 3385022
Lebanon	PO Box 11-1015 Riad El Solh 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. 00 202 3332 8500 Fax. 00 202 333 88618
Yemen	PO Box 475 & 1301 Zubairi Sana'a	Tel. 00967 (1) 276585/93 Fax. 00967 (1) 276583
Morocco	PO Box 13810 174 BD MED Casablanca	Tel. 00212 (5) 2222 3152 Fax. 00 212 (5) 22220233
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) 60 87 08
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 Street 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)	Samwha Bldg., 4th Floor 21 Sogong-Dong, Chung-ku Seoul 100-070 Korea	Tel. 0082 (2) 775 4290 Fax. 0082 (2) 775 4294
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

Country	Address	
Spain	Paseo de la Castellana 31, 28046 Madrid	Tel. 0034 (91) 3084290 Fax. 0034 (91) 3086484
Germany	Bockenheimer Landstrasse 24 60323 Frankfurt am Main	Tel. 0049 (69) 242590 Fax. 0049 (69) 235471
Austria	Mahlerstrasse 7 Top 15+16 1010 Vienna	Tel. 00431 513 4240 Fax. 00431 5134 2409
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.	Zurich Bahnhofstrasse 46 PO Box 2023 CH – 8022 Zurich	Tel. 0041 (44) 2657111 Fax. 0041 (44) 2657330
Finance Accountancy Mohassaba	Geneva 10-12 Place de Longemalle PO Box 3575 CH – 1211 Geneva 3	Tel . 0041 (22) 7151211 Fax. 0041 (22) 7151311
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.	Al- Rabia, Abdullah Bin Rawaha St., Bldg. No. 1 PO Box 143156 Amman 11814 Jordan	Tel. 00962 (6) 5522239 Fax. 00962 (6) 5519064
Al Arabi Investment Group Co.	Rammallah, Old Town, PO Box 1476 Ramallah, Palestine	Tel. 00970 (2) 2980240 Fax. 00970 (2) 2980249

Country	Address	
Arab Sudanese Bank	Wahat El- Khartoum Towers, PO Box 955 Khartoum, Sudan	Tel. 00249 (15) 6550001 Fax. 00249 (15) 6550003
Arab Investment Bank	Riad El- Solh - Banks St., Commercial Buildings Co. Bldg. PO Box 2230-1107-7000 Riad El- Solh, Beirut-Lebanon	Tel. 00961 (1) 985111 00961 (1) 985222 Fax. 00961 (1) 987333
Arab Tunisian Bank	9 Rue Hadi Noura, 1001 Tunis	Tel. 00216 (71) 351155 Fax. 00216 (71) 342852
Al Nisr Al Arabi Insurance Co.	Esam Ajlouni St., Bldg. no. 21, Shmeisani 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 A.S	19 Mayis Mah. 19 Mayis Cad. Sisli Plaza A Block 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., Phiniqia St. PO Box 2172 - 11 Beirut – Lebanon	Tel. 00961 (1) 363610 Fax. 00961 (1) 363659
Commercial Building Co.	Riad El- Solh, Banks St., PO Box 6498-11 Beirut-Lebanon	Tel. 00961 (1) 980750 00961 (1) 980751 00961 (1) 980752