

Arab Bank Group

Annual Report 2016



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Distinguished Shareholders,

The global economy has continued to slow down in 2016, especially in emerging and commodity-exporting economies. Global trade has also slowed down further. However, oil prices and trade started to stabilize towards the end of the year. On the other hand, political risk has increased in several parts of the world, with increased uncertainty regarding economic policies. Monetary normalization, with rising interest rates, has started in the U.S. and is having an impact on interest rates and exchange rates globally.

Regionally, economic growth in 2016 has also slowed down to its lowest rate in the past decade. Growth in the Arab region was affected by low oil prices, rising fiscal pressures and the impact of ongoing conflicts in some countries. Among Arab oil exporting countries, lower oil revenues and fiscal consolidation resulted in a slowdown in investment and consumption. Oil-importing countries faced a slowdown in remittances, foreign aid, investment, tourism, and trade. However, several economic indicators of the region appear to have stabilized by the end of the year.

These events have affected the Arab banking sector. Liquidity and credit conditions tightened as a result of lower economic growth, oil revenues and remittances. Foreign exchange pressures increased, with fluctuations in some currencies. Interest rates increased in most countries, especially those that have a fixed exchange rate against the U.S. dollar. These various challenges have affected the pace of asset growth and the performance of the banking sector.

Despite the various challenging circumstances, Arab Bank continued its solid performance driven by its cohesive institutional approach and prudent banking policies. The Bank's main performance indicators continued to grow in a sustainable manner with net operating income reaching USD1.1 billion, whilst the Group's net profit before tax reached USD 791 billion. Arab Bank's 2016 financial results reaffirm the success of the Bank's strategic direction which has led to reinforcing its capital base demonstrating the Bank's continued ability to achieve sound results against a highly competitive operating environment.

During the year, Arab Bank continued to carry out its strategy for development across the MENA region through its active participation in financing vital infrastructure, intra-regional trade and renewable energy projects whilst providing tailored financial solutions for SMEs and supporting entrepreneurs. This is in addition to the Bank's contributions towards achieving sustainable development at the economic, social, environmental, cultural and educational fronts as part of the Bank's corporate social responsibility.

As we conclude another year, we remain confident in the Bank's ability to achieve its strategic objectives and implement its ambitious vision by leveraging its extensive network, reinforcing its prudent risk management approach and expanding its financing and banking activities. This will hence diversify the Bank's income streams, maintain its solid performance and reinforce the Bank's leading position regionally and globally.

In conclusion, I would like to thank the Central Bank of Jordan for the effective and vital role it plays in maintaining the monetary stability in the Kingdom and in providing an attractive investment environment to stimulate sustainable economic growth.

My sincere thanks and appreciation also go to our shareholders for their loyalty and support and to our valued customers for their continued trust. I would also like to thank our employees for their outstanding performance, professionalism, loyalty and dedication to their institution.



Sabih Taher Masri
Chairman of the Board of Directors



Distinguished shareholders,

At the end of 2016, Arab Bank Group reported net profit after tax and provisions of USD 533 million compared to USD 442 million in 2015. The 20% growth in our net profit reaffirms the Bank's ongoing ability to deliver solid results and achieve strong performance levels despite challenging circumstances. Net profit before tax for the group reached USD 791 million despite a difficult economic climate that saw oil prices plunge and global markets constrained by instability.

Excluding the effect of foreign currency depreciation in some countries during 2016, the Bank's loans and advances grew by 6% to reach USD 23.7 billion while customer deposits grew by 3% to reach USD 33.6 billion.

The growth in the Bank's profit margins ensued from its well-diversified business lines and extensive network, which have also contributed to the increase in operating profits through the growth in net interest income and commissions from the Bank's core operations. The Bank has also maintained operational efficiency by controlling its expenses.

Arab Bank Group enjoys strong liquidity and robust capitalization. The group's loan-to-deposit ratio stood at 70.4% in 2016, while the capital adequacy ratio reached 15.7%, calculated in accordance with the new Basel III regulations. In addition, the portfolio quality of the group's assets remains high, with provisions against non-performing loans continuing to exceed 100%, excluding the value of collaterals held.

During the year, Arab Bank received several awards and recognitions from leading international parties, most notably the award for Best Bank in the Middle East from both Global Finance and Asiamoney magazines. The Bank also received the

awards for: Best Cash Management Services in the Middle East from EMEA Finance magazine, Best Trade Finance Provider in the Middle East from Global Finance, Best Trade Bank in the Middle East from Trade and Forfaiting Review, and Best Cash Manager of the Year in the Middle East from Global Investor/ISF. Furthermore, the Bank received the Best Bank in Jordan award from Global Finance, Euromoney, EMEA Finance, Asiamoney, and The Banker magazines.

In the period ahead, we will continue to evolve the Bank's business in a prudent and sustainable manner. We will leverage our branch network globally to provide clients with comprehensive financial solutions, supported by the latest digital banking services. We will also continue to enhance our operational efficiency and our business processes whilst maintaining our prudent credit policies and efficient risk management platform.

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



Nemeh Elias Sabbagh
Chief Executive Officer



Corporate and Institutional Banking

Corporate and Institutional Banking (CIB) provides a wide range of financial solutions to its clients across the region, catering to their evolving needs through an extensive global network and electronic channels. This ensures that Arab Bank maintains its position as the bank of choice for local, international and regional companies and institutions.

The focus of CIB revolves primarily around strengthening its client franchise in key markets by building on, and solidifying existing client relationships while also adding new clients through targeted acquisition efforts, focusing mainly on the region's top corporations.

Working across different markets, CIB constantly aims to deliver well-rounded financial solutions with consistent levels of service throughout the network. Cross-selling relevant products and services from the Bank's different business lines remains one of the key priorities in order to ensure that clients always receive the best possible banking experience.

Human capital is considered the cornerstone of CIB's success. Accordingly, CIB continues to invest in building the capabilities and capacities of its teams across the network in order to meet clients' expectations in an increasingly complex environment.

Consumer Banking

The Consumer Banking strategy's main focus centers on offering customers a complete range of value propositions through its vast branch network and integrated direct banking channels, both locally and regionally. The Consumer Banking division provides a comprehensive range of programs specially designed to cater to the needs of the diverse customers' segments. The offerings range from "Jeel Al Arabi", the special program for children, all the way to "Elite" – the exclusive service offered to our high net worth clients. The Bank continues to ensure that the most appropriate relationship management models are placed at the heart of our customer services and are constantly aligned with their evolving needs and expectations.

Adopting advanced digital solutions, whether in serving our customers or in our internal operations, is one of the key pillars of the Bank's strategy. New solutions are regularly introduced to ensure the latest, and most effective direct banking services and channels are offered to customers.

Amongst our key priorities is the constant measurement and close monitoring of the level of services offered to our customers in order to maintain the Bank's leading position, reinforce its competitive edge and continuously improve the level of customer satisfaction.

As an integral part of the Bank's long term strategy, our focus on offering banking solutions and services at a regional level continues through introducing cross border solutions and services to our "Elite" and "Arabi Premium" clients via the Bank's network and online banking services.

Treasury

Arab Bank's Treasury manages the Bank's liquidity and market risks, as well as providing expert advice and dealing services to Arab Bank's customers globally. Arab Bank has further strengthened the policy framework within which Treasury operates, and this will ensure that we stay up to date with the latest market developments and meet regulatory standards.



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

- To manage and optimise the liquidity of the Bank within approved limits, ensuring that the business is adequately funded at all times
- To manage the market risk of the Bank within approved limits
- To earn revenues from the effective management of liquidity and market risk
- To control the use of derivatives in the business
- To execute bond, foreign exchange, money market and derivative transactions with market professionals
- To promote the sale of foreign exchange, derivatives and other Treasury products to customers
- To advise internal stakeholders on the consumption and management of liquidity and market risk

Treasury's particular emphasis is to manage the Bank's liquidity and market risk, and in turn to ensure not only that the Bank generates surplus liquidity, but also that it is invested in prudent and conservative measures. Surplus liquidity is managed via the following instruments:

1. Short term placements with Central Banks
2. Short term deposits with high quality banks
3. A multi-currency portfolio of highly liquid bonds, treasury bills and certificates of deposit

Maintaining low credit risk and low market risk with high liquidity are top priorities. This is consistent with the Bank's objective of being fully liquid at all times and under all circumstances, wherever the Bank operates.

Treasury services are available to customers throughout the Bank's network, with a full range of products and services available for exporters, importers or savers.

Arab Bank also believes in the importance of derivatives in protecting the income and interests of the Bank and of its clients. Arab Bank's Treasury maintained its position as a leading source of foreign exchange and interest rate risk hedging expertise. A full-time team advised on and executed deals throughout the region, protecting the income of our corporate clients from market volatility.



The following list contains basic information of Arab Bank plc's branch network and geographical coverage as of the end of 2016.

Country	Number of Branches	Operating Since	No. of Employees
Jordan	75 (Including HO)	1934	2990
Algeria	8	2001	244
Bahrain	6	1960	185
China (Representative Office)	1	1985	4
Egypt	40	1944	1170
Lebanon	10	1944	313
Morocco	5	1962	130
Palestine	31	1930	889
Qatar	4	1957	134
South Korea (Representative Office)	1	1989	3
Singapore	1	1984	46
UAE	7	1963	276
USA (New York Agency)	1	1982	5
Yemen	7	1972	215
Kazakhstan (Representative Office)	--	2004	--
Total	197	--	6604

Branches & Staff Distribution According to Governorates

Governorate	Number of Branches	No. of Employees
Amman	51 (Including Head Office)	2800
Irbid	3	36
Zarqa	7	54
Aqaba	1	19
Balqa'a	5	28
Karak	1	9
Mafraq	1	9
Ma'adaba	1	8
Jarash	1	5
Ma'an	2	10
Tafeila	1	7
Ajloun	1	6
Total	75	2990

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	40
Lebanon	1944	10
Morocco	1962	5
Palestine	1930	31

Address	No. of Employees
	244
15 Al-Sa'ada Street, Shabani Haidara Valley, Algeria Tel. 00213 (21) 608725 Fax. 00213 (21) 480001	
	185
P.O Box 813 Building No. 540 Road 1706 - Block 317 Diplomatic Area , Bahrain Tel. 00973 17549000 Fax. 00973 17541116	
	4
Shanghai Representative Office Unit 1803, Shanghai Trade Square, 188 Si Ping Road, Shanghai 200086 China Tel. 0086 (21) 65077737/38 Fax. 0086 (21) 65072776	
	1170
46 Gameit El Dowal Street, Al-Mohandesseen Giza Tel. 0020 (2) 33328500 Fax. 0020 (2) 33328618	
	313
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	
	130
P.O Box 13810 174 Mohamed V Street, Casablanca Tel. 00212 (5) 2222 3152 Fax. 00212 (5) 2220 0233	
	889
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	7
Total		122

Address	No. of Employees
	134
P.O Box 172 Grand Hammed Area 119 Avenue Doha – Qatar Tel. 00974 44387777 Fax. 00974 44387677	
	3
Seoul Square Bldg., 5Fl. Hangangdaero 416 Jung-gu, Seoul 04637 South Korea Tel. 0082 (2) 775 4290 Fax.0082 (2) 775 4294	
	46
80 Raffles Place –UOB Plaza 2 # 32-20 Singapore 048624 Tel. 0065 65330055 Fax. 0065 65322150	
	276
Abu Dhabi: P.O Box 875 Al-Naser St. Sh. Tahnoun Bin Mohammad Building, Tel. 00971 (2) 6392225 Fax. 00971 (2) 6212370	
Dubai: P.O Box 11364 – Emaar Square, Building #2 Tel. 00971 (4) 3737400 Fax. 00971 (4) 3385022	
	5
Federal Agency - New York 50 East 52nd Street New York, NY 1022 - 4213 Tel. 001 (212) 715 9700 Fax. 001 (212) 593 4632	
	215
P.O Box 475 & 1301 Zubairi Str. – Sana'a Tel. 00967 (1) 276585/93 Fax. 00967 (1) 276583	
	3614



Entity	No. of Employees
Arab Bank plc	6604
Europe Arab Bank plc	131
Arab Bank (Switzerland) Limited	115
Arab Bank Australia Limited	112
Islamic International Arab Bank	877
Arab Sudanese Bank Limited	80
Arab Tunisian Bank	1411
Arab Bank – Syria	278
Al Arabi Investment Group (AB Invest)	37
Al Arabi Investment Group / Palestine	8
Al Nisr Al Arabi Insurance Company	246
Arab Company for Shared Services FZ	128
Arab Gulf Tech for IT Services FZ	40
Arab National Leasing Company	29
Total	10096

The capital investment of Arab Bank plc amounted to JOD 222 million, representing net fixed assets of the Bank as of the end of year 2016 in comparison to JOD 190.9 million as of the end of year 2015.



The following is a brief description of Arab Bank subsidiaries and sister company and their results for 2016.

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 2016 compared to 2015:

In CHF (thousands)	2016	2015
Capital	26 700	26 700
Total shareholders' equity	525 329	513 228
Total assets	3 642 714	3 239 108
Cash and quasi cash	2 315 218	1 938 876
Direct credit facilities	1 218 788	1 204 544
Total external sources of funds (customers' & banks' deposits)	3 017 044	2 677 153
Total revenues	102 941	62 345
Net profit / (loss) before tax	24 015	19 216
Net profit / (loss) after tax	17 206	12 877



Arab Bank Australia Limited:

Arab Bank Australia Limited founded in Australia in 1994. The current paid capital of the bank is AUD 69.3 million. The bank is a wholly owned subsidiary of Arab Bank plc. Through a network of 8 branches, the Bank provides all commercial and retail banking products and services to its customers.

The following table lists the main financial highlights of 2016 compared to 2015:

In AUD (thousands)	2016	2015
Capital	69 314	62 500
Total shareholders' equity	126 294	116 642
Percentage ownership	100%	100%
Bank share of net income / (loss)	1 157	(1 517)
Total assets	1 043 365	1 027 331
Cash and quasi cash	350 505	258 338
Direct credit facilities	675 529	750 235
Total external sources of funds (customers' & banks' deposits)	909 175	900 329
Total revenues	26 607	23 818
Net profit / (loss) before tax	1 399	(1 992)
Net profit / (loss) after tax	1 157	(1 517)



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. Through a network of six branches operating in UK, Germany, Italy, and France, EAB provides all types of banking products and services, including retail banking and treasury services, to its customers.

The following table lists the main financial highlights of 2016 compared to 2015:

In EUR (thousands)	2016	2015
Capital	609 984	609 987
Total shareholders' equity	309 830	310 400
Percentage ownership	100%	100%
Bank share of net income / (loss)	8 292	7 405
Total assets	3 739 905	3 576 410
Cash and quasi cash	2 517 478	2 191 978
Direct credit facilities	1 162 451	1 316 730
Total external sources of funds (customers' & banks' deposits)	3 382 936	3 218 103
Total revenues	49 216	52 041
Net profit / (loss) before tax	8 615	7 677
Net profit / (loss) after tax	8 292	7 405

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 41 branches spread in Jordan.

The following table lists the main financial highlights of 2016 compared to 2015:

In JOD (thousands)	2016	2015
Capital	100 000	100 000
Total shareholders' equity	156 034	140 098
Percentage ownership	100%	100%
Bank share of net income / (loss)	23 013	16 638
Total assets	1 946 221	1 789 936
Cash and quasi cash	704 595	747 760
Direct credit facilities *	1 177 433	995 119
Total external sources of funds (customers' & banks' deposits)	1 737 974	1 612 436
Total revenues	64 174	52 114
Net profit / (loss) before tax	34 643	25 010
Net profit / (loss) after tax	23 013	16 638

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

Arab Sudanese Bank Ltd.:

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

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

The following table lists the main financial highlights of 2016 compared to 2015:

In SDG (thousands)	2016	2015
Capital	117 515	117 515
Total shareholders' equity	222 091	201 666
Percentage ownership	100%	100%
Bank share of net income / (loss)	45 969	30 422
Total assets	1 366 939	1 361 648
Cash and quasi cash	906 640	977 538
Direct credit facilities	411 803	330 850
Total external sources of funds (customers' & banks' deposits)	1 114 829	994 781
Total revenues	90 503	75 015
Net profit / (loss) before tax	54 413	40 713
Net profit / (loss) after tax	45 969	30 422



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 130 branches, spread in Tunisia.

The following table lists the main financial highlights of 2016 compared to 2015:

In TND (thousands)	2016	2015
Capital	100 000	100 000
Total shareholders' equity	576 165	547 128
Percentage ownership	64.24%	64.24%
Bank share of net income / (loss)	43 370	45 688
Total assets	5 455 516	5 352 411
Cash and quasi cash	1 637 801	1 773 909
Direct credit facilities	3 655 008	3 394 249
Total external sources of funds (customers' & banks' deposits)	4 774 621	4 723 199
Total revenues	217 396	203 892
Net profit / (loss) before tax	75 208	74 245
Net profit / (loss) after tax	67 513	71 121



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 2016 compared to 2015:

In SYP (millions)	2016	2015
Capital	5 050	5 050
Total shareholders' equity	20 225	12 471
Percentage ownership	51.29%	51.29%
Bank share of net income / (loss)	(917)	(1 026)
Total assets	72 066	55 066
Cash and quasi cash	56 912	39 356
Direct credit facilities	11 680	12 308
Total external sources of funds (customers' & banks' deposits)	50 205	41 640
Total revenues	1 434	1 349
Net profit / (loss) before tax	(1 787)	(2 000)
Net profit / (loss) after tax	(1 787)	(2 000)

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 2016 compared to 2015:

In JOD (thousands)	2016	2015
Capital	14 000	14 000
Total shareholders' equity	17 125	18 132
Percentage ownership	100%	100%
Bank share of net income / (loss)	(552)	331
Total assets	21 165	25 325
Cash and quasi cash	20 179	24 472
Direct credit facilities	-	-
Total external sources of funds (customers' & banks' deposits)	-	-
Total revenues	1 029	2 053
Net profit / (loss) before tax	(726)	435
Net profit / (loss) after tax	(552)	331

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 2016 compared to 2015:

In JOD (thousands)	2016	2015
Capital	25 000	25 000
Total shareholders' equity / (loss)	74 076	73 912
Percentage ownership	100%	100%
Bank share of net income	5 164	5 000
Total assets	87 481	96 195
Cash and quasi cash	2 289	2 097
Investment in leasing contracts	81 534	89 877
Total external sources of funds (customers' & banks' deposits)	-	-
Total revenues	7 460	8 022
Net profit / (loss) before tax	6 739	6 792
Net profit / (loss) after tax	5 164	5 000

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 2016 compared to 2015:

In JOD (thousands)	2016	2015
Capital	10 000	10 000
Total shareholders' equity	20 757	21 281
Percentage ownership	50%+ 2 Shares	50%+ 2 Shares
Bank share of net income / (loss)	1 264	1 219
Total assets	72 914	66 958
Cash and quasi cash	22 131	17 441
Total Investments	45 654	44 177
Total external sources of funds (customers' & banks' deposits)	–	–
Total revenues	22 491	21 547
Net profit / (loss) before tax	3 024	3 159
Net profit / (loss) after tax	2 529	2 439

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 2016 compared to 2015:

In JOD (thousands)	2016	2015
Capital	1 700	1 700
Total shareholders' equity	1 544	1 417
Percentage ownership	100%	100%
Bank share of net income / (loss)	126	(68)
Total assets	2 211	2 601
Cash and quasi cash	1 636	2 435
Total Investments	-	-
Total external sources of funds (customers' & banks' deposits)	-	-
Total revenues	494	269
Net profit / (loss) before tax	141	(68)
Net profit / (loss) after tax	126	(68)

**More than
600 branches
across 5 continents**

The image is a blue-tinted graphic. In the center, there is a stylized world map showing the five continents. Overlaid on the map are several glowing, curved lines that suggest global connectivity or data flow. To the right of the map, the profile of a person's head is visible, looking towards the left. The overall aesthetic is modern and technological.

First : Jordanian Companies:

Entity	Type	Address	Type of Activity	Capital	No. of Employees
Arab National Leasing Co.	Limited Liability	Amman, Madina Monawwara St., Arab Bank Bldg. no. 255, PO Box 940638 Amman 11194 Jordan Tel. +962 6 5531640/49/50 Fax. +962 6 5529891 www.anl-jo.com	Financial leasing	JOD 25 Million	29
Al Arabi Investment Group (AB Invest)	Limited Liability	Shmeisani, Esam Ajlouni St., Bldg. no. 3, PO Box 143156 Amman 11814 Jordan Tel. +962 6 5522239 Fax. +962 6 5519064 www.ab-invest.net	Investment & Financial services	JOD 14 Million	37
Al Nisr Al Arabi Insurance Co.	Public Shareholding	Shmeisani, Esam Ajlouni St., Bldg. no. 21, PO Box 9194 Amman 11191 Jordan Tel. +962 6 5685171 Fax. +962 6 5685890 www.al-nisr.com	Insurance services	JOD 10 Million	246
Islamic International Arab Bank	Public Shareholding	Wasfi Al Tal St., Bldg. no. 20, PO Box 925802 Amman 11190 Jordan Tel. +962 6 5694901 Fax. +962 6 5694914 www.iabank.com.jo	Islamic banking	JOD 100 Million	877

Second : Arab & Foreign Companies:

Al Arabi Investment Group	Private Shareholding	Rammallah, old town , Al-Harjeh Bldg., PO Box 1476 Palestine Tel. +970 2 2980240 Fax. +970 2 2980249 www.abinvest.ps	Investment & Financial services	JOD 1.7 Million	8
Arab Tunisian Bank	Public Shareholding	9 Hadi Noura St., Tunis 1001 Tel. +216 71 351 155 Fax. +216 71 342 852 E-Mail : atbbank@atb.com.tn www.atb.com.tn	Commercial banking	TND 100 Million	1411
Arab Bank – Syria	Public Shareholding	Damascus, Abu Rummana, Mahdi Bin Baraka St., PO Box 38 Damascus, Syria Tel. +963 11 9421 Fax. +963 11 3349844 www.arabbank-syria.com	Commercial banking	SYP 5.05 Billion	278

No. of Branches	Name	Major Shareholders (5% or more of capital)			
		No. of Shares as of 31/12/2015	%	No. of Shares as of 31/12/2016	%
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	967 094	9.67%	979 379	9.67%
	Zaid Sabella	894 794	8.95%	894 794	8.95%
41	Arab Bank plc	100 000 000	100%	100 000 000	100%
1	Arab Bank plc	1 700 000	100%	1 700 000	100%
130	Arab Bank plc	64 237 531	64.24%	64 237 531	64.24%
	Zarzari Complex	5 575 287	5.58%	5 439 294	5.44%
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 Limited	Private Shareholding	Wahat El- Khartoum Towers, P.O Box 955, Khartoum, Sudan Tel. +2491 56550001 Fax. +2491 56550004	Islamic banking	USD 50 Million	80
Arab Gulf Tech for IT Services FZ	Limited Liability	Dubai Out Source Zone ACSS Building PLOT :DOZ 031 Dubai, UAE Phone: +971 4 4450000 Fax:+971 4 4495460	IT services for Arab Bank branches	USD 1.5 Million	40
Arab Company for Shared Services FZ	Limited Liability	Dubai Out Source Zone ACSS Building PLOT :DOZ 031 Dubai, UAE Phone: +971 4 4450555 Fax: +971 4 4495463	Financial services for Arab Bank branches	AED 40.37 Million	128
Arab Bank Australia Limited	Public Shareholding	Level 7, 20 Bridge St., Sydney NSW 2000 Australia Tel. +61 2 9377 8900 Fax: +61 2 9221 5428 www.arabbank.com.au	Commercial banking	AUD 69.3 Million	112
Europe Arab Bank	Public Shareholding	13-15 Moorgate London EC2R 6AD United Kingdom Tel.: +44 20 7315 8500 Fax: +44 20 7600 7620 www.eabplc.com	Commercial banking	EUR 609.99 Million	131
Third : Sister Company:					
Arab Bank (Switzerland) Limited	Public Shareholding	Place de Longemalle 10-12 , PO Box 3575, CH-1211 Geneva , Switzerland Tel. +41 22 715 1211 Fax. +41 22 715 1311	Commercial banking	CHF 26.7 Million	115

No. of Branches	Name	Major Shareholders (5% or more of capital)			
		No. of Shares as of 31/12/2015	%	No. of Shares as of 31/12/2016	%
3	Arab Bank plc	5 000 000	100%	5 000 000	100%
1	Arab Bank plc	5 512 Shares	100%	5 512 Shares	100%
1	Arab Bank plc	40 370 Shares	100%	40 370 Shares	100%
8	Arab Bank plc	62 500 000	100%	69 314 274	100%
6	Arab Bank plc	50 000 deferred shares of £1 and 609 925 540 ordinary shares of €1	100%	50 000 deferred shares of £1 and 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 31/12/2016:

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

Arab Bank Plc Investments in Affiliated Companies As at 31/12/2016:

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

* Arab Bank Group retained 50% ownership of Turkland Bank as of 31/12/2016.



Name	Sabih Taher Darwish Masri
Title	Chairman / Non Executive / Non Independent
Date of Membership	27/3/1998
Date of birth	2/12/1937
Academic qualifications	BSc in Chemical Engineering, University of Texas , Austin , USA 1963
Experiences	<ul style="list-style-type: none"> - More than 55 years experience in managing private businesses in various areas of investment, finance, industry and commerce. - Founder and Chairman of Astra Group of companies since 1966. - Chairman of the Board of Directors of ASTRA Industrial Group , 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**

Dr. Bassem Ibrahim Yousef Awadallah

Title

Deputy Chairman / Non Executive / Independent

Date of Membership

31/3/2016

Date of birth

21/12/1964

Academic qualifications

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

Experiences

- Chief Executive Officer / Tomoh Advisory (2009 until now)
- Member of the Board of Directors / Al Baraka Banking Group – Bahrain (2010 until now)
- Deputy Chairman of the Board of Trustees / Al Quds University (2014 until now)
- Chief of the Royal Hashemite Court (11/2007 – 10/2008)
- Director of the Office of His Majesty King Abdullah II (4/2006 – 11/2007)
- Minister of Finance (4/2005 – 6/2005)
- Minister of Planning and International Cooperation (10/2001 – 2/2005)



Name	Ministry of Finance, Saudi Arabia Represented by Mr. Saleh Saad Al-Muhanna
Title	Member of the Board of Directors / Non Executive / Non Independent
Date of membership	- Legal Entity : 29/4/1966 - Legal Entity's Representative : 31/3/2006
Date of birth	11/1/1959
Academic qualifications	- M.S.c in Economics, Ohio State University, USA 1993 - B.S.c in Industrial Management, King Fahd University of Petroleum and Minerals, Saudi Arabia 1982
Experiences	- Deputy Minister for Financial and Accounts Affairs, Ministry of Finance, Saudi Arabia - Member of the Sovereign Rating Committee 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 Board of Directors of the Saudi Global Port Company (since 2011) - Chairman of the Audit Committee of Saudi Electricity Company (since 2012) - Member of the Board of Directors of the General Authority of Civil Aviation (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 Board of Directors of the Public Pension Fund (since 2015) - Member of the Board of Directors of The Saudi Health Board (since 2015) - Member of the Board of Directors of the Job Creation Commission (since 2016) - Member of the negotiating team with International Petroleum Companies in relation to Natural Gas Initiative (2000-2004) - Training and Scholarship Committee at the Ministry of Finance (2000 - 2012) - Allowances Committee at Ministry of Civil Services (2004-2012) - Member of the Board of Directors of the Saudi Moroccan Investment Company (2000-2006) - Member of the Board of Directors of the Saline Water Conversion Corporation (2005-2011) - Member of the Board of Directors of the Technical & Vocational Training Corporation (2008 - 2013)



Name	Nazik Asaad 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 Jordan Education Association - Co-Chairperson of the Rafik Hariri UN-Habitat Memorial Award



Name	Social Security Corporation Represented by Dr. Izzeddin Muhy Eddin Yasin Kanakrieh
Title	Member of the Board of Directors / Non Executive / Non Independent
Date of membership	- Legal Entity : 20/9/2001 - Legal Entity's Representative : 28/6/2016
Date of birth	13/9/1960
Academic qualifications	- PhD in Finance / Amman Arab university 2010 - MSc. In Finance & Accounting / Arab Academy for Financial & Banking Sciences 1997
Experiences	- BSc. In Economics / Yarmouk University 1984 - Secretary General / Ministry of Finance (since 5/6/2014 until now). - Director General / The Income & Sales Tax Department (3/2012). - Commissioner to the Jordan Securities Commission (9/2012 – 6/2014). - Secretary General / Ministry of Finance (2007 – 3/2012). - Assistant Secretary General Assistant for Financial Affairs in the Ministry of Finance (2005 – 2007). - Director of the Cash Management Directorate in the Ministry of Finance (2001-2005). - Head of the Credit & Energy Division at Cash Management Directorate in the Ministry of Finance (1993 - 2000). - Financial Analyst for Public Treasury & Expenditures Accounts, then Accountant & Analyst for the Energy Sector & raw fuel at the Cash Management Directorate at the Ministry of Finance (1986 – 1993). - Accountant / Jordan Armed Forces (1984 – 1986).

**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 35 years experience in the management of Hariri Group Companies in the fields of Banking, Telecommunication, and Investment.
- Chairman of the Board of Directors of GroupMed (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 GroupMed International Holding Limited – Dubai (since 5/2008)
- Chairman of the Board of Directors of Oger Telecom Ltd., Dubai (since 8/2005)
- Chairman of the Board of Directors of Ojer Telekomunikasyon A.S., Turkey (since 8/2005).
- Chairman of the Board of Directors of Turk Telekom A.S., Turkey (since 11/2005)
- Chairman of the Board of Directors of AVEA Iletisim Hizmetleri A.S., Turkey (since 11/2005)
- Chairman of the Board of Directors of TTNNet A.S., Turkey (since 11/2012)
- Chairman of the Board of Directors of Cell C, South Africa (since 3/2013)
- Chairman of the Board of Directors of Al Mal Investment (Holding), Lebanon (since 7/2005)
- Chairman of the Board of Directors of Saudi Med Investment Co., Saudi Arabia (since 2007)
- Member of the Board of Directors of 3C Telecommunications (PTY), South Africa (since 6/1999)
- Member of the Board of Directors of Association of Banks in Lebanon



Name	Wahbe Abdallah Wahbe Tamari
Title	Member of the Board of Directors / Non Executive / Non Independent
Date of membership	31/3/2006
Date of birth	14/5/1963
Academic qualifications	<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, Switzerland (since 19/4/2013), previously Member of the Board of Directors from (2007 to 2013). - Vice Chairman of Oman Arab Bank SAOC- Muscat, Oman (since September 2016). - Chairman of the Board of Directors of Arabia Insurance Co. SAL, Lebanon (since 26/6/2006). - Chairman of the Board of Directors of Commercial Buildings Co. SAL, Lebanon (since 25/5/2009). - Chairman of the Board of Directors of Immofina Holding S.A.L. – Beirut, Lebanon (since July 2009). - Chairman of the Board of Directors of the National Company for Real Estate Projects (NCREP) S.A.L – Beirut, Lebanon (since 30/5/2013). - Member of the Board of Directors of Solidere International Ltd. – Dubai, UAE (since 5/2016). - Member of the Board of Directors of Consolidated Contractors Company, (since 9/2010). - Founder & Chairman of the Board of Directors of Watamar & Partners S.A., Geneva, Switzerland (since 15/1/2003). - Member of the Board of Directors of Sucafina S.A. Co. Geneva (since 25/8/1998). - Member of WPO/YPO - Switzerland (since 1999) - Member of the Board of Directors of LIFE (since April 2016). - Member of the Board of THE TAMARI FOUNDATION – Switzerland (since 2012). - Member of the Advisory Committee of THE HASSIB J. SABBAGH FOUNDATION – Switzerland (since 2012).



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

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

Date of membership
- Legal Entity : 31/3/2006
- Legal Entity's Representative : 27/12/2010

Date of birth 21/8/1964

Academic qualifications

- M.S.c. Degree in national parks management and tourism, New Mexico University 1993
- M.S.c. Degree in Arid Land Use, Jordan University 1989
- B.Sc. Degree in Soils, Jordan University 1986

Experiences

- Member of the Upper House of Parliament (2013 - 2016)
- President of the Royal Society for the Conservation of Nature (since 2011)
- Founder and CEO of E2e Company (since Jan. 2011)
- Senior Advisor – Alcazar Energy / Jordan (since 2016)
- Chairman of Birdlife International (since 2012)
- Minister of Energy and Mineral Resources (Dec. 2009 - Nov. 2010)
- Minister of Environment (April 2005 - Dec. 2009)
- Director General for the Royal Society for the Conservation of Nature (Oct. 1996 - June 2005)
- Manager of the Protected Areas Dept. (Jan. 1986 - Jan. 1989)
- Research Assistant / Jordan University (Oct.1986 - Jan. 1989)
- Member of International Environmental Committees
- Member of Royal Energy Committee
- Member of Royal Water committee



Name	Bassam Wael Rushdi Kanaan
Title	Member of the Board of Directors / Non Executive / Independent
Date of membership	22/1/2013
Date of birth	10/5/1965
Academic qualifications	<ul style="list-style-type: none"> - Executive Masters of Business Administration (MBA), USA 1998 - Bachelor of Arts (BA) in Economics / Accounting, Claremont McKenna College, Los Angeles 1986 - Certified Public Accountant (CPA) California, USA - 1989 - Chartered Financial Analyst (CFA) - 2001
Experiences	<ul style="list-style-type: none"> - More than twenty five years in senior executive positions at leading private sector and publicly listed companies in the fields of General Management, Finance, Audit and Investment. - President & COO, MENA and EU, Hikma Pharmaceuticals Plc (2011-present) - Chief Financial Officer , Hikma Pharmaceuticals Plc (2001 - 2011) - Chief Financial Officer, Palestine Development & Investment Ltd (PADICO) (1994 - 2001) - Audit Manager, Deloitte & Touche, Los Angeles, USA, (1986 – 1993) - Member of the Board of Directors of Palestine Telecommunications Company (PALTEL), (2000 - 2001) - Member of the Board of Directors of Central Electricity Generation Company (CEGCO), Jordan (2004 - 2005) - Member of the Board of Directors and Audit Committee, Zara Investment Holding Company (2006 - 2010) - Member of the Board of Directors and Chairman of the Audit Committee of Capital Bank of Jordan (formerly Export Finance Bank) (2007 - 2009) - Member of the Board of Directors and Chairman of the Audit Committee, Aqaba Development Company (ADC) (2008 - 2012) - Member of the Board of Directors of Royal Society for the Conservation of Nature – Jordan (sine 2014 - present) - Member of the Board of Trustees of Yarmouk University (since 2015 - 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 1989
Experiences	<ul style="list-style-type: none"> - Co-Founder & Managing Member, Zuaiter Capital Holdings, LLC (April 2013 - present) - Chairman of the Board of Directors of Adecoagro (2003 - present) - Member of the Board of Directors of The Capital Holdings Funds plc (2014 - present) - Member of the Board of Advisors, iMENA Group (2013 – present) - Member of the Board of Regents at Georgetown University (2014 – present) - Member of the Executive, Investment, Management, Capital Allocation & Risk Committees, Soros Fund Management (September 2002 – April 2013) - Chief Operating Officer, Soros Fund Management (September 2002 - April 2013) - Group Chief Financial Officer, Soros Fund Management (September 2002 - December 2004) - Partner, PricewaterhouseCoopers LLP – USA Firm (April 1994 - September 2002)



Name	Alaa Arif Saad Batayneh
Title	Member of the Board of Directors / Non Executive / Independent
Date of membership	22/4/2015
Date of birth	6/6/1969
Academic qualifications	<ul style="list-style-type: none"> - MS Degree in Management Information Systems, The George Washington University 1993 - B.S.c of Science in Electrical Engineering, The George Washington University 1991
Experiences	<ul style="list-style-type: none"> - Chief Executive Officer – Eagle Hills / Jordan (2015 – present) - Senator in The Upper House of Parliament (2013 – 2016) - General Manager – Al Arif for Consultancy (2013 – 2015) - Minister of Energy & Mineral Resources & Minister of Transport (2012 – 2013) - Minister of Energy & Mineral Resources (May 2012 – Oct. 2012) - Minister of Transport (2011 – 2012) - Minister of Transport (2009 – 2011) - Minister of Public Works & Housing (Feb. 2009 – Dec. 2009) - Minister of Transport (2007 – 2009) - Director General / Customs Department (2005 – 2007) - Secretary General of Ministry of Transport / Ministry of Transport (2000 – 2005) - General Manager – Al Ajdal Consultancy (1998 – 2000) - Head of Project Management – New Work Co. (1994 – 1998) - Communication Engineer – Racal Avionics / London (1992 – 1994) - Engineer, Research Department – Intelsat , Washington – USA 1991 - Member of the Board of Trustees / The King Hussein Cancer Foundation - Member of the Board of Trustees / King Abdullah II Centre for Excellence - Member of the Board of Jordan Petroleum Refinery



Name Suleiman Hafez Suleiman Al Masri

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

Date of membership 27/10/2016

Date of birth 1/1/1941

Academic qualifications

- Bachelor Degree in Trade – University of Alexandria / Beirut Branch 1968.
- Financial and Management courses in the United States of America, United Kingdom and Austria.

Experiences

- Chairman / Royal Jordanian Airlines 2/11/2014 – 20/6/2016
- Chairman / Social Security Investment Fund - Social Security Corporation 3/9/2013 – 4/5/2016
- Chairman / Electricity Regulatory Commission 7/5/2009 – 1/11/2010
- Chairman / Jordan Telecommunications Corporation 1/3/1999 – 10/1/2001
- Chairman / Arab Potash Co. 2001 – 2003
- Chairman / KEMAPCO (Kamera Co.) for Fertilizers & Chemicals Industries 2001 – 2003
- Chairman / Jordan Bromine Co. 2001 – 2003
- Chairman / Free Zones Corp. & Jordan Investment Corp 1997 – 1999
- Member of the Board of Directors / Royal Jordanian Airlines 1991 – 1997
- Member of the Board of Directors / Jordan Electricity Authority 1991 – 1997
- Member of the Board of Directors / Social Security Corporation 1991 – 1997
- Member of the Board of Directors / Orphan Development Corp. 1991 – 1997
- Member of the Board of Directors / Agriculture Credit Corp. 1991 – 1997
- Member of the Board of Directors / Arab Engineering Industries 1992 – 1997
- Member of the Board of Directors / Civil Aviation Authority 1991 – 1997
- Member of the Board of Directors / Jordan Cement Factories Co. 1990 – 1997
- Member of the Board of Directors / Jordan Phosphate Co. 1992 – 1997
- Member of the Board of Directors / Arab African Bank 1991 – 1997
- Member of the Board of Directors / Arab Organisation for Agricultural Development 1992 - 1997

Name	Position	Resignation Date
H. E. Mr. Samir Farhan Khalil Kwar	Member	26/10/2016

Mr. Nemeh Elias Sabbagh
Chief Executive Officer



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

Academic Qualifications:

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

Experience:

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

Ms. Randa Muhammad Sadik
Deputy Chief Executive Officer



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

Academic Qualifications:

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

Experience:

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

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

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

Date of appointment : 1/2/2007

Date of birth : 6/1/1953

Academic Qualifications:

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

Experience:

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

- Chairman of the Supervisory Board of Arab National Leasing Company, Amman - Jordan
- Vice Chairman of International Islamic Arab Bank
- Deputy of the Supervisory Board of AB Invest , Amman – Jordan
- Member of the Board of Directors of Arab National Bank - Riyadh / Saudi Arabia
- Member of the Board of Directors of Arab Bank - Syria

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

Date of appointment : 1/6/2008

Date of birth : 2/5/1966

Academic Qualifications:

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

Experience:

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

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

Date of appointment : 20/11/2011

Date of birth : 28/11/1962

Academic Qualifications:

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

Experience:

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

Walid Muhi Eddin Mohammed Al Samhour
EVP- Jordan Country Head



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

Academic Qualifications:

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

Experience:

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

Name : Eric J. Modave
EVP - Chief Operating Officer



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

Academic Qualifications:

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

Experience:

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

Sami Ibrahim Abdelhamed Abdelaziz**SVP- Head of Finance / Acting Chief Financial Officer***

Date of appointment : 12/9/1992

Date of birth : 16/8/1968

Academic qualification :

Academic Qualifications:

- Bachelor in Math, Yarmouk University, Jordan – 1990
- Master in Math-Statistics, University of Jordan – 1992
- Master in Finance, Amman Arab University – 2007
- Professional Certifications CPA, CMA, CFM, from USA and JCPA, IFRS Expert from Jordan.

Experience:

- Head Office, Head of Finance- Arab Bank since 2009
- Head Office Financial Controller (2003-2008)
- Several functions at Arab Bank (12/9/1992 – 2003)
- Member of the Board of Directors of Arab Gulf Tech for IT Services, Dubai
- Member of the Board of Directors of Arab Company for Shared Services, Dubai
- Member of Jordanian Association of Certified Public Accountants

* From 1/11/2016 to 8/1/2017

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



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

Academic Qualifications:

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

Experience:

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

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

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

Academic Qualifications:

- B.Sc. (Honours) in Mechanical Engineering, King's College, University of London, UK, 1980
- M.Sc. in Engineering- Industrial Construction, Stanford University, CA – USA, 1981
- 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)
- Deputy Chair of the MENA Financial Crime Compliance Group

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



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

Academic Qualifications:

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

Experience:

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

- Member of the Institute of Internal Auditors

Khulud Walid Eisawi**Head of Secretariat Department**

Date of appointment : 23/9/1989

Date of birth : 3/10/1967

Academic Qualifications:

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

Experience:

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

RESIGNED SENIOR EXECUTIVES DURING 2016

Name	Title	Resignation Date
Dawod Mohammad Dawod Al-Ghoul	EVP - Chief Financial Officer	31/10/2016

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

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

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

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

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

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

NAMES OF MAJOR SHAREHOLDERS OF 5% AND MORE

Shareholder's Name	Nationality	Number of shares 31.12.2015	Ownership % 31.12.2015	Number of shares 31.12.2016	Ownership % 31.12.2016
Social Security Corporation	Jordanian	102472434	%15.991	102528000	%16.000
Oger Middle East Holding	Lebanese	127096290	%19.834	127096290	%19.834





Arab Bank has one of the largest global Arab Banking branch network with over 600 branches across 5 continents. In addition to maintaining a leading position as one of the most important banks in the Middle East and North Africa, Arab Bank is also one of the most competitive and diverse financial institutions. The Bank enjoys a strong reputation and credibility, and is a pillar of trust for its customers and shareholders.

Despite the challenges arising from the current situation in the Middle East, and the volatility of the global economy, Arab Bank continues to meet the needs and expectations of its customers whilst protecting the interests of its shareholders. The Bank implements a balanced strategy based on strong liquidity and high capital adequacy ratios that allow it to work efficiently under difficult and volatile conditions while achieving sustainable profits driven by solid financial performance.

During 2016, Arab Bank received several international awards and recognitions from leading international parties, most notably the awards for Best Bank in the Middle East from Global Finance and Asiamoney magazines. The Bank also received the Best Corporate Social Responsibility in the Middle East award from EMEA Finance magazine.

The list of awards also included Best Bank in Jordan from Global Finance, Euromoney, The Banker (published by the Financial Times), EMEA Finance and Asiamoney magazines. The Bank also received several awards from Global Finance magazine including: Best Trade Finance Provider in Jordan, Algeria and Yemen, Best Foreign Exchange Provider in Jordan and Best Bank in Social Media in the Middle East and Africa.

Additionally, the Bank received the following awards: Best Trade Finance Provider in the Middle East from Global Finance, Best Trade Bank in the Middle East from Trade and Forfaiting Review, Best Cash Management Services in the Middle East from EMEA Finance and Best Cash Manager of the Year in the Middle East from Global Investor/ISF.

The Bank has also received several awards from Global Finance including: The Safest Bank in Jordan, Best Consumer Digital Bank in Palestine and Egypt, Best Treasury and Cash Management Bank in Jordan and Morocco and Best Bank in Yemen.

Furthermore, the Bank received the ISO Business Continuity Management Certificate from British Standards Institution (BSI). Arab Bank was also recognized by the World Union of Arab Bankers as the Biggest Global Arab Banking Network for 2016.

Market shares in specific Locations:

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

Country	Total Assets %	Deposits %	Direct Credit Facilities %
Jordan	19.3%	19.7%	13.8%
Palestine	23.62%	26.54%	21.15%
Bahrain	2.74%	1.25%	2.48%
Egypt	1.63%	1.97%	2.26%
Lebanon	0.73%	0.75%	1.4%
Qatar	0.61%	0.91%	0.64%
UAE	0.63%	0.90%	0.77%

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

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

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

MAJOR SUPPLIERS AND CLIENTS

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

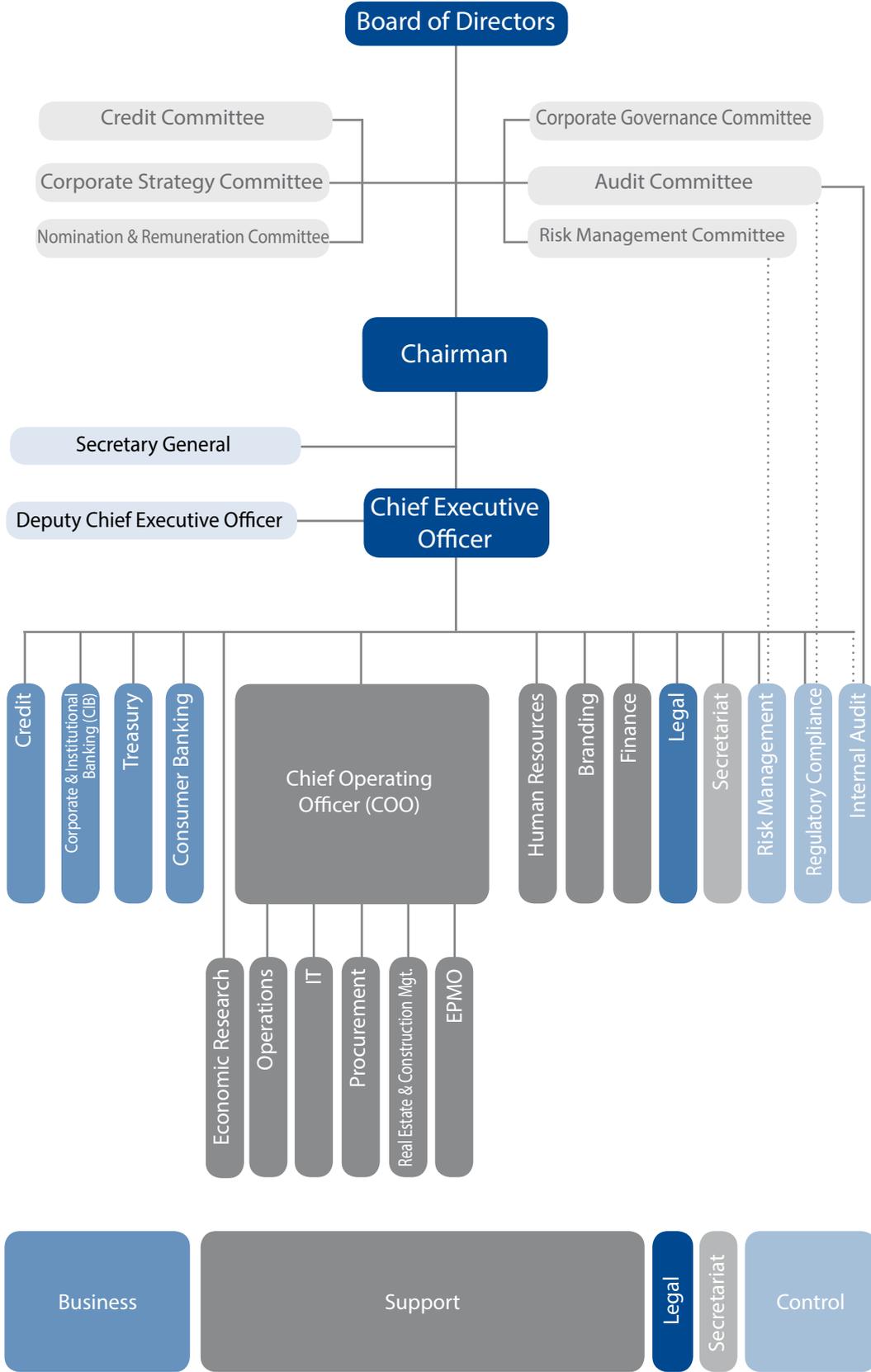
No decrees, laws or regulations were issued by any governmental bodies or international organizations that would have material impact on the Bank, its products or its competitive capabilities, noting that the international quality standards are not applicable to the Bank.

In 2016, Arab Bank received the following ratings from international credit rating agencies:

- (BBB-) with (Negative) outlook from Fitch, in March
- (Ba2) with (Stable) outlook from Moody's, in August
- (BB-) for Arab Bank plc with (Negative) outlook in November, as well as (BB+) with a (Stable) outlook for both Europe Arab Bank and Arab Bank Australia from Standard and Poor's

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

ARAB BANK ORGANIZATION CHART / HEAD OFFICE





Academic Qualifications	Arab Bank plc	Europe Arab Bank plc	Arab Bank (Switzerland) Ltd.	Arab Bank Australia Ltd.	Islamic International Arab Bank	Arab Sudanese Bank Ltd.	Al-Arabi Investment Group (AB Invest)	Arab Tunisian Bank
PhD	9	0	4	1	9	1	0	0
Master's degree	567	20	14	11	79	20	7	253
Advanced diplomas	25	24	31	1	4	2	1	370
Bachelor's degree	4388	51	17	44	573	51	23	176
Junior college	573	8	16	38	104	1	1	103
High school	530	28	30	16	40	2	1	187
Sub high school	512	0	3	1	68	3	4	322
Total Employees	6604	131	115	112	877	80	37	1411

Arab Bank - Syria	Al Nisr Al Arabi Insurance Company	Arab Company for Shared Services	Arab Gulf Tech for IT Services	Arab National Leasing Company	Al-Arabi Investment Group	Total
2	0	0	0	0	0	26
19	14	20	6	3	1	1034
3	0	3	0	0	1	465
190	199	82	30	19	5	5848
33	18	15	3	4	0	917
21	6	6	1	1	1	870
10	9	2	0	2	0	936
278	246	128	40	29	8	10096

Area	In house									
	Talent and Ruwad		Internal Trainers				In house/Training Partners			
			Technical		Soft		Technical		Soft	
	Courses	Trainees	Courses	Trainees	Courses	Trainees	Courses	Trainees	Courses	Trainees
Jordan	16	233	101	1723	3	104	90	355	42	218
Palestine	0	0	65	934	1	15	8	111	11	140
Egypt	38	228	7	245	3	62	51	175	0	0
Morocco	0	0	6	189	0	0	4	5	0	0
Algeria	0	0	8	217	0	0	0	0	1	26
Lebanon	0	0	16	239	15	184	5	84	0	0
Yemen	0	0	0	0	0	0	0	0	0	0
Bahrain	0	0	30	204	0	0	1	1	0	0
UAE	0	0	4	40	0	0	1	1	1	15
Qatar	0	0	7	65	6	73	3	8	0	0
Total per Item	54	461	244	3856	28	438	163	740	55	399

External				E-Learning		Certifications and Business Skills		Grand Total Per Area	
Technical		Soft		Courses	Trainees	Courses	Trainees	Courses	Trainees
Courses	Trainees	Courses	Trainees						
28	239	5	22	768	8284	19	169	1072	11347
31	101	15	106	802	3572	5	44	938	5023
3	28	5	33	368	2852	18	43	493	3666
1	1	0	0	93	341	2	3	106	539
16	49	0	0	28	217	0	0	53	509
80	197	1	1	565	4981	1	1	683	5687
8	11	0	0	121	400	1	1	130	412
36	85	9	17	663	1943	9	36	748	2286
113	200	32	56	261	834	15	52	427	1198
7	9	0	0	654	1728	0	0	677	1883
323	920	67	235	4323	25152	70	349	5327	32550

OVERVIEW

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

Committees:

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

The internal control process consists of three levels as follows:

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

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

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

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

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

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

high level policies are then embedded in more details into the bank's various operational processes and its policies and procedures.

- The various GRM departments work in coordination with Finance on Capital Management related assignments to assess the impact of new regulations (e.g. Basle III) on capital, and to deliver a comprehensive Internal Capital Adequacy Assessment (ICAAP) supported by a stress test framework which includes multiple scenarios covering credit, market, liquidity and operational risk events. Periodic reporting to Senior Management and to banking regulators further ensures that our capital is managed effectively.

CREDIT RISK:

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

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

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

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

- Advanced systematic and objective credit risk rating methodologies that are based on quantitative, qualitative and expert judgment, these methodologies undergo regular validation and calibration processes.
- Systematic credit limits management enabling the Bank to monitor its credit exposure on daily basis at country, borrower, industry, credit risk rating and credit facility type levels.
- Solid documentation and collateral management processes where collateral is continuously monitored and assessed to ensure proper coverage and top-up triggers.
- Annual and interim individual credit reviews to ensure detecting any signs of weakness or warning signals and considering proper remedies in case of need.
- Implementation of strict control and monitoring systems which are based on disciplined follow up and monitoring.
- The Bank offers several consumer banking products which are managed on a product portfolio basis through a well-established Credit Product Program. The program is considered the principal approval vehicle for credit products offered to a homogenous set of customers in multiple locations, and is subject to annual review and approval and regular assessment of the program performance at Arab Bank Head Office.
- Conservative approach to provisioning and managing bad debt collection and early identification of problem areas. Such approach is subject to periodic legal and credit reviews and account strategies set to minimize NPLs and maximize recoveries and collections.
- Periodic and on-demand individual credit reviews to ensure that no negative 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.
- On an ongoing basis the Bank enhances its processes and technology infrastructure taking into account the changing banking environment and the availability of new systems in the industry.
- Our credit processes are supplemented by sectoral portfolio reviews focused on countries, regions or specific industries which are intended to identify any inherent risks in the portfolios resulting from changes in market conditions and are supplemented by independent reviews by the Business Risk Review team in Group Risk Management and by our Group Internal Audit.
- The Bank is focused on developing and enhancing its credit staff competencies through specialized training programs to ensure that they are well equipped to effectively carry out their roles and responsibilities.

LIQUIDITY RISK:

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

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

Arab Bank's liquidity management strategy is determined by the High Asset and Liability Management Committee (High ALCO). The operations of the country level Treasury teams are centrally controlled, and monitored. In coordination with local Asset and Liability Management Committees, the various countries' Treasury teams across Arab Bank work together to meet local and Group needs. The Asset and Liability Management Committees analyse 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, forecast and modeled liquidity. Such information is received at country level, legal entity level and at Group level. This provides the Treasurer with high quality decision support information, and ensures that Treasury can provide the High ALCO with comprehensive management information on liquidity across the Group. This reporting is supported by stress testing, which applies various stress scenarios to existing forecast results. The process of stress testing is owned and managed by the Chief Risk Officer. The establishment of limits for Arab Bank's tolerance for liquidity risk, (as with other forms of risk), is managed by the Chief Risk Officer and the High ALCO.

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

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

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

to face the future with great confidence. Arab Bank's funding model has shown itself to be extremely resilient for many years and hence remains 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 Institutional Banking and Consumer Banking to Treasury, where it can be centrally managed.

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

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

Market Risk Management:

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

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

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

Interest Rate Risk:

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

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

Capital Markets Exposures:

Investments in capital markets instruments are exposed to market risk arising from changes in interest rates and credit spreads. Arab Bank Group's exposure to this kind of risk is limited due to its strong control over credit and interest rate risk. The equity investment portfolio represents a very small percent of the Bank's overall investments and generally consists of direct investments in strategic alliances as well as seed investment in mutual funds originated from within the Group.

Foreign Exchange Risk:

Foreign exchange activity arises principally from customers' transactions. Strict foreign exchange risk limits are set to define exposure and sensitivity tolerance for trading in foreign exchange. The Bank hedges itself appropriately against potential currency fluctuations in order to 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, promote efficiency, foster effectiveness and meet or exceed customer and regulatory expectations.

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

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

Arab Bank gives great importance to customer complaints, 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, Egypt and Palestine where customer complaints are managed by a separate unit established under the Compliance Department to deal with customer complaints in compliance with the regulatory guidelines in these countries, and has been equipped with qualified and trained staff who are able to handle, analyze, and act on customer complaints as required.

All complaints are handled in a manner that includes reaching resolutions 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.

All customer complaints received by Arab Bank during 2016, have been reviewed, analyzed, and handled in accordance with the Bank policies and procedures and in a fair and transparent manner.

STRATEGIC RISK:

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

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

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



Despite regional and global economic challenges, Arab Bank continued its solid performance in 2016.

Arab Bank Group announced its 2016 results reporting a growth of 20% in net profits, with net operating income before provisions and taxes exceeding USD 1.1 billion. The Group's net profit after tax reached USD 533 million for the year 2016 compared to USD 442 million for 2015.

Excluding the effect of foreign currency devaluations, the Bank has shown consistent solid growth during 2016. Loans and advances grew by 6% to reach USD 23.7 billion and customer deposits increased by 3% to reach USD 33.6 billion.

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

Arab Bank Group also enjoys strong liquidity and robust capitalization. As of 31 December 2016, the Group's loan-to-deposit ratio stood at around 70%, whilst the capital adequacy ratio calculated in accordance with the new Basel III regulations reached 15.7%. The asset quality of the Group remains high, and the credit provisions held against non-performing loans continue to exceed 100%, excluding the value of collaterals held.

In view of the results, the Board of Directors has recommended to the shareholders the distribution of 30% cash dividends for the financial year ended December 2016.

The Corporate and Institutional Banking (CIB) business demonstrated strong performance in 2016, reflected by consistently strong financial performance, demonstrating healthy and well-diversified revenue growth. Despite an economically challenging environment in the region, CIB continued to grow its portfolio across the region achieving an increase in its commercial activities throughout the network. This performance remains in line with disciplined credit risk management, a core competency and cornerstone of CIB.

In line with the Bank's digital strategy, CIB provides innovative and comprehensive commercial banking solutions, including cash management and trade finance electronic platforms, which allow clients to efficiently manage banking transactions using state-of-the-art technology.

CIB supported projects across the MENA region, including financing strategic projects, be they infrastructure related or corporate financing, involving well-established multinational and local corporations. Such financing demonstrates the leading role that Arab Bank plays as a primary lender in key strategic projects. This is in addition to providing trade finance, and supporting regional and international contractors involved in large scale government development projects. CIB is also a strategic entry point for major international corporations involved in trade as well as electricity, power, water treatment and desalination, and road infrastructure projects across the MENA region.

In line with the Bank's strategy to support its clients, corporate centers are established in various locations to provide a specialized environment for clients' transactions and to cater to their banking needs.

CIB continued to work closely with support functions, including the operations and technology teams to improve cost efficiencies and level of service provided to its clients. Cost discipline remains strong in CIB with cost income ratios in line with the Bank's historical averages.

Arab Bank has continued its focus on providing comprehensive financial services to SMEs to better meet the banking needs of this segment through business centers and specialized services at branches across Jordan and other countries in MENA.

In Consumer Banking and in line with the Bank's commitment to provide state-of-the-art digital banking services and to create awareness on the usage of its automated digital channels, Arab Bank has continued the "Digital Channels" campaign launched last year through having a dedicated team at key branches in Jordan, Egypt and Palestine to educate customers on how to use the Bank's digital channels.

The Bank has also launched a new service that allows customers to manage their JOD and USD fixed term deposits easily and conveniently through the internet banking service "Arabi Online".

Consumer banking has reengineered a number of its core branch processes, such as opening accounts for new customers, setting term deposits and handling loans applications. This initiative reinforces our service levels by enabling our frontline staff to serve customers in a seamless and efficient manner.

The Bank's online banking service "Arabi Online" has undergone a major upgrade to provide Arab Bank customers with a variety of enhanced features. The platform became more flexible with an enhanced interface that offers a holistic view of all customer accounts and services. It also provided better accessibility through the definition of shortcuts and default services. A new alerting system was also introduced to enhance customer communication and notification. In addition, the interface was customized per customer segment for a more personalized look and feel.

With the introduction of the new flexible credit card payment options on Arab Bank credit cards, customers in Egypt, Palestine, UAE, Bahrain and Qatar can now enjoy an easy way to change their current monthly payment options on their cards through "Arabi Online". In addition, customers can settle their bills using the available balance of their Internet Shopping cards through "Arabi Online" service across all countries.

Arab Bank has also upgraded its channels to comply with regulatory controls across the region. A two factor authentication via PIN protected tokens was introduced to the "Arabi Online" users in Egypt, and a one time password generation via SMS upon login was introduced for the users in Qatar.

The Bank has also connected this service to the Electronic Funds Transfer System (EFTS) adopted by the Central Bank of Bahrain, whereby customers can now perform instant transfers across the country. Additionally, as part of the FAWATEER initiative, customers can now perform online bill inquiry and payment to a variety of telecom, utilities and governmental institutions.

As part of Arab Bank's focus on customer loyalty, a new Arabi Rewards service was recently introduced over Arab Bank's electronic channels. Customers can now inquire about their available credit card reward points and redeem them into gift vouchers or deposit them as cash into the card account through the new Cash Back service. This service is fully online and available through the "Arabi Online" service.

With regard to ATMs, the Bank has implemented a new switch system through which debit cards are instantly issued in Jordan, Egypt and Lebanon. This system will allow immediate access to automated transactions through ATMs and POS devices, and will also enable our customers to instantly subscribe to Internet, Mobile and SMS banking services. This initiative has increased card security by introducing chip-based cards instead of the traditional magnetic cards.

The new system forms a base for enabling a variety of advanced services such as fast and secure mobile-based payments to merchants, loyalty program upgrade to increase customers' satisfaction level, better management of ATM cash replenishment to minimize cash outages, increase internal efficiency and introduce the ability to monitor card transactions online in order to reduce possible fraud activities.

The Bank has also launched the credit card in-house printing project in Jordan, Palestine, Egypt, and Lebanon including Visa Signature. This service will enhance customer experience by reducing the time-to-card intervals across the different countries.

In addition, the Bank started to utilize the ATM channel as a tool of communication through its ATM Offering Engine system, whereby different alerts, offers and personalized messages can be pushed to different customers.

Arab Bank has also launched the interactive teller machine (ITM) service in Jordan providing customers with an innovative banking experience with the utmost safety and convenience. The ITM is equipped with video conference capabilities enabling the customer to interact with a remote teller to conduct various direct banking services.

To facilitate cheque acceptance and processing, Arab Bank has also implemented the Cheque Deposit service through ATMs to allow our customers to safely deposit their cheques for collection and processing. This service supports depositing cheques in bulk in one transaction for immediate and postdated clearance, whereby the customer will get a scanned image of the deposited cheques as a proof of deposit. The service provides an additional channel for cheque processing, reduces branch counter load on cheque deposit transactions and, improves the customer experience by supporting cheque deposit services outside branch working hours.

A state-of-the-art centralized contact center solution from one of the worldwide market leader has been implemented for Jordan and Egypt contact centers to further enhance customer experience with the highest standards of quality and efficiency. This contact center offers a set of new services including call back request and the survey service for "Elite" and "Arabi Premium" customers, in addition to the Expected Waiting Time service, the Workforce Management (WFM) and the automated dialer to improve the service levels.

As part of business continuity, a new location for Jordan Contact Center was established in Aqaba city. This center works in parallel with Amman center and at the same time these centers are a back-up for each other.

The Bank has also implemented the VoIP (Voice over Internet Protocol) technology to transfer calls from other countries to Jordan through a secured and private network instead of international calls. This technology insures better quality, more stability and security with less cost. VoIP technology was implemented in UAE, Qatar and Bahrain.

In terms of customer service, the customer experience team continues to focus on the standards of service excellence to ensure that they are fully implemented across the main service pillars which include: People, Process, Premises and Channels. To further enhance the experience of customers, personalized and dedicated initiatives were implemented targeting "Elite", "Arabi Premium", "Shabab" and "Extra" customers. The customer experience team also analyzes and addresses the problems and issues that affect the customer's experience through a specialized committee that meets on a regular basis to fulfil this objective.

With regards to credit cards, Visa Signature credit card was introduced in Jordan, Palestine, Lebanon, Bahrain and UAE exclusively for "Elite" customers. This card comes with a host of benefits that provide customers with instant recognition and ultimate financial power they need locally and across the world.

The Bank has continued working on implementing the Easy Payment scheme in addition to providing flexible payment solutions that enable our customers in Jordan, Bahrain, Egypt, UAE and Qatar to change their current monthly payment options to suit their monthly income. The Balance Transfer feature is another option that allows our customers in Jordan, Bahrain, and Lebanon to transfer the outstanding balance(s) of their credit card(s) from other banks to their Arab Bank credit cards at a preferential interest rate. Additionally, credit cards holders in Jordan are now able to redeem their Arabi Rewards Points and to activate / block their cards through "Arabi Online".

Furthermore and as part of the Bank's strategy to provide cross-border banking services to customers through our regional branch network, Consumer Banking Division has launched the revamped "Arabi Cross Borders" program that includes various regional banking products and services.

There have been no non-recurring operations that had a material effect on the bank's or the group financial position in 2016.

Time Series Data for Major Financial Indicators (2012 - 2016)

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

This section of the Board of Directors report highlights relevant financial data which is included in the consolidated financial statements of Arab Bank Group and Arab Bank Plc for the year 2016. The financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS), the interpretations issued by the Committee of the IFRS Board and the prevailing rules of the countries of which the Group operates in and the Central Bank of Jordan requirements. The accompanying notes are an integral part of the consolidated financial statements.

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

Percentage of ownership as of 31 December 2016	
Arab Bank Australia Limited	%100.00
Europe Arab Bank Plc	%100.00
Islamic International Arab Bank Plc	%100.00
Arab national Company for Leasing of Equipments L.L.C	%100.00
Al - Arabi Investment Group L.L.C	%100.00
Arab Sudanese Bank Limited	%100.00
Al Arabi Investment Group	%100.00
Arab Tunisian Bank	%64.24
Arab Bank Syria	%51.29
Al Nisr Al Arabi Insurance Plc	%50.00

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

Arab Bank Group

Consolidated Statement of Income

Arab Bank Group's net income for the year ended 31 December 2016 amounts to USD 532.7 million compared to USD 442.1 million in 2015, Total revenues of the Group stood at USD 1926.4 million compared to USD 1908.4 in 2015 recording an increase of 1%, Net Provision for doubtful debts amounts to USD 179.1 million

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

In USD (Thousands)	2016	2015	Variance	%
Revenue				
Net interest income	1 114 518	1 091 138	23 380	2%
Net commission income	315 903	319 603	(3 700)	(1%)
Other	495 991	497 619	(1 628)	(0%)
Total Income	1 926 412	1 908 360	18 052	1%
Expenses				
Employees Expenses	439 105	440 652	(1 547)	(0%)
Other Expenses	517 436	715 489	(198 053)	(28%)
Provision for impairment - direct credit facilities at amortized cost	179 056	32 891	146 165	444%
Total Expenses	1 135 597	1 189 032	(53 435)	(4%)
Profit For the year before Tax	790 815	719 328	71 487	10%
Income tax	258 149	277 205	(19 056)	(7%)
Profit for the year	532 666	442 123	90 543	20%

Consolidated Statement of Comprehensive Income

Arab Bank Group's comprehensive income for the year ended 31 December 2016 amounts to USD 397.4 million compared to USD 234 million in 2015, the following schedule shows the main components of the Group's consolidated statement of comprehensive income:

In USD (thousands)	2016	2015
Profit for the year	532 666	442 123
Add:		
Items that will be subsequently transferred to the consolidated statement of income		
Exchange differences arising on the translation of foreign operations	(126 551)	(165 218)
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	(8 706)	(42 874)
Total Comprehensive income for the year	397 409	234 031

Consolidated Statement of Financial Position

Arab Bank Group assets reached USD 47.5 billion as at 31 December 2016, Customer deposits reached USD 33.6 billion, excluding the effect of foreign currency devaluation the customer deposits show a growth of 3%. Investment portfolio has reached USD 8.8 billion, Credit facilities amounted to USD 21.9 billion forming 46.1% of total assets while owner's equity reached USD 8.2 billion.

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

In USD (Thousands)	2016	2015	Variance	%
Assets				
Cash and due from Banks	12 607 642	12 563 802	43 840	0%
Investment Portfolio	8 810 383	10 314 727	(1 504 344)	(15%)
Direct credit facilities at amortized cost	21 898 121	22 180 987	(282 866)	(1%)
other	4 144 245	3 985 077	159 168	4%
Total Assets	47 460 391	49 044 593	(1 584 202)	(3%)
Liabilities				
due to banks	4 024 184	3 712 479	311 705	8%
due to customers	33 643 578	35 242 318	(1 598 740)	(5%)
other	1 628 093	2 074 215	(446 122)	(22%)
owner's equity	8 164 536	8 015 581	148 955	2%
Total Liabilities and owners equity	47 460 391	49 044 593	(1 584 202)	(3%)

Arab Bank plc

Statement of Income

Arab Bank plc's net income for the year ended 31 December 2016 amounts to JOD 212.4 million compared to JOD 154 million in 2015, total Income of the Bank stood at JOD 936.3 million compared to JOD 946.4 million in 2015. Net provision for doubtful debts amounts to JOD 111.4 million.

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

In JOD (Thousands)	2016	2015	Variance	%
Revenue				
Net Interest income	624 665	609 779	14 886	2%
Net commission income	167 311	168 878	(1 567)	(1%)
other	144 311	167 785	(23 474)	(14%)
Total Income	936 287	946 442	(10 155)	(1%)
Expenses				
Employees expenses	209 664	209 843	(179)	(0%)
Other expenses	293 370	448 304	(154 934)	(35%)
Provision for impairment - direct credit facilities at amortized cost	111 419	2 179	109 240	5013%
Total Expenses	614 453	660 326	(45 873)	(7%)
Profit for the year before tax	321 834	286 116	35 718	12%
Income tax	109 420	132 097	(22 677)	(17%)
Profit for the year	212 414	154 019	58 395	38%

Statement of Comprehensive Income

Arab Bank Plc's comprehensive income for the year ended 31 December 2016 amounts to JOD 143.9 million compared to JOD 30.3 million for the year ended December 31, 2015.

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

In JOD (thousands)	2016	2015
Profit for the year	212 414	154 019
Add:		
Items that will be subsequently transferred to the statement of income		
Net exchange differences arising on the translation of foreign operations	(59 966)	(118 054)
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	(8 557)	(5 653)
Total Comprehensive income for the year	143 891	30 312

Statement of Financial Position

Arab bank Plc assets reached JOD 24.3 billion as at 31 December 2016, Customer deposits reached JOD 17.9 billion, excluding the effect of foreign currency devaluation the customer deposits show a growth of 2% . Investment portfolio has reached JOD 4.7 billion and Credit facilities amounted to JOD 11.2 billion forming 46% of total assets while shareholder's equity reached JOD 3.5 billion.

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

In JOD (Thousands)	2016	2015	Variance	%
Assets				
Cash and due from banks	6 899 561	7 505 361	(605 800)	(8%)
Investment Portfolio	4 722 845	5 623 548	(900 703)	(16%)
Direct credit facilities at amortized cost	11 186 472	11 264 977	(78 505)	(1%)
other	1 445 368	1 465 276	(19 908)	(1%)
Total Assets	24 254 246	25 859 162	(1 604 916)	(6%)
Liabilities				
Due to banks	1 951 741	1 961 521	(9 780)	(0%)
Due to Customers	17 913 628	19 123 137	(1 209 509)	(6%)
Other	888 122	1 256 363	(368 241)	(29%)
Shareholders' equity	3 500 755	3 518 141	(17 386)	(0%)
Total Liabilities and shareholders's equity	24 254 246	25 859 162	(1 604 916)	(6%)

Capital Adequacy

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

Arab Bank maintains capital adequacy ratios that exceed the required levels as per Basel committee, and Central Bank of Jordan requirements. The following table presents a summary of the capital adequacy calculations for the year 2016 in accordance with Basel III requirements and for the year 2015 in accordance with Basel II requirements:

Arab Bank Group

In USD (thousands)

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

Risk-weighted assets (RWA)	34 688 682
Common Equity Tier 1	7 456 710
Regulatory Adjustments (Deductions from Common Equity Tier 1)	(1 455 681)
Additional Tier 1	10 515
Supplementary Capital	386 022
Regulatory Adjustments (Deductions from Supplementary Capital)	(956 826)
Regulatory Capital	5 440 740
Common Equity Tier 1 Ratio	15.68%
Tier 1 Capital Ratio	15.68%
Capital Adequacy Ratio	15.68%

Capital Adequacy Ratio as at 31 December 2015 in accordance with Basel II requirements

Risk weighted assets (RWA)	33 026 774
Core Capital	6 313 189
Supplementary Capital	(167 905)
Deductible Items	1 454 595
Regulatory Capital	4 690 689
Core Capital / Risk Weighted assets	14.20%
Regulatory Capital / Risk Weighted assets	14.20%

Capital Adequacy

Arab Bank PLC

In JOD (thousands)

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

Risk-weighted assets (RWA)	18 622 278
Common Equity Tier 1	3 106 115
Regulatory Adjustments (Deductions from Common Equity Tier 1)	(461 579)
Additional Tier 1	-
Supplementary Capital	200 468
Regulatory Adjustments (Deductions from Supplementary Capital)	(302 155)
Regulatory Capital	2 542 849
Common Equity Tier 1 Ratio	13.65%
Tier 1 Capital Ratio	13.65%
Capital Adequacy Ratio	13.65%

Capital Adequacy Ratio as at 31 December 2015 in accordance with Basel II requirements

Risk weighted assets (RWA)	18 274 912
Core Capital	3 528 819
Supplementary Capital	(204 799)
Deductible Items	1 101 790
Regulatory Capital	2 222 230
Core Capital / Risk Weighted assets	12.16%
Regulatory Capital / Risk Weighted assets	12.16%

Income Appropriation

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

The Board of Directors recommends the distribution of cash dividends of 30% of the shares par value , or JOD 192.2 million for the year 2016 Compared to 25% of the shares par value or JOD 160.2 million in 2015 as shown in the table below:

In JOD (Millions)	2016	2015
Income available for appropriation	212.4	154.0
Statutory Reserve	32.2	28.6
Voluntary Reseve	-	-
General Reserve	-	-
General banking risk reserve	-	-
Proposed Cash dividends	192.2	160.2
Retained earnings	(12.0)	(34.8)
Total Appropriation	212.4	154.0

Financial Ratios related to Arab Bank Group

	2016	2015
Owners' equity / Total Assets	17.2%	16.3%
Loans / Deposits	65.1%	62.9%
Liquidity Ratio (cash and quasi cash)	45.25%	46.77%
Cost / Income	58.9%	62.3%
Cost / Income (excluding provision for doubtful debt)	49.7%	60.6%
Core capital - Basel II	-	14.20%
Regulatory Capital - Basel II	-	14.20%
Common Equity Tier 1 Ratio - Basel III	15.68%	-
Tier 1 Capital Ratio - Basel III	15.68%	-
Capital Adequacy Ratio - Basel III	15.68%	-
Return on Equity	6.5%	5.5%
Return on Assets	1.1%	0.9%
Net interest and commission income / total Assets	3.0%	2.9%
EPS (USD)	0.81	0.67

Financial Ratios related to Arab bank Plc:

	2016	2015
Owners' equity / Total Assets	14.4%	13.6%
Loans / Deposits	62.4%	58.9%
Liquidity Ratio (cash and quasi cash)	48.0%	50.8%
Cost / Income	65.6%	69.8%
Cost / Income (excluding provision for doubtful debt)	53.7%	69.5%
Core capital - Basel II	-	12.16%
Regulatory Capital - Basel II	-	12.16%
Common Equity Tier 1 Ratio - Basel III	13.65%	-
Tier 1 Capital Ratio - Basel III	13.65%	-
Capital Adequacy Ratio - Basel III	13.65%	-
Return on Equity	6.1%	4.4%
Return on Assets	0.9%	0.6%
Net interest and commission income / total Assets	3.3%	3.0%



Our plans for 2017 and beyond have been developed whilst taking into consideration the prevailing and expected market conditions locally, regionally and internationally. Our focus remains on preserving our values and principles relating to:

- **Liquidity:**

Our priority is to maintain ample liquidity to support our operations and protect our shareholders and customers in the regions where we operate. This has always been and will continue to be, one of the 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, operational efficiency and our shareholders' return.

Our objectives for 2017 focus on further strengthening our financial position in terms of growing the Bank's business in a prudent and sustainable manner, improving our customer service and business processes in addition to maintaining prudent credit policies and enhancing our risk management platform.

Arab Bank takes a cautious approach to safeguard shareholders' equity and to deal with other unexpected crisis in the MENA region and in the world.

Arab Bank's Corporate and Institutional Banking (CIB) is client-centric, focusing on the overall relationship development with a client and ensuring that their business requirements are met. The development and introduction of products and services are aligned with market dynamics as well as changing client needs. Furthermore, CIB is driven by innovation and customized solutions required for different segments of the corporate portfolio, be they different in terms of size, business model, or industry specialization. With such focus, CIB ensures that the available suite of products and services, as well as the team expertise managing such relationships across the region, cover the rich and diverse array of clients working with Arab Bank.

This journey into the future with our clients goes hand in hand with the Bank's commitment to prudent risk management particularly in light of the ongoing challenges in the region and their impact on the economic environment in countries Arab Bank is operating in.

As part of the Bank's commitment to provide the best services to its customers and to constantly meet their evolving needs and expectations, the Consumer Banking Division will continue its strategic plan for 2017 to ensure ongoing development and diversification of its banking services while taking into consideration the needs of each market.

A new concept of banking outside of the branch will be introduced via a new electronic channel. The "transactional kiosk" will provide various self service capabilities, such as statement printing, debit card issuance and renewal, KYC information update and document scanning in addition to cheque deposit. This electronic channel is part of Arab Bank's digital strategy to enrich electronic services proposition.

And in line with Arab Bank's focus on instant payments to enhance customer experience, "Arabi Online" service will be linked to two major bill payment systems in Egypt and UAE. Customers will be able to inquire and settle many of their bills through FAWRY & Ezeepay systems respectively. In addition to Jawwal Top up service, customers in Palestine will also be able to top up their Wataniyah mobile lines through "Arabi Online".

The eFAWATEERcom service, available through various channels will also be integrated with Arab Bank's Direct Debit system. Customers, who have authorized Arab Bank to pay their bills, will have their bills settled immediately upon their issuance.

The additional services on "Arabi Online" will include UAE Payment gateway system integration which will enable customers to settle payments to a variety of merchants using their "Arabi Online" service. Another unique service will also be available to "Arabi online" customers which will enable them to change the accounts linked to their debit cards.

Furthermore, several new credit card services will be available to customers through "Arabi Online" and "Arabi Mobile".

And as part of Arab Bank's cross border services, "Arabi Access" service, which is currently available in Jordan, UAE, Qatar & Bahrain, will be rolled out in Egypt, Palestine and Lebanon. This service is exclusive to our "Elite" and "Arabi Premium" customers and is available through "Arabi Online". The service also provides instant cross border transfers between Arab Bank accounts in addition to instant cross border bill payments.

Furthermore, JoMoPay service which was developed by Central Bank of Jordan as a centralized local mobile payment solution, will be introduced under "Arabi Mobile" service, offering customers and subscribers across Jordan instant mobile payment options regardless of the availability of a bank account or not.

As part of Arab Bank's vision of innovation, new and enhanced multi-media services will be offered through the Regional Contact center. The activation of the instant service model will also help enhancing the capabilities of contact center team. In addition, Consumer banking will restructure a number of its consumer banking operations to provide fast, efficient and secure banking services relying primarily on secure and advanced electronic channels.

In terms of cards and Bancassurance services, the Bank will continue to focus on introducing added value offerings that meet customers' needs, reward them for their relationship and provide them with the best quality of service according to the highest standards.

Regarding Treasury, through its broad network of Treasury teams, Arab Bank will continue to serve clients and protect the Bank. In 2017, Arab Bank Treasury will further develop its products and services, making the best possible use of its new, state-of-the-art technology platform. This, together with Treasury's team of highly-trained professionals, will ensure that Arab Bank is well prepared not only to serve the Bank's customers, but to protect the Bank while generating stable, high quality earnings.

In JOD Thousands	2016	2015
Fees for quarterly and annual audits and reviews	1 104	1 104

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

No.	Name	Position	Nationality
1.	Mr. Sabih Taher D. Masri	Chairman	Jordanian
2.	H. E. Dr. Basem Ibrahim Yousef Awadallah From date 28.4.2016	Deputy	Jordanian
	H. E. Mr. Samir Farhan Kawar Up to date 26.10.2016	Chairman	Jordanian
3.	Ministry of Finance, Saudi Arabia Represented by Mr. Saleh Saad Al-Muhanna	Member of the Board	Saudi
4.	Mrs. Nazik A. A.Odah/ Al Hariri	Member of the Board	Saudi
5.	Social Security Corporation Represented by Dr. Izz Eldein Kanakrieh	Member of the Board	Jordanian
6.	Mr. Mohammed Hariri	Member of the Board	Lebanese/ Canadian
7.	Abdul Hameed Shoman Foundation Represented by H. E. Mr. Khaled Anis Mohammad "Zand Al-Erani"	Member of the Board	Jordanian
8.	Mr. Wahbe Abdallah Tamari	Member of the Board	Lebanese
9.	Mr. Bassam Wael Roshdi Kanaan	Member of the Board	Jordanian
10.	Mr. Abbas Farouq Ahmad Zuaiter	Member of the Board	Jordanian
11.	H.E. Mr. Alaa Arif Saad AL Batayneh	Member of the Board	Jordanian
12.	H.E. Mr. Sulaiman Hafeth Sulaiman ALMasri	Member of the Board	Jordanian
9.	Mr. Bassam Wael Roshdi Kanaan	Member of the Board	Jordanian
10.	Mr. Abbas Farouq Ahmad Zuaiter	Member of the Board	Jordanian
11.	H.E. Mr. Alaa Arif Saad AL Batayneh	Member of the Board	Jordanian
12.	H.E. Mr. Sulaiman Hafeth Sulaiman ALMasri	Member of the Board	Jordanian

Number of shares		Holding of controlled companies	
31.12.2016	31.12.2015	31.12.2016	31.12.2015
8420544	8420544	---	--
11016	---	---	---
---	219960	---	Middle East Insurance Co. 627570
28800000	28800000	---	---
72144	72144	---	---
102528000	102472434	---	---
82440	82440	---	---
23697054	21826908	---	---
18000	18000	---	---
49338	49338	---	---
41238	30348	---	---
11250	11250	---	---
10008	---	---	---
49338	49338	---	---
41238	30348	---	---
11250	11250	---	---
10008	---	---	---

Number of Arab Bank Shares Owned by Senior Executives :

Nwo.	Name	Position	Nationality
1.	MR NEMEH ELYAS SABBAGH	Chief Executive Officer	Lebanese
2.	MISS RANDA MOHAMMAD TAWFEEQ ALSADEQ	Deputy Chief Executive Officer	Jordanian
3.	MR. MARWAN NASHAT RAGHEB RIYAL	EVP - Head of Human Resources	Jordanian
4.	MR. MOHAMED ABDUL FATTAH HAMAD GHANAMEH	EVP - Chief Credit Officer	Jordanian
5.	MR. GEORGE FOUAD GEORGY EL HAGE	EVP Chief Risk Officer	Canadian
6.	MR. MICHAEL MATOSSIAN	EVP - Head of Regulatory Compliance	American
7.	MR. NAIM RASEM KAMEL AL HUSSAINI	EVP - Consumer Banking Head	Saudi
8.	MR. FADI ZOUEIN	EVP Head of Audit	Lebanese
9.	MR. BASEM ALI ABDULLAH AL EMAM	Head of Legal Affairs Secretary of the Board	Jordanian
10.	MR. ANTONIO MANCUSO MARCELLO	EVP Head Of Treasury	British
11.	MR. ERIC JACQUES J. MODAVE	EVP Chief Operations Office	Belgian
12.	Mr. Walid Mohy ELdein Mohammad Samhour	SVP - Jordan Country Management	Jordanian
13.	MRS. KHULUD WALID KHALED EL ISSAWI	Head of Secretariat	Jordanian
9.	MR. BASEM ALI ABDULLAH AL EMAM	Head of Legal Affairs Secretary of the Board	Jordanian
10.	MR. ANTONIO MANCUSO MARCELLO	EVP Head Of Treasury	British
11.	MR. ERIC JACQUES J. MODAVE	EVP Chief Operations Office	Belgian
12.	Mr. Walid Mohy ELdein Mohammad Samhour	SVP - Jordan Country Management	Jordanian
13.	MRS. KHULUD WALID KHALED EL ISSAWI	Head of Secretariat	Jordanian
9.	MR. BASEM ALI ABDULLAH AL EMAM	Head of Legal Affairs Secretary of the Board	Jordanian
10.	MR. ANTONIO MANCUSO MARCELLO	EVP Head Of Treasury	British
11.	MR. ERIC JACQUES J. MODAVE	EVP Chief Operations Office	Belgian
12.	Mr. Walid Mohy ELdein Mohammad Samhour	SVP - Jordan Country Management	Jordanian
13.	MRS. KHULUD WALID KHALED EL ISSAWI	Head of Secretariat	Jordanian

Number of shares		Holding of controlled companies	
31.12.2016	31.12.2015	31.12.2016	31.12.2015
12006	12006	-----	-----
24012	24012	-----	-----
234	234	-----	-----
18000	18000	-----	-----
-----	-----	-----	-----
1440	1440	-----	-----
-----	-----	-----	-----
-----	-----	-----	-----
1080	1080	-----	-----
-----	-----	-----	-----
-----	-----	-----	-----
-----	-----	-----	-----
54	54	-----	-----
1080	1080	-----	-----
-----	-----	-----	-----
-----	-----	-----	-----
-----	-----	-----	-----
54	54	-----	-----
1080	1080	-----	-----
-----	-----	-----	-----
-----	-----	-----	-----
-----	-----	-----	-----
54	54	-----	-----

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

No.	Name and Position	Relation-ship	Nationality
1.	Mr. Sabih Taher D. Masri Chairman		
	Mrs. Najwa Mohamad Abdul Rahman Madi	Spouse	Jordanian
		Minors	---
2.	H. E. Dr. Basem Ibrahim Yousef Awadallah Deputy Chairman		
	From 28.4.2016	Spouse	---
		Minors	---
	H. E. Mr. Samir Farhan Kawar Deputy Chairman		
	Up to date 26.10.2016	Spouse	---
		Minors	---
3.	Ministry of Finance, Saudi Arabia Member of the Board		
	Represented by Mr. Saleh Saad Al-Muhanna		---

4.	Mrs. Nazik A. A. Odah/Al Hariri Member of the Board		
		---	---
		Minors	---
5.	Social Security Corporation Member of the Board		
	Represented by Dr. Izz Eldein Kanakrieh		---

6.	Mr. Mohammed Hariri Member of the Board		
		Spouse	---
		Minors	---

No.	Name and Position	Relation-ship	Nationality	
7.	Abdul Hameed Shoman Foundation Member of the Board Represented by H. E. Mr. Khaled Anis Mohammad "Zand Al-Erani"	Spouse	---	
		Minors	---	
8.	Mr. Wahbe Abdullah Tamari Member of the Board	Spouse	---	
		Minors	---	
9.	Mr. Bassam Wael Roshdi Kanaan Member of the Board	Spouse	---	
		Minors	---	
10.	Mr. Abbas Farouq Ahmad Zuaiter Member of the Board	Spouse	---	
		Minors	---	
11..	H. E. Mr. Alaa Arif Saad AL Batayneh Member of the Board	Spouse	---	
		Aysha Alaa Arif AL Batayneh	Minors	Jordanian
		Arif Alaa Arif AL Batayneh	Minors	Jordanian
12.	H.E. Mr. Sulaiman Hafeth Sulaiman ALMasri Member of the Board	Mrs. Rusaila Mohamad Lutfе Mohamad Hasan Bayazidi	Spouse	Jordanian
			Minors	---

	Number of shares		Holding of controlled companies	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
	---	---	---	---
	---	---	---	---
	---	---	---	---
	---	---	---	---
	---	---	---	---
	---	---	---	---
	---	---	---	---
	---	---	---	---
	---	---	---	---
	---	---	---	---
	1008	1008	---	---
	1008	1008	---	---
	1206	1206	---	---
	---	---	---	---

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

No.	Name	Relationship	Nationality
1.	MR NEMEH ELYAS SABBAGH	Spouse	Lebanese
		Moinors	
2.	MISS RANDA MOHAMMAD TAWFEEQ ALSADEQ	-----	-----
3.	MR. MARWAN NASHAT RAGHEB RIYAL	Spouse	Jordanian
		Moinors	
4.	MR. MOHAMED ABDUL FATTAH HAMAD GHANAME	Spouse	Jordanian
		Moinors	
5.	MR. NAEM RASEM KAMEL AL HUSSEINI	Spouse	Saudi
		Moinors	
6.	MR. MICHAEL MATOSSIAN	Spouse	American
		Moinors	
7.	MR. GEORGE FOUAD GEORGY EL HAGE	Spouse	Jordanian
		Moinors	

No.	Name	Relationship	Nationality
8.	MR. FADY ZOUEIN	Spouse	Lebanese
		Moinors	
9.	MR. ANTONIO MANCUSO MARCELLO	Spouse	British
		Moinors	
10.	MR. BASEM ALI ABDULLAH AL EMAM	Spouse	Jordanian
		Moinors	
11.	MR. ERIC JACQUES J. MODAVE	Spouse	Belgian
		Moinors	
12.	MR. WALID MOHY ELDEIN MOHAMMAD SAMHOURI		
	MRS. RIMA MOHAMMAD ABDULKAREEM SHWAIKA	Spouse	Jordanian
		Moinors	
13.	MRS. KHULUD WALID KHALED EL ISSAWI	Spouse	Jordanian
		Moinors	

	Number of shares		Holding of controlled Companies	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
	----	----	-----	-----
	----	-----	-----	-----
	----	----	-----	-----
	----	-----	-----	-----
	90	90	-----	-----
	-----	-----		
	----	-----	-----	-----

Board of Directors Remuneration and Benefits paid in 2016

	Member Name	Title
1	Mr. Sabih Taher Darwish Al-Masri	Chairman
2	H.E. Dr. Bassem Ibrahim Yousef Awadallah (Member since 31/3/2016)	Deputy Chairman
3	Messrs Ministry of Finance , Saudi Arabia Represented by Mr. Saleh Saad A. Al-Muhanna	Member
4	Mrs. Nazik Odah Al-Hariri	Member
5	Messrs Social Security Investment Fund Represented by Dr. Izzeddin Muhy Eddin Kanakrieh*	Member
6	Mr. Mohammed Ahmad Mokhtar Hariri	Member
7	Mr. Wahbe Abdallah Wahbe Tamari	Member
8	Messrs Abdul Hameed Shoman Foundation Represented by H.E. Mr. Khaled Anis Moh'd (Zand Irani)	Member
9	Mr. Bassam Wael Rushdi Kana'an	Member
10	Mr. Abbas Farouq Ahmad Zuaiter	Member
11	H. E. Mr. Alaa Arif Saad Batayneh (Since 22/4/2015)	Member
12	H. E. Mr. Suleiman Hafez Suleiman Al Masri (Since 27/10/2016)	Member
13	H. E. Mr. Samir Farhan Khalil Kawar (Resigned on 26/10/2016)	Member

* Paid to Social Security Corporation

Annual Salary	Annual Transportation Allowance	Annual Remuneration	(Amounts in Jordanian Dinar) Total
—	60 000	5 000	65 000
—	45 000	—	45 000
—	60 000	5 000	65 000
—	60 000	5 000	65 000
—	60 000	5 000	65 000
—	60 000	5 000	65 000
—	60 000	5 000	65 000
—	60 000	5 000	65 000
—	60 000	5 000	65 000
—	60 000	5 000	65 000
—	60 000	5 000	65 000
—	60 000	3 456	63 456
—	10 806	—	10 806
—	50 000	5 000	55 000

Number of Board and Board Committees Meetings

	Board		Audit Committee					First
	First	Second	Third	Forth	Fifth	Sixth		
Sabih Masri	•	•	•		•	•		
Dr. Bassem Awadallah Since 31/3/2016			•	•	•	•	Since 28/4/2016	
Suleiman Al Masri Since 27/10/2016						• •		
Samir Kawar Until 26/10/2016	•			•				
Ministry of Finance, Saudi Arabia/ Represented by Saleh Al-Muhanna	•	•	•	•	•	•		
Nazik Hariri		•	•					
Social Security Corp. Represented by Dr. Izziddin Kanakrieh	•	•	•	•	•	•		
Mohammed Hariri	•	•		•				
Wahbe Tamari	•	•	•			• •		
Abdul Hameed Shoman Foundation / Represented by Khaled (Zand Irani)		•	•	•	•	•		
Bassam Kanaan	•	•	•	•	•	•	•	
Abbas Zuaiter	•	•	•	•	•	•	•	
Alaa Batayneh	•	•	•			• •	•	

*Roles and responsibilities of the committees are in compliance with the Corporate Governance Code.

Committees Meetings *															
Nomination & Remuneration Committee				Corporate Governance Committee			Strategy Committee		Risk Committee						
Second	Third	Forth	Fifth	Sixth	First	Second	Third	Forth	First	Second	First	First	Second	Third	Forth
					•	•	•	•	•	•	•				
		•	•	Since 21/7/2016				•				•			
					•	•	•							•	•
												•			
•	•	•	•	•											•
									•	Until 21/7/2016					
					•	•	•	•				•			
											•		•	•	•
•	•	•	•	•	•	•	•	•				•	•	•	•
•	•	Until 21/7/2016								Since 21/7/2016	•				

Shareholder name	No. of Shares as 31/12/2016	Percentage %
Oger Middle East Holding SAL	127096290	19.834
Social Security Corporation	102528000	16.000
Ministry of Finance, Saudi Arabia	28800000	4.494
Abdul Hameed Shoman Foundation	23697054	3.698
Palestinian Telecommunications Co.	11999988	1.873
Al Sharq Holding Co.	11519982	1.798
Ministry of Economy and Finance Qatar	10564164	1.649
Sabih Taher Darwish Masri	8420544	1.314
Nasser Ibrahim R. Al Rashid	7817688	1.220
AlMaseera International Co. E.C.	7029738	1.097
BANKMED SUISSE SA	7014744	1.095
Mary Issa A. Alousi	6544656	1.021

pledgee	No. of pledged Shares	Ultimate Beneficiary Owner
The Housing Bank	127096290	Oger Middle East Holding sal, is fully owned by:
		Saudi Oger Limited (%99.99)
		Mr. Saadedin Al Hariri (%0.005)
		Mr. Waleed Sabayon (%0.005)
		Saudi Oger Limited, is fully owned by:
		Mrs. Nazik Odah
		Mr. Saadedin Al Hariri
		Mr. Hussamadine Saadedin Al Hariri
		Ms. Lolwah Saadedin Al Hariri
		Mr. Abdulaziz Saadedin Al Hariri
		Same
		Public Investment Fund, Saudi Arabia
		Abdul Hameed Shoman Foundation, Panama
		Public shareholding company listed in Palestine stock Exchange
		Closed Joint company owned by H.E. Sheikh Salim Al Ali Al Subah, his wife, sons & others
		Qatar Holding LLC, which is fully owned by Qatar Investment Authority.
		Same
		Same
		Messrs. Sabih & Khaled Al Masri
		Bankmed Customers / Switzerland
		Same

Executive Management Compensation and Benefits in 2016:

	Name	Position
1	Nemeh Elias Sabbagh	Chief Executive Officer
2	Randa Muhammad El Sadik	Deputy Chief Executive Officer
3	Mohammad Abdel Fattah Al Ghanamah	EVP - Chief Credit Officer
4	Antonio Mancuso Marcello	EVP - Head of Treasury
5	Naim Rasim K. AlHussaini	EVP - Consumer Banking Head
6	Walid Muhi Eddin Al Samhour	EVP - Jordan Country Head
7	Eric Jacques Modave	EVP - Chief Operating Officer
8	Basem Ali Abdallah Al Imam	Head of Legal Affairs / Board Secretary
9	Marwan Nashat Ragheb Riyal	EVP - Head of Human Resources
10	Georges Fouad El-Hage	EVP - Chief Risk Officer
11	Michael Matossian	EVP - Chief Compliance Officer
12	Fadi Joseph Zouein	EVP - Head of Internal Audit

(In JOD)

Annual Salary	Annual transportation allowance	Annual Travel Expenses (does not include accommodation and tickets)	Performance Bonus paid during 2016	Total
550 000	-	-	150 000	700 000
450 000	-	-	56 250	506 250
290 648	-	-	16 706	307 354
351 359	-	-	44 313	395 672
310 944	-	-	26 864	337 808
253 560	-	-	29 000	282 560
221 672	-	-	15 953	237 625
236 592	-	-	53 932	290 524
247 496	-	-	42 426	289 922
170 400	-	-	25 358	195 758
411 448	-	-	22 378	433 826
270 695	-	-	58 184	328 879

Project / Entiy	JOD
Abdul Hameed Shoman Foundation	6 569 466
The Queen Rania Foundation for Education and Development	939 921
King Hussein Cancer Foundation	549 431
Al-Hussein Bin Talal University	500 000
King's Academy	173 955
The Central Bank of Jordan	135 300
Scholarships for Employees' Children	107 627
Jordan River Foundation	75 639
The Jordanian Hashemite Fund for Human Development	70 000
Tkiyet Um Ali	35 620
Amman Bacculaureate School	35 450
SOS Children Villages	7 500
Jordan Strategy Forum	7 000
Ministry of Environment	5 000
AS - Salt Greater Municipality	5 000
Others	46 165
Total	9 263 074

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

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

	JD'000			
	December 31, 2016			
	Deposits owed from Related Parties	Direct Credit Facili- ties at Amortized Cost	Deposits owed to Related Parties	LCs, LGs, Unu- tilized Credit Facilities and Acceptances
Sister and subsidiary companies	1 269 099	104 463	74 812	152 958
Associates companies	146 766	-	25 825	26 802
Major shareholders and members of the Board of Directors	-	339 921	321 964	69 906
Total	1 415 865	444 384	422 601	249 666

	JD'000			
	December 31, 2015			
	Deposits owed from Related Parties	Direct Credit Facilities at Amortized Cost	Deposits owed to Related Parties	LCs, LGs, Unu- tilized Credit Facilities and Acceptances
Sister and subsidiary companies	1 414 182	106 447	144 460	187 395
Associates companies	76 289	-	76 289	27 896
Major shareholders and members of the Board of Directors	-	378 761	291 997	47 452
Total	1 490 471	485 208	512 746	262 743

The details of transactions with related parties are as follows:

JD '000

	2016		2015	
	Interest Income	Interest Expense	Interest Income	Interest Expense
Subsidiaries and sister companies	5 739	962	3 783	1 066
Associated companies	1 493	1 592	356	99
Total	7 232	2 554	4 139	1 165

JD '000

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

December 31, 2016

	Granted to BOD Members			Granted to Related Parties			Total		
	Direct Credit Facilities	Indirect Credit Facilities	Total	Direct Credit Facilities	Indirect Credit Facilities	Total	Direct Credit Facilities	Indirect Credit Facilities	Total
Mr. Sabih Masri	-	1	1	64 358	69 890	134 248	64 358	69 891	134 249
Mr. Mohammed Hariri	3 861	-	3 861	214 724	12	214 736	218 585	12	218 597
Mr. Wahbeh Tamari	-	-	-	56 733	-	56 733	56 733	-	56 733
Mr.Khaled Irani	240	-	240	-	-	-	240	-	240
Mr.Bassam Kanaan	5	-	5	-	-	-	5	-	5
Ms.Nazik Al-Hariri	-	3	3	-	-	-	-	3	3
Total	4 106	4	4 110	335 815	69 902	405 717	339 921	69 906	409 827

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 maintains 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.

With regards to reducing the energy consumption and to reducing harmful and toxic emissions, a new system for Planned Preventive Maintenance (PPM) will be implemented at the branches and the departments during 2017. Additionally, the Bank has implemented a range of initiatives using solar energy to be announced in the coming period after the initial rollout, which will contribute to the efficiency of electric power consumption.

In addition, the Bank adopted a new AC system (VRV/VRF) in the new locations instead of the traditional system. The Bank has also started the project of installing a Variable Refrigerant Volume (VRV) system to better control heating and cooling demands and consumption in the Head Office – old building. The new system is considered an environmentally-friendly system and has led to a marked deduction in electricity consumption. As part of HVAC project replacement, Arab Bank installed Light Emitting Diode (LED) lighting instead of the old lighting system which in turn reduces energy consumption.

The Bank continued rationalizing fuel consumption by applying the GPS tracking, (Global Positioning System) on the Bank's vehicles to reduce fuel consumption, harmful and toxic emissions.

In relation to the Bank's commitment to environmental protection in Jordan, the Bank has launched the eAdvice Service through "Arabi Online" service. Customers can now gain instant access to 6 main advice notifications on their accounts without the need to wait for them by regular mail. This is an environment friendly service which effectively reduces the consumption of paper and packaging materials. Subscription to the service is free of charge and is instantly done through Arabi Online service.

Subsequent to Arab Bank successful collaboration with the International Finance Corporation (IFC) in financing Jordan's "Round One" solar photovoltaic projects, Arab Bank Group closed during 2016 the financing of two solar power projects out of Jordan's "Round Two" four Photovoltaic- technology Projects tendered by MEMR. Arab Bank Group involvement was under the umbrella of the IFC and in cooperation with other international financing agencies. The Bank also undertook the roles of Onshore Account Bank and Onshore Security Agent for these strategic financing deals under Round Two, in addition to Al Fujjaj wind farm project of 90 MW which is expected to be in operation by end of 2018.



Arab Bank is currently following up on specific financing needs for privately owned solar projects after the release of the new Wheeling and Net-Metering laws and regulations, which allow private sector to establish and own their solar facilities for electricity self-consumption.

On infrastructure financing, Arab Bank is also following up the Third Expansion for Al Samra Wastewater Treatment Plant subsequent to the successful execution of Phase Two expansion in October 2016 to integrate additional 100,000 cubic meters to the Plant capacity, bringing the overall production capacity of the treatment plant to 367,000 cubic meters per day. Arab Bank leads a group of local syndicate banks in providing structured finance package for Phase Two. Samra treatment plant is considered one of the landmark waste water treatment plants in the MENA region, positively impacting the environment and largely providing additional raw water suitable for agricultural purposes.

Arab Bank will continue to engage with international financing institutions for the successful implementation of those projects and offering the relevant financial solutions they require.

Arab Bank also supported a number of initiatives to protect the environment in Jordan, mainly through collaboration with the Royal Society for the Conservation of Nature (RSCN), one of the NGOs participating in the Together program. The Bank was the exclusive sponsor of the second Socio-Economic Conference, which highlighted the importance of ecotourism in preserving the natural environment, integrating local communities in nature conservation concepts. As part of the Bank's commitment to environmental conservation, Arab Bank sponsored the Landscaping and Beautifying of the Al-Mujib Natural Reserve Visitor's Center and chalets area, developing them into an attractive and unique tourism destination. One-hundred and eight employees participated in this initiative, which entailed gardening, planting and watering of the plants.

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

The Bank's commitment to environmental protection extended to Palestine, where 12 of the Bank's employees and their families planted trees and green plants in Ein Sinia School, with the aim to increase the green space and maintain its natural beauty. Moreover, 11 employees from the Ramallah branches participated in the "National Cleaning Day," aiming to increase the awareness of environmental conservation and volunteerism among the local community.



Sustainability at Arab Bank

Since its inception in 1930, Arab Bank has been playing a significant role in supporting the economies and communities in which it operates. This is done through the Bank's strategic engagement in financing vital projects in the region in addition to pioneering its social responsibility program. In 1978, the Bank has established a foundation dedicated to cultural and social innovation named after the Bank's founder Abdul Hameed Shoman. The Bank has also launched a multi-dimensional Corporate Social Responsibility (CSR) program under the title "Together" in 2009.

As part of integrating the sustainable development concept into its daily operations, 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 adopted by the Bank is multi-dimensional and revolves around five main strategic focus areas: responsible financing, employee empowerment, transparent reporting, system optimization and community cooperation. These focus areas aim to reinforce the sustainability role of the Bank through economic performance, environmental impact and community contributions. Since the launch of this approach, Arab Bank was able to achieve most of its strategic goals by adopting initiatives that focused on raising employee awareness of sustainability issues and highlighting the importance of integrating sustainability into its daily operations.

During 2016, 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 the environmental impact, increasing employees' and stakeholders' awareness of sustainability issues, and launching the green package campaign to promote green products and services for our customers in Jordan. To ensure proper fulfillment 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 sixth sustainability report in 2016 based on the Global Reporting Initiative (GRI) guidelines, achieving the 'in accordance comprehensive' option of the updated GRI-G4 guidelines. The report focuses on the Bank's main "material" aspects, providing a comprehensive overview of the Bank's sustainability strategy and achievements. Arab Bank is the first bank in Jordan to publish such a specialized report with the objective of enhancing transparency and engagement with stakeholders.

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 in 2009 by Arab Bank, in collaboration with various non-governmental organizations (NGOs). It aims to support the community by implementing sustainable development initiatives in four main areas: Health, poverty alleviation, environmental protection, and education and orphan support. The program creates a long-term, positive impact on communities through collaboration with NGO's and encouraging the Bank employees and customers to be engaged in community development efforts. The Bank has made great strides in community development as a result of its cooperation with various NGOs including 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. Through the program employees participate in volunteering activities and customers are provided with the opportunity to donate to the Together program's NGOs through the following banking channels: Internet Banking Service (Arabi Online), Phone Banking Service (Hala Arabi), ATMs, the Bank's branch network across the Kingdom, and 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 participating NGO. In return the Bank will match the amount and donate 50% of the card's annual membership fee to the aforementioned NGOs.

In 2016, the number of Arab Bank employee volunteers increased by 18%. 425 employees in Jordan participated in 52 activities with 868 participations, reaching more than 175,000 beneficiaries.

The total amount of customer donations reached more than JOD 191,000 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 focuses on building the capacity of NGOs by providing training and development opportunities to enhance their employees' skills and capabilities. In 2016, the Bank conducted a number of courses for employees of the NGOs participating in the Together program. The Bank's certified internal trainers



provided employees with a valuable range of courses, based on their organizations' needs and priorities. In 2016, the number of beneficiaries from this program increased by 53%, reaching 164 employees from five NGOs. The Bank conducted nine successful courses covering specialized topics that included: Telephone Handling Skills, Service Excellence, Project Management, Advanced Microsoft Excel, MS Power Point, Time Management, Total Quality Management, HR for non-HR, and Budgeting and Costing.

As part of the Bank's commitment towards the development and empowerment of the communities in which it operates, the Bank expanded 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; health, poverty alleviation, environmental protection and education and orphan support.

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

Health

Arab Bank has 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. Under the "Naming and Recognition" program, the Bank donated a new waiting room as part of the KHCF expansion project, which aims to increase the center capacity to treat more cancer patients from Jordan and the region. Furthermore, 15 employees participated in a recreational day for young cancer patients, in collaboration with Abdul Hameed Shoman Foundation (AHSF). Another seven of our employees participated in the "Back to School" program, which aims to help young patients continue their education while being treated at the center, benefiting 41 children.

Stemming from the Bank's commitment to its employees' health and wellbeing, the Bank collaborated with the KHCF and the Jordan Breast Cancer Program (JBCP) to organize a breast cancer awareness campaign, benefiting 100 female employees. The Bank also participated in the Goal for Life Tournament, which was organized by the Foundation to promote the importance of living a healthy and active lifestyle.

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.

During 2016, the Bank organized 3 blood donation drives, in collaboration with Jordan Blood Bank, during which 203 blood units were donated by the Bank employees. The Bank has also supported the Jordan Air Ambulance Center (JAAC) in providing emergency air transportation services to patients as part of the efforts to enhance the level of medical services in the Kingdom.

The Bank has also supported the Royal Health Awareness Society in implementing a "Healthy Schools" program in eight schools around the Kingdom. Through this support, the Royal Health Awareness Society worked with the Madrasati and Jordan Education Initiatives on rehabilitating and upgrading three schools to create a safer and more conducive learning environment.

The Bank reinforced the importance of supporting health initiatives by participating in several health and sports initiatives in Jordan. 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 runs for four consecutive years. For the eighth consecutive year, Arab Bank was the Gold Sponsor for the Amman International Marathon. This entailed covering the participation costs of over 799 employees and their families and friends for this main sporting event.

As for health initiatives in Palestine, the Bank held three blood donation drives in Ramallah and Hebron, during which 101 blood units were donated by employees and their friends to the National Blood Bank. In addition, 63 employees and their families participated in a Health Day, organized by the Bank, in which free medical check-ups and awareness sessions on healthy habits were conducted.

Furthermore, the Bank supported the construction of two pedestrian bridges on the main road of Huwara Village. The bridge aims to reduce traffic congestion and save pedestrian lives, especially students and workers relying on this as the main route to the village.



Poverty Alleviation

Arab Bank continued supporting programs that aim to alleviate poverty pockets in the Kingdom. In collaboration with Tkiyet Um Ali (TUA), one of the Together program NGOs, the Bank supported 51 underprivileged families in Amman, Madaba, Karak, Al Ruwashed, Ajloun, Mafraq and Zarqa 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 60 employees, who volunteered to serve food to underprivileged families. This benefited approximately 3,600 people.

The Bank's employees also participated in other activities including preparing and packaging around 662 food packages through five volunteering activities with the participation of 96 employees and their family members, benefiting around 3,310 people from underprivileged families. Additionally, 18 employees and their family members were involved in five activities to distribute food packages to 148 families in Ma'an, Tafilah and Salt. The Bank participated in four field assessment visits with 18 volunteers reaching more than 67 underprivileged families in Amman and Zarqa. Furthermore, Arab Bank sponsored a charity Iftar during Ramadan in collaboration with the Children's Museum hosting over 200 children. The Bank was the Exclusive Sponsor for TUA's winter campaign (Lamsit Dafa), which entailed distributing blankets to underprivileged families to help them cope with the cold weather. Thirty-two employees volunteered to distribute 1,400 blankets to approximately 631 underprivileged families living in poverty pockets in East Amman, Irbid, Tafilah, Aqaba, Zarqa, Ma'an, and Mafraq.

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 was also the Platinum sponsor of the Jordan River Foundation's Dinner to support its Child Safety Program.

Arab Bank continued its support to the Charity Clothing Bank, which operates under the Jordanian Hashemite Charity Organization (JHCO), by sponsoring the Orphans' Day program. This entailed providing 1,200 underprivileged orphans with new clothes and toys for one year. During this initiative, 138 employees and their families from different branches participated in ten shopping activities with orphans in different governorates. Moreover, around 24 employees and their families participated in two sorting and folding of donated clothes activities, where they prepared over 217 packages (3.8 tons) of ready to be distributed cloths.



Environmental Protection

Arab Bank supported a number of initiatives to protect the environment in Jordan, mainly through collaboration with the Royal Society for the Conservation of Nature (RSCN), one of the NGOs participating in the Together program. The Bank was the exclusive sponsor of the second Socio-Economic Conference, which highlighted the importance of ecotourism in preserving the natural environment, integrating local communities in nature conservation concepts. As part of the Bank's commitment to environmental conservation, Arab Bank sponsored the Landscaping and Beautifying of the Al-Mujib Natural Reserve Visitor's Center and chalets area, developing them into an attractive and unique tourism destination. One-hundred and eight employees participated in this initiative, which entailed gardening, planting and watering of the plants.

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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 2016, 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 focused on the provision of university education of 35 older orphans who have aged out of care, by assisting them with financial, educational and emotional support during the academic year 2015/2016. They are expected to graduate at the end of the academic year 2016/2017. The aim of the program is to help the orphans integrate into society and become self-reliant and productive members of their communities.

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

Through collaboration with INJAZ, Arab Bank was the Gold and exclusive sponsor of the INJAZ Job Shadow program. This program provided 20 public school students with the opportunity to spend a full day at one of the Bank's branches, helping them to understand the connection between academic studies and the actual banking work. This helped students formulate a clearer picture of the reality of the working environment and the required skills to succeed within it. Moreover, 14 of the Bank employees volunteered to deliver extra curricula programs to schools and universities across the Kingdom, with the aim to enhance capacities and skills through educational seminars. Through this program, the Bank's employees were able to reach more than 610 students, benefiting them directly by delivering business and entrepreneurial skills courses during the academic year 2015/2016.

Arab Bank also signed an agreement with the SOS Children's Villages Jordan to be the exclusive sponsor of one of their houses in Amman. This sponsorship entails giving nine children educational training to prepare them for self-reliance when they leave SOS as young independent adults, and covers all their essential expenses including clothes, transportation, educational fees and health expenses for one year.

Additionally, 19 employees accompanied 175 children on an entertaining and educational day at the Children Museum.

The Bank also supported the Raneen Foundation in adopting several schools and introducing its program "Audio Story, an Educational Tool" in Irbid, Madaba and Amman. Eight audio libraries have been installed, benefiting around 13 schools and community centers. Additionally, the Bank assisted Raneen in implementing train-the-trainer workshops for 60 teachers, mothers and youth from the SOS Village in Irbid and Amman, in addition to conducting 200 listening classes that benefited 2,000 students. The Bank was also the Banking Partner for the New Think Festival. The event brought together creative minds from different sectors to discuss today's big business and social and environmental challenges. The two-day event hosted over 16,000 people at the King Hussein Park to promote entrepreneurship through different activities and workshops.



Arab Bank continued to support the Traffic Department for the seventh consecutive year to enhance road safety, sponsoring their awareness campaign “Back to School.” This entailed distributing 40,000 educational booklets with student-friendly advice and guidelines to promote road safety and prevent car and road accidents.

The Bank was also the Gold Sponsor for the internship program, implemented in collaboration with the King Abdullah Fund for Development (KAFD) and LOYAC. Through this program, the Bank hosted ten students from different Jordanian universities for six weeks in the Bank’s branches in Zarqa, Salt, Mafraq, Irbid, Ajloun, Jerash, Karak, Tafilah, and Aqaba.

In 2016, Arab Bank was the Platinum sponsor of Endeavor Jordan’s Fourth Annual DealMakers event, organized by Endeavor Jordan. The event gathered participants from ICT and ICT-enabled companies, angel investors and venture capital firms from ten different countries. The initiative entailed a series of conversations and collective design exercises, during which entrepreneurs and investors addressed business challenges and opportunities in an open dialogue, contributing to the creation of a more efficient and dynamic deal-making ecosystem.

Under the umbrella of the Queen Rania Foundation, the Bank supported the Madrasati initiative by renovating the facilities and infrastructure of three schools in order to provide a better educational environment. Moreover, the Bank supported the Jordan Educational Initiative, through which new electronic content and wireless networks were provided to three schools in different parts of the Kingdom.

Additionally, the Bank supported the “Teach Like a Champion” program under the Queen Rania Teacher Academy, which provides the basis for creating a powerful learning environment that helps educators improve their teaching techniques dramatically. In 2016, 2,600 teachers were enrolled in this program.

Arab Bank also assisted Edraak by sponsoring three online courses: Guide to Mathematics, Goal Setting and Self-assessment, and Principles of Research in Biological Science. Edraak provides a platform for a diverse range of free online courses, offered by top universities and entities.

Furthermore, the Bank supported the Queen Rania Award for the Excellence in Education event, which gathered all the proponents of the Award Foundation for its ten years anniversary.

This is in addition to supporting several programs under the Children's Museum, including Earth Month program, Back to School program, Arabic Child Month, and Persons with Disabilities month. Around 84,800 people have benefited from these programs.

In Palestine, the Bank collaborated with INJAZ-Palestine to renovate and enhance the infrastructure of five public schools in the south, north and mid areas. The program aims to improve the school environment and consequently the quality of education for the students. Twenty four employees volunteered to provide a number of extracurricular courses in the five schools. This is in addition to the participation of 14 employees and their families in the renovation activities of those schools



Other Initiatives

As part of its strategic partnership with Union of Arab Banks, Arab Bank sponsored a number of conferences organized by the Union including the following forums: "Financial Inclusion", "Enhancing the Supervisory and Regulatory Frameworks related to Correspondent Banking and "Mechanisms for Drying Up the Sources of Financing Terrorism."

Additionally, Arab Bank sponsored a number of initiatives and events that are of interest to the youth such as sponsoring several career days, including the University of Jordan's 14th job fair, German Jordanian University's career day, Princess Sumaya University for Technology's 11th job fair, and Petra University's 11th job fair in addition to sponsoring a job fair for people with special needs. The Bank also participated for the second consecutive year in sponsoring Jordan Games Week activities.

Arab Bank also participated in the sponsorship of Souk Jara event, which is held each summer in Amman and hosts visitors from Jordan and abroad. Souk Jara focuses on presenting the local traditional folklore and art through art exhibits and handmade artworks and other exhibits. Arab Bank was also the platinum sponsor of the first annual Home Expo Jordan exhibition which is considered the first of its kind in Jordan.

As part of its support to cultural and touristic activities, Arab Bank sponsored the concerts of the globally renowned musician Yanni and the Egyptian artist Amro Diab in Amman, in addition to sponsoring a musical opera concert.

On the regional level, the Bank hosted a special musical performance for Elite customers at the Rawabi Theater in Ramallah and Al-Bireh. The concert featured the artist Mohammad Assaf and it witnessed the presence of a large number of the Banks' Elite customers.



In Egypt, Arab Bank sponsored the forum of "Financing & Investment for Enhancing Financial Inclusion, Stability & Financing Terrorism", which was organized by the Union of Arab Banks. Moreover, Arab Bank exclusively sponsored the AUC Alumni Award Ceremony, in addition to the Ramadan Venues (Ramadana Tent and Galleria 40 Tent) during the holy month of Ramadan and was the main sponsor of the summer events at North Coast Sea 55 Complex and Haicinda White.

In Qatar, Arab Bank sponsored Qatar Central Bank's 2nd annual Information Security Conference in the Financial Sector which focused on important topics that included cybercrime. The Bank sponsored the Third Entrepreneurship in Economic Development Forum, also organized by Qatar Central Bank. Among the other events sponsored by Arab Bank was MEED's Qatar Projects 2016, which highlighted the investment sector in Qatar and the opportunities available for companies and institutions that are interested in the various fields of investment in the country. Moreover, the Bank sponsored Jordan Today Expo 2016 that took place in Qatar, as well as it sponsored the tournament of Prince of Qatar Basketball Cup.



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 continues to play 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 cultural and social innovation to positively impact the communities it serves through thought leadership, arts and literature, and social innovation. In consistency with its mission, and to achieve its vision for a society of culture and innovation, the year 2016 marked numerous achievements for the Foundation on the local and regional levels within the three strategic pillars.

Of its most prominent achievements in 2016 is the celebration of the 30th anniversary of the establishment of Abdul Hameed Shoman Public Library in a ceremony entitled "An Evening at the Library" held under the kind patronage of the Chairman Mr. Sabih Al Masri and the presence of the Foundation's Board and the Arab Bank's CEO Mr. Neme Sabbagh. During the event a number of the Foundation's former General Managers and library members were honored in recognition of their efforts in maintaining the library as a house of knowledge and soul of the society. The celebration continued for a week and witnessed specialized and general seminars entitled "The library as an engine for change" presented by two international experts for the librarians, the public and the audience. In addition to multiple cultural activities such as readings, workshops, and hosting of reading clubs sessions.

Abdul Hameed Shoman Cultural Forum also hosted several local, Arab and international figures, most notably His Royal Highness Prince Hassan bin Talal in a talk and dialogue entitled "Diversity Management and Peacebuilding".

The Foundation also organized a professional fiction writing workshop in collaboration with the International Prize for Arabic Fiction entitled "Nadwa – Jordan", which was held for the first time outside the Emirate of Abu Dhabi in the city of Petra, with the participation of Jordanian and Arab promising novelists under the supervision of reviewers and novelists.

In addition, this year witnessed the development and implementation of the national program for financial education for schools, which was launched by the Central Bank of Jordan in cooperation with INJAZ, the Ministry of Education, and Al Hussein Fund for Excellence with the support of Abdul Hameed Shoman Foundation and the Association of Banks in Jordan. The program aims to bridge the gap between financial knowledge and behavior, while acquainting students with basic economic and financial concepts, targeting students from grades 7

through to grades 12. In 2016, the curriculum was implemented for the 7th, 8th and 11th grades.

Another prominent achievement was the “Abdul Hameed Shoman Award for Arab Researchers” in its 34th edition for the year 2015 where the prize witnessed a remarkable increase in submitted applications. The Foundation awarded sixteen researchers from around the Arab World in appreciation of their distinguished published scientific works in the fields of: Medical and Health Sciences, Engineering, Basic Sciences, Arts, Human Sciences, Social and Educational Sciences, Technological and Agricultural Sciences, Economic and Administrative Sciences. The award shed the light on exceptional scientific works with the objective of promoting applied and scientific knowledge and increasing awareness on the culture of scientific research. This contributes to addressing challenges in high priority areas at the local, regional and international levels.

Through the **Abdul Hameed Shoman Scientific Research Fund**, the Foundation continues its support for scientific research projects in research institutions and universities in Jordan, where the foundation worked on developing the granting criteria for the fund. This year, the Foundation provided grants for seven researches in the fields of: Pathological Histology, Humanities and Medical Sciences, Waste Management, Biotechnology, Medical Biochemistry, Communications Engineering, Applied Linguistics, and Information and Communication Technology Applications.

The **Abdul Hameed Shoman Award for Children’s Literature**, which aims at advancing the literature presented to children to better foster their creativity, focused in the 2015 edition on literary works in the category of “**Theater for Children**”. The Foundation presented the award to four winners in a Ceremony that was held under the patronage of HRH Princess Rym Ali and in the presence of several local and Arab Cultural Foundations. The Foundation also organized interactive seminar to short-listed candidates about the Theater for Children.

The Foundation and the Ministry of Culture participated this year in Bahrain International Book Fair, and also participated in “About Culture in Jordan” Exhibition.

Launched in 2014, **the Science and Education Program** aspires to promote a culture of scientific research and innovation amongst children and youth, and to positively influence education in Jordan and building the science teachers and students’ capacities and contributing to improved, more dynamic and thought provoking science. This is done through cooperation with the Ministry of Education and other stakeholders to support different initiatives, such as supporting Jordanian students’ participation in Intel International Science and Engineering Fair (ISEF). The program is currently working on reviving Abdul Hameed Shoman Science Teachers Award.

In 2016, the program supported the Jordanian students’ participation in the Intel International Science and Engineering Fair and provided them with the needed guidance and trainings on presentation and leadership skills. One of the Jordanian students was ranked fourth among the top five in the international competition in the Environmental Engineering field. In addition, the program conducted 12 awareness and introduction workshops of Intel ISEF in various governorates around Jordan, which was attended by 121 teachers and 721 students.

In late 2015, the Young Innovators Lab was launched targeting passionate children in science (ages 10 – 13) aiming at fostering their critical thinking skills through experiments and scientific projects. In 2016, 22 students completed the first edition and through the many stages from the critical thinking and experimentation to the acquisition of teamwork skills and learning the electric circuits and electronic kits, as well as production of six outstanding scientific projects. Furthermore, eight students participated in Expo Science Asia which was held in Oman to enhance the students' participation in the local and regional scientific forums and conferences. A memo of understanding was also signed with the Creativity Club-Karak to implement the Young Innovators Lab in Karak.

Knowledge Path Library for Children and Youth

Launched in 2013, the Knowledge Path Library provides a dynamic, open space and nurturing environment for children and youth 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 2016, the library served and reached out to around 33,500 thousand patrons who read more than 35 thousand books on various topics. The Library also hosted 170 schools. The Library team also conducted field visits to 35 schools in Karak, Ajloun, Salt, Irbid and Jerash. In addition, the Library participated in Fuheis Cultural Festivals, the Children Day Festival in cooperation with Zaha Center, and the New Think Festival in cooperation with the Children's Museum. The Library also organized the Science Film Festival for the third consecutive time in cooperation with Goethe Institute – Jordan and provided training to the Children's Museum and Goethe Institute staff to implement it.

The Knowledge Path activities included daily reading and creative activities, summer and winter clubs, in addition to the monthly Child Film shows. It also organized workshops and courses on children capacity building and skills courses for the families, and hosted ceremonies to sign children books for Jordanian writers and film shows. The Library also presented this year the "Shadow Theater" in the governorates and presented an evening concert for children and youths.

Abdul Hameed Shoman Cultural Forum

Abdul Hameed Shoman Cultural Forum continued to host prominent Jordanian and Arab intellectuals and researchers through its weekly program. It diversified its activities to include seminars, lectures, dialogues, debates on important cultural, social, economic, educational, and financial issues of Jordan and the region concern. Cultural symposiums were also held in collaboration with leading institutions such as the "Confronting the History of Literature" in cooperation with Sultan Bin Ali Al Owais Cultural Foundation as well as a joint seminar with King Faisal International Prize.

The Forum also hosted a number of youth initiatives and international events, such as the promotional activity of the UNESCO - Sharjah Prize for Arab Culture.

Cinema

The Foundation's Cinema Program continued to offer screenings of carefully selected Arabic and international movies followed by discussions about the films, which comes as part of its weekly program every Tuesday.

The program also organized several activities to celebrate the cinema innovations namely the Venezuelan Film Nights and Brazilian Film Nights.

The Children's Cinema Program continued its monthly screenings aimed to enhance the critical thinking of children and youth, and heighten their appreciation for arts.

Abdul Hameed Shoman Foundation Cultural Days

As part of its ongoing efforts to interact with our communities all over the Kingdom, and to present a comprehensive cultural program targeting all community segments and reflecting the Foundation's diversified programs in cooperation with cultural and national entities, the Foundation launched **Abdul Hameed Shoman Foundation Cultural Days** where the year 2016 witnessed two events:

1. Jabal Amman Cultural Week 3

For the third consecutive year, and celebrating Jabal Amman's heritage as the center point for cultural activities in the heart of the capital, Jabal Amman Cultural Week was organized by Abdul Hameed Shoman Foundation in cooperation with Jara Association under the patronage of Greater Amman Municipality and 26 other cultural entities. The Week-long event comprised of various cultural activities for all ages and interests including children interactive activities, Jordanian films, musical and poetry evenings, seminars, book fair, in addition to book signings and activities for children, art and photo exhibitions at Jabal Amman galleries, in addition to various training workshops and children's creative activities throughout the week in Jara Street and at Knowledge Path Library.

This year's activities witnessed an increase in number of partners that reached 26 entities compared to 11 in 2015, in addition to more than 29 publishing houses and 40 artisans' representatives. The audience also maximized to reach 18,000 people.

2. Abdul Hameed Shoman Foundation Cultural Days in Irbid

"Abdul Hameed Shoman Foundation Cultural Days in Irbid" activities were held under the patronage of HE Mayor of Irbid in partnership with Greater Irbid Municipality, Ministry of Culture, Ministry of Youth, Ministry of Tourism and Antiquities, Irbid Chamber of Commerce, Al-Hassan Youth City, Yarmouk University, "Fooq Alsada" Team, Azbakyah, Jordanian publishing houses, Awshala, Jara Association, and the media sponsor Al Ghad. The 5-days program included intensive cultural program with activities and events targeting all ages and interests. The program celebrated Irbid as a creative ongoing memo and source. It comprised cultural seminars, film shows for all ages, musical evenings from Jordanian orchestra and creative soloists to Irbid Children Choir, folkloric shows, book fair, signing musical, artistic, and scientific books and activities for children

and youth. The Knowledge Path team presented diversified creative activities for children in many public schools and for the public in addition to introductions to Abdul Hameed Shoman Award for Arab Researchers and the Scientific Research Fund in addition to introductions to the granting and support programs, training workshops for teachers, and training course for the librarians. The activities were attended by around 7,000 people.

Abdul Hameed Shoman Public Library

As the first well-equipped and fully computerized public library in Jordan, Abdul Hameed Shoman Public Library underwent many developments and upgrades in 2016 to satisfy its patrons' educational and research needs. In addition to its activities in celebration of its 30th anniversary of the establishment, the Library held more than 13 capacity building workshops and two training courses for its patron. As part of the "Readings in the Library" Program which includes releasing and signing books, the Library hosted 14 Jordanian writers as well as a number of reading clubs to hold their meetings in the Library where eight sessions were held in 2016. The Library also held courses and workshops aimed at building the capacities of librarians from across the Arab world to strengthen its position as a community hub and forum, Rumi Café was opened in the Library.

In 2016, the total number of library patrons reached more than 255,664, and the number of the Library memberships also increased by 1,890 making the combined total more than 42,100 members.

Since its establishment, and as part of its community outreach, the Library contributed to establishing and launching more than 17 libraries across the Kingdom and 14 municipal libraries in Palestine. The Library also continued to provide support to the Ministry of Culture's "Jordanian Family Library", and renewed its financial support for Haya Cultural Center's mobile library while also providing it with children books.

Abdul Hameed Shoman Foundation Musical Evenings

Launched in 2014, the program aims to promote the rising musical talents in Jordan and the region, as well as to expose the wider Jordanian public to diverse musical genres. It provides a free platform for local and regional artists to perform and exhibit their musical talents and styles.

In addition to the monthly Musical Evenings and to further enhance its outreach, the Foundation held three musical events titled "AHSF Musical Nights Downtown Amman" celebrating Jordanian and international talents through several musical and arts concerts.

Grants and support program 2016

Through its different grants and support programs, the Foundation received 300 requests this year, 56 of which were approved for funding across the three strategic pillars:

Thought Leadership Grants Program: This program seeks to build capacity and provide learning resources for all to contribute to the development of the learning process which includes the provision of educational platforms and

scientific and learning applications, in addition to support the various scientific activities including scientific competitions, prizes and exhibitions in addition to encouraging dialogue by supporting holding conferences, seminars and debates which aim to stimulate the free and leadership thought. The supported projects include: the national program for financial education, , Adam Wa Mishmish cartoon program on YouTube channel, Phi Science Institute, "DaVinci's Children" Program, the research paper of Kaynouna The Arab Art Therapy Center, and the Fifth Global Conference on Renewable and Energy Efficiency for Desert Regions by the University of Jordan.

- **Arts & Literature Grants:** This program develops literature and artistic skills and talents, promotes the cultural diversity to have the arts available at everyone fingertips by supporting projects tailored to enrich and disseminate the Arabic excellent literature and artistic content in all paper and digital means including the artistic and literature platforms, and by supporting those working in the cultural sector in terms of artists and men of letters, especially the young ones by promoting the performance arts, audio and visual arts, diversified cultural festivals and activities, as well as projects aiming at preserving and protecting the national heritage. Examples of supported projects include: Abjjad platform for community e-reading, Team Hero Cartoon, Establishment and Initiative in Arabic, the mobile library project in partnership with Haya Cultural Center and the Ministry of Culture, the popular orchestra project by Anna Lindh Foundation, in addition to supporting the performance arts such as the play "Passing Pain" and several music projects and performances.
- **The Social Innovation Grants Program:** Stemming from its belief in the importance of investing in youth, enhancing social innovation, and promoting the launch of sustainable social enterprises in Jordan, which aims to tackle community problems and to find innovative sustainable solutions, the Foundation supported various projects such as Mix n'Mentor by Wamda Company and the university activity GJU Green Hackathon: Path to Entrepreneurship and Employability in the Green Sectors by the German University to support them in promoting leadership and creative thinking among youth.

Stemming from its interest in investing in the innovative and creative Jordanians, the Foundation organized for the first time in Jordan the training camp: impact and profitability in partnership with "EwIV" Ahead of the Curve which aims to build the capacity of young people and equip them with skills that enable them to develop their ideas and projects to create a profitable business model to overcome important social challenges and to help them start their projects to attract investors.

The camp lasted for five days with the participation of 31 participants who were selected out of 200 candidates from all over the Kingdom.

Arab Bank Group

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December 31,

	Note	2016	2015	
Cash and balances with central banks	6	7 809 343	9 472 381	ASSETS
Balances with banks and financial institutions	7	4 622 181	2 992 403	
Deposits with banks and financial institutions	8	176 118	99 018	
Financial assets at fair value through profit or loss	9	698 516	831 980	
Financial derivatives - positive fair value	40	58 011	58 235	
Direct credit facilities at amortized cost	11	21 898 121	22 180 987	
Financial assets at fair value through other comprehensive income	10	470 912	479 038	
Other financial assets at amortized cost	12	7 640 955	9 003 709	
Investment in associates	13	3 077 008	2 916 290	
Fixed assets	14	463 633	451 444	
Other assets	15	472 203	500 479	
Deferred tax assets	16	73 390	58 629	
Total Assets		47 460 391	49 044 593	
Banks' and financial institutions' deposits	17	3 752 999	3 636 734	
Customer deposits	18	31 082 152	32 799 228	
Cash margin	19	2 561 426	2 443 090	
Financial derivatives - negative fair value	40	52 517	53 705	
Borrowed funds	20	271 185	75 745	
Provision for income tax	21	242 377	235 918	
Other provisions	22	259 795	145 235	
Other liabilities	23	1 072 128	1 627 254	
Deferred tax liabilities	24	1 276	12 103	
Total Liabilities		39 295 855	41 029 012	
Share capital	25	926 615	926 615	LIABILITIES AND OWNERS' EQUITY
Share premium	25	1 225 747	1 225 747	
Statutory reserve	26	798 443	753 065	
Voluntary reserve	27	977 315	977 315	
General reserve	28	1 141 824	1 141 824	
General banking risks reserve	29	363 458	363 458	
Reserves with associates		1 540 896	1 540 896	
Foreign currency translation reserve	30	(402 682)	(284 609)	
Investment revaluation reserve	31	(267 672)	(260 621)	
Retained earnings	32	1 738 225	1 502 867	
Total Equity Attributable to the Shareholders of the Bank		8 042 169	7 886 557	
Non-controlling interests	32	122 367	129 024	
Total Owners' Equity		8 164 536	8 015 581	
TOTAL LIABILITIES AND OWNERS' EQUITY		47 460 391	49 044 593	

The accompanying notes from (1) to (58) 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

USD'000

	Note	2016	2015	
REVENUE	Interest income	33	1 865 835	1 815 895
	Less: interest expense	34	751 317	724 757
	Net interest income		1 114 518	1 091 138
	Net commissions income	35	315 903	319 603
	Net interest and commissions income		1 430 421	1 410 741
	Foreign exchange differences		61 185	70 827
	Gain from financial assets at fair value through profit or loss	36	5 147	14 315
	Dividends on financial assets at fair value through other comprehensive income	10	7 813	5 430
	Group's share of profits of associates	13	334 964	356 981
	Other revenue	37	86 882	50 066
TOTAL INCOME		1 926 412	1 908 360	
EXPENSES	Employees' expenses	38	439 105	440 652
	Other expenses	39	338 397	647 238
	Depreciation and amortization	14	47 661	52 041
	Provision for impairment - direct credit facilities at amortized cost	11	179 056	32 891
	Other provisions	22	131 378	16 210
	TOTAL EXPENSES		1 135 597	1 189 032
PROFIT FOR THE YEAR	PROFIT FOR THE YEAR BEFORE INCOME TAX		790 815	719 328
	Less: Income tax expense	21	258 149	277 205
	PROFIT FOR THE YEAR		532 666	442 123
	Attributable to :			
	Bank shareholders		522 187	430 830
Non-controlling interests	32	10 479	11 293	
Total		532 666	442 123	
Earnings per share attributable to Bank Shareholders				
	- Basic and Diluted (US Dollars)	54	0.81	0.67

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

		USD'000	
	Note	2016	2015
Profit for the Year		532 666	442 123
Add: Other comprehensive income items - after tax			
Items that will be subsequently transferred to the consolidated statement of Income			
Exchange differences arising on the translation of foreign operations	30	(126 551)	(165 218)
Items that will not be subsequently transferred to the consolidated statement of Income			
Change in fair value of financial assets at fair value through other comprehensive income	31	(8 706)	(42 874)
Change in Investment Revaluation Reserve		(7 668)	(42 905)
(Loss) Gain from sale of financial assets at fair value through other comprehensive income		(1 038)	31
Total Other Comprehensive Income Items - after tax		(135 257)	(208 092)
TOTAL COMPREHNSIVE INCOME FOR THE YEAR		397 409	234 031
Attributable to :			
- Bank shareholders		396 383	227 660
- Non-controlling interests		1 026	6 371
Total		397 409	234 031

The accompanying notes from (1) to (58) 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

CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY

	Notes	Share Capital	Share Premium	Statutory Reserve	Voluntary Reserve	General Reserve	General Banking Risks Reserve
2016	Balance at the Beginning of the year	926 615	1 225 747	753 065	977 315	1 141 824	363 458
	Profit for the year	-	-	-	-	-	-
	Other comprehensive income for the year	-	-	-	-	-	-
	Total Comprehensive Income for the Year	-	-	-	-	-	-
	Transferred to statutory reserve	-	-	45 378	-	-	-
	Investment revaluation reserve transferred to retained earnings	10	-	-	-	-	-
	Investment revaluation reserve transferred to minority interest	-	-	-	-	-	-
	Dividends Paid	32	-	-	-	-	-
	Adjustments during the year	-	-	-	-	-	-
Balance at the End of the Year		926 615	1 225 747	798 443	977 315	1 141 824	363 458
2015	Balance at the Beginning of the year	826 223	1 225 747	712 722	977 315	1 141 824	363 458
	Profit for the year	-	-	-	-	-	-
	Other comprehensive income for the year	-	-	-	-	-	-
	Total Comprehensive Income for the Year	-	-	-	-	-	-
	Transferred to statutory reserve	-	-	40 343	-	-	-
	Investment revaluation reserve transferred to retained earnings	10	-	-	-	-	-
	Dividends Paid	32	-	-	-	-	-
	Adjustments during the year	-	-	-	-	-	-
	Increase in Share Capital (Stock Dividends)	32	100 392	-	-	-	-
Balance at the End of the Year		926 615	1 225 747	753 065	977 315	1 141 824	363 458

* Retained earnings include restricted deferred tax assets in the amount of USD 73.4 million, as well as unrealized gain from financial assets at fair value through profit or loss in the amount of USD 1.7 million. Restricted retained earnings that cannot be distributed or otherwise utilized except only under certain circumstances, as a result of adopting of certain International Accounting Standards, amounted to USD 2.7 million as of December 31, 2016.

* The retained earnings include an unrealized loss in the amount of USD (109.1) million as a result of the adoption of IFRS (9) as of December 31, 2016.

* 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 (267.7) million as of December 31, 2016 which represents the negative investment revaluation reserve balance is restricted according to Jordan Securities Commission instructions.

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

USD '000

Reserves with Associates	Foreign Currency Translation Reserve	Investment Revaluation Reserve	Retained Earnings	Total Equity Attributable to the Shareholders of the Bank	Non-Control-ling Interests	Total Owners Equity
1 540 896	(284 609)	(260 621)	1 502 867	7 886 557	129 024	8 015 581
-	-	-	522 187	522 187	10 479	532 666
-	(118 073)	(7 731)	-	(125 804)	(9 453)	(135 257)
-	(118 073)	(7 731)	522 187	396 383	1 026	397 409
-	-	-	(45 378)	-	-	-
-	-	680	(680)	-	-	-
-	-	-	-	-	358	358
-	-	-	(231 277)	(231 277)	(5 607)	(236 884)
-	-	-	(9 494)	(9 494)	(2 434)	(11 928)
1 540 896	(402 682)	(267 672)	1 738 225	8 042 169	122 367	8 164 536
1 540 896	(122 751)	(219 278)	1 315 525	7 761 681	127 060	7 888 741
-	-	-	430 830	430 830	11 293	442 123
-	(161 858)	(41 312)	-	(203 170)	(4 922)	(208 092)
-	(161 858)	(41 312)	430 830	227 660	6 371	234 031
-	-	-	(40 343)	-	-	-
-	-	(31)	31	-	-	-
-	-	-	(101 772)	(101 772)	(5 610)	(107 382)
-	-	-	(1 012)	(1 012)	1 203	191
-	-	-	(100 392)	-	-	-
1 540 896	(284 609)	(260 621)	1 502 867	7 886 557	129 024	8 015 581

	Note	2016	2015
Profit for the year before tax		790 815	719 328
Adjustments for:			
- Depreciation and amortization	14	47 661	52 041
- Provision for impairment - direct credit facilities at amortized cost	11	179 056	32 891
- Net interest income		(8 096)	11 762
- (Gain) from sale of fixed assets		(40 211)	(2 312)
- Amortization of Intangible Assets	15	7 112	7 321
- (Gain) from revaluation of financial assets at fair value through profit or loss	36	(1 671)	(8 733)
- Dividends from financial assets at fair value through other comprehensive income	10	(7 813)	(5 430)
- Group's share from associates profits	13	(334 964)	(356 981)
- Other provisions		131 378	16 210
Total		763 267	466 097
(Increase) decrease in assets:			
Balances with central banks (maturing after 3 months)		-	103 436
Deposits with banks and financial institutions (maturing after 3 months)		(877 100)	11 428
Direct credit facilities at amortized cost		103 810	(211 850)
Financial assets at fair value through profit and loss		135 135	303 647
Other assets and financial derivatives		13 739	10 335
Increase (decrease) in liabilities:			
Bank and financial institutions deposits (maturing after 3 months)		(215 552)	429 144
Customer deposits		(1 717 076)	733 957
Cash margin		118 336	(460 468)
Other liabilities and financial derivatives		(536 044)	258 900
Net Cash (Used by) Generated by Operating Activities before Income Tax		(2 211 485)	1 644 626
Income tax paid		(269 492)	(279 171)
Net Cash (Used by) Generated by Operating Activities		(2 480 977)	1 365 455
CASH FLOWS FROM INVESTING ACTIVITIES			
Sale (Purchase) of financial assets at fair value through other comprehensive income		1 075	(13 360)
Maturity of other financial assets at amortized cost		1 362 754	113 309
(Increase) of investments in associates		(27 810)	(752)
Dividends received from associates	13	175 607	178 489
Dividends from financial assets at fair value through other comprehensive income	10	7 813	5 430
(Purchase) of fixed assets	14	(97 512)	(71 455)
Proceeds from selling fixed assets - Net		64 149	22 965
(Purchase) of intangible assets		(12 873)	(9 583)
Net Cash Generated by Investing Activities		1 473 203	225 043
CASH FLOWS FROM FINANCING ACTIVITIES			
Increased (Paid) borrowed funds		195 440	(11 346)
Dividends paid to shareholders		(229 063)	(101 080)
Dividends paid to non-controlling interests		(5 607)	(5 610)
Net Cash (Used in) Financing Activities		(39 230)	(118 036)
Net Increase (Decrease) in Cash and Cash Equivalents		(1 047 004)	1 472 462
Exchange differences - change in foreign exchange rates		(118 073)	(86 771)
Cash and cash equivalent at the beginning of the year		9 514 915	8 129 224
Cash and Cash Equivalent at the End of the Year	56	8 349 838	9 514 915

The accompanying notes from (1) to (58) 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 74 branches in Jordan and 122 branches abroad, it's subsidiaries and sister company Arab Bank (Switzerland) Limited.
- Arab Bank plc 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 26th, 2017 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
	2016 %	2015 %				
Europe Arab Bank plc	100.00	100.00	2006	Banking	United Kingdom	€ 610m
Arab Bank Australia Limited	100.00	100.00	1994	Banking	Australia	AUD 69.3m
Islamic International Arab Bank plc	100.00	100.00	1997	Banking	Jordan	JD 100m
Arab National Leasing Company L.L.C.	100.00	100.00	1996	Financial Leasing	Jordan	JD 25m
Al-Arabi Investment Group L.L.C .	100.00	100.00	1996	Brokerage and Financial Services	Jordan	JD 14m
Arab Sudanese Bank Limited	100.00	100.00	2008	Banking	Sudan	SDG 117.5m
Al Arabi Investment Group - Palestine	100.00	100.00	2009	Brokerage and Financial Services	Palestine	JD 1.7m
Arab Tunisian Bank	64.24	64.24	1982	Banking	Tunisia	TND 100m
Arab Bank Syria	51.29	51.29	2005	Banking	Syria	SYP 5.05b
Al Nisr Al Arabi Insurance Company plc	50.00	50.00	2006	Insurance	Jordan	JD 10m

- 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.
- The acquisition method is used for all adjustments completed on the business combinations, the costs of these business combination are measured at total fair value of assets of which were waived, either being cash paid or other assets and the obligations incurred at the date of exchange. All costs associated with the business combinations must be expensed in the consolidated statement of Income and are not considered as a part of the acquisition cost.

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

3. a. New and revised IFRSs applied with no material effect on the financial statements:

The following new and revised IFRSs, which became effective for annual periods beginning on or after January 1, 2016, have been adopted in these financial statements. The application of these revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

- IFRS 14 Regulatory Deferral Accounts.
- Amendments to IAS 1 Presentation of Financial Statements relating to Disclosure initiative.
- Amendments to IFRS 11 Joint arrangements relating to accounting for acquisitions of interests in joint operations.
- Amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets relating to clarification of acceptable methods of depreciation and amortisation.
- Amendments to IAS 16 Property, Plant and Equipment and IAS 41 Agriculture: Bearer Plants.
- Amendments to IAS 27 Separate Financial Statements relating to accounting investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in separate financial statements.
- Amendments to IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investment in Associates and Joint Ventures relating to applying the consolidation exception for investment entities.
- Annual Improvements to IFRSs 2012 – 2014 Cycle covering amendments to IFRS 5, IFRS 7, IAS 19 and IAS 34.

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

The Company has not yet applied the following new and revised IFRSs that have been issued but are not yet effective:

New and revised IFRSs	Effective for annual periods beginning on or after
Annual Improvements to IFRS Standards 2014 – 2016 Cycle amending IFRS 1, IFRS 12 and IAS 28.	The amendments to IFRS 1 and IAS 28 are effective for annual periods beginning on or after January 1, 2018, the amendment to IFRS 12 for annual periods beginning on or after January 1, 2017.
Amendments to IAS 12 Income Taxes relating to the recognition of deferred tax assets for unrealized losses.	January 1, 2017
Amendments to IAS 7 Statement of Cash Flows to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.	January 1, 2017
<p>IFRIC 22 Foreign Currency Transactions and Advance Consideration</p> <p>The interpretation addresses foreign currency transactions or parts of transactions where:</p> <ul style="list-style-type: none"> • there is consideration that is denominated or priced in a foreign currency; • the entity recognises a prepayment asset or a deferred income liability in respect of that consideration, in advance of the recognition of the related asset, expense or income; and • the prepayment asset or deferred income liability is non-monetary. 	January 1, 2018
Amendments to IFRS 2 Share Based Payment regarding classification and measurement of share based payment transactions	January 1, 2018

Amendments to IFRS 4 Insurance Contracts: Relating to the different effective dates of IFRS 9 and the forthcoming new insurance contracts standard.	January 1, 2018
Amendments to IAS 40 Investment Property: Amends paragraph 57 to state that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use. The paragraph has been amended to state that the list of examples therein is non-exhaustive.	January 1, 2018
Amendments to IFRS 7 Financial Instruments: Disclosures relating to disclosures about the initial application of IFRS 9	When IFRS 9 is first applied
IFRS 7 Financial Instruments: Disclosures relating to the additional hedge accounting disclosures (and consequential amendments) resulting from the introduction of the hedge accounting chapter in IFRS 9	When IFRS 9 is first applied
IFRS 16 Leases IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.	January 1, 2019
Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011) relating to the treatment of the sale or contribution of assets from and investor to its associate or joint venture.	Effective date deferred indefinitely

<p>IFRS 9 Financial Instruments (revised versions in 2009, 2010, 2013 and 2014)</p> <p>IFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.</p> <p>A finalised version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 Financial Instruments: Recognition and Measurement. The standard contains requirements in the following areas:</p>	<p>January 1, 2018</p>
<ul style="list-style-type: none"> • Classification and measurement: Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to the measurement of an entity's own credit risk. • Impairment: The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognised • Hedge accounting: Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures. • Derecognition: The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39. 	

<p>Amendments to IFRS 15 Revenue from Contracts with Customers to clarify three aspects of the standard (identifying performance obligations, principal versus agent considerations, and licensing) and to provide some transition relief for modified contracts and completed contracts.</p>	<p>January 1, 2018</p>
<p>IFRS 15 Revenue from Contracts with Customers In May 2014, IFRS 15 was issued which established a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related interpretations when it becomes effective.</p> <p>The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:</p> <ul style="list-style-type: none"> • Step 1: Identify the contract(s) with a customer. • Step 2: Identify the performance obligations in the contract. • Step 3: Determine the transaction price. • Step 4: Allocate the transaction price to the performance obligations in the contract. • Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation. 	<p>January 1, 2018</p>
<p>Under IFRS 15, an entity recognises when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.</p>	

Management anticipates that these new standards, interpretations and amendments will be adopted in the Bank's financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments, except for IFRS 9, IFRS 15 and IFRS 16, may have no material impact on the financial statements of the Bank in the period of initial application.

Management anticipates that IFRS 15 and IFRS 9 will be adopted in the Bank's financial statements for the annual period beginning 1 January 2018 and that IFRS 16 will be adopted in the Bank's financial statements for the annual period beginning 1 January 2019.

The application of IFRS 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 and the application of IFRS 16 may have significant impact on amounts reported and disclosures made in the Bank's financial statements in respect of its leases.

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, 2015 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' 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, and recorded as an expense in the consolidated statement of income. Intangible assets with indefinite lives are reviewed in statement income for impairment as of the consolidated financial statements date, and impairment loss is recorded in the consolidated statement of income.
- Intangible assets resulting from the banks operations are not capitalized. They are rather recorded in the consolidated statement of income in the same period.
- Any indications of impairment in the value of intangible assets as of the consolidated financial statements date are reviewed. Furthermore, the estimated useful lives of the impaired intangible assets are reassessed, and any adjustment is made in the subsequent period.

g. Repurchase and Resale Agreements

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

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

h. Capital

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

i. Investments in Associates

- 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.

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.
- 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,	
	2016	2015
Cash in vaults	416 874	455 445
Balances with central banks:		
- Current accounts	2 120 805	2 173 468
- Time and notice	3 256 190	4 392 724
- Mandatory cash reserve	1 362 777	1 835 107
- Certificates of deposit	652 697	615 637
Total	7 809 343	9 472 381

- Except for the mandatory cash reserve, there are no restricted balances at Central Banks.
- There are no balances and certificates of deposit maturing after three months as of December 31, 2016 and 2015.

7. Balances with Banks and Financial Institutions

The details of this item are as follows:

USD '000

Local banks and financial institutions	December 31,	
	2016	2015
Current accounts	2 522	-
Time deposits maturing within 3 months	261 403	57 810
Total	263 925	57 810

Abroad banks and financial institutions	December 31,	
	2016	2015
Current accounts	2 714 289	1 452 094
Time deposits maturing within 3 months	1 643 967	1 482 499
Total	4 358 256	2 934 593
Total balances with banks and financial institutions Local and Abroad	4 622 181	2 992 403

- There are no non interest bearing balances as of December 31, 2016 and 2015.
- Restricted balances amounted to USD 800 Million as of December 31, 2016 (there are no restricted balances as of December 31, 2015).

8. Deposits with Banks and Financial Institutions

The details of this item are as follows:

USD '000

Local banks and financial institutions	December 31,	
	2016	2015
Time deposits maturing after 3 months and before 6 months	20 736	-
Time deposits maturing after one year	21 150	-
Total	41 886	-

USD '000

Abroad banks and financial institutions	December 31,	
	2016	2015
Time deposits maturing after 3 months and before 6 months	97 772	88 176
Time deposits maturing after 6 months and before 9 months	2 291	4 594
Time deposits maturing after 9 months and before a year	23 281	6 248
Time deposits maturing after one year	10 888	-
Total	134 232	99 018
Total deposits with banks and financial institutions Local and Abroad	176 118	99 018

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

9. Financial Assets at Fair Value through Profit or Loss

USD '000

The details of this item are as follows:

	December 31,	
	2016	2015
Treasury bills and Government bonds	352 284	423 445
Corporate bonds	274 404	331 131
Loans and advances	29 624	29 624
Corporate shares	15 781	19 918
Mutual funds	26 423	27 862
Total	698 516	831 980

10. Financial Assets at Fair Value through Other Comprehensive Income

USD '000

The details of this item are as follows:

	December 31,	
	2016	2015
Quoted shares	258 920	256 776
Un-quoted shares	211 992	222 262
Total	470 912	479 038

- Cash dividends from investments above amounted to USD 7.8 million for the year ended December 31, 2016 (USD 5.4 million as of December 31, 2015).
- Realized losses transferred from investment revaluation reserve to retained earnings amounted to USD (680) thousand and the minority interest share from these realized losses was USD (358) Thousand as of December 31, 2016 (Realized gains transferred from investment revaluation reserve to retained earnings amounted to USD 31 thousand and there is no share for the minority interest from these realized gains as of December 31, 2015).

11. Direct Credit Facilities at Amortized Cost

The details of this item are as follows:

USD '000

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

- * Net of interest and commission received in advance, which amounted to USD 117.4 million as of December 31, 2016.
- Rescheduled loans during the year ended December 31, 2016 amounted to USD 490 million.
 - Restructured loans (transferred from non performing to watch list loans) during the year ended December 31, 2016 amounted to USD 3.2 million.
 - Direct credit facilities granted to and guaranteed by the government of Jordan as of December 31, 2016 amounted to USD 111.4 million, or 0.5% of total direct credit facilities.
 - Non-performing direct credit facilities as of December 31, 2016 amounted to USD 1575.7 million, or 6.7% of total direct credit facilities.
 - Non-performing direct credit facilities net of interest and commission in suspense as of December 31, 2016 amounted to USD 1127.3 million, or 4.9% of direct credit facilities, after deducting interest and commission in suspense.

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

- * Net of interest and commission received in advance, which amounted to USD 105.8 million as of December 31, 2015.
- Rescheduled loans during the year ended December 31, 2015 amounted to USD 339.6 million.
 - Restructured loans (transferred from non performing to watch list loans) during the year ended December 31, 2015 amounted to USD 39.7 million.
 - Direct credit facilities granted to and guaranteed by the government of Jordan as of December 31, 2015 amounted to USD 81.9 million, or 0.3% of total direct credit facilities.
 - Non-performing direct credit facilities as of December 31, 2015 amounted to USD 1523.8 million, or 6.4% of total direct credit facilities.
 - Non-performing direct credit facilities net of interest and commission in suspense as of December 31, 2015 amounted to USD 1116.5 million, or 4.8% 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, 2016						USD '000
	Consumer Banking	Corporates		Banks and Financial Institutions	Government and Public Sector	Total	The total includes movement on the real-estates loans provision as follows:
		Small and Medium	Large				
Balance at the beginning of the year	171 143	134 135	902 901	1 353	2 751	1 212 283	16 847
Impairment losses charged to income	18 412	22 179	210 904	-	1 878	253 373	2 507
Used from provision (written off or transferred to off consolidated statement of financial position) *	(5 617)	(6 173)	(31 216)	-	-	(43 006)	(88)
Surplus in provision transferred to statement of income	(15 176)	(9 932)	(47 077)	(950)	(1 182)	(74 317)	(4 932)
Adjustments during the year	1 624	(4 306)	12 623	-	(94)	9 847	(1 947)
Translation adjustments	(12 819)	(6 780)	(28 865)	(5)	(1 212)	(49 681)	(13)
Balance at the End of the Year	157 567	129 123	1 019 270	398	2 141	1 308 499	12 374

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

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

- Impairment is assessed based on individual customer accounts.

* Non-performing direct credit facilities transferred to off consolidated statement of financial position amounted to USD 6.6 million as of December 31, 2016. (USD 2.1 million as of December 31, 2015) noting that these non-performing direct credit facilities are fully covered by set provisions and suspended interest.

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

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

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

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

USD '000

Economic Sector	Inside Jordan	Outside Jordan	December 31, 2016	December 31, 2015
Consumer Banking	2 434 179	2 520 822	4 955 001	4 678 011
Industry and mining	956 971	3 078 872	4 035 843	4 438 773
Constructions	229 557	1 753 056	1 982 613	1 861 483
Real - Estates	365 336	1 358 298	1 723 634	1 710 773
Trade	1 017 906	2 690 910	3 708 816	3 621 191
Agriculture	47 848	112 059	159 907	164 038
Tourism and Hotels	197 545	421 455	619 000	626 032
Transportations	145 837	521 257	667 094	752 236
Shares	2 744	3 014	5 758	67 046
General Services	476 344	2 251 568	2 727 912	2 866 054
Banks and Financial Institutions	16 871	90 529	107 400	191 382
Government and Public Sector	111 417	1 093 726	1 205 143	1 203 968
Net Direct Credit Facilities at amortized Cost	6 002 555	15 895 566	21 898 121	22 180 987

12. Other financial assets at amortized cost

USD '000

The details of this item are as follows:

	December 31,	
	2016	2015
Treasury bills	2 089 708	2 731 740
Government bonds and bonds guaranteed by the government	3 932 816	4 492 258
Corporate bonds	1 645 573	1 808 678
Less: Provision for impairment	(27 142)	(28 967)
Total	7 640 955	9 003 709

Analysis of bonds based on interest nature:

USD '000

	December 31,	
	2016	2015
Floating interest rate	777 918	602 196
Fixed interest rate	6 863 037	8 401 513
Total	7 640 955	9 003 709

Analysis of financial assets based on market quotation:

USD '000

	December 31,	
	2016	2015
Financial assets quoted in the market:		
Treasury bills	250 536	753 022
Government bonds and bonds guaranteed by the government	1 019 559	1 318 234
Corporate bonds	1 410 604	1 660 382
Total	2 680 699	3 731 638

	December 31,	
	2016	2015
Financial assets unquoted in the market:		
Treasury bills	1 839 172	1 978 718
Government bonds and bonds guaranteed by the government	2 913 257	3 174 024
Corporate bonds	207 827	119 329
Total	4 960 256	5 272 071
Grand Total	7 640 955	9 003 709

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

USD '000

	December 31,	
	2016	2015
Balance at the beginning of the year	28 967	29 520
Impairment losses charged to income	-	-
Used from provision	-	-
Translation adjustments	(1 825)	(553)
Balance at the end of the year	27 142	28 967

During the year ended December 31, 2016 certain financial assets at amortized cost amounted to USD 424.5 million were sold (USD 268.7 million during the year ended December 31, 2015).

13. Investment in Associates

The details of this item are as follows:

USD '000

	December 31, 2016		December 31, 2015		Place of Incorporation	Fair Value	Published Financial Statements Date	Principal Activity	Date of Acquisition
	Ownership and Voting Right	Investment Value	Ownership and Voting Right	Investment Value					
	%		%						
Turkland Bank A.Ş.	50.00	155 968	50.00	182 173	Turkey	Unquoted	2016	Banking	2006
Oman Arab Bank S.A.O.	49.00	317 304	49.00	287 562	Oman	Unquoted	2016	Banking	1984
Arab National Bank	40.00	2 539 988	40.00	2 388 135	Saudi Arabia	2 356 266	2016	Banking	1979
Arabia Insurance Company	40.34	31 864	38.23	35 952	Lebanon	Unquoted	2015	Insurance	1972
Commercial buildings	35.39	8 684	35.39	8 520	Lebanon	Unquoted	2015	Real Estate Operating Lease	1966
Ubhar Capital SAOC (An Associate Company of Arab Bank Switzerland)	34.00	10 636	-	-	Oman	Unquoted	-	Investment and Financial Services	2016
Other Associates (Mostly owned by Arab Tunisian Bank)*	Various	12 564	Various	13 948	Various			Various	
Total		3 077 008		2 916 290					

* It represents mostly the investments in Arab Tunisian Lease in the amount of USD 7.6 million, Arabia Sicaf in the amount of USD 2.1 million and Arab Tunisian Invest in the amount of USD 1.3 million as of December 31, 2016 (As of December 31, 2015 these investments amounted to USD 8.6 million in Arab Tunisian Lease, USD 2.4 million in Arabia Sicaf and USD 1.1 million in Arab Tunisian Invest).

USD '000

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

	2016	2015
Balance at the beginning of the year	2 916 290	2 829 624
Purchase of investments in associates	27 810	752
Group's share of profits for the year	334 964	356 981
Dividends received	(175 607)	(178 489)
Translation Adjustment	(32 216)	(61 574)
Group's share of other changes in equity	5 767	(31 004)
Balance at the end of the year	3 077 008	2 916 290
Group's share of taxes	73 349	72 749

* The closing price of the Arab National Bank's share as of December 31, 2016 was Saudi Riyal 22.09 as quoted on Saudi Arabia Stock Exchange (Saudi Riyal 23.55 as of December 31, 2015). 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.

USD '000

The Group's share from the profit and loss of the associates are as follows:

	December 31,	
	2016	2015
Turkland Bank A.Ş.	2 560	2 599
Oman Arab Bank S.A.O.	26 393	36 852
Arab National Bank	304 416	316 204
Arabia Insurance Company	159	(52)
Other	1 436	1 378
Total	334 964	356 981

USD '000

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

	December 31,	
	2016	2015
Total Assets	21 749 211	21 853 639
Total Liabilities	18 717 013	18 905 654
Total Revenue	773 225	779 067

14. Fixed Assets

The details of this item are as follows:

	Land	Build-ings	Furniture, Fixtures and Equip-ment	Computers and Com-munication Equipment	Motor Vehicles	Other	Total
Historical Cost:	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
Balance as of January 1, 2015	80 589	376 966	186 245	117 718	14 397	100 602	876 517
Additions	30	18 999	19 207	16 333	1 138	15 748	71 455
Disposals	(419)	(13 057)	(4 511)	(5 601)	(591)	(14 719)	(38 898)
Adjustments during the year	-	(1 180)	2 082	8 435	-	(9 387)	(50)
Translation Adjustments	(2 219)	(9 694)	(1 969)	(4 011)	(496)	(4 048)	(22 437)
Balance as of December 31, 2015	77 981	372 034	201 054	132 874	14 448	88 196	886 587
Additions	-	53 539	8 945	22 460	1 479	11 089	97 512
Disposals	(2 741)	(21 186)	(3 680)	(8 230)	(968)	(5 908)	(42 713)
Adjustments during the year	-	31	6 094	12	-	(6 106)	31
Translation Adjustments	(1 346)	(12 536)	(1 749)	(283)	(650)	(6 790)	(23 354)
Balance at December 31, 2016	73 894	391 882	210 664	146 833	14 309	80 481	918 063
Accumulated Depreciation :							
Balance as of January 1, 2015	-	116 760	133 791	94 803	10 589	54 707	410 650
Depreciation charge for the year	-	12 499	15 651	11 957	1 496	10 438	52 041
Disposals	-	(1 114)	(2 333)	(4 465)	(501)	(9 832)	(18 245)
Adjustments during the year	-	(562)	1 304	6 649	3	(7 328)	66
Translation adjustments	-	(2 501)	(1 366)	(2 904)	(266)	(2 332)	(9 369)
Balance as of December 31, 2015	-	125 082	147 047	106 040	11 321	45 653	435 143
Depreciation charge for the year	-	9 873	14 198	13 429	1 234	8 927	47 661
Disposals	-	(5 072)	(3 526)	(7 203)	(1 090)	(1 884)	(18 775)
Adjustments during the year	-	31	1 339	(31)	-	(1 308)	31
Translation adjustments	-	(2 724)	(999)	(2 905)	(369)	(2 633)	(9 630)
Balance at December 31, 2016	-	127 190	158 059	109 330	11 096	48 755	454 430
Net Book Value as of De-cember 31, 2016	73 894	264 692	52 605	37 503	3 213	31 726	463 633
Net Book Value as of December 31, 2015	77 981	246 952	54 007	26 834	3 127	42 543	451 444

* The cost of fully depreciated fixed assets amounted to USD 242.5 million as of December 31, 2016 (USD 212.4 million as of December 31, 2015).

15. Other Assets

USD '000

The details of this item are as follows:

	December 31,	
	2016	2015
Accrued interest receivable	184 568	187 227
Prepaid expenses	93 572	122 408
Foreclosed assets *	50 041	58 518
Items in transit	1 746	24 611
Intangible assets **	20 442	16 055
Other miscellaneous assets	121 834	91 660
Total	472 203	500 479

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

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

USD '000

	2016			
	Land	Buildings	Other	Total
Balance at the beginning of the year	14 230	36 601	7 687	58 518
Additions	1 695	3 655	-	5 350
Disposals	(1 387)	(2 211)	(7 191)	(10 789)
Provision for impairment	(478)	(2 287)	-	(2 765)
Impairment losses charged to income	-	-	(141)	(141)
Impairment loss - returned to profit	3	90	-	93
Translation adjustments	(23)	(202)	-	(225)
Balance at the end of the year	14 040	35 646	355	50 041

	2015			
	Land	Buildings	Other	Total
Balance at the beginning of the year	38 699	33 808	7 880	80 387
Additions	2 715	5 421	-	8 136
Disposals	(26 631)	(932)	(24)	(27 587)
Provision for impairment	(279)	(1 548)	-	(1 827)
Impairment losses charged to income	(274)	(147)	(169)	(590)
Impairment loss - returned to profit	-	141	-	141
Translation adjustments	-	(142)	-	(142)
Balance at the End of the Year	14 230	36 601	7 687	58 518

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

USD '000

	December 31,	
	2016	2015
Balance at the beginning of the year	16 055	14 478
Additions	13 642	9 635
Disposals	(769)	(52)
Amortization charge for the year	(7 112)	(7 321)
Adjustment during the year and translation adjustments	(1 374)	(685)
Balance at the End of the Year	20 442	16 055

16. Deferred Tax Assets

The details of this item are as follows :

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

	2015				USD '000	
	Balance at the Beginning of the Year	Amounts Added	Amounts Released	Adjustments During the Year and Translation Adjustments	Balance at the End of the Year	Deferred Tax
Provision for impairment - direct credit facilities at amortized cost	94 846	17 865	(19 716)	(10 629)	82 366	20 778
End-of-Service indemnity	59 057	6 910	(7 669)	(29)	58 269	17 591
Interest in suspense	10 610	6 385	(4 486)	-	12 509	2 780
Other	55 191	29 844	(1 910)	(12 948)	70 177	17 480
Total	219 704	61 004	(33 781)	(23 606)	223 321	58 629

* 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.

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

	USD '000	
	2016	2015
Balance at the beginning of the year	58 629	58 932
Additions during the year	30 461	16 148
Amortized during the year	(14 294)	(11 620)
Adjustments during the year and translation adjustments	(1 406)	(4 831)
Balance at the end of the year	73 390	58 629

17. Banks and Financial Institutions Deposits

The details of this item are as follows:

	USD '000					
	December 31, 2016			December 31, 2015		
	Inside the Kingdom	Outside the Kingdom	Total	Inside the Kingdom	Outside the Kingdom	Total
Current and demand	-	517 417	517 417	-	323 208	323 208
Time deposits	127 515	3 108 067	3 235 582	9 997	3 303 529	3 313 526
Total	127 515	3 625 484	3 752 999	9 997	3 626 737	3 636 734

18. Customer Deposits

The details of this item are as follows:

	USD '000				
	December 31, 2016				
	Consumer Banking	Corporates		Government and Public Sector	Total
		Small and Medium	Large		
Current and demand	7 412 776	2 058 027	2 501 982	441 918	12 414 703
Savings	2 984 982	147 673	30 676	164	3 163 495
Time and notice	7 428 729	1 091 508	4 387 614	2 296 371	15 204 222
Certificates of deposit	191 648	14 460	57 750	35 874	299 732
Total	18 018 135	3 311 668	6 978 022	2 774 327	31 082 152

- Government of Jordan and Jordanian public sector deposits amounted to USD 679 million, or 2.2 % of total customer deposits as of December 31, 2016 (USD 719.5 million , or 2.2% of total customer deposits as of December 31, 2015).
- Non-interest bearing deposits amounted to USD 11086.7 million, or 35.7 % of total customer deposits as of December 31, 2016 (USD 11016.5 million or 33.6% of total customer deposits as of December 31, 2015).
- Blocked deposits amounted to USD 136.7 million, or 0.4% of total customer deposits as of December 31, 2016 (USD 153.2 million or 0.5% of total customer deposit as of December 31, 2015).
- Dormant deposits amounted to USD 345.4 million, or 1.1% of total customer deposits as of December 31, 2016 (USD 440.2 million , or 1.3% of total customer deposits as of December 31, 2015).

The details of this item are as follows :

USD '000

	December 31, 2015				Total
	Consumer Banking	Corporates		Government and Public Sector	
		Small and Medium	Large		
Current and demand	7 229 262	2 334 822	2 363 187	429 173	12 356 444
Savings	2 859 535	159 172	46 224	131	3 065 062
Time and notice	8 097 330	1 097 434	5 018 935	2 587 298	16 800 997
Certificates of deposit	408 399	15 139	61 454	91 733	576 725
Total	18 594 526	3 606 567	7 489 800	3 108 335	32 799 228

19. Cash Margin

USD '000

The details of this item are as follows:

	December 31,	
	2016	2015
Against direct credit facilities at amortized cost	1 907 001	1 877 034
Against indirect credit facilities	648 657	553 475
Against margin trading	1 886	9 327
Other cash margins	3 882	3 254
Total	2 561 426	2 443 090

20. Borrowed Funds

USD '000

The details of this item are as follows:

	December 31,	
	2016	2015
From Central Banks *	30 434	11 285
From banks and financial institutions **	240 751	64 460
Total	271 185	75 745

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

	December 31,	
	2016	2015
Floating interest rate	83 437	70 099
Fixed interest rate	187 748	5 646
Total	271 185	75 745

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

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

* During 2015 and 2016, Arab Bank (Jordan branches) granted loans against medium term advances from the Central Bank of Jordan in the amount of USD 18 million with fixed interest rate equal to the discount rate disclosed on the grant day after deducting 2%, The advances are repaid in accordance with customers monthly installments which starts on October 2016 and ends on August 2021, these advances amounted USD 18 million as of December 31, 2016. (USD 1.7 million as of December 31, 2015)

* During 2016, Arab Bank (Jordan branches) signed a loan agreement with the Central Bank of Jordan amounting to USD 5.1 million, for the duration of 15 years of which 5 years are grace period and with a floating interest rate of (1.85%+LIBOR 6 months). The agreement aims to support SMEs and Extra Small Companies. The loan is repaid semi-annually, with installments in March and September of each year. The Balance of the loan as of December 31, 2016 amounted to USD 2.8 million.

** During 2016, Arab Bank (Jordan Branches) signed a loan agreement with National Bank of Abu Dhabi amounting to USD 75 million, for the duration of 2 years and with a floating interest rate of (2% + LIBOR 3 months). The interest will be paid in four installments during the year and the loan will be paid at the end of the term. As of December 31, 2016 the balance of the loan amounted to USD 75 million.

** During 2016, Arab Bank Bahrain branches borrowed amounts from banks and financial institutions with fixed interest rate of (2.85%), the balance as of December 31, 2016 amounted to USD 102.7 million and the first contract matures in January 19, 2017 and the last one matures in March 9, 2017.

** Arab Tunisian Bank borrowed amounts from banks and financial institutions, as well issued syndicated term loans, the balance amounted to USD 63.1 million as of December 31, 2016 (USD 64.5 million as of December 31, 2015) whereas the lowest interest rate is (0.25%) and the highest is (6.94%) and the last maturity date is on May 19, 2032, as per the following details :

	December 31,	
	2016	2015
Loans maturing within one year	8 124	10 009
Loans maturing after 1 year and less than 3 years	16 655	17 078
Loans maturing after 3 years	38 340	37 373
Total	63 119	64 460

21. Provision for Income Tax

The details of this item are as follows:

USD '000

	December 31,	
	2016	2015
Balance at the beginning of the year	235 918	235 248
Income tax expense	275 951	279 841
Income tax paid	(269 492)	(279 171)
Balance at the end of the year	242 377	235 918

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

	December 31,	
	2016	2015
Income tax expense for the year	275 951	279 841
Deferred tax assets for the year	(29 407)	(16 012)
Amortization of deferred tax assets	13 823	11 584
Deferred tax liabilities for the year	123	2 285
Amortization of deferred tax liabilities	(2 341)	(493)
Total	258 149	277 205

- The banking sector income tax rate in Jordan is 35%, while the income tax rate in the countries where the Group has branches and subsidiaries is ranging between zero to 37% as of December 31, 2016 and 2015.
- The companies and branches of Arab bank Group have reached a recent tax settlements ranging between 2015 as for Arab Bank United Arab Emirates and Arab Sudanese Bank Limited and 2010 as for Arab Bank Egypt.

22. Other Provisions

The details of this item are as follows:

USD '000

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

	2015					Balance at the End of the Year
	Balance at the Beginning of the Year	Addition during the Year	Utilized or transferred during the Year	Returned to Income	Adjustments during the Year and Translation Adjustments	
End-of-service indemnity	114 354	12 485	(12 294)	(276)	718	114 987
Legal cases	5 767	3 507	(924)	(584)	116	7 882
Other	24 082	1 544	(1 757)	(466)	(1 037)	22 366
Total	144 203	17 536	(14 975)	(1 326)	(203)	145 235

23. Other Liabilities

USD '000

The details of this item are as follows:

	December 31,	
	2016	2015
Accrued interest payable	122 806	133 561
Notes payable	185 334	171 873
Interest and commission received in advance	68 860	101 387
Accrued expenses	59 864	78 277
Other miscellaneous liabilities *	635 264	1 142 156
Total	1 072 128	1 627 254

* This items represents mainly legal contingencies (Note 57)

24. Deferred Tax Liabilities

Items attributable to deferred tax liabilities are as follows:

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

	2015				USD '000	
	Balance at the Beginning of the Year	Amounts Added	Amounts Released	Adjustments during the Year and Translation Adjustments	Balance at the End of the Year	Deferred Tax
Investment revaluation reserve	31 422	-	(4 322)	(2 318)	24 782	8 604
Other	7 227	6 681	(1 986)	-	11 922	3 499
Total	38 649	6 681	(6 308)	(2 318)	36 704	12 103

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

	USD '000	
	2016	2015
Balance at the beginning of the year	12 103	11 924
Additions during the year	127	2 285
Amortized during the year	(10 946)	(2 006)
Adjustments during the year and translation adjustments	(8)	(100)
Balance at the end of the year	1 276	12 103

25. Share Capital & Premium

- a. Share Capital amounted to USD 926.6 million distributed to 640.8 million shares as of December 31, 2016 Arab Bank Plc General Assembly in its extraordinary meeting held on March 26, 2015 approved to increase the Group capital by USD 100.4 million, to become USD 926.6 million distributed to 640.8 million shares. The legal procedures have been completed with the Ministry of Industry and Trade on April 5, 2015 and with Jordan Securities Commission on April 21, 2015).
- b. Share premium amounted to USD 1225.7 million as of December 31, 2016 and 2015.

26. Statutory Reserve

Statutory reserve amounted to USD 798.4 million as of December 31, 2016 (USD 753.1 million as of December 31, 2015) 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, 2016 and 2015. This reserve is used for purposes determined by the Board of Directors, and the General Assembly has the right to distribute it in whole or part thereof to shareholders as dividends.

28. General Reserve

The general reserve amounted to USD 1141.8 million as of December 31, 2016 and 2015. 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, 2016 and 2015. 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,	
	2016	2015
Balance at the beginning of the year	(284 609)	(122 751)
Addition (disposal) during the year transferred to other comprehensive income	(118 073)	(161 858)
Balance at the end of the year	(402 682)	(284 609)

31. Investment Revaluation Reserve

USD '000

The details of this item are as follows:

	December 31,	
	2016	2015
Balance at the beginning of the year	(260 621)	(219 278)
Change in fair value during the year	(7 731)	(41 312)
Net realized loss transferred to retained earnings	680	(31)
Balance at the End of the Year*	(267 672)	(260 621)

* Investment revaluation reserve is stated net of deferred tax liabilities in the amount of 0 as of December 31, 2016 (USD 8.6 million as of December 31, 2015).

32. Retained Earnings and Non-controlling interests

USD '000

The movement of retained earnings are as follows:

	December 31,	
	2016	2015
Balance at the beginning of the year	1 502 867	1 315 525
Profit for the year Attributable to Shareholders of the Bank	522 187	430 830
Investments revaluation reserve transferred to retained earnings	(680)	31
Dividends paid	(231 277)	(101 772)
Transferred to statutory reserve	(45 378)	(40 343)
Adjustments during the year	(9 494)	(1 012)
Increase in Capital (Stock Dividends)	-	(100 392)
Balance at the end of the year	1 738 225	1 502 867

- * Arab Bank plc Board of Directors recommended a 30% of par value as cash dividend, equivalent to USD 271.1 million, for the year 2016, This proposal is subject to the approval of the General Assembly of shareholders. (The General Assembly of the Arab Bank plc in it's extraordinary meeting held on March 31,2016 approved the recommendation of the banks Board of Directors to distribute 25% of par value as cash dividend, equivalent to USD 225.9 million, for the year 2015).
- * Retained earnings include restricted deferred tax assets in the amount of USD 73.4 million, as well as unrealized gains from financial assets at fair value through profit or loss in the amount of USD 1.7 million. Restricted retained earnings that cannot be distributed or otherwise utilized except only under certain circumstances, as a result of the adoption of certain International Accounting Standards, amounted to USD 2.7 million as of December 31, 2016.
- * Retained earnings include an unrealized loss in the amount of USD (109.1) million due to the effect of the adoption of IFRS 9 as of December 31, 2016.
- * The Use of an amount of USD (267.7) million as of December 31,2016 which represent the negative investments revaluation reserve balance is restricted according to Jordan Securities Commission instructions.

The details of non-controlling interests are as follows:

USD '000

	2016			2015		
	Non-controlling interests %	Share of non-controlling interests of net assets	Share of non-controlling interests of net profits	Non-controlling interests %	Share of non-controlling interests of net assets	Share of non-controlling interests of net profits
Arab Tunisian Bank	35.76	89 044	10 434	35.76	96 494	12 543
Arab Bank Syria	48.71	18 983	(1 678)	48.71	17 992	(2 885)
Al Nisr Al Arabi Insurance Company plc	50.00	14 340	1 723	50.00	14 538	1 635
Total		122 367	10 479		129 024	11 293

33. Interest Income

The details of this item are as follows:

USD '000

	2016	2015
Direct credit facilities at amortized cost *	1 298 529	1 185 767
Central banks	62 923	72 405
Banks and financial institutions	17 039	3 545
Financial assets at fair value through profit or loss	12 908	32 062
Other financial assets at amortized cost	474 436	522 116
Total	1 865 835	1 815 895

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

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

	2015					USD '000
	Consumer Banking	Corporates		Banks and Financial Institutions	Government and Public Sector	Total
		Small and Medium	Large			
Discounted bills	6 438	16 968	24 077	3 348	10	50 841
Overdrafts	8 195	58 372	187 647	258	16 103	270 575
Loans and advances	203 096	74 720	413 754	3 129	33 014	727 713
Real estate loans	109 191	5 888	5 050	-	-	120 129
Credit cards	16 509	-	-	-	-	16 509
Total	343 429	155 948	630 528	6 735	49 127	1 185 767

34. Interest Expense

USD '000

The details of this item are as follows:

	2016	2015
Customer deposits *	636 423	621 703
Banks' and financial institutions' deposits	48 254	39 664
Cash margins	35 356	35 550
Borrowed funds	6 089	3 096
Deposit insurance fees	25 195	24 744
Total	751 317	724 757

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

	2016				USD '000
	Consumer Banking	Corporates		Government and Public Sector	Total
		Small and Medium	Large		
Current and demand	18 771	2 786	11 049	5 035	37 641
Savings	31 963	3 252	406	-	35 621
Time and notice	250 629	27 187	160 192	86 631	524 639
Certificates of deposit	32 097	544	2 849	3 032	38 522
Total	333 460	33 769	174 496	94 698	636 423

	2015				USD '000
	Consumer Banking	Corporates		Government and Public Sector	Total
		Small and Medium	Large		
Current and demand	11 617	5 443	12 503	5 001	34 564
Savings	35 092	2 877	649	-	38 618
Time and notice	265 248	29 197	127 427	74 948	496 820
Certificates of deposit	40 384	1 243	4 197	5 877	51 701
Total	352 341	38 760	144 776	85 826	621 703

35. Net Commission Income

USD '000

The details of this item are as follows:

	2016	2015
Commission income:		
- Direct credit facilities at amortized cost	94 443	97 153
- Indirect credit facilities	139 402	148 177
- Assets under management	13 337	12 792
- Other	100 005	89 748
Less: commission expense	(31 284)	(28 267)
Net Commission Income	315 903	319 603

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

The details of this item are as follows:

USD '000

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

	2015			
	Realized Gains	Unrealized Gains (Losses)	Dividends	Total
Treasury bills and bonds	4 155	8 318	-	12 473
Companies shares	-	(645)	1 427	782
Mutual funds	-	1 060	-	1 060
Total	4 155	8 733	1 427	14 315

37. Other Revenue

The details of this item are as follows:

	USD '000	
	2016	2015
Revenue from customer services	16 966	17 241
Safe box rent	4 889	4 313
Gains from derivatives	(1 077)	133
Miscellaneous revenue	66 104	28 379
Total	86 882	50 066

38. Employees' Expenses

The details of this item are as follows:

	USD '000	
	2016	2015
Salaries and benefits	317 495	320 237
Social security	31 254	30 879
Savings fund	4 468	4 731
Indemnity compensation	4 034	7 449
Medical	12 478	11 753
Training	3 053	3 144
Allowances	54 585	51 246
Other	11 738	11 213
Total	439 105	440 652

39. Other Expenses

The details of this item are as follows:

	USD '000	
	2016	2015
Occupancy	73 840	74 570
Office	63 444	62 992
Services	41 310	55 340
Fees	12 322	12 305
Information technology	41 431	41 263
Other administrative expenses	106 050	51 768
Legal Expenses *	-	349 000
Total	338 397	647 238

* (Disclosure 57)

40. Financial Derivatives

The details of this item are as follows:

	December 31, USD '000	
	2016	2015
Forward contracts	292 837	267 101
Interest rate swaps	1 925 334	2 534 323
Foreign currency forward contracts	6 213 070	5 120 808
Total	8 431 241	7 922 232

The details of financial derivatives are as follows:

USD '000

December 31, 2016

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

The details of financial derivatives are as follows:

USD '000

	December 31, 2015						
	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	1 830	1 789	267 101	221 979	39 580	5 542	-
Interest rate swaps	26 128	29 666	1 066 249	59 957	376 144	470 355	159 793
Foreign currency forward contracts	23 547	8 022	4 492 255	3 956 994	535 261	-	-
Derivatives held for trading	51 505	39 477	5 825 605	4 238 930	950 985	475 897	159 793
Forward contracts	-	-	-	-	-	-	-
Interest rate swaps	6 730	11 685	1 428 505	60 886	494 799	614 708	258 112
Foreign currency forward contracts	-	-	109 687	103 335	6 352	-	-
Derivatives held for fair value hedge	6 730	11 685	1 538 192	164 221	501 151	614 708	258 112
Forward contracts	-	-	-	-	-	-	-
Interest rate swaps	-	2 543	39 569	-	10 953	7 302	21 314
Foreign currency forward contracts	-	-	518 866	505 513	13 353	-	-
Derivatives held for cash flow hedge	-	2 543	558 435	505 513	24 306	7 302	21 314
Total	58 235	53 705	7 922 232	4 908 664	1 476 442	1 097 907	439 219

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

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

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

USD '000

	Inside Jordan		Outside Jordan		Total	
	2016	2015	2016	2015	2016	2015
Revenues	465 189	474 129	1 461 223	1 434 231	1 926 412	1 908 360
Assets	13 301 716	12 977 319	34 158 675	36 067 274	47 460 391	49 044 593
Capital Expenditures	23 420	22 428	74 092	49 027	97 512	71 455

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

	2016					USD '000
	Corporate and institutional Banking	Treasury	Consumer Banking		Other	Total
			Elite	Retail Banking		
Total income	856 221	551 506	(74 463)	218 306	374 842	1 926 412
Net inter-segment interest income	(87 349)	(266 706)	209 570	144 485	-	-
Provision for impairment - direct credit facilities at amortized cost	175 820	-	16	3 220	-	179 056
Other provisions	61 255	28 138	16 414	25 571	-	131 378
Direct administrative expenses	128 383	17 464	25 308	146 249	7 052	324 456
Result of operations of segments	403 414	239 198	93 369	187 751	367 790	1 291 522
Indirect expenses on segments	226 780	71 295	46 508	153 663	2 461	500 707
Profit for the year before income tax	176 634	167 903	46 861	34 088	365 329	790 815
Income tax expense	36 528	46 694	14 656	11 771	148 500	258 149
Profit for the Year	140 106	121 209	32 205	22 317	216 829	532 666
Depreciation and amortization	14 008	4 133	3 692	25 828	-	47 661
Other information						
Segment assets	17 583 136	18 394 509	2 981 706	4 107 610	1 316 422	44 383 383
Inter-segment assets	-	-	10 071 606	2 918 446	4 819 643	-
Investment in associates	-	-	-	-	3 077 008	3 077 008
TOTAL ASSETS	17 583 136	18 394 509	13 053 312	7 026 056	9 213 073	47 460 391
Segment liabilities	16 026 131	2 141 819	13 053 312	7 026 056	1 048 537	39 295 855
Owners equity	-	-	-	-	8 164 536	8 164 536
Inter-segment liabilities	1 557 005	16 252 690	-	-	-	-
TOTAL LIABILITIES AND OWNERS' EQUITY	17 583 136	18 394 509	13 053 312	7 026 056	9 213 073	47 460 391

Information about the Group's Business Segments

	2015					USD '000	
	Corporate and institutional Banking	Treasury	Consumer Banking		Other	Total	
			Elite	Retail Banking			
Total income	803 558	624 347	(103 813)	189 406	394 862	1 908 360	
Net inter-segment interest income	(13 604)	(385 208)	218 527	180 285	-	-	
Provision for impairment - direct credit facilities at amortized cost	26 605	-	(881)	7 167	-	32 891	
Other provisions	7 057	2 185	1 032	5 936	-	16 210	
Direct administrative expenses	140 698	19 446	23 680	155 957	356 368	696 149	
Result of operations of segments	615 594	217 508	90 883	200 631	38 494	1 163 110	
Indirect expenses on segments	198 918	56 042	40 169	145 930	2 723	443 782	
Profit for the year before income tax	416 676	161 466	50 714	54 701	35 771	719 328	
Income tax expense	77 059	48 886	18 485	18 573	114 202	277 205	
Profit for the Year	339 617	112 580	32 229	36 128	(78 431)	442 123	
Depreciation and amortization	15 322	4 194	2 192	30 333	-	52 041	
Other information							
Segment assets	18 090 366	20 756 491	2 116 580	4 005 750	1 159 116	46 128 303	
Inter-segment assets	-	-	9 899 888	4 049 621	5 677 642	-	
Investment in associates	-	-	-	-	2 916 290	2 916 290	
TOTAL ASSETS	18 090 366	20 756 491	12 016 468	8 055 371	9 753 048	49 044 593	
Segment liabilities	16 883 273	2 336 433	12 016 468	8 055 371	1 737 467	41 029 012	
Owners equity	-	-	-	-	8 015 581	8 015 581	
Inter-segment liabilities	1 207 093	18 420 058	-	-	-	-	
TOTAL LIABILITIES AND OWNERS' EQUITY	18 090 366	20 756 491	12 016 468	8 055 371	9 753 048	49 044 593	

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

d. Market Risk

Market risk is defined as the potential 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 interest in suspense and prior to collaterals and other risk mitigations):

Credit risk exposures relating to items on the consolidated statement of financial position:	USD '000	
	December 31,	
	2016	2015
Balances with central banks	7 392 469	9 016 936
Balances with banks and financial institutions	4 622 181	2 992 403
Deposits with banks and financial institutions	176 118	99 018
Financial assets at fair value through profit or loss	656 312	784 200
Direct credit facilities at amortized cost	21 898 121	22 180 987
Consumer Banking	4 955 001	4 678 011
Small and Medium Corporate	2 592 108	2 560 370
Large Corporate	13 038 469	13 547 256
Banks and financial institutions	107 400	191 382
Government and public sector	1 205 143	1 203 968
Other financial assets at amortized cost	7 640 955	9 003 709
Other assets and financial derivatives - positive fair value	336 151	367 870
Total Credit Exposure related to items on the consolidated statement of financial position:	42 722 307	44 445 123
Credit risk exposures relating to items off the consolidated statement of financial position:		
Letters of credit	2 156 159	2 152 393
Acceptances	653 158	688 359
Letters of guarantees	11 912 937	12 813 870
Unused credit facilities	4 940 006	5 069 773
Total	19 662 260	20 724 395
Grand Total for Credit Exposure	62 384 567	65 169 518

The table above shows the maximum limit of the bank credit risk as of December 31, 2016 and 2015 excluding collaterals or risks mitigations.

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

USD '000

December 31, 2016

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

	December 31, 2015					USD '000
	Consumer Banking	Corporates		Banks and Financial Institutions	Government and Public Sector	Total
		Small and Medium	Large			
Low risk	963 903	1 403 420	2 378 086	4 198 793	17 618 654	26 562 856
Acceptable risk	3 722 215	1 272 774	11 309 508	886 620	407 095	17 598 212
Due:	16 203	40 710	124 061	-	306	181 280
Up to 30 days	12 005	28 104	86 927	-	306	127 342
31 - 60 days	4 198	12 606	37 134	-	-	53 938
Watch list	29 174	37 714	328 011	-	-	394 899
Non-performing:	219 612	254 369	1 043 629	31 023	1 021	1 549 654
Substandard	25 936	16 286	17 913	97	-	60 232
Doubtful	14 473	16 462	487 853	29 670	-	548 458
Problematic	179 203	221 621	537 863	1 256	1 021	940 964
Total	4 934 904	2 968 277	15 059 234	5 116 436	18 026 770	46 105 621
Less: interest and commission in suspense	69 626	91 491	253 632	4 499	-	419 248
Less: provision for impairment	171 143	134 135	931 868	1 353	2 751	1 241 250
Net	4 694 135	2 742 651	13 873 734	5 110 584	18 024 019	44 445 123

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

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

USD '000

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

Fair value of collaterals obtained against credit facilities at amortized cost for the year ended 2015 is as follows:

	December 31, 2015					USD '000
	Consumer Banking	Corporates		Banks and Financial Institutions	Government and Public Sector	Total
		Small and Medium	Large			
Collaterals against:						
Performing Facilities / Low risk	547 895	699 649	1 646 840	4 042	199 389	3 097 815
Performing Facilities / Acceptable risk	1 257 302	555 587	4 145 685	1 445	3 188	5 963 207
Watch list	19 197	13 787	192 550	-	-	225 534
Non-performing :	47 321	62 521	108 465	-	-	218 307
Substandard	14 287	11 010	3 623	-	-	28 920
Doubtful	4 245	4 179	10 088	-	-	18 512
Problematic	28 789	47 332	94 754	-	-	170 875
Total	1 871 715	1 331 544	6 093 540	5 487	202 577	9 504 863
Of which:						
Cash margin	267 104	303 148	1 013 787	-	3 231	1 587 270
Accepted Banks letters of guarantees	10 449	34 323	292 995	-	-	337 767
Real estate properties	306 283	407 418	2 220 489	-	92 839	3 027 029
Listed securities	1 417	165 437	477 116	-	3 188	647 158
Vehicles and equipment	89 813	13 702	313 582	-	-	417 097
Other	1 196 649	407 516	1 775 571	5 487	103 319	3 488 542
Total	1 871 715	1 331 544	6 093 540	5 487	202 577	9 504 863

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

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

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

Credit rating	December 31, 2015		USD '000
	Financial Assets at Fair Value through P&L	Other Financial Assets at Amortized Cost	Total
Private sector:			
AAA to A-	299 539	1 319 271	1 618 810
BBB+ to B-	-	342 014	342 014
Below B-	-	10 403	10 403
Unrated	61 216	108 023	169 239
Governments and public sector	423 445	7 223 998	7 647 443
Total	784 200	9 003 709	9 787 909

E. Credit exposure categorized by geographical distribution:

USD '000

	December 31, 2016						Total
	Jordan	Other Arab Countries	Asia *	Europe	America	Rest of the World	
Balances with central banks	3 663 218	1 816 827	13 190	1 897 255	-	1 979	7 392 469
Balances and deposits with banks and financial institutions	305 811	1 296 633	476 682	1 756 991	894 012	68 170	4 798 299
Financial assets at fair value through profit or loss	-	364 295	44 590	247 427	-	-	656 312
Direct credit facilities at amortized cost	6 002 555	14 043 157	241 591	971 383	53 137	586 298	21 898 121
Consumer Banking	2 434 179	2 153 912	1 273	97 651	3 856	264 130	4 955 001
Small and Medium Corporates	708 487	1 392 177	51 260	287 307	24 834	128 043	2 592 108
Large Corporates	2 731 601	9 351 793	189 058	547 445	24 447	194 125	13 038 469
Banks and Financial Institutions	16 871	90 529	-	-	-	-	107 400
Government and public Sector	111 417	1 054 746	-	38 980	-	-	1 205 143
Other financial assets at amortized cost	3 062 459	3 526 362	166 816	549 273	112 578	223 467	7 640 955
Other assets and financial derivatives - positive fair value	56 249	185 618	2 256	88 931	527	2 570	336 151
Total	13 090 292	21 232 892	945 125	5 511 260	1 060 254	882 484	42 722 307
Total - as of December 31, 2015	12 966 718	23 763 011	900 610	4 780 693	919 825	1 114 266	44 445 123

* Excluding Arab Countries.

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	4 955 001	4 035 843	1 982 613	1 723 634	3 708 816
Other financial assets at amortized cost	-	93 220	15 918	28 200	40 247
Other assets and financial derivatives - positive fair value	18 087	25 353	12 930	8 259	24 192
Total	4 973 088	4 154 416	2 011 461	1 760 093	3 773 255

	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	4 678 011	4 438 773	1 861 483	1 710 773	3 621 191
Other financial assets at amortized cost	-	80 608	17 199	14 756	41 156
Other assets and financial derivatives - positive fair value	16 124	25 631	10 090	7 676	16 097
Total	4 694 135	4 545 012	1 888 772	1 733 205	3 678 444

USD '000

December 31, 2016

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

USD '000

December 31, 2015

Corporates					Banks and Financial Institutions	Government and Public Sector	Total
Agriculture	Tourism and Hotels	Transportation	Shares	General Services			
-	-	-	-	-	-	9 016 936	9 016 936
-	-	-	-	-	3 091 421	-	3 091 421
-	-	29 624	-	-	331 131	423 445	784 200
164 038	626 032	752 236	67 046	2 866 054	191 382	1 203 968	22 180 987
-	-	25 265	-	190 330	1 410 397	7 223 998	9 003 709
1 382	3 485	9 748	-	35 712	86 253	155 672	367 870
165 420	629 517	816 873	67 046	3 092 096	5 110 584	18 024 019	44 445 123

45. Market Risk

Market Risk sensitivity

Assuming market prices as of December 31, 2016 and 2015 change by (5%), the impact on the consolidated statement of income and owners' equity will be as follows:

USD '000

	December 31, 2016			December 31, 2015		
	Consolidated Statement of Income	Owners' Equity	Total	Consolidated Statement of Income	Owners' Equity	Total
Interest rate sensitivity	38 030	-	38 030	40 987	-	40 987
Foreign exchange rate sensitivity	7 426	3 536	10 962	8 292	1 111	9 403
Equity instruments prices sensitivity	2 110	23 546	25 656	2 389	23 952	26 341
Total	47 566	27 082	74 648	51 668	25 063	76 731

46. Interest Rate Risk

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

USD '000

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	-	-	-	-	-	-	416 874	416 874
Mandatory cash reserve	-	-	-	-	-	-	1 362 777	1 362 777
Balances with central banks	3 908 887	-	-	-	-	-	2 120 805	6 029 692
Balances and deposits with banks and financial institutions	4 313 787	346 552	103 632	2 291	32 037	-	-	4 798 299
Financial assets at fair value through profit or loss	76 040	162 748	108 232	19 036	86 476	203 780	42 204	698 516
Direct credit facilities at amortized cost	8 075 581	4 087 854	2 124 805	1 540 238	1 796 717	4 272 926	-	21 898 121
Financial assets at fair value through other comprehensive income	-	-	-	-	-	-	470 912	470 912
Other financial assets at amortized cost	972 460	1 162 811	978 143	1 200 698	2 008 253	1 318 590	-	7 640 955
Investments in associates	-	-	-	-	-	-	3 077 008	3 077 008
Fixed assets	-	-	-	-	-	-	463 633	463 633
Other assets and financial derivatives - positive fair value	53 908	28 006	33 233	1 964	10 973	6 251	395 879	530 214
Deferred tax assets	-	-	-	-	-	-	73 390	73 390
TOTAL ASSETS	17 400 663	5 787 971	3 348 045	2 764 227	3 934 456	5 801 547	8 423 482	47 460 391
LIABILITIES								
Banks and financial institutions' deposits	2 074 324	703 516	131 084	299 709	22 937	4 012	517 417	3 752 999
Customer deposits	9 929 081	4 436 081	2 231 142	2 761 662	539 074	98 416	11 086 696	31 082 152
Cash margin	1 609 716	184 066	274 607	127 490	10 994	6 421	348 132	2 561 426
Borrowed funds	20 733	196 825	6 305	6 013	13 050	28 259	-	271 185
Provision for income tax	-	-	-	-	-	-	242 377	242 377
Other provisions	-	-	-	-	-	-	259 795	259 795
Other liabilities and financial derivatives - negative fair value	93 185	20 322	44 015	5 686	2 085	271	959 081	1 124 645
Deferred tax liabilities	-	-	-	-	-	-	1 276	1 276
Total liabilities	13 727 039	5 540 810	2 687 153	3 200 560	588 140	137 379	13 414 774	39 295 855
Gap	3 673 624	247 161	660 892	(436 333)	3 346 316	5 664 168	(4 991 292)	8 164 536

B. Below is the Group Exposure to interest rate volatility as of December 31, 2015 (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	-	-	-	-	-	-	455 445	455 445
Mandatory cash reserve	-	-	-	-	-	-	1 835 107	1 835 107
Balances with central banks	5 008 361	-	-	-	-	-	2 173 468	7 181 829
Balances and deposits with banks and financial institutions	2 638 088	367 095	75 612	10 626	-	-	-	3 091 421
Financial assets at fair value through profit or loss	78 817	266 749	86 482	195 301	82 181	74 670	47 780	831 980
Direct credit facilities at amortized cost	9 048 788	3 382 832	2 354 992	1 530 472	2 389 614	3 474 289	-	22 180 987
Financial assets at fair value through OCI	-	-	-	-	-	-	479 038	479 038
Other financial assets at amortized cost	1 068 627	1 622 595	880 724	1 779 007	2 418 731	1 234 025	-	9 003 709
Investments in associates	-	-	-	-	-	-	2 916 290	2 916 290
Fixed assets	-	-	-	-	-	-	451 444	451 444
Other assets and financial derivatives - positive fair value	26 717	22 365	29 805	3 706	9 570	60	466 491	558 714
Deferred tax assets	-	-	-	-	-	-	58 629	58 629
TOTAL ASSETS	17 869 398	5 661 636	3 427 615	3 519 112	4 900 096	4 783 044	8 883 692	49 044 593
LIABILITIES								
Banks and financial institutions' deposits	2 198 797	939 307	109 050	60 257	6 115	-	323 208	3 636 734
Customer deposits	11 433 827	4 232 086	2 728 724	2 574 205	656 856	157 070	11 016 460	32 799 228
Cash margin	1 049 410	255 896	254 628	449 510	20 838	8 402	404 406	2 443 090
Borrowed funds	1 354	1 316	10 308	2 671	17 078	43 018	-	75 745
Provision for income tax	-	-	-	-	-	-	235 918	235 918
Other provisions	-	-	-	-	-	-	145 235	145 235
Other liabilities and financial derivatives - negative fair value	57 526	18 330	31 224	6 795	445	1 096	1 565 543	1 680 959
Deferred tax liabilities	-	-	-	-	-	-	12 103	12 103
Total liabilities	14 740 914	5 446 935	3 133 934	3 093 438	701 332	209 586	13 702 873	41 029 012
Gap	3 128 484	214 701	293 681	425 674	4 198 764	4 573 458	(4 819 181)	8 015 581

47. Liquidity Risk

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

USD '000

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

B. The below is the distribution of the liabilities (undiscounted) according to the residual maturity as of December 31, 2015

USD '000

	Within 1 Month	After 1 Months and till 3 Months	After 3 Months and till 6 Months	After 6 Months and till One Year	After One Year and till 3 Years	After 3 Years	Not Tied to a Specific Maturity	Total
Liabilities								
Banks and financial institutions' deposits	2 210 099	906 368	349 816	60 340	29 743	-	323 208	3 879 574
Customer deposits	9 869 373	4 255 401	2 875 534	2 716 098	783 436	259 871	12 356 444	33 116 157
Cash margin	966 836	200 822	324 147	511 582	41 678	310	404 406	2 449 781
Borrowed funds	1 354	1 316	4 668	2 671	17 078	48 834	-	75 921
Provision for income tax	-	-	-	-	-	-	235 918	235 918
Other Provisions	-	-	-	-	-	-	145 235	145 235
Financial derivatives - negative fair value	2 481	1 161	2 170	1 390	3 161	9 240	34 361	53 964
Other liabilities	47 590	12 102	29 440	17 258	965 802	364	554 698	1 627 254
Deferred tax liabilities	-	-	-	-	-	-	12 103	12 103
Total Liabilities	13 097 733	5 377 170	3 585 775	3 309 339	1 840 898	318 619	14 066 373	41 595 907
Total Assets according to expected maturities	11 052 354	5 446 395	2 875 914	3 401 929	6 220 710	8 398 964	11 648 327	49 044 593

48. Net Foreign Currency Positions

The details of this item are as follows:

	December 31, 2016		December 31, 2015	
	Base currency in thousands	Equivalent in USD 000	Base currency in thousands	Equivalent in USD 000
USD	30 907	30 907	45 115	45 115
GBP	8 624	10 564	4 051	6 004
EUR	35 444	37 069	(21 628)	(23 621)
JPY	537 854	4 696	954 750	7 927
CHF	3 003	2 926	(1 250)	(1 263)
Other currencies *		39 432		131 681
		125 594		165 843

* Various foreign currencies translated to US Dollars.

49. Fair Value Hierarchy

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

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

Financial assets / Financial liabilities	Fair Value as at December 31,		Fair Value Hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
	2016	2015				
Financial assets at fair value						
Financial assets at fair value through profit or loss:						
Government Bonds and bills	352 284	423 445	Level 1	Quoted	Not Applicable	Not Applicable
Corporate bonds	274 404	331 131	Level 1	Quoted	Not Applicable	Not Applicable
Loans and advances	29 624	29 624	Level 2	Through Comparison of similar financial instruments	Not Applicable	Not Applicable
Shares and mutual funds	42 204	47 780	Level 1	Quoted	Not Applicable	Not Applicable
Total Financial Assets at fair value through Profit or Loss	698 516	831 980				
Financial derivatives - positive fair value	58 011	58 235	Level 2	Through Comparison of similar financial instruments	Not Applicable	Not Applicable
Financial assets at fair value through other comprehensive income:						
Quoted shares	258 920	256 776	Level 1	Quoted Shares	Not Applicable	Not Applicable
Unquoted shares	211 992	222 262	Level 2	Through using the index sector in the market	Not Applicable	Not Applicable
Total Financial Assets at fair value through other compre- hensive income	470 912	479 038				
Total Financial Assets at Fair Value	1 227 439	1 369 253				
Financial Liabilities at Fair Value						
Financial derivatives - negative fair value	52 517	53 705	Level 2	Through Comparison of similar financial instruments	Not Applicable	Not Applicable
Total Financial Liabilities at Fair Value	52 517	53 705				

There were no transfers between Level 1 and 2 during 2016 & 2015.

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

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

USD '000

	December 31, 2016		December 31, 2015		Fair value Hierarchy
	Book value	Fair value	Book value	Fair value	
Financial assets not calculated at fair value					
Mandatory reserve at Central Banks	1 362 777	1 362 777	1 835 107	1 835 107	Level 2
Time and notice balances with Central banks	3 256 190	3 257 336	4 392 724	4 393 693	Level 2
Certificates of deposit with central banks	652 697	653 016	615 637	615 686	Level 2
Balances and Deposits with banks and Financial institutions	4 756 413	4 758 677	3 091 421	3 095 935	Level 2
Direct credit facilities at amortized cost	21 898 121	21 993 672	22 180 987	22 247 851	Level 2
Other Financial assets at amortized cost	7 640 955	7 715 969	9 003 709	9 095 897	Level 1 & 2
Total financial assets not calculated at fair value	39 567 153	39 741 447	41 119 585	41 284 169	
Financial liabilities not calculated at fair value					
Banks' and financial institutions' deposits	3 752 999	3 762 201	3 636 734	3 643 427	Level 2
Customer deposits	31 082 152	31 172 506	32 799 228	32 907 308	Level 2
Cash margin	2 561 426	2 569 114	2 443 090	2 449 507	Level 2
Borrowed funds	271 185	275 415	75 745	77 128	Level 2
Total financial liabilities not calculated at fair value	37 667 762	37 779 236	38 954 797	39 077 370	

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.

50- Analysis of Assets and Liabilities Maturities

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

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

The below is an analysis for assets and liabilities maturities according to the expected period to be recovered or settled as at December 31, 2015:

	USD '000		
	UP to One Year	More than One Year	Total
Assets			
Cash at vaults	455 445	-	455 445
Mandatory cash reserve	1 835 107	-	1 835 107
Balances with central banks	7 181 829	-	7 181 829
Balances and deposits with banks and financial institutions	3 091 421	-	3 091 421
Financial assets at fair value through profit or loss	448 550	383 430	831 980
Direct credit facilities at amortized cost	12 044 419	10 136 568	22 180 987
Financial assets at fair value through other comprehensive income	-	479 038	479 038
Other financial assets at amortized cost	4 932 100	4 071 609	9 003 709
Investment in subsidiaries and associates	-	2 916 290	2 916 290
Fixed assets	-	451 444	451 444
Other assets and financial derivatives - positive fair value	530 647	28 067	558 714
Deferred tax assets	58 629	-	58 629
Total assets	30 578 147	18 466 446	49 044 593
Liabilities			
Banks' and financial institutions' deposits	3 630 617	6 117	3 636 734
Customer deposits	31 966 629	832 599	32 799 228
Cash margin	2 402 588	40 502	2 443 090
Borrowed funds	10 009	65 736	75 745
Provision for income tax	235 918	-	235 918
Other Provisions	145 235	-	145 235
Other liabilities and financial derivatives - negative fair value	702 395	978 564	1 680 959
Deferred tax liabilities	12 103	-	12 103
Total liabilities	39 105 494	1 923 518	41 029 012
Net	(8 527 347)	16 542 928	8 015 581

51. Contractual Maturity of the Contingent Accounts

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

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

	December 31, 2015			USD '000
	Within 1 Year	More than 1 Year and up to 5 Years	More than 5 Years	Total
Letters of credit	1 437 791	714 602	-	2 152 393
Acceptances	679 717	8 642	-	688 359
Letters of guarantee:				
- Payment guarantees	639 728	74 136	15 964	729 828
- Performance guarantees	3 738 318	2 286 546	1 130 903	7 155 767
- Other guarantees	3 233 887	1 017 004	677 384	4 928 275
Unutilized credit facilities	4 515 813	499 238	54 722	5 069 773
Total	14 245 254	4 600 168	1 878 973	20 724 395
Constructions projects contracts	450	11 979	-	12 429
Procurement contracts	11 084	4 503	1 145	16 732
Operating lease contracts	4 653	11 912	13 692	30 257
Total	16 187	28 394	14 837	59 418

52. Capital Management

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

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

	USD '000
	December 31,
	2016
Common Equity Tier 1	7 456 710
Regulatory Adjustments (Deductions from Common Equity Tier 1)	(1 455 681)
Additional Tier 1	10 515
Supplementary Capital	386 022
Regulatory Adjustments (Deductions from Supplementary Capital)	(956 826)
Regulatory Capital	5 440 740
Risk-weighted assets (RWA)	34 688 682
Common Equity Tier 1 Ratio	%15.68
Tier 1 Capital Ratio	%15.68
Capital Adequacy Ratio	%15.68

The below schedule illustrates the Regulatory Capital according to Basel II, as at December 31, 2015

	USD '000
	December 31,
	2015
A- Core Capital	
Share capital	926 615
Statutory reserve	753 065
Voluntary reserve	977 315
Share premium	1 225 747
General reserve	1 141 824
Retained earnings *	1 194 643
Non-controlling interests	93 980
Total core capital	6 313 189
B- Supplementary Capital	
Foreign currency translation reserve	(284 609)
Investments revaluation reserve	(260 621)
Subordinated loans	13 867
General banking risk reserve	363 458
Total supplementary capital	(167 905)
C- Deductible Items	1 454 595
Regulatory capital (A+B-C)	4 690 689
Risk-weighted assets (RWA)	33 026 774
Regulatory capital / risk-weighted assets	14.20%
Core capital / risk-weighted assets	14.20%

* Includes deferred tax assets and intangible assets.

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

53. Transactions with Related Parties

The details of this item are as follows:

	December 31, 2016				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	
Associated companies	231 423	-	119 573	92 714	
Major Shareholders and Members of the Board of Directors	-	479 288	452 648	98 567	
	231 423	479 288	572 221	191 281	

	December 31, 2015				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	
Associated companies	110 246	-	111 949	90 068	
Major Shareholders and Member of the Board of Directors	-	534 053	412 129	66 907	
	110 246	534 053	524 078	156 975	

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

The details of transactions with related parties are as follows:

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

	2015		USD '000
	Interest Income	Interest Expense	
Associated companies	579	163	

- Direct credit facilities granted to key management personnel amounted to USD 1.6 million and indirect credit facilities amounted to USD 8.5 thousand as of December 31, 2016 (USD 1.9 million direct credit facilities and USD 8.5 thousand indirect credit facilities as of December 31, 2015).
- Deposits of key management personnel amounted to USD 3 million as of December 31, 2016 (USD 2.2 million as of December 31, 2015)
- Interest on credit facilities granted to major shareholders and members of the Board of Directors is recorded at arm's length.
- The salaries and other fringe benefits of the Group's key management personnel, inside and outside Jordan, amounted to USD 56.7 million for the year ended on December 31, 2016 (USD 57.7 million for the year ended on December 31, 2015).

54. Earnings Per Share

The details of this item are as follows:

	December 31,	
	2016	2015
	USD '000	
Profit for the year attributable to Shareholders of the Bank	522 187	430 830
	Thousand Shares	
Average number of shares	640 800	640 800
	USD / Share	
Earnings Per Share (Basic and diluted)	0.81	0.67

55. Assets under management

Assets under management as of December 31, 2016 amounted to USD 3442 million (USD 3219 million as of December 31, 2015). These deposits are not included in the Group consolidated financial statements.

56. Cash and Cash Equivalent

USD '000

The details of this item are as follows:

	December 31,	
	2016	2015
Cash and balances with central banks maturing within 3 months	7 809 343	9 472 381
Add: balances with banks and financial institutions maturing within 3 months	3 822 181	2 992 403
Less: banks and financial institutions deposits maturing within 3 months	3 281 686	2 949 869
Total	8 349 838	9 514 915

57. Legal Cases

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

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

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

The settlement agreement was reached by the parties pursuant to which they agreed to forego the bellwether damages trial and to adopt a mechanism which would allow the Bank to appeal the liability verdict without payment of this amount or presenting any bond to the Court. Pursuant to said agreement, the Bank filed its Notice of Appeal to the Court of Appeals on June 22, 2016 and its appellate brief on October 20, 2016.

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

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

- B. There are other lawsuits filed against the Group totaling USD 143.6 million as of December 31, 2016 (USD 135.7 million as of December 31, 2015).

In the opinion of the management and the lawyers representing the Group in the litigation at issue, the Group will not be held liable for any amount in excess of the amount of provisions taken in connection with the lawsuits totaling USD 18.3 million as of December 31, 2016 (USD 8 million as of December 31, 2015).

58. Comparative Figures

Some comparative figures in the consolidated financial statements for the year 2015 have been reclassified to be consistent with the year 2016 presentation and it didn't cause any changes in last years operating results.

INDEPENDENT AUDITOR'S REPORT

To the Shareholders
Arab Bank plc
Amman – Jordan

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Arab Bank Company, its subsidiaries, and its sister Company “the Group” which comprise the consolidated statement of financial position as of December 31, 2016, 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.

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, 2016, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the other ethical requirements in Jordan that are relevant to our audit of the Group's consolidated financial statements, and we have fulfilled our other ethical responsibilities. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Explanatory Paragraph

We refer to disclosure Number (57) in the accompanying 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 unmodified opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters:

Provision for Lawsuits and Legal Claims Risks

According to the International Financial Reporting Standards, the Group has to estimate the provision for lawsuits and legal claims, in particular the lawsuit and the related settlement in the United States of America, legal claims associated with it, and the reserving against these claims at the end of each reporting period. Moreover, since the provision for legal claims is based on accounting estimates it's considered a key audit matter since the assessment process depends heavily on professional judgment which is based on the expected assumptions of the future outcomes for the lawsuits and related settlements, and management's estimates based on the legal inputs and the recommendations of the Bank's legal counsels.

Adequacy of Provision for Impairment of Credit Facilities

The provision for impairment of credit facilities is considered a key audit matter to the financial statements, as its calculation requires assumptions, management's use of estimates for low credit ratings and the probability that debts will not be collected as a result of the deteriorating economic and financial conditions in light of inadequate guarantees.

The nature and characteristics of credit facilities granted to these debtors vary from one sector to another and from one country to another, due to the external wide span of the Bank. Therefore, the impairment provision calculation methodology differs due to varied sectors and varied risk assessment relating to those countries and their legal and regulatory requirements.

Scope of Audit to Address the Risk

Our audit procedures included obtaining support from internal and external legal counsels handling the lawsuits in evaluating the adequacy of managements' estimates and expected outcome probabilities, in particular to those related to the risk probability assumptions and contingent liabilities. In addition, our procedures assessing the adequacy of the legal cases disclosure and the related settlement in the United States of America set out in Note (57).

Scope of Audit to Address the Risk

The performed audit procedures included understanding the nature of the credit facilities portfolio, testing the internal control system followed in credit granting and monitoring, and assessing the reasonableness of management's estimates of the provision for impairment. We also have understood the Bank's policy in calculating the provision, and tested a sample of performing, watch-list, and non-performing credit facilities at the Group level as a whole. We have evaluated the factors affecting the calculation of the provision for impairment of credit facilities. This included evaluating the available collaterals, customers' financial net worth, management's estimates of future cash flows, and regulatory requirements issued by central banks.

We have also discussed these factors with executive management to verify the adequacy of the provision, as well as recalculated the provision needed for that sample.

Furthermore, we have also evaluated the appropriateness and adequacy of the disclosure with regard to the credit facilities impairment provision and risks as stated in Note (11).

Evaluation of Unquoted Investment in Regulated Markets **Scope of Audit to Address the Risk**

The recognition of unquoted investments in regulated markets is based on the fair value of key inputs available. These investments are stated in Notes (10) and (49). The valuation technique used by the Group to measure the fair value of these investment is based on market index method for similar investments.

As a result of the lack of quoted market prices for these investments, the valuation technique in evaluating these investment is a key audit matter to our audit. Thus, we have reviewed the valuation model prepared by the Group, and discussed it with the Group's financial management. Moreover, our audit procedures included testing the internal control systems related to the adopted valuation techniques followed and assumptions to assess the suitability of the valuation model or appropriateness of the related assumptions.

Bank's Share of Associates' Profits

The Bank accounts for its share of profits from associates at the Group level in accordance with the equity method as stated in Note (13). The Bank's share of the Group's associates' profit forms a significant element of the statement of income. As a result of lack of available audited financial statements for public use of these investments at the date of the preparation of the Groups' financial statements, the Group's share of associates' profits, including one investment, is booked based on the latest and most accurate financial information available. This is based on the information contained in the preliminary results issued by these companies and the information made available by the representatives on their boards, to be subsequently validated at a later date when these investment in associates' financial statements are issued.

Scope of Audit to Address the Risk

The Group's share of associates' profits, which is considered a key audit matter to the financial statements, has been audited through our review of the documents available to management that support the calculated amounts. We have also evaluated the reasonableness and adequacy of the preliminary disclosures issued by these companies and discussed the matter with the Group's financial management. Furthermore, our audit procedures included obtaining appropriate audit evidence through direct communication with the independent auditors of the key associate company in accordance with International Standards on Auditing No. 600, as well as, conducting additional financial and analytical studies on the other associates' results.

Consolidated Financial Statements for the Bank and its subsidiaries, in addition to Arab Bank (Switzerland) Limited

The consolidation of the Bank's subsidiaries is effective from the acquisition date, which is the date of transfer of control over the subsidiaries by the Bank. 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.

Foreign Currency Translation Reserve

Due to its wide spread in multiple countries and its dealing with numerous foreign currencies, the Bank is exposed to the risk arising from the fluctuation of those currencies due to the economic conditions of those countries. Therefore, translation of the financial assets and financial liabilities of the branches, sister company, and subsidiaries abroad from the local currency (functional) to the US Dollar is considered a key audit matter to our audit. Moreover, exchange differences arising from the revaluation of the net investment in the branches and subsidiaries abroad are recorded in the consolidated statement of other comprehensive income.

Scope of Audit to Address the Risk

The effective control over the Bank's subsidiaries, in addition to reflecting consolidation financial statements at the level of the consolidated economic ownership of Arab Bank plc and the sister company at the end of each reporting period is considered a key audit matter to our audit. Our audit procedures included review of the Bank's ability to govern the strategic financial and operating policies of the subsidiaries so as to obtain benefits from its activities, through its appointment of the Board members and executive management of these subsidiary companies. The Bank obtains control over the strategic financial and operating policies of these companies.

Our audit procedures also included review of the stock trading of the Banks' sister company whose operations are an integral part of Arab Bank's and its stock trading is also considered an integral part Arab Bank plc stock trading, accordingly, the sister company's financial statements is presented within the consolidated financial statements of Arab Bank Group to reflect the level of the consolidated economic ownership.

Scope of Audit to Address the Risk

Our audit procedures included testing the internal control system which relates to the determination of foreign exchange rates approved by the management in addition to reviewing a sample of those rates and matching them with the rates published by the Central Bank of Jordan. Furthermore, we have recalculated a sample of foreign exchange translation differences reflected in the statement of other comprehensive income.

Financial Derivatives and Hedging

The Bank's portfolio includes financial derivatives held for trading and hedging purposes and evaluated through assessing the information input into specialized systems to be evaluated periodically. Such derivatives require special abilities and continuous follow-up by the management in addition to a highly accurate internal control structure.

Scope of Audit Risk Approach

The fact that the valuation of the financial derivatives and review of hedge accounting need a valuation expert, it was considered as a key audit matter to our audit. Thus, we obtained the assistance of valuation experts to assess the valuations and presentation of the financial derivatives and hedge accounting in accordance with the requirements of International Financial Reporting Standards.

Other Information

Management is responsible for the other information. The other information comprises of the information stated in the Annual Report and does not include the consolidated financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report. Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information when it becomes available to us and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidation financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risk, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidenced obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosure are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the consolidated financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit and we remain solely responsible for our audit opinion.

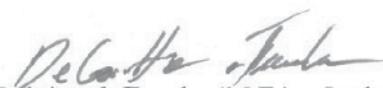
Deloitte.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law and regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Amman – Jordan
January 29, 2017


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

		December 31,			
	Note	2016	2015		
Cash and balances with central banks	5	3 416 485	4 709 940	ASSETS	
Balances with banks and financial institutions	6	3 432 626	2 625 024		
Deposits with banks and financial institutions	7	50 450	170 397		
Financial assets at fair value through profit or loss	8	102 531	244 606		
Financial derivatives - positive fair value	40	9 892	18 605		
Direct credit facilities at amortized cost	10	11 186 472	11 264 977		
Financial assets at fair value through other comprehensive income	9	222 463	219 789		
Other financial assets at amortized cost	11	4 397 851	5 159 153		
Investments in subsidiaries and associates	12	925 837	958 809		
Fixed assets	13	221 973	190 901		
Other assets	14	248 643	269 262		
Deferred tax assets	15	39 023	27 699		
TOTAL ASSETS		24 254 246	25 859 162		
Banks' and financial institutions' deposits	16	1 804 177	1 953 517		LIABILITIES AND SHAREHOLDERS' EQUITY
Customer deposits	17	16 250 612	17 538 698		
Cash margin	18	1 663 016	1 584 439		
Financial derivatives - negative fair value	40	17 859	19 690		
Borrowed funds	19	147 564	8 004		
Provision for income tax	20	115 248	142 457		
Other provisions	21	145 015	85 411		
Other liabilities	22	609 207	1 000 989		
Deferred tax liabilities	23	793	7 816		
Total Liabilities		20 753 491	22 341 021		
Share capital	24	640 800	640 800	LIABILITIES AND SHAREHOLDERS' EQUITY	
Share premium	24	859 626	859 626		
Statutory reserve	25	531 374	499 191		
Voluntary reserve	26	614 920	614 920		
General reserve	27	583 695	583 695		
General banking risks reserve	28	200 468	200 468		
Foreign currency translation reserve	29	(281 492)	(221 526)		
Investment revaluation reserve	30	(192 069)	(183 741)		
Retained earnings	31	543 433	524 708		
Total Shareholders' Equity		3 500 755	3 518 141		
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		24 254 246	25 859 162		

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

ARAB BANK Plc

JD '000

	Note	2016	2015	
REVENUE	Interest income	32	1 063 885	1 022 375
	Less: Interest expense	33	439 220	412 596
	Net Interest Income		624 665	609 779
	Net commission income	34	167 311	168 878
	Net Interest and Commission Income		791 976	778 657
	Foreign exchange differences		28 441	34 907
	Gain from financial assets at fair value through profit or loss	35	1 224	11 171
	Dividends from financial assets at fair value through other comprehensive income	9	5 413	3 663
	Dividends from subsidiaries and associates	36	86 947	93 268
	Other revenue	37	22 286	24 776
TOTAL INCOME		936 287	946 442	
EXPENSES	Employees expenses	38	209 664	209 843
	Other expenses	39	198 556	412 239
	Depreciation and amortization	13	23 507	26 027
	Provision for impairment - direct credit facilities at amortized cost	10	111 419	2 179
	Other provisions	21	71 307	10 038
	TOTAL EXPENSES		614 453	660 326
PROFIT FOR THE YEAR BEFORE INCOME TAX	PROFIT FOR THE YEAR BEFORE INCOME TAX		321 834	286 116
	Less: Income tax expense	20	109 420	132 097
	PROFIT FOR THE YEAR		212 414	154 019

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

ARAB BANK Plc

JD'000

	Note	2016	2015
Profit for the year		212 414	154 019
Add: Other comprehensive income items - after tax			
Items that will be subsequently transferred to the statement of income			
Exchange differences arising on the translation of foreign operations	29	(59 966)	(118 054)
Items that will not be subsequently transferred to the statement of income			
Change in fair value of financial assets at fair value through other comprehensive income	30	(8 557)	(5 653)
Net change in fair value of financial assets at fair value through other comprehensive income		(8 328)	(5 675)
(Loss) Gain from sale of financial assets at fair value through the statement of comprehensive income		(229)	22
Total Other Comprehensive Income Items - After Tax		(68 523)	(123 707)
TOAL COMPREHENSIVE INCOME FOR THE YEAR		143 891	30 312

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

ARAB BANK Plc

	Note	Share Capital	Share Premium	Statutory Reserve	Voluntary Reserve
2016	Balance at the beginning of the year	640 800	859 626	499 191	614 920
	Profit for the year	-	-	-	-
	Other comprehensive income for the year	-	-	-	-
	Total Comprehensive Income for the Year	-	-	-	-
	Transferred to statutory reserve	-	-	32 183	-
	Investment revaluation reserve transferred to retained earnings	9	-	-	-
	Dividends Paid	31	-	-	-
	Adjustment during the year	-	-	-	-
Balance at the End of the Year		640 800	859 626	531 374	614 920
2015	Balance at the beginning of the year	569 600	859 626	470 579	614 920
	Profit for the year	-	-	-	-
	Other comprehensive income for the year	-	-	-	-
	Total Comprehensive Income for the Year	-	-	-	-
	Transferred to statutory reserve	-	-	28 612	-
	Investment revaluation reserve transferred to retained earnings	9	-	-	-
	Dividends paid	31	-	-	-
	Adjustment during the year	-	-	-	-
Increase in share capital (stock dividends)	31	71 200	-	-	
Balance at the End of the Year		640 800	859 626	499 191	614 920

- * Retained earnings include restricted deferred tax assets in the amount of JD 39 million, as well as unrealized gain from financial assets at fair value through profit or loss in the amount of JD 0.8 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 JD1.9 million as of December 31, 2016.
- * The retained earnings include unrealized loss of JD (40.7) million as a result of the adoption of IFRS (9) as of December 31, 2016.
- * 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 (192.1) million as of December 31, 2016, which represents the negative investment revaluation reserve balance is restricted according to the Jordan Securities Commission instructions.

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

General Reserve	General Banking Risk Reserve	Foreign Currency Translation Reserve	Investment Revaluation Reserve	Retained Earnings	Total Shareholders Equity
583 695	200 468	(221 526)	(183 741)	524 708	3 518 141
-	-	-	-	212 414	212 414
-	-	(59 966)	(8 557)	-	(68 523)
-	-	(59 966)	(8 557)	212 414	143 891
-	-	-	-	(32 183)	-
-	-	-	229	(229)	-
-	-	-	-	(160 200)	(160 200)
-	-	-	-	(1 077)	(1 077)
583 695	200 468	(281 492)	(192 069)	543 433	3 500 755
583 695	200 468	(103 472)	(178 066)	540 544	3 557 894
-	-	-	-	154 019	154 019
-	-	(118 054)	(5 653)	-	(123 707)
-	-	(118 054)	(5 653)	154 019	30 312
-	-	-	-	(28 612)	-
-	-	-	(22)	22	-
-	-	-	-	(68 352)	(68 352)
-	-	-	-	(1 713)	(1 713)
-	-	-	-	(71 200)	-
583 695	200 468	(221 526)	(183 741)	524 708	3 518 141

ARAB BANK Plc

STATEMENT OF CASH FLOWS

		2016	2015	
CASH FLOWS FROM OPERATING ACTIVITIES	Profit for the year before tax	Note 321 834	286 116	
	Adjustments for:			
	Depreciation and amortization	13	23 507	26 027
	Provision for impairment - direct credit facilities at amortized cost	10	111 419	2 179
	Net interest income		(15 028)	8 294
	(Gain) from sale of fixed assets		(3 934)	(1 640)
	amortization intangible assets	14	3 198	3 692
	(Gain) from revaluation of financial assets at fair value through profit or loss	35	(776)	(8 546)
	Dividends from financial assets at fair value through other comprehensive income	9	(5 413)	(3 663)
	Dividends from subsidiaries and associates	36	(86 947)	(93 268)
	(Gain) from sale of subsidiaries		-	(1 680)
	Other provisions	21	71 307	10 038
	Total		419 167	227 549
	(Increase) Decrease in Assets			
	Balances with central banks (maturing after 3 months)		-	73 359
	Deposits with banks and financial institutions (maturing after 3 months)		(447 429)	113 242
	Direct credit facilities at amortized cost		(32 914)	(216 325)
	Financial assets at fair value through profit or loss		142 851	61 372
	Other assets and financial derivatives		36 662	29 281
	(Decrease) Increase in Liabilities:			
Banks and financial institutions deposits (maturing after 3 months)		116 303	111 610	
Customer deposits		(1 288 086)	443 320	
Cash margin		78 577	(258 331)	
Other liabilities and financial derivatives		(407 104)	157 675	
Net Cash (Used in) Generated by Operating Activities before Income Tax		(1 381 973)	742 752	
Income tax paid		(148 124)	(134 696)	
Net Cash (Used in) Generated by Operating Activities		(1 530 097)	608 056	
CASH FLOWS FROM INVESTING ACTIVITIES	(Purchase) of financial assets at fair value through other comprehensive income		(11 231)	(1 705)
	Maturity of other financial assets at amortized cost		761 302	11 922
	Proceeds from (paid for) of investments in subsidiaries and associates - net		(11 937)	5 606
	Dividends from subsidiaries and associates	36	86 947	93 268
	Dividends from financial assets at fair value through other comprehensive income	9	5 413	3 663
	(Purchase) of fixed assets	13	(63 398)	(39 480)
	Proceeds from selling fixed assets		11 806	12 929
	(Purchase) of intangible assets - net		(7 159)	(3 628)
Net Cash Generated by Investing Activities		771 743	82 575	
CASH FLOWS FROM FINANCING ACTIVITIES	Increase in borrowed funds		139 560	2 604
	Dividends paid to shareholders		(158 630)	(67 861)
	Net Cash (Used in) Financing Activities		(19 070)	(65 257)
	Net Increase (Decrease) in Cash and Cash Equivalent		(777 424)	625 374
	Exchange differences - change in foreign exchange rates		(10 162)	(25 007)
	Cash and cash equivalent at the beginning of the year		5 555 812	4 955 445
	Cash and Cash Equivalent at the End of the Year	55	4 768 226	5 555 812

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

1. GENERAL

- Arab Bank was established in 1930, and is registered as a Jordanian public shareholding limited company. The Head Office of the Bank is domiciled in Amman - Jordan, and the Bank operates worldwide through its 74 branches in Jordan and 122 branches abroad.
- Arab Bank plc shares are traded on Amman Stock Exchange. The share of Arab Bank represents the Bank's share in all entities of Arab Bank Group except for its sister company, Arab Bank (Switzerland) Limited, the shares of which are stapled with Arab Bank shares and traded at the same time.
- The accompanying financial statements were approved by the Board of Directors in its meeting No. (1) on January 26th, 2017 and are subject to the approval of the General Assembly of Shareholders .

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

2. a. New and revised IFRSs applied with no material effect on the financial statements:

The following new and revised IFRSs, which became effective for annual periods beginning on or after January 1, 2016, have been adopted in these financial statements. The application of these revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

- IFRS 14 Regulatory Deferral Accounts.
- Amendments to IAS 1 Presentation of Financial Statements relating to Disclosure initiative.
- Amendments to IFRS 11 Joint arrangements relating to accounting for acquisitions of interests in joint operations.
- Amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets relating to clarification of acceptable methods of depreciation and amortisation.
- Amendments to IAS 16 Property, Plant and Equipment and IAS 41 Agriculture: Bearer Plants.

- Amendments to IAS 27 Separate Financial Statements relating to accounting investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in separate financial statements.
- Amendments to IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investment in Associates and Joint Ventures relating to applying the consolidation exception for investment entities.
- Annual Improvements to IFRSs 2012 – 2014 Cycle covering amendments to IFRS 5, IFRS 7, IAS 19 and IAS 34.

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

The Company has not yet applied the following new and revised IFRSs that have been issued but are not yet effective:

New and revised IFRSs	Effective for annual periods beginning on or after
Annual Improvements to IFRS Standards 2014 – 2016 Cycle amending IFRS 1, IFRS 12 and IAS 28.	The amendments to IFRS 1 and IAS 28 are effective for annual periods beginning on or after January 1, 2018, the amendment to IFRS 12 for annual periods beginning on or after January 1, 2017.
Amendments to IAS 12 Income Taxes relating to the recognition of deferred tax assets for unrealized losses.	January 1, 2017
Amendments to IAS 7 Statement of Cash Flows to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.	January 1, 2017

<p>IFRIC 22 Foreign Currency Transactions and Advance Consideration</p> <p>The interpretation addresses foreign currency transactions or parts of transactions where:</p> <ul style="list-style-type: none"> • there is consideration that is denominated or priced in a foreign currency; • the entity recognises a prepayment asset or a deferred income liability in respect of that consideration, in advance of the recognition of the related asset, expense or income; and • the prepayment asset or deferred income liability is non-monetary. 	January 1, 2018
<p>Amendments to IFRS 2 Share Based Payment regarding classification and measurement of share based payment transactions</p>	January 1, 2018
<p>Amendments to IFRS 4 Insurance Contracts: Relating to the different effective dates of IFRS 9 and the forthcoming new insurance contracts standard.</p>	January 1, 2018
<p>Amendments to IAS 40 Investment Property: Amends paragraph 57 to state that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use. The paragraph has been amended to state that the list of examples therein is non-exhaustive.</p>	January 1, 2018
<p>Amendments to IFRS 7 Financial Instruments: Disclosures relating to disclosures about the initial application of IFRS 9</p>	When IFRS 9 is first applied
<p>IFRS 7 Financial Instruments: Disclosures relating to the additional hedge accounting disclosures (and consequential amendments) resulting from the introduction of the hedge accounting chapter in IFRS 9</p>	When IFRS 9 is first applied
<p>IFRS 16 Leases</p> <p>IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.</p>	January 1, 2019

<p>Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011) relating to the treatment of the sale or contribution of assets from and investor to its associate or joint venture.</p>	<p>Effective date deferred indefinitely</p>
<p>IFRS 9 Financial Instruments (revised versions in 2009, 2010, 2013 and 2014)</p> <p>IFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.</p> <p>A finalised version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 Financial Instruments: Recognition and Measurement. The standard contains requirements in the following areas:</p>	<p>January 1, 2018</p>

<ul style="list-style-type: none"> • Classification and measurement: Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to the measurement of an entity's own credit risk. • Impairment: The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognised • Hedge accounting: Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures. • Derecognition: The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39. 	
<p>Amendments to IFRS 15 Revenue from Contracts with Customers to clarify three aspects of the standard (identifying performance obligations, principal versus agent considerations, and licensing) and to provide some transition relief for modified contracts and completed contracts.</p>	<p>January 1, 2018</p>

<p>IFRS 15 Revenue from Contracts with Customers In May 2014, IFRS 15 was issued which established a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related interpretations when it becomes effective.</p> <p>The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:</p> <ul style="list-style-type: none"> • Step 1: Identify the contract(s) with a customer. • Step 2: Identify the performance obligations in the contract. • Step 3: Determine the transaction price. • Step 4: Allocate the transaction price to the performance obligations in the contract. • Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation. 	<p>January 1, 2018</p>
<p>Under IFRS 15, an entity recognises when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.</p>	

Management anticipates that these new standards, interpretations and amendments will be adopted in the Bank's financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments, except for IFRS 9, IFRS 15 and IFRS 16, may have no material impact on the financial statements of the Bank in the period of initial application.

Management anticipates that IFRS 15 and IFRS 9 will be adopted in the Bank's financial statements for the annual period beginning 1 January 2018 and that IFRS 16 will be adopted in the Bank's financial statements for the annual period beginning 1 January 2019.

The application of IFRS 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 and the application of IFRS 16 may have significant impact on amounts reported and disclosures made in the Bank's financial statements in respect of its leases.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

- 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 accompanying financial statements of Arab Bank plc should be read with the consolidated financial statements for Arab Bank Group and it is considered an integral part of it.
- The financial statements are prepared using the historical cost principle, except for some of the financial assets and financial liabilities which are stated at fair value as of the date of the financial statements.
- The reporting currency is the Jordanian Dinar, which is the functional currency of the Bank.
- The accounting policies adopted for the current year are consistent with those applied in the year ended December 31, 2015 except for what is stated in note (2.A) to the financial statements.

The following are the significant accounting policies:

A. Revenue Recognition

Interest Income and Expenses

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

Dividends Income

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

Leasing Contracts Revenue

- The Bank's policy relating to leasing contract is illustrated in note (C) 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 which-ever more strict.
- Impaired credit facilities, for which specific provisions have been taken, are written off by charging the provision after all efforts have been made to re-cover the assets and after the proper approval of the management. Any sur-plus 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 state-ment 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 negotiat-ing 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 pre-sent value of the minimum future lease payments. The finance lease obli-gation is recorded at the same value. Lease payments are apportioned be-tween finance costs and reduction of the lease liabilities so as to achieve a constant rate of interest on the remaining balance of the liability. Finance costs are charged directly to the statement of income.

- Operating lease payments are recognized as an expense on a straight-line basis over the lease term.

D. Foreign Currencies

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

E. Fixed Assets

- Fixed assets are stated at historical cost, net of accumulated depreciation and any accumulated impairment in value. Such cost includes expenditures that are directly attributable to the acquisition of the asset. When parts of an item of fixed assets have different useful lives, they are accounted for as separate items of fixed assets.
- Depreciation is charged so as to allocate the cost of assets using the straight-line method, using the useful lives of the respective assets, no depreciation charged against land and properties under construction.
- Assets under construction are carried at cost, less any accumulated impairment losses and is depreciated when the assets are ready for intended use using the same depreciation rate of the related category with fixed assets.
- Fixed assets are derecognized when disposed of or when no future benefits are expected from their use or disposal.
- The gain or loss arising on the disposal of an item (the difference between the net realizable value and the carrying amount of the asset) is recognized in the statement of income in the year that the assets were disposed.

F. Intangible Assets

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

G. Repurchase and Resale Agreements

- Assets sold with a simultaneous commitment to repurchase them at a future date continue to be recognized in the financial statements as a result of the Bank's continuous control over these assets and as the related risk and benefits are transferred to the Bank upon occurrence. They also continue to be measured in accordance with the adopted accounting policies. Amounts received against these contracts are recorded within liabilities under borrowed funds. The difference between the sale price and the repurchase price is recognized as an interest expense amortized over the contract period using the effective interest rate method.
- Purchased assets with corresponding commitment to sell at a specific future date are not recognized in the financial statements because the Bank has no control over such assets and the related risks and benefits are not transferred to the bank upon occurrence. Payments related to these 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 for foreclosed assets is taken after a sufficient and recent evaluation of the acquired properties has been conducted by approved surveyors. The impairment loss is reviewed periodically.
 - The fiscal year is charged with its portion of income tax expenditures in accordance with the regulations, laws, and accounting standards. Moreover, deferred tax assets and liabilities and the income tax provision are recorded.
 - Management periodically reassesses the economic useful lives of tangible and intangible assets for the purpose of calculating annual depreciation and amortization based on the general condition of these assets and the assessment of their useful economic lives expected in the future. Impairment loss is taken to the statement of income.
 - A provision is set for lawsuits raised against the Bank. This provision is based to an adequate legal study prepared by the Bank's legal advisors. Moreover, the study highlights potential risks that the Bank may encounter in the future. Such legal assessments are reviewed periodically.
 - Management frequently reviews financial assets stated at fair value or at cost to estimate any impairment in their value. The impairment amount is taken to the statement of income for the year.
- Fair value hierarchy
The level in the fair value hierarchy is determined and disclosed into which the fair value measurements are categorised entirely, segregating fair value measurements in accordance with the levels defined in IFRS. The difference between Level 2 and Level 3 fair value measurements represents whether inputs are observable and whether the unobservable inputs are significant, which may require judgment and a careful analysis of the inputs used to measure fair value, including consideration of factors specific to the asset or liability.

5. Cash and Balances with Central Banks

JD '000

The details of this item are as follows:

	December 31,	
	2016	2015
Cash in vaults	255 184	280 872
Balances with central banks:		
- Current accounts	303 391	296 776
- Time and notice	1 557 835	2 535 145
- Mandatory cash reserve	837 167	1 160 524
- Certificates of deposit	462 908	436 623
Total	3 416 485	4 709 940

- Except for the mandatory cash reserve, there are no restricted balances at Central Banks.
- There are no balances and certificates of deposit maturing after three months as of December 31, 2016 and December 31, 2015.

6. Balances with Banks and Financial Institutions

The details of this item are as follows:

JD '000

Local banks and financial institutions	December 31,	
	2016	2015
Current accounts	599	76
Time deposits maturing within 3 months	175 000	41 000
Total	175 599	41 076

Abroad Banks and financial institutions

JD '000

	December 31,	
	2016	2015
Current accounts	1 828 109	1 005 194
Time deposits maturing within 3 months	1 428 918	1 578 754
Total	3 257 027	2 583 948
Total balances with Banks and Financial Institutions Local and Abroad	3 432 626	2 625 024

- There are no non interest bearing balances as of December 31, 2016 and 2015.
- The restricted balances amounted to JD 567.4 million as of December 31, 2016 (There are no restricted balances as of December 31, 2015)

7. Deposits with Banks and Financial Institutions

The details of this item are as follows:

	December 31,		JD'000
	2016	2015	
Deposits with banks and financial institutions Local			
Time deposits maturing after one year	15 000	-	
Total	15 000	-	

	December 31,		JD'000
	2016	2015	
Deposits with banks and financial institutions abroad			
Time deposits maturing after 3 months and before 6 months	35 450	110 465	
Time deposits maturing after 6 months and before 9 months	-	30 204	
Time deposits maturing after 9 months and before one year	-	29 728	
Total	35 450	170 397	
Total Deposits with banks and financial institutions Local and Abroad	50 450	170 397	

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

8. Financial Assets at Fair Value through Profit or Loss

The details of this item are as follows:

	December 31,		JD'000
	2016	2015	
Treasury bills and Government bonds	80 322	222 097	
Loans and advances	21 010	21 010	
Corporate shares	1 199	1 499	
Total	102 531	244 606	

9. Financial Assets at Fair Value through Other Comprehensive Income

The details of this item are as follows:

	December 31,		JD'000
	2016	2015	
Quoted shares	170 182	165 290	
Unquoted shares	52 281	54 499	
Total	222 463	219 789	

* Cash dividends on the investments above amounted to JD 5.41 million for the year ended December 31, 2016 (JD 3.66 million for the year ended December 31, 2015)

* Realized losses that have been transferred from investment revaluation reserve to retained earnings amounted to JD (229) thousand as of December 31, 2016 (Realized gains that have been transferred from investment revaluation reserve to retained earnings amounted to JD 22 thousand as of December 31, 2015)

10. Direct Credit Facilities at Amortized Cost

JD '000

The details of this item are as follows:

	December 31, 2016					Total
	Consumer Banking	Corporates		Banks and Financial Institutions	Government and Public Sector	
		Small and Medium	Large			
Discounted bills *	55 405	54 576	325 705	11 710	-	447 396
Overdrafts *	28 405	499 558	1 857 777	-	226 465	2 612 205
Loans and advances *	1 103 600	492 804	5 854 864	153 445	504 481	8 109 194
Real-estate loans	930 083	1 852	-	-	-	931 935
Credit cards	85 507	-	-	-	-	85 507
Total	2 203 000	1 048 790	8 038 346	165 155	730 946	12 186 237
Less: Interest and commission in suspense	48 060	58 024	176 351	3 870	-	286 305
Provision for impairment - direct credit facilities at amortized cost	83 762	53 407	575 333	-	958	713 460
Total	131 822	111 431	751 684	3 870	958	999 765
Net Direct Credit Facilities at Amortized Cost	2 071 178	937 359	7 286 662	161 285	729 988	11 186 472

- * Net of interest and commission received in advance, which amounted to JD 19.7 million as at December 31, 2016.
- Rescheduled loans during the year ended December 31, 2016 amounted to JD 321.5 million.
 - There are no restructured loans (transferred from non performing to watch list loans) during the year ended December 31, 2016.
 - Direct credit facilities granted to and guaranteed by government of Jordan as of December 31, 2016 amounted to JD 79 million or 0.65% of total direct credit facilities.
 - Non-performing direct credit facilities as of December 31, 2016 amounted to JD 930 million or 7.6% of total direct credit facilities.
 - Non-performing direct credit facilities, net of interest and commission in suspense, as of December 31, 2016 amounted to JD 652 million or 5.5 % of direct credit facilities, after deducting interest and commission in suspense.

	December 31, 2015					Total
	Consumer Banking	Corporates		Banks and Financial Institutions	Government and Public Sector	
		Small and Medium	Large			
Discounted bills *	56 230	66 246	279 387	65 639	-	467 502
Overdrafts *	34 137	483 702	2 087 160	674	269 908	2 875 581
Loans and advances *	1 084 174	378 546	5 770 312	143 859	496 527	7 873 418
Real-estate loans	865 035	2 294	-	-	-	867 329
Credit cards	77 276	-	-	-	-	77 276
Total	2 116 852	930 788	8 136 859	210 172	766 435	12 161 106
Less: Interest and commission in suspense	42 044	56 810	158 823	3 189	-	260 866
Provision for impairment - direct credit facilities at amortized cost	89 577	49 155	494 590	674	1 267	635 263
Total	131 621	105 965	653 413	3 863	1 267	896 129
Net Direct Credit Facilities at Amortized Cost	1 985 231	824 823	7 483 446	206 309	765 168	11 264 977

- * Net of interest and commission received in advance, which amounted to JD 18.4 million as at December 31, 2015.
- Rescheduled loans during the year ended December 31, 2015 amounted to JD 237.8 million.
 - Restructured loans (transferred from non performing to watch list loans) during the year ended December 31, 2015 amounted to JD 6.8 million.
 - Direct credit facilities granted to and guaranteed by government of Jordan as of December 31, 2015 amounted to JD 55.8 million or 0.5% of total direct credit facilities.
 - Non-performing direct credit facilities as of December 31, 2015 amounted to JD 871.2 million or 7.2% of total direct credit facilities.
 - Non-performing direct credit facilities, net of interest and commission in suspense, as of December 31, 2015 amounted to JD 617.8 million or 5.2 % 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, 2016						JD '000
	Consumer Banking	Corporates		Banks and Financial Institutions	Government and Public Sector	Total	The Total includes movement on the real-estate loans provision as follows
		Small and Medium	Large				
Balance at the beginning of the year	89 577	49 155	494 590	674	1 267	635 263	9 767
Impairment losses charged to income	10 656	11 389	137 205	-	1 423	160 673	1 674
Used from provision (written off or transferred to off statement of financial position) *	(356)	(1 066)	(12 766)	-	-	(14 188)	(62)
Surplus in provision transferred to statement of income	(10 497)	(5 097)	(32 148)	(674)	(838)	(49 254)	(3 366)
Adjustments during the year	-	608	340	-	-	948	(1 202)
Translation adjustments	(5 618)	(1 582)	(11 888)	-	(894)	(19 982)	(9)
Balance at the End of the Year	83 762	53 407	575 333	-	958	713 460	6 802

	December 31, 2015						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	87 675	48 276	505 276	674	802	642 703	10 565
Impairment losses charged to income	9 124	9 499	20 074	-	621	39 318	1 515
Used from provision (written off or transferred to off statement of financial position) *	(385)	(3 191)	(6 393)	-	-	(9 969)	(10)
Surplus in provision transferred to statement of income	(6 242)	(6 050)	(24 734)	-	(113)	(37 139)	(1 503)
Adjustments during the year	20	1 622	628	-	-	2 270	(737)
Translation adjustments	(615)	(1 001)	(261)	-	(43)	(1 920)	(63)
Balance at the End of the Year	89 577	49 155	494 590	674	1 267	635 263	9 767

- 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, 2016 and 2015.

- Impairment is assessed based on individual customer accounts.

* Non-performing direct credit facilities transferred to off statement of financial position amounted to JD 4.7 million as of December 31, 2016. (JD 1.5 million as of December 31, 2015) noting that these non-performing direct credit facilities are fully covered by set provisions and suspended interest.

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

	December 31, 2016						JD '000
	Consumer Banking	Corporates		Banks and Financial Institutions	Government and Public Sector	Total	The total includes interest and commission in suspense movement on real-estate loans as follows
		Small and Medium	Large				
Balance at the beginning of the year	42 044	56 810	158 823	3 189	-	260 866	7 501
Interest and commission suspended during the year	10 388	9 201	31 131	681	-	51 401	2 355
Interest and commission in suspense settled (written off or transferred to off statement of financial position)	(665)	(6 435)	(11 541)	-	-	(18 641)	(349)
Recoveries	(3 623)	(1 756)	(1 113)	-	-	(6 492)	(2 434)
Adjustments during the year	(80)	182	(102)	-	-	-	-
Translation adjustments	(4)	22	(847)	-	-	(829)	(1)
Balance at the End of the Year	48 060	58 024	176 351	3 870	-	286 305	7 072

	December 31, 2015						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	37 009	58 374	146 961	2 651	-	244 995	8 463
Interest and commission suspended during the year	8 562	7 236	30 059	538	-	46 395	1 865
Interest and commission in suspense settled (written off or transferred to off statement of financial position)	(923)	(6 748)	(15 445)	-	-	(23 116)	(212)
Recoveries	(2 597)	(2 039)	(2 301)	-	-	(6 937)	(1 234)
Adjustments during the year	(8)	8	(344)	-	-	(344)	(1 366)
Translation adjustments	1	(21)	(107)	-	-	(127)	(15)
Balance at the End of the Year	42 044	56 810	158 823	3 189	-	260 866	7 501

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

JD'000

Economic Sector	Inside Jordan	Outside Jordan	December 31, 2016	December 31, 2015
Consumer Banking	934 506	1 136 672	2 071 178	1 985 231
Industry and Mining	533 817	1 474 812	2 008 629	2 214 872
Constructions	125 080	1 149 924	1 275 004	1 161 794
Real Estate	121 521	664 625	786 146	731 391
Trade	612 161	1 534 604	2 146 765	2 071 720
Agriculture	15 229	32 647	47 876	63 215
Tourism and Hotels	138 391	105 059	243 450	228 971
Transportation	46 581	270 455	317 036	341 881
Shares	-	1 785	1 785	46 515
General Service	333 152	1 064 178	1 397 330	1 447 910
Banks and Financial Institutions	478	160 807	161 285	206 309
Government and Public Sector	79 019	650 969	729 988	765 168
Net Direct Credit Direct Facilities at Amortized Cost	2 939 935	8 246 537	11 186 472	11 264 977

11. Other Financial Assets at Amortized Cost

The details of this item are as follows:

	JD '000	
	December 31,	
	2016	2015
Treasury bills	1 448 618	1 903 968
Government bonds and bonds guaranteed by the government	2 456 242	2 683 152
Corporate bonds	495 823	574 865
Less: Provision for impairment	(2 832)	(2 832)
Total	4 397 851	5 159 153

	JD '000	
	December 31,	
	2016	2015
Analysis of bonds based on interest nature:		
Floating interest rate	134 684	177 043
Fixed interest rate	4 263 167	4 982 110
Total	4 397 851	5 159 153

Analysis of financial assets based on market quotation:

	JD '000	
	December 31,	
	2016	2015
Financial assets quoted in the market:		
Treasury bills	177 685	534 058
Government bonds and bonds guaranteed by the government	536 398	794 737
Corporate bonds	388 435	524 656
Total	1 102 518	1 853 451

	JD '000	
	December 31,	
	2016	2015
Financial assets unquoted in the market:		
Treasury bills	1 270 933	1 369 910
Government bonds and bonds guaranteed by the government	1 919 844	1 888 415
Corporate bonds	104 556	47 377
Total	3 295 333	3 305 702
Grand Total	4 397 851	5 159 153

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

	JD '000	
	December 31,	
	2016	2015
Balance at the beginning of the year	2 832	2 832
Impairment losses charged to income	-	-
Used from provision	-	-
Balance at the End of the Year	2 832	2 832

During the year ended December 31, 2016 certain financial assets at amortized cost amounted to JD 102.2 million were sold. (JD 146 million during the year ended December 31, 2015)

JD '000

12. Investment in Subsidiaries and Associates

The details of this item are as follows:

	December 31, 2016		December 31, 2015		Place of Incorporation	Principal activity	Date of Ownership
	Ownership and Voting Right	Cost	Ownership and Voting Right	Cost			
The Bank's investments in subsidiaries:							
Europe Arab Bank plc	100.00	452 407	100.00	472 496	U.K.	Banking	2006
Arab Bank Australia Limited	100.00	35 411	100.00	32 368	Australia	Banking	1994
Islamic International Arab Bank	100.00	73 500	100.00	73 500	Jordan	Banking	1997
Arab National Leasing Company Ltd	100.00	15 000	100.00	15 000	Jordan	Finance leasing	1996
Al-Arabi Investment Group Ltd	100.00	8 900	100.00	8 900	Jordan	Financial services	1996
Arab Sudanese Bank Limited	100.00	11 738	100.00	12 962	Sudan	Banking	2008
Al Arabi Investment Group Limited - Palestine	100.00	1 600	100.00	1 600	Palestine	Financial services	2009
Arab Tunisian Bank	64.24	44 277	64.24	50 528	Tunisia	Banking	1982
Arab Bank Syria	51.29	4 063	51.29	8 488	Syria	Banking	2005
Al-Nisr Al Arabi plc	50.00	11 250	50.00	11 250	Jordan	Insurance	2006
Other		9 320		9 320		Various	
Total		667 466		696 412			
The Bank's investments in associates							
Turkland Bank A.Ş	33.33	75 880	33.33	91 843	Turkey	Banking	2006
Oman Arab Bank	49.00	75 800	49.00	65 874	Oman	Banking	1984
Arab National Bank	40.00	102 870	40.00	102 870	Saudi Arabia	Banking	1979
Arabia Insurance Company S.A.L	40.34	3 441	38.23	1 430	Lebanon	Insurance	1972
Commercial Building Company S.A.L	35.24	380	35.24	380	Lebanon	Real estate operating leasing	1966
Total		258 371		262 397			
Grand Total		925 837		958 809			

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

JD '000

	December 31,	
	2016	2015
Balance at the beginning of the year	958 809	1 052 137
Purchase (Sale) of additional investments	15 524	(3 926)
Translation adjustment	(48 496)	(89 402)
Balance at the End of the Year	925 837	958 809

13. Fixed Assets

The details of this item are as follows:

JD '000

	Land	Buildings	Furniture, Fixtures and Equipment	Computers and Com- munication Equipment	Motor Vehicles	Others	Total
Historical Cost :							
Balance as of January 1, 2015	42 696	162 538	114 716	51 735	5 756	22 900	400 341
Additions	-	12 201	9 675	8 248	493	8 863	39 480
Disposals	(297)	(9 255)	(1 424)	(1 112)	(63)	(9 615)	(21 766)
Adjustments during the year	-	-	-	-	-	-	-
Translation adjustments	(572)	(3 374)	(453)	(805)	(32)	(90)	(5 326)
Balance as of December 31, 2015	41 827	162 110	122 514	58 066	6 154	22 058	412 729
Additions	-	37 782	5 199	13 082	763	6 572	63 398
Disposals	(1 791)	(5 251)	(2 009)	(4 287)	(560)	(4 190)	(18 088)
Adjustments during the year	-	-	4 547	-	-	(4 547)	-
Translation adjustments	(98)	(955)	(343)	(500)	(31)	(402)	(2 329)
Balance as of December 31, 2016	39 938	193 686	129 908	66 361	6 326	19 491	455 710
Accumulated Depreciation :							
Balance as of January 1, 2015	-	65 346	83 697	40 069	4 986	13 946	208 044
Depreciation charge for the year	-	6 184	9 263	5 570	505	4 505	26 027
Disposals	-	(1 622)	(1 104)	(854)	(53)	(6 844)	(10 477)
Adjustments during the year	-	20	321	4	2	(322)	25
Translation adjustments	-	(907)	(240)	(577)	(18)	(49)	(1 791)
Balance as of December 31, 2015	-	69 021	91 937	44 212	5 422	11 236	221 828
Depreciation charge for the year	-	4 844	8 491	6 718	392	3 062	23 507
Disposals	-	(2 652)	(1 935)	(3 733)	(560)	(1 336)	(10 216)
Adjustments during the year	-	-	933	(5)	-	(928)	-
Translation adjustments	-	(303)	(221)	(422)	(28)	(408)	(1 382)
Balance as of December 31, 2016	-	70 910	99 205	46 770	5 226	11 626	233 737
Net Book Value as of Decem- ber 31, 2016	39 938	122 776	30 703	19 591	1 100	7 865	221 973
Net Book Value as of Decem- ber 31, 2015	41 827	93 089	30 577	13 854	732	10 822	190 901

The cost of the fully depreciated fixed assets amounted to JD 122.9 million as of December 31, 2016 (JD107.5 million as of December 31, 2015).

14. Other Assets

The details of this item are as follows:

JD'000

	December 31,	
	2016	2015
Accrued interest receivable	96 306	92 086
Prepaid expenses	71 119	97 553
Foreclosed assets *	32 987	39 856
Intangible assets **	8 346	4 385
Other miscellaneous assets	39 885	35 382
Total	248 643	269 262

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

The details of movement on foreclosed assets are as follows:

	2016			JD'000
	Land	Buildings	Others	Total
Balance at the beginning of the year	9 968	24 437	5 451	39 856
Additions	368	2 332	-	2 700
Disposals	(984)	(1 487)	(5 100)	(7 571)
Provision for impairment	(339)	(1 614)	-	(1 953)
Impairment loss charged to income	-	-	(100)	(100)
Impairment loss - returned to profit	2	64	-	66
Translation Adjustment	(7)	(4)	-	(11)
Balance at the End of the Year	9 008	23 728	251	32 987

	2015			JD'000
	Land	Buildings	Other	Total
Balance at the beginning of the year	27 249	23 002	5 588	55 839
Additions	1 801	2 864	-	4 665
Disposals	(18 690)	(305)	(17)	(19 012)
Provision for impairment	(198)	(1 098)	-	(1 296)
Impairment loss charged to income	(194)	(105)	(120)	(419)
Impairment loss - returned to profit	-	100	-	100
Translation Adjustment	-	(21)	-	(21)
Balance at the End of the Year	9 968	24 437	5 451	39 856

** The movement on intangible assets was as follows:

JD'000

	December 31,	
	2016	2015
Balance at the beginning of the year	4 385	4 459
Additions	7 703	3 655
Disposals	(544)	(37)
Amortization during the year	(3 198)	(3 692)
Balance at the End of the Year	8 346	4 385

15. Deferred Tax Assets

The details of this item are as follows:

Items attributable to deferred tax assets are as follows	December 31, 2016				JD '000	
	Balance at the Beginning of the Year	Amounts Added	Amounts Released	Adjustments During the Year and Translation Adjustments	Balance at the End of the Year	Deferred Tax
Provision for impairment - direct credit facilities at amortized cost	39 033	43 856	(16 206)	18	66 701	15 099
End-of-Service indemnity	39 086	6 370	(7 324)	-	38 132	11 498
Interest in suspense	7 942	8 214	(4 498)	-	11 658	2 457
Others	14 843	14 977	(2 691)	(54)	27 075	9 969
Total	100 904	73 417	(30 719)	(36)	143 566	39 023

	December 31, 2015				JD '000	
	Balance at the Beginning of the Year	Amounts Added	Amounts Released	Adjustments During the Year and Translation Adjustments	Balance at the End of the Year	Deferred Tax
Provision for impairment - direct credit facilities at amortized cost	34 803	12 430	(8 200)	-	39 033	9 500
End-of-Service indemnity	39 463	4 688	(5 065)	-	39 086	11 692
Interest in suspense	6 785	4 272	(3 115)	-	7 942	1 748
Others	13 091	6 382	(301)	(4 329)	14 843	4 759
Total	94 142	27 772	(16 681)	(4 329)	100 904	27 699

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

	JD '000	
	2016	2015
Balance at the beginning of the year	27 699	26 416
Additions during the year	19 694	8 342
Amortized during the year	(8 359)	(6 095)
Adjustments during the year and translation adjustments	(11)	(964)
Balance at the End of the Year	39 023	27 699

16. Banks and Financial Institutions Deposits

JD '000

The details of this item are as follows:

	December 31, 2016			December 31, 2015		
	Inside the Kingdom	Outside the Kingdom	Total	Inside the Kingdom	Outside the Kingdom	Total
Current and demand	22 534	73 244	95 778	22 097	119 942	142 039
Time deposits	90 436	1 617 963	1 708 399	7 090	1 804 388	1 811 478
Total	112 970	1 691 207	1 804 177	29 187	1 924 330	1 953 517

17. Customer Deposits

The details of this item are as follows:

JD '000

	December 31, 2016				
	Consumer Banking	Corporates		Government and public sector	Total
		Small and medium	Large		
Current and demand	3 699 446	1 024 652	1 265 552	208 675	6 198 325
Savings	1 530 742	11 350	10 130	71	1 552 293
Time and notice	3 936 344	415 727	2 703 684	1 309 212	8 364 967
Certificates of deposit	134 234	601	192	-	135 027
Total	9 300 766	1 452 330	3 979 558	1 517 958	16 250 612

- Government of Jordan and Jordanian Public Sector deposits amounted to JD 447.4 million, or 2.8% of total customer deposits as of December 31, 2016 (JD 479.5 million, or 2.7% of total customer deposits as of December 31, 2015).
- Non-interest bearing deposits amounted to JD 5525.2 million, or 34 % of total customer deposits as of December 31, 2016 (JD 5498.9 million, or 31.4% of total customer deposits as of December 31, 2015).
- Blocked deposits amounted to JD 57.4 million, or 0.35 % of total customer deposits as of December 31, 2016 (JD 44.2 million, or 0.25% of total customer deposits as of December 31, 2015).
- Dormant deposits amounted to JD 107.5 million, or 0.66% of total customer deposits as of December 31, 2016 (JD 111.6 million, or 0.64% of total customer deposits as of December 31, 2015).

	December 31, 2015				JD '000
	Consumer Banking	Corporates		Government and public sector	Total
		Small and medium	Large		
Current and demand	3 646 963	1 094 251	1 361 818	175 677	6 278 709
Savings	1 494 354	11 786	4 313	52	1 510 505
Time and notice	4 361 710	471 070	3 095 334	1 533 543	9 461 657
Certificates of deposit	286 672	593	562	-	287 827
Total	9 789 699	1 577 700	4 462 027	1 709 272	17 538 698

18. Cash Margin

JD '000

The details of this item are as follows:

	December 31,	
	2016	2015
Against direct credit facilities at amortized cost	992 482	973 269
Against indirect credit facilities	668 734	604 329
Against margin trading	622	5 848
Other cash margins	1 178	993
Total	1 663 016	1 584 439

19. Borrowed Funds

JD '000

The details of this item are as follows:

	December 31,	
	2016	2015
From central banks*	21 584	8 004
From banks and financial institutions**	125 980	-
Total	147 564	8 004

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

	December 31,		JD '000
	2016	2015	
Floating interest rate	59 175	4 000	
Fixed interest rate	88 389	4 004	
Total	147 564	8 004	

* During 2013, Arab Bank (Jordan branches) signed a loan agreement with the Central Bank of Jordan amounting to JOD 4 million, for the duration of 15 years of which 5 years are grace period and with an interest rate of (2.5%) for the year 2013 and a floating interest rate of (1.8%+LIBOR 6 months) for the years after 2013. The agreement aims to support SMEs and Extra Small Companies. The loan is repaid semi-annually, with installments in March and September of each year. The Balance of the loan as of December 31, 2016 amounted to JOD 4 million (JOD 4 million as of December 31, 2015).

* During 2014, Arab Bank (Jordan branches) signed a loan agreement with the Central Bank of Jordan amounting to JOD 2.8 million, for the duration of 10 years of which 3 years are grace period and with a fixed interest rate of 2.5%. The agreement aims to support SMEs and Extra Small Companies. The loan is repaid semi-annually, with installments in March and September of each year. The Balance of the loan as of December 31, 2016 amounted to JOD 2.8 million (JOD 2.8 Million as of December 31, 2015).

* During 2015 and 2016, Arab Bank (Jordan branches) granted loans against medium term advances from the Central Bank of Jordan in the amount of JD 12.8 million with fixed interest rate equal to the discount rate disclosed on the grant day after deducting 2%, The advances are repaid in accordance with the customers monthly installments which starts on January 2017 and ends on September 2026. The balance of these advances amounted to JD 12.8 million as of December 31, 2016 (JD 1.2 million as of December 31, 2015).

* During 2016, Arab Bank (Jordan Branches) signed a loan agreement with the Central Bank of Jordan amounting to JD 3.6 million, for a duration of 15 years of which 5 years are a grace period with a floating interest rate of (1.85% + LIBOR 6 months). The agreement aims to support SMEs and extra small companies. The loan is repaid semi-annually, with installments in March and September of each year. The balance of the loan as of December 31, 2016 amounted to JD 2 million.

**During 2016, Arab Bank (Jordan Branches) signed a loan agreement with National Bank of Abu Dhabi amounting to USD 53.2 million, for the duration of 2 years and with a floating interest rate of (2% + LIBOR 3 months). The interest will be paid in four installments during the year and the principal will be paid at the end of the loan term. As of December 31, 2016 the balance of the loan amounted to USD 53.2 million.

**During 2016, Arab Bank Bahrain branches borrowed amounts from banks and financial institutions with fixed interest rate of (2.85%), the balance as of December 31, 2016 amounted to JOD 72.8 million and the first contract matures in January 19, 2017 and the last one matures in March 9, 2017.

20. Provision for Income Tax

JD '000

The details of this item are as follows:

	2016	2015
Balance at the beginning of the year	142 457	143 376
Income tax expense	120 915	133 777
Income tax paid	(148 124)	(134 696)
Balance at the End of the Year	115 248	142 457

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

JD '000

	2016	2015
Income tax expense for the year	120 915	133 777
Deferred tax assets for the year	(18 934)	(8 342)
Amortization of deferred tax assets	8 359	6 095
Deferred tax liabilities for the year	-	875
Amortization of deferred tax liabilities	(920)	(308)
Total	109 420	132 097

- The banking sector income tax rate in Jordan is 35%, while the income tax rate in the countries where the bank has branches ranging between zero to 37% as of 31 December 2016 and 2015.
- The branches of Arab Bank plc have reached recent tax settlement ranging between 2015 for Arab Bank United Arab Emirates and 2010 for Arab Bank Egypt.

21. Other Provisions

The details of this item are as follows:

JD '000

	2016					Balance at the End of the Year
	Balance at the Beginning of the Year	Additions during the Year	Utilized or transferred during the Year	Returned to Income	Adjustments During the Year and Translation Adjustments	
End-of-service indemnity	77 479	10 896	(10 325)	(529)	(1 580)	75 941
Legal cases	4 972	7 842	(86)	(297)	(13)	12 418
Other	2 960	53 407	-	(12)	301	56 656
Total	85 411	72 145	(10 411)	(838)	(1 292)	145 015

	2015					Balance at the End of the Year
	Balance at the Beginning of the Year	Additions during the Year	Utilized or transferred during the Year	Returned to Income	Adjustments During the Year and Translation Adjustments	
End-of-service indemnity	76 871	8 364	(8 206)	(177)	627	77 479
Legal cases	3 157	2 282	(45)	(414)	(8)	4 972
Other	2 980	12	-	(29)	(3)	2 960
Total	83 008	10 658	(8 251)	(620)	616	85 411

22. Other Liabilities

The details of this item are as follows:

JD'000

	December 31,	
	2016	2015
Accrued interest payable	66 572	77 380
Notes payable	109 657	105 334
Interest and commission received in advance	41 333	69 390
Accrued expenses	19 671	22 293
Other miscellaneous liabilities *	371 974	726 592
Total	609 207	1 000 989

* This item represents at most legal expected costs (Note 56).

23. Deferred Tax Liabilities

The details of this item are as follows:

JD'000

Items attributable to de- ferred tax liabilities are as follows:	2016					Balance at the End of the Year	Deferred Tax
	Balance at the Beginning of the Year	Amounts Added	Amounts Released	Transla- tion Ad- justments			
Investment revaluation reserve	17 433	-	(12 995)	-	-	4 438	-
Other	5 854	-	(2 699)	-	-	3 155	793
Total	23 287	-	(15 694)	-	-	7 593	793

	2015					Balance at the End of the Year	Deferred Tax
	Balance at the Beginning of the Year	Amounts Added	Amounts Released	Transla- tion Ad- justments			
Investment revaluation reserve	20 498	-	(3 065)	-	-	17 433	6 102
Other	4 582	2 500	(1 228)	-	-	5 854	1 714
Total	25 080	2 500	(4 293)	-	-	23 287	7 816

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

	JD '000	
	2016	2015
Balance at the beginning of the year	7 816	8 320
Additions during the year	-	875
Amortized during the year	(7 023)	(1 379)
Balance at the End of the Year	793	7 816

24. Share Capital & Premium

A. Share Capital amounted to JD 640.8 million distributed on 640.8 million shares at a nominal value of 1 JD each as at December 31, 2016. (Arab Bank General Assembly in its extraordinary meeting held on March 26, 2015 approved to increase the Bank's capital by JD 71.2 million, to become JD 640.8 million distributed to 640.8 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 5, 2015, and Jordan Securities Commission on April 21, 2015)

B. Share premium amounted to JD 859.6 million as at December 31, 2016 and 2015.

25. Statutory Reserve

- The statutory reserve amounted to JD 531.4 million as at December 31, 2016 (JD 499.2 million as at December 31, 2015) 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, 2016 and 2015. This reserve is used for the purposes determined by the Board of Directors, and the General Assembly has the right to distribute it in whole or part thereof to shareholders as dividends.

27. General Reserve

- The general reserve amounted to JD 583.7 million as of December 31, 2016 and 2015. 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, 2016 and 2015, 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	
	2016	2015
Balance at the beginning of the year	(221 526)	(103 472)
Additions (disposals) during the year transferred to other comprehensive income	(59 966)	(118 054)
Balance at the End of the Year	(281 492)	(221 526)

30. Investment Revaluation Reserve

The details of this item are as follows:

	JD'000	
	2016	2015
Balance at the beginning of the year	(183 741)	(178 066)
Change in fair value during the year	(8 557)	(5 653)
Net realized (gains) losses transferred to retained earnings	229	(22)
Balance at the End of the Year *	(192 069)	(183 741)

* Investments revaluation reserve is stated net of deferred tax liabilities in the amount of JD zero as of December 31, 2016(JD 6.1 million as of December 31, 2015).

31. Retained Earnings

The movement of this item is as follows:

	JD'000	
	2016	2015
Balance at the beginning of the year	524 708	540 544
Profit for the year	212 414	154 019
Investments revaluation reserve transferred to retained earnings	(229)	22
Dividends paid **	(160 200)	(68 352)
Transferred to statutory reserve	(32 183)	(28 612)
Adjustment during the year	(1 077)	(1 713)
Increase in capital (Stock Dividends)	-	(71 200)
Balance at the End of the Year *	543 433	524 708

** Arab Bank plc Board of Directors recommended a 30% of par value of the shares as cash dividend, equivalent to JD 192.2 million, for the year 2016, This proposal is subject to the approval of the General Assembly of shareholders (The General assembly of Arab Bank Plc in its extraordinary meeting held on March 31, 2016 approved the recommendation of the Bank's Board of Directors to distribute 25% of par value as cash dividends for the year 2015 equivalent to JOD 160.2 million).

* Retained earnings include restricted deferred tax assets in the amount of JD 39 million, as well as unrealized gain from financial assets at fair value through profit or loss in the amount of JD 0.8 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 JD1.9 million as of December 31, 2016.

* The retained earnings include unrealized loss of JD (40.7) million as a result of the adoption of IFRS (9) as of December 31, 2016.

* The use of an amount of JD (192.1) million as of December 31, 2016, which represents the negative investment revaluation reserve balance is restricted according to the Jordan Securities Commission instructions.

32. Interest Income

The details of this item are as follows:

JD '000

	2016	2015
Direct credit facilities at amortized cost *	691 358	611 058
Central Banks	48 086	51 257
Banks and financial institutions deposits	15 961	9 230
Financial assets at fair value through profit or loss	5 004	16 751
Other financial assets at amortized cost	303 476	334 079
Total	1 063 885	1 022 375

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

	2016					JD '000
	Consumer Banking	Corporates		Banks and Financial Institutions	Government and Public Sector	Total
		Small and medium	Large			
Discounted bills	3 012	6 010	12 758	1 954	-	23 734
Overdrafts	2 578	39 591	145 469	5	11 321	198 964
Loans and advances	93 590	28 947	243 535	2 402	33 609	402 083
Real estate loans	55 209	300	-	-	-	55 509
Credit cards	11 068	-	-	-	-	11 068
Total	165 457	74 848	401 762	4 361	44 930	691 358

	2015					JD '000
	Consumer Banking	Corporates		Banks and Financial Institutions	Government and Public Sector	Total
		Small and medium	Large			
Discounted bills	3 200	8 656	9 784	1 596	-	23 236
Overdrafts	2 783	32 274	123 543	42	11 069	169 711
Loans and advances	91 363	28 285	216 048	2 203	21 843	359 742
Real estate loans	46 650	23	-	-	-	46 673
Credit cards	11 696	-	-	-	-	11 696
Total	155 692	69 238	349 375	3 841	32 912	611 058

33. Interest Expense

The details of this item are as follows:

	JD'000	
	2016	2015
Customer deposits *	375 065	358 817
Banks' and financial institutions' deposits	19 547	11 717
Cash margins	24 328	24 605
Borrowed funds	2 604	131
Deposit insurance fees	17 676	17 326
Total	439 220	412 596

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

	2016				JD'000
	Consumer Banking	Corporates		Government and Public Sector	Total
		Small and medium	Large		
Current and demand	13 082	1 348	6 347	1 468	22 245
Savings	10 502	214	3	-	10 719
Time and notice	147 230	12 447	103 551	56 226	319 454
Certificates of deposit	22 609	31	7	-	22 647
Total	193 423	14 040	109 908	57 694	375 065

	2015				JD'000
	Consumer Banking	Corporates		Government and Public Sector	Total
		Small and medium	Large		
Current and demand	7 975	1 672	7 915	2 170	19 732
Savings	11 846	221	4	-	12 071
Time and notice	155 074	14 920	78 571	49 656	298 221
Certificates of deposit	28 591	124	78	-	28 793
Total	203 486	16 937	86 568	51 826	358 817

34. Net Commission Income

The details of this item are as follows:

JD '000

	2016	2015
Commission income:		
Direct credit facilities at amortized cost	58 277	58 775
Indirect credit facilities	73 944	79 113
Other	52 001	45 705
Less: Commission expense	(16 911)	(14 715)
Net Commission Income	167 311	168 878

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

The details of this item are as follows:

JD '000

	2016			Total
	Realized Gains	Unrealized Gains (Losses)	Dividends	
Treasury bills and bonds	373	1 075	-	1 448
Corporate shares	-	(299)	75	(224)
Total	373	776	75	1 224

	2015			Total
	Realized Gains	Unrealized Gains	Dividends	
Treasury bills and bonds	2 513	8 703	-	11 216
Corporate shares	-	(157)	112	(45)
Total	2 513	8 546	112	11 171

36. Dividends from Subsidiaries and Associates

The details of this item are as follows:

JD '000

	2016	2015
Arab Tunisian Bank	4 734	5 270
Arab Sudanese Bank Limited	2 813	2 212
Al-Nisr Al Arabi Insurance Company plc	1 100	850
Al-Arabi Investment Group Company L.L.C	350	1 900
Islamic International Arab Bank plc	7 090	7 090
Arab National Leasing Company L.L.C	5 000	5 000
Total Dividends from Subsidiaries	21 087	22 322
Arab National Bank	55 199	58 191
Oman Arab Bank	10 467	12 561
Commercial Building Company S.A.L	194	194
Total Dividends from Associates	65 860	70 946
Total Dividends from Subsidiaries and Associates	86 947	93 268

37. Other Revenue

The details of this item are as follows:

	JD '000	
	2016	2015
Revenue from customer services	10 534	10 564
Safe box rent	903	1 094
Gains from derivatives	(1 235)	22
Miscellaneous revenue	12 084	13 096
Total	22 286	24 776

38. Employees' Expenses

The details of this item are as follows:

	JD '000	
	2016	2015
Salaries and benefits	148 985	150 481
Social security	11 259	10 787
Savings fund	1 346	1 391
Indemnity compensation	2 859	2 472
Medical	6 815	6 368
Training	1 286	1 395
Allowances	32 267	31 545
Other	4 847	5 404
Total	209 664	209 843

39. Other Expenses

The details of this item are as follows:

	JD '000	
	2016	2015
Occupancy	36 619	36 947
Office	36 188	34 530
Services	30 686	44 000
Fees	6 695	6 700
Information technology	19 419	18 957
Other administrative expenses	68 949	23 587
Legal expenses *	-	247 518
Total	198 556	412 239

* (Note 56).

40. Financial Derivatives

JD '000

The details of this item are as follows:

	December 31,	
	2016	2015
Interest rate swaps	901 959	1 232 667
Foreign currency forward contracts	3 023 092	2 588 439
Total	3 925 051	3 821 106

- The details of financial derivatives are as follows:

	December 31, 2016							JD '000
	Positive Fair Value	Negative Fair Value	Total Notional Amount	Notional amounts by maturity				
				Within 3 Months	From 3 Months to 1 Years	From 1 Year to 3 Years	More than 3 Years	
Interest rate swaps	-	735	74 541	-	-	32 016	42 525	
Foreign currency forward contracts	4 082	10 065	3 023 092	1 328 813	1 637 512	56 767	-	
Derivatives held for trading	4 082	10 800	3 097 633	1 328 813	1 637 512	88 783	42 525	
Interest rate swaps	5 810	6 865	756 516	77 994	243 943	167 429	267 150	
Foreign currency forward contracts	-	-	-	-	-	-	-	
Derivatives held for fair value hedge	5 810	6 865	756 516	77 994	243 943	167 429	267 150	
Interest rate swaps	-	194	70 902	35 451	35 451	-	-	
Foreign currency forward contracts	-	-	-	-	-	-	-	
Derivatives held for cash flow hedge	-	194	70 902	35 451	35 451	-	-	
Total	9 892	17 859	3 925 051	1 442 258	1 916 906	256 212	309 675	

	December 31, 2015							JD '000
	Positive Fair Value	Negative Fair Value	Total Notional Amount	Notional amounts by maturity				
				Within 3 Months	From 3 Months to 1 Years	From 1 Year to 3 Years	More than 3 Years	
Interest rate swaps	13 055	13 348	487 689	42 523	216 903	228 263	-	
Foreign currency forward contracts	1 129	1 117	2 220 449	1 872 643	347 806	-	-	
Derivatives held for trading	14 184	14 465	2 708 138	1 915 166	564 709	228 263	-	
Interest rate swaps	4 421	5 225	744 978	35 436	299 194	326 116	84 232	
Foreign currency forward contracts	-	-	-	-	-	-	-	
Derivatives held for fair value hedge	4 421	5 225	744 978	35 436	299 194	326 116	84 232	
Interest rate swaps	-	-	-	-	-	-	-	
Foreign currency forward contracts	-	-	367 990	358 520	9 470	-	-	
Derivatives held for cash flow hedge	-	-	367 990	358 520	9 470	-	-	
Total	18 605	19 690	3 821 106	2 309 122	873 373	554 379	84 232	

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

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

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

	JD '000					
	Inside Jordan		Outside Jordan		Total	
	2016	2015	2016	2015	2016	2015
Revenue	262 822	280 568	673 465	665 874	936 287	946 442
Assets	7 471 013	7 376 034	16 783 233	18 483 128	24 254 246	25 859 162
Capital expenditures	14 742	12 819	48 656	26 661	63 398	39 480

42 - BUSINESS SEGMENT

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

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

1. Corporate and Investment Banking

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

2. Treasury Bank

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

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

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

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

3. Consumer Banking

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

Information about the Bank's Business Segments

	2016					JD '000
	Corporate and institutional banking	Treasury	Consumer Banking		Other	Total
			Elite	Retail banking		
Total income	462 704	357 152	(76 362)	91 488	101 305	936 287
Net inter-segment interest income	(36 396)	(192 077)	140 725	87 748	-	-
Provision for impairment - direct credit facilities at amortized cost	111 260	-	7	152	-	111 419
Other provisions	35 742	13 010	5 316	17 239	-	71 307
Direct administrative expenses	66 900	7 840	9 582	76 298	-	160 620
Result of operations of segments	212 406	144 225	49 458	85 547	101 305	592 941
Indirect expenses on segments	126 896	37 707	17 007	87 753	1 744	271 107
Profit for the year before income tax	85 510	106 518	32 451	(2 206)	99 561	321 834
Income tax expense	19 050	31 525	8 802	(719)	50 762	109 420
Profit (loss) for the Year	66 460	74 993	23 649	(1 487)	48 799	212 414
Depreciation and amortization	7 827	2 023	830	12 827	-	23 507
Other Information						
Segment assets	9 533 903	10 998 409	486 385	1 833 447	476 265	23 328 409
Inter-segment assets	-	-	6 119 546	1 193 401	2 542 122	-
Investments in associates and subsidiaries	-	-	-	-	925 837	925 837
Total Assets	9 533 903	10 998 409	6 605 931	3 026 848	3 944 224	24 254 246
Segment liabilities	8 480 901	2 196 342	6 605 931	3 026 848	443 469	20 753 491
Shareholders' equity	-	-	-	-	3 500 755	3 500 755
Inter-segment liabilities	1 053 002	8 802 067	-	-	-	-
Total Liabilities and Shareholders' Equity	9 533 903	10 998 409	6 605 931	3 026 848	3 944 224	24 254 246

Information about the Bank's Business Segments

JD '000

	2015					
	Corporate and institutional banking	Treasury	Consumer Banking		Other	Total
			Elite	Retail banking		
Total income	433 438	416 170	(90 936)	82 041	105 729	946 442
Net inter-segment interest income	11 989	(267 229)	152 874	102 366	-	-
Provision for impairment - direct credit facilities at amortized cost	(716)	-	(625)	3 520	-	2 179
Other provisions	4 538	1 383	535	3 582	-	10 038
Direct administrative expenses	65 552	10 106	8 779	81 674	247 518	413 629
Result of operations of segment	376 053	137 452	53 249	95 631	(141 789)	520 596
Indirect expenses on segments	110 246	27 984	13 701	80 619	1 930	234 480
Profit for the year before income tax	265 807	109 468	39 548	15 012	(143 719)	286 116
Income tax expense	48 574	35 828	11 575	5 211	30 909	132 097
Profit (loss) for the Year	217 233	73 640	27 973	9 801	(174 628)	154 019
Depreciation and amortization	8 880	1 996	824	14 327	-	26 027
Other Information						
Segment assets	9 641 160	12 646 740	424 348	1 833 070	355 035	24 900 353
Inter-segment assets	-	-	6 027 257	1 853 017	3 160 490	-
Investments in associates and subsidiaries	-	-	-	-	958 809	958 809
Total Assets	9 641 160	12 646 740	6 451 605	3 686 087	4 474 334	25 859 162
Segment liabilities	9 198 740	2 048 396	6 451 605	3 686 087	956 193	22 341 021
Shareholders' equity	-	-	-	-	3 518 141	3 518 141
Inter-segment liabilities	442 420	10 598 344	-	-	-	-
Total Liabilities and Shareholders' Equity	9 641 160	12 646 740	6 451 605	3 686 087	4 474 334	25 859 162

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 distribution of the liabilities (undiscounted) according to the residual maturity and (50) 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 interest in suspense and prior to collaterals and other risk mitigations):

	JD '000	
	December 31,	
	2016	2015
Credit risk exposures relating to items on statement of financial position:		
Balances with central banks	3 161 301	4 429 068
Balances with banks and financial institutions	3 432 626	2 625 024
Deposits with banks and financial institutions	50 450	170 397
Financial assets at fair value through profit or loss	101 332	243 107
Direct credit facilities at amortized cost	11 186 472	11 264 977
Consumer banking	2 071 178	1 985 231
Small and medium corporate	937 359	824 823
Large corporate	7 286 662	7 483 446
Banks and financial institutions	161 285	206 309
Government and public sector	729 988	765 168
Other financial assets at amortized cost	4 397 851	5 159 153
Other assets and financial derivatives - positive fair value	177 317	208 244
Total credit exposure related to items on statement of financial position:	22 507 349	24 099 970
Credit risk exposures relating to items off the statement of financial position:		
Letters of credit	1 262 635	1 321 352
Acceptances	423 566	450 620
Letters of guarantee	7 481 564	7 905 649
Unutilized credit facilities	3 090 994	3 115 623
Total	12 258 759	12 793 244
Grand Total	34 766 108	36 893 214

The table above shows the maximum limit of the bank credit risk as of December 31, 2016 and 2015 excluding collaterals or risks mitigations.

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

	December 31, 2016					JD '000
	Consumer Banking	Corporates		Banks and Financial Institutions	Government and Public Sector	Total
		Small and medium	Large			
Low risk	190 532	143 249	518 525	2 264 887	7 775 165	10 892 358
Acceptable risk	1 882 374	776 063	6 883 874	1 775 970	197 098	11 515 379
Due:	33 608	16 104	106 605	-	1 498	157 815
- Up to 30 days	28 905	6 499	42 043	-	749	78 196
- 31- 60 days	4 703	9 605	64 562	-	749	79 619
Watch list	11 168	23 256	134 994	-	-	169 418
Non-performing:	128 741	125 733	656 560	21 738	19	932 791
- Substandard	13 368	2 479	854	-	-	16 701
- Doubtful	8 504	5 671	341 182	21 738	-	377 095
- Problematic	106 869	117 583	314 524	-	19	538 995
Total	2 212 815	1 068 301	8 193 953	4 062 595	7 972 282	23 509 946
Less: Interest and commission in suspense	48 060	58 024	176 351	3 870	-	286 305
Less: Provision for impairment	83 762	53 407	578 165	-	958	716 292
Net	2 080 993	956 870	7 439 437	4 058 725	7 971 324	22 507 349

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

	December 31, 2015					JD'000
	Consumer Banking	Corporates		Banks and Financial Institutions	Government and Public Sector	Total
		Small and medium	Large			
Low risk	188 348	151 537	564 327	1 652 092	9 950 670	12 506 974
Acceptable risk	1 813 043	645 652	6 943 915	1 829 296	178 802	11 410 708
Due:	8 472	27 485	85 624	-	217	121 798
- Up to 30 days	6 902	19 022	59 865	-	217	86 006
- 31- 60 days	1 570	8 463	25 759	-	-	35 792
Watch list	14 220	20 901	172 127	-	-	207 248
Non-performing:	109 549	121 056	621 524	21 717	155	874 001
- Substandard	12 544	9 950	12 515	-	-	35 009
- Doubtful	5 909	4 826	326 869	21 043	-	358 647
- Problematic	91 096	106 280	282 140	674	155	480 345
Total	2 125 160	939 146	8 301 893	3 503 105	10 129 627	24 998 931
Less: Interest and commis- sion in suspense	42 044	56 810	158 823	3 189	-	260 866
Less: Provision for impair- ment	89 577	49 155	497 422	674	1 267	638 095
Net	1 993 539	833 181	7 645 648	3 499 242	10 128 360	24 099 970

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

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

JD '000

December 31, 2016

	Consumer Banking	Corporates		Banks and Financial Institutions	Government and Public Sector	Total
		Small and medium	Large			
Collaterals Against:						
Performing facilities / low risk	177 187	128 291	482 014	-	147 100	934 592
Performing facilities / acceptable risk	675 400	434 644	2 813 247	-	512	3 923 803
Watch list	7 671	9 265	76 125	-	-	93 061
Non-performing:	14 377	25 705	32 729	-	-	72 811
Substandard	4 527	974	137	-	-	5 638
Doubtful	2 462	4 160	5 464	-	-	12 086
Problematic	7 388	20 571	27 128	-	-	55 087
Total	874 635	597 905	3 404 115	-	147 612	5 024 267
Of which :						
Cash margin	177 896	133 352	413 391	-	611	725 250
Banks accepted letters of guarantees	939	39 667	134 676	-	-	175 282
Real estate properties	63 854	254 963	1 200 270	-	67 982	1 587 069
Listed securities	300	1 118	289 000	-	-	290 418
Vehicles and equipment	2 908	13 832	264 760	-	-	281 500
Other	628 738	154 973	1 102 018	-	79 019	1 964 748
Total	874 635	597 905	3 404 115	-	147 612	5 024 267

JD'000

December 31, 2015

	Consumer Banking	Corporates		Banks and Financial Institutions	Government and Public Sector	Total
		Small and medium	Large			
Collaterals Against:						
Performing / low risk	142 895	129 065	530 361	-	123 814	926 135
Performing / acceptable risk	626 571	281 584	2 374 865	-	-	3 283 020
Watch list	10 057	8 707	100 914	-	-	119 678
Non-performing:	15 077	30 032	53 185	-	-	98 294
Substandard	5 221	7 197	2 409	-	-	14 827
Doubtful	1 726	2 437	2 663	-	-	6 826
Problematic	8 130	20 398	48 113	-	-	76 641
Total	794 600	449 388	3 059 325	-	123 814	4 427 127
Of which :						
Cash margin	145 163	116 359	394 556	-	2 128	658 206
Banks accepted letters of guarantees	973	21 500	158 085	-	-	180 558
Real estate properties	64 265	215 547	1 051 763	-	65 843	1 397 418
Listed securities	745	1 077	274 065	-	-	275 887
Vehicles and equipment	2 985	7 186	218 736	-	-	228 907
Other	580 469	87 719	962 120	-	55 843	1 686 151
Total	794 600	449 388	3 059 325	-	123 814	4 427 127

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, 2016		JD '000
	Financial Assets at Fair Value through Profit or Loss	Other Financial Assets at Amortized Cost	Total
Private sector:			
AAA to A-	-	266 892	266 892
BBB+ to B-	-	167 728	167 728
Below B-	-	-	-
Unrated	21 010	58 371	79 381
Government and public sector	80 322	3 904 860	3 985 182
Total	101 332	4 397 851	4 499 183

Credit Rating	December 31, 2015		JD '000
	Financial Assets at Fair Value through Profit or Loss	Other Financial Assets at Amortized Cost	Total
Private sector:			
AAA to A-	-	388 979	388 979
BBB+ to B-	-	124 235	124 235
Below B-	-	-	-
Unrated	21 010	58 819	79 829
Government and public sector	222 097	4 587 120	4 809 217
Total	243 107	5 159 153	5 402 260

E. Credit exposure categorized by geographical distribution:

	December 31, 2016						JD'000
	Jordan	Other Arab Countries	Asia *	Europe	America	Rest of the World	Total
Balances with central banks	1 979 954	1 171 991	9 356	-	-	-	3 161 301
Balances and deposits with banks and financial institutions	190 599	703 360	282 558	1 771 450	517 099	18 010	3 483 076
Financial assets at fair value through profit or loss	-	101 332	-	-	-	-	101 332
Direct credit facilities at amortized cost	2 939 935	8 038 312	92 907	72 436	17 338	25 544	11 186 472
Consumer Banking	934 506	1 136 582	-	90	-	-	2 071 178
Small and Medium Corporates	332 712	603 993	474	180	-	-	937 359
Large Corporates	1 593 220	5 583 671	92 433	-	17 338	-	7 286 662
Banks and Financial Institutions	478	63 097	-	72 166	-	25 544	161 285
Government and Public Sector	79 019	650 969	-	-	-	-	729 988
Other financial assets at amortized cost	2 088 579	2 188 849	92 009	23 459	4 955	-	4 397 851
Other assets and financial derivatives - positive fair value	34 738	139 332	1 550	1 520	177	-	177 317
Total	7 233 805	12 343 176	478 380	1 868 865	539 569	43 554	22 507 349
Total - as of December 31, 2015	7 305 878	14 027 915	467 398	1 810 541	444 104	44 134	24 099 970

* Excluding Arab Countries.

F. Credit exposure categorized by economic sector

	Consumer Banking	Corporates			
		Industry and Mining	Constructions	Real estate	Trade
Balances with Central Banks	-	-	-	-	-
Balances and deposits with banks and financial institutions	-	-	-	-	-
Financial assets at fair value through profit or loss	-	-	-	-	-
Direct credit facilities at amortized cost	2 071 178	2 008 629	1 275 004	786 146	2 146 765
Other financial assets at amortized cost	-	30 487	-	20 000	28 544
Other assets and financial derivatives - positive fair value	9 815	9 557	7 450	3 640	13 430
Total	2 080 993	2 048 673	1 282 454	809 786	2 188 739

	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	1 985 231	2 214 872	1 161 794	731 391	2 071 720
Other financial assets at amortized cost	-	21 270	-	10 000	29 188
Other assets and financial derivatives - positive fair value	8 308	9 412	5 023	2 621	7 070
Total	1 993 539	2 245 554	1 166 817	744 012	2 107 978

JD '000

December 31, 2016

Corporates					Banks and Financial Institutions	Government and Public Sector	Total
Agriculture	Tourism and Hotels	Transportation	Shares	General Ser- vices			
-	-	-	-	-	-	3 161 301	3 161 301
-	-	-	-	-	3 483 076	-	3 483 076
-	-	21 010	-	-	-	80 322	101 332
47 876	243 450	317 036	1 785	1 397 330	161 285	729 988	11 186 472
-	-	-	-	17 218	396 742	3 904 860	4 397 851
153	985	896	-	18 916	17 622	94 853	177 317
48 029	244 435	338 942	1 785	1 433 464	4 058 725	7 971 324	22 507 349

JD '000

December 31, 2015

Corporates					Banks and Financial Institutions	Government and Public Sector	Total
Agriculture	Tourism and Hotels	Transportation	Shares	General Services			
-	-	-	-	-	-	4 429 068	4 429 068
-	-	-	-	-	2 795 421	-	2 795 421
-	-	21 010	-	-	-	222 097	243 107
63 215	228 971	341 881	46 515	1 447 910	206 309	765 168	11 264 977
-	-	17 918	-	29 809	463 848	4 587 120	5 159 153
166	582	1 422	-	15 069	33 664	124 907	208 244
63 381	229 553	382 231	46 515	1 492 788	3 499 242	10 128 360	24 099 970

45. Market Risk

Market Risk Sensitivity

Assuming market prices as at December 31, 2016 and 2015 change by 5%, the impact on statement of income and shareholders equity will be as follows:

	December 31, 2016			December 31, 2015			JD '000
	Statement of Income	Shareholders' Equity	Total	Statement of Income	Shareholders' Equity	Total	
Interest rate sensitivity	20 834	-	20 834	23 508	-	23 508	
Foreign exchange rate sensitivity	4 705	31 490	36 195	3 393	29 633	33 026	
Equity instruments price sensitivity	60	11 123	11 183	75	10 989	11 064	
Total	25 599	42 613	68 212	26 976	40 622	67 598	

46. Interest Rate Risk

- Exposure to interest rate volatility as of December 31, 2016 (classification is based on interest rate repricing or maturity date, whichever is nearer).

JD '000

Assets	Up to 1 Month	More than 1 Month and till 3 Months	More than 3 Months and till 6 Months	More than 6 Months and till 1 Year	More than 1 Year and till 3 Years	More than 3 Years	Not Tied to Interest Rate Risk	Total
Cash at vaults	-	-	-	-	-	-	255 184	255 184
Mandatory cash reserve	-	-	-	-	-	-	837 167	837 167
Balances with central banks	2 020 743	-	-	-	-	-	303 391	2 324 134
Balances and deposits with banks and financial institutions	2 836 552	596 074	35 450	-	15 000	-	-	3 483 076
Financial assets at fair value through profit or loss	2 350	3 980	76 760	11 960	5 302	980	1 199	102 531
Direct credit facilities at amortized cost	3 579 851	2 263 206	1 028 723	894 830	752 089	2 667 773	-	11 186 472
Financial assets at fair value through other comprehensive income	-	-	-	-	-	-	222 463	222 463
Other financial assets at amortized cost	574 485	609 701	652 819	747 754	1 205 043	608 049	-	4 397 851
Investment in subsidiaries and associates	-	-	-	-	-	-	925 837	925 837
Fixed assets	-	-	-	-	-	-	221 973	221 973
Other assets and financial derivatives - positive fair value	9 462	13 838	22 347	-	5 163	-	207 725	258 535
Deferred tax assets	-	-	-	-	-	-	39 023	39 023
Total assets	9 023 443	3 486 799	1 816 099	1 654 544	1 982 597	3 276 802	3 013 962	24 254 246
Liabilities								
Banks' and financial institutions' deposits	1 030 936	392 330	83 780	168 303	30 204	2 846	95 778	1 804 177
Customer deposits	5 693 234	2 417 963	1 049 342	1 211 085	284 958	68 838	5 525 192	16 250 612
Cash margin	1 130 493	121 803	189 339	81 230	7 387	4 554	128 210	1 663 016
Borrowed funds	1 143	139 565	2 800	2 540	1 516	-	-	147 564
Provision for income tax	-	-	-	-	-	-	115 248	115 248
Other Provisions	-	-	-	-	-	-	145 015	145 015
Other liabilities and financial derivatives - negative fair value	25 966	8 480	12 677	1 789	-	-	578 154	627 066
Deferred tax liabilities	-	-	-	-	-	-	793	793
Total liabilities	7 881 772	3 080 141	1 337 938	1 464 947	324 065	76 238	6 588 390	20 753 491
Gap	1 141 671	406 658	478 161	189 597	1 658 532	3 200 564	(3 574 428)	3 500 755

- Exposure to interest rate volatility as of December 31, 2015 (classification is based on interest rate repricing or maturity date, whichever is nearer).

JD '000

Assets	Up to 1 Month	More than 1 Month and till 3 Months	More than 3 Months and till 6 Months	More than 6 Months and till 1 Year	More than 1 Year and till 3 Years	More than 3 Years	Not Tied to Interest Rate Risk	Total
Cash at vaults	-	-	-	-	-	-	280 872	280 872
Mandatory cash reserve	-	-	-	-	-	-	1 160 524	1 160 524
Balances with central banks	2 971 768	-	-	-	-	-	296 776	3 268 544
Balances and deposits with banks and financial institutions	1 854 031	821 427	96 737	23 226	-	-	-	2 795 421
Financial assets at fair value through profit or loss	7 177	47 264	56 334	101 465	8 455	22 412	1 499	244 606
Direct credit facilities at amortized cost	4 204 915	1 640 952	1 157 698	1 069 049	884 298	2 308 065	-	11 264 977
Financial assets at fair value through other comprehensive income	-	-	-	-	-	-	219 789	219 789
Other financial assets at amortized cost	680 311	977 823	536 626	1 107 035	1 359 750	497 608	-	5 159 153
Investment in subsidiaries and associates	-	-	-	-	-	-	958 809	958 809
Fixed assets	-	-	-	-	-	-	190 901	190 901
Other assets and financial derivatives - positive fair value	7 346	10 049	18 343	18	6 486	21	245 604	287 867
Deferred tax assets	-	-	-	-	-	-	27 699	27 699
Total assets	9 725 548	3 497 515	1 865 738	2 300 793	2 258 989	2 828 106	3 382 473	25 859 162
Liabilities								
Banks' and financial institutions' deposits	996 006	641 231	110 501	42 736	21 004	-	142 039	1 953 517
Customer deposits	6 818 913	2 087 230	1 258 399	1 389 393	375 816	110 077	5 498 870	17 538 698
Cash margin	733 640	175 133	172 966	313 176	14 265	5 959	169 300	1 584 439
Borrowed funds	-	-	4 000	-	-	4 004	-	8 004
Provision for income tax	-	-	-	-	-	-	142 457	142 457
Other Provisions	-	-	-	-	-	-	85 411	85 411
Other liabilities and financial derivatives - negative fair value	17 530	7 758	11 789	2 106	-	519	980 977	1 020 679
Deferred tax liabilities	-	-	-	-	-	-	7 816	7 816
Total liabilities	8 566 089	2 911 352	1 557 655	1 747 411	411 085	120 559	7 026 870	22 341 021
Gap	1 159 459	586 163	308 083	553 382	1 847 904	2 707 547	(3 644 397)	3 518 141

47. Liquidity Risk

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

JD '000

Liabilities	Within 1 Month	After 1 Month and till 3 Months	After 3 Months and till 6 Months	After 6 Months and till One Year	After One Year and till 3 Years	After 3 Years	Not Tied to a Specific Maturity	Total
Banks' and financial institutions' deposits	662 904	755 295	89 930	168 561	30 707	2 846	95 778	1 806 021
Customer deposits	4 916 027	2 408 353	1 062 041	1 349 421	338 910	118 957	6 198 325	16 392 034
Cash margin	902 918	189 900	238 655	180 826	11 665	276	141 179	1 665 419
Borrowed funds	115	78 898	2 835	-	55 064	10 942	-	147 854
Provision for income tax	-	-	-	-	-	-	115 248	115 248
Other provisions	-	-	-	-	-	-	145 015	145 015
Financial derivatives - negative fair value	1 314	3	-	-	-	-	16 547	17 864
Other liabilities	24 652	8 477	12 677	1 789	234 043	-	327 569	609 207
Deferred tax liabilities	-	-	-	-	-	-	793	793
Total Liabilities	6 507 930	3 440 926	1 406 138	1 700 597	670 389	133 021	7 040 454	20 899 455
Total assets according to expected maturities	5 670 078	2 759 964	1 381 499	1 731 731	2 854 711	4 601 242	5 255 021	24 254 246

The below is the distribution of the liabilities (undiscounted) according to the residual maturity as of December 31, 2015:

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	997 947	641 261	110 614	42 794	21 008	-	142 039	1 955 663
Customer deposits	5 631 095	2 103 166	1 361 577	1 487 704	465 587	182 781	6 527 661	17 759 571
Cash margin	675 076	136 071	222 233	357 140	29 046	220	169 300	1 589 086
Borrowed funds	-	-	-	-	-	8 128	-	8 128
Provision for income tax	-	-	-	-	-	-	142 457	142 457
Other provisions	-	-	-	-	-	-	85 411	85 411
Financial derivatives - negative fair value	726	78	268	18	-	519	18 265	19 874
Other liabilities	16 988	7 680	11 521	9 980	684 651	-	270 169	1 000 989
Deferred tax liabilities	-	-	-	-	-	-	7 816	7 816
Total Liabilities	7 321 832	2 888 256	1 706 213	1 897 636	1 200 292	191 648	7 363 118	22 568 995
Total assets according to expected maturities	6 582 170	3 768 437	1 645 639	1 975 366	2 588 031	4 454 240	4 845 279	25 859 162

48. Net Foreign Currency Positions

The details of this item are as follows:

	December 31, 2016		December 31, 2015	
	Base Currency in Thousand	Equivalent in JD '000	Base Currency in Thousand	Equivalent in JD '000
USD	38 242	27 122	94 161	66 781
GBP	4 083	3 547	(1 231)	(1 294)
EUR	35 040	25 990	(13 456)	(10 423)
JPY	621 750	3 850	947 618	5 580
Other currencies *		17 026		7 216
Total		77 535		67 860

* 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):

JD'000

Financial assets / Financial liabilities	Fair Value as at December 31,		Fair Value Hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
	2016	2015				
Financial assets at fair value						
Financial assets at fair value through profit or loss:						
Treasury bills and Bonds	80 322	222 097	Level 1	Quoted Shares	Not Applicable	Not Applicable
Loans and advances	21 010	21 010	Level 2	Through Comparison of similar financial instruments	Not Applicable	Not Applicable
Shares and mutual funds	1 199	1 499	Level 1	Quoted Shares	Not Applicable	Not Applicable
Total Financial Assets at Fair Value through Profit or Loss	102 531	244 606				
Financial derivatives - positive fair value	9 892	18 605	Level 2	Through Comparison of similar financial instruments	Not Applicable	Not Applicable
Financial assets at fair value through other comprehensive income:						
Quoted shares	170 182	165 290	Level 1	Quoted Shares	Not Applicable	Not Applicable
Unquoted shares	52 281	54 499	Level 2	Through using the index sector in the market	Not Applicable	Not Applicable
Total financial assets at fair value through other comprehensive income	222 463	219 789				
Total Financial Assets at Fair Value	334 886	483 000				
Financial Liabilities at Fair Value						
Financial derivatives - negative fair value	17 859	19 690	Level 2	Through Comparison of similar financial instruments	Not Applicable	Not Applicable
Total Financial Liabilities at Fair Value	17 859	19 690				

There were no transfers between Level 1 and 2 in the period, during 2016 & 2015.

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, 2016		December 31, 2015		JD '000
	Book value	Fair value	Book value	Fair value	Fair Value Hierarchy
Financial assets not calculated at fair value					
Mandatory reserve	837 167	837 167	1 160 524	1 160 524	Level 2
Time and notice balances with Central Banks	1 557 835	1 558 648	2 535 145	2 535 836	Level 2
Certificates of deposit with central banks	462 908	463 149	436 623	436 658	Level 2
Balances and Deposits with banks and financial institutions	3 483 076	3 484 543	2 795 421	2 796 732	Level 2
Direct credit facilities at amortized cost	11 186 472	11 238 082	11 264 977	11 295 208	Level 2
Other Financial assets at amortized cost	4 397 851	4 433 427	5 159 153	5 204 013	Level 1 & 2
Total financial assets not calculated at fair value	21 925 309	22 015 016	23 351 843	23 428 971	
Financial liabilities not calculated at fair value					
Banks' and financial institutions' deposits	1 804 177	1 807 316	1 953 517	1 954 603	Level 2
Customer deposits	16 250 612	16 298 747	17 538 698	17 602 843	Level 2
Cash margin	1 663 016	1 668 239	1 584 439	1 588 839	Level 2
Borrowed funds	147 564	149 602	8 004	8 043	Level 2
Total financial liabilities not calculated at fair value	19 865 369	19 923 904	21 084 658	21 154 328	

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

50- Analysis for Assets and Liabilities Maturities

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

JD '000

Assets	UP to One Year	More than One Year	Total
Cash at vaults	255 184	-	255 184
Mandatory cash reserve	837 167	-	837 167
Balances with central banks	2 324 134	-	2 324 134
Balances and deposits with banks and financial institutions	3 468 076	15 000	3 483 076
Financial assets at fair value through profit or loss	75 239	27 292	102 531
Direct credit facilities at amortized cost	5 715 798	5 470 674	11 186 472
Financial assets at fair value through other comprehensive income	-	222 463	222 463
Other financial assets at amortized cost	2 460 027	1 937 824	4 397 851
Investment in subsidiaries and associates	-	925 837	925 837
Fixed assets	-	221 973	221 973
Other assets and financial derivatives - positive fair value	253 372	5 163	258 535
Deferred tax assets	39 023	-	39 023
Total Assets	15 428 020	8 826 226	24 254 246
Liabilities			
Banks' and financial institutions' deposits	1 771 327	32 850	1 804 177
Customer deposits	15 896 132	354 480	16 250 612
Cash margin	1 651 075	11 941	1 663 016
Borrowed funds	81 720	65 844	147 564
Provision for income tax	115 248	-	115 248
Other provisions	145 015	-	145 015
Other liabilities and financial derivatives - negative fair value	393 023	234 043	627 066
Deferred tax liabilities	793	-	793
Total Liabilities	20 054 333	699 158	20 753 491
Net	(4 626 313)	8 127 068	3 500 755

The below is an analysis for assets and liabilities maturities according to the expected period to be recovered or settled as at December 31, 2015:

JD '000

Assets	UP to One Year	More than One Year	Total
Cash at vaults	280 872	-	280 872
Mandatory cash reserve	1 160 524	-	1 160 524
Balances with central banks	3 268 544	-	3 268 544
Balances and deposits with banks and financial institutions	2 795 421	-	2 795 421
Financial assets at fair value through profit or loss	184 321	60 285	244 606
Direct credit facilities at amortized cost	6 278 737	4 986 240	11 264 977
Financial assets at fair value through other comprehensive income	-	219 789	219 789
Other financial assets at amortized cost	3 169 913	1 989 240	5 159 153
Investment in subsidiaries and associates	-	958 809	958 809
Fixed assets	-	190 901	190 901
Other assets and financial derivatives - positive fair value	281 361	6 506	287 867
Deferred tax assets	27 699	-	27 699
Total Assets	17 447 392	8 411 770	25 859 162
Liabilities			
Banks' and financial institutions' deposits	1 932 514	21 003	1 953 517
Customer deposits	17 039 770	498 928	17 538 698
Cash margin	1 556 227	28 212	1 584 439
Borrowed funds	-	8 004	8 004
Provision for income tax	142 457	-	142 457
Other provisions	85 411	-	85 411
Other liabilities and financial derivatives - negative fair value	335 509	685 170	1 020 679
Deferred tax liabilities	7 816	-	7 816
Total Liabilities	21 099 704	1 241 317	22 341 021
Net	(3 652 312)	7 170 453	3 518 141

51. Contractual Maturity of the Contingent Accounts

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

	December 31, 2016			JD '000
	Within 1 year	After 1 year and before 5 years	After 5 years	Total
Letters of credit	1 246 308	16 327	-	1 262 635
Acceptances	413 571	9 995	-	423 566
Letters of guarantee:				
- Payment guarantees	560 100	136 933	6 391	703 424
- Performance guarantees	2 136 244	1 048 429	644 466	3 829 139
- Other guarantees	1 957 015	610 732	381 254	2 949 001
Unutilized credit facilities	2 868 881	219 045	3 068	3 090 994
Total	9 182 119	2 041 461	1 035 179	12 258 759

	December 31, 2016			JD '000
	Within 1 year	After 1 year and before 5 years	After 5 years	Total
Constructions projects contracts	143	12 628	-	12 771
Procurement contracts	6 053	1 514	677	8 244
Operating lease contracts	396	1 512	12 674	14 582
Total	6 592	15 654	13 351	35 597

	December 31, 2015			JD '000
	Within 1 year	After 1 year and before 5 years	After 5 years	Total
Letters of credit	816 273	505 079	-	1 321 352
Acceptances	444 491	6 129	-	450 620
Letters of guarantee:				
- Payment guarantees	516 323	42 486	10	558 819
- Performance guarantees	1 941 932	1 186 230	630 903	3 759 065
- Other guarantees	2 377 623	746 506	463 636	3 587 765
Unutilized credit facilities	2 871 156	244 467	-	3 115 623
Total	8 967 798	2 730 897	1 094 549	12 793 244

	December 31, 2015			JD '000
	Within 1 year	After 1 year and before 5 years	After 5 years	Total
Constructions projects contracts	319	8 496	-	8 815
Procurement contracts	7 861	3 193	812	11 866
Operating lease contracts	343	2 323	6 237	8 903
Total	8 523	14 012	7 049	29 584

52. Capital Management

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

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

	JD '000
	December 31, 2016
Common Equity Tier 1	3 106 115
Regulatory Adjustments (Deductions from Common Equity Tier 1)	(461 579)
Additional Tier 1	-
Supplementary Capital	200 468
Regulatory Adjustments (Deductions from Supplementary Capital)	(302 155)
Regulatory Capital	2 542 849
Risk-weighted assets (RWA)	18 622 278
Common Equity Tier 1 Ratio	%13.65
Tier 1 Capital Ratio	%13.65
Capital Adequacy Ratio	%13.65

The below table details the regulatory capital as defined by Basel II as of December 2015

	JD '000
	December 31,
	2015
A- CORE CAPITAL	
Share capital	640 800
Statutory reserve	499 191
Voluntary reserve	614 920
Share premium	859 626
General reserve	583 695
Retained earnings*	330 587
Total core capital	3 528 819
B- Supplementary Capital	
Foreign currency translation reserve	(221 526)
Investment revaluation reserve	(183 741)
General banking risk reserve	200 468
Total supplementary capital	(204 799)
C. Deductible Items	1 101 790
Regulatory capital (A+B-C)	2 222 230
Risk-weighted assets	18 274 912
Regulatory capital / risk-weighted assets	12.16%
Core capital / risk-weighted assets	12.16%

* Includes deferred tax assets and intangible 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.

53. Transactions with Related Parties

The details of this item are as follows:

JD '000

	December 31, 2016			
	Deposits owed from Related Parties	Direct Credit Facilities at Amortized Cost	Deposits owed to Related Parties	LCs, LGs, Unutilized Credit Facilities and Acceptances
Sister and subsidiary companies	1 269 099	104 463	74 812	152 958
Associates companies	146 766	-	25 825	26 802
Major shareholders and members of the Board of Directors	-	339 921	321 964	69 906
Total	1 415 865	444 384	422 601	249 666

	December 31, 2015			
	Deposits owed from Related Parties	Direct Credit Facilities at Amortized Cost	Deposits owed to Related Parties	LCs, LGs, Unutilized Credit Facilities and Acceptances
Sister and subsidiary companies	1 414 182	106 447	144 460	187 395
Associates companies	76 289	-	76 289	27 896
Major shareholders and members of the Board of Directors	-	378 761	291 997	47 452
Total	1 490 471	485 208	512 746	262 743

- Direct credit facilities granted to key management personnel amounted to JD 1.1 million and indirect credit facilities amounted to JD 6 thousands as of December 31, 2016 (Direct credit facilities JD 1.4 million and indirect credit facilities JD 6 thousand as of December 31, 2015)
- Deposits of key management amounted to JD 2.1 million as of December 31, 2016 (JD 1.6 million as of December 31, 2015)
- 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:

JD '000

	2016		2015	
	Interest Income	Interest Expense	Interest Income	Interest Expense
Subsidiaries and sister companies	5 739	962	3 783	1 066
Associated companies	1 493	1 592	356	99
Total	7 232	2 554	4 139	1 165

- 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 26.2 million for the year ended on December 31, 2016 (JD 26.7 million for the year ended on December 31, 2015).

54. Assets under Management

- There are no assets under management as of December 31, 2016 and 2015.

55. Cash and Cash Equivalent

The details of this item are as follows:

	JD'000	
	December 31,	
	2016	2015
Cash and balances with central banks maturing within 3 months	3 416 485	4 709 940
Add: Balances with banks and financial institutions maturing within 3 months	2 865 250	2 625 024
Less: Banks and financial institutions deposits maturing within 3 months	1 513 509	1 779 152
Total	4 768 226	5 555 812

56. Legal Cases

A. In 2004, a number of civil lawsuits were filed against Arab Bank plc alleging that the Bank provided financial services to individuals and entities who were characterized as «terrorists» and «terrorist organizations» operating in the Palestinian Territories. The plaintiffs claimed damages from the Bank alleging that these financial services constituted material support for terrorist activities. After a civil trial in the Eastern District Court of New York, on September 22, 2014, a jury found the Bank liable for the plaintiffs who possessed U.S. citizenship and who claimed damages as a result of alleged attacks perpetrated by Hamas.

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

The settlement agreement was reached by the parties pursuant to which they agreed to forego the bellwether damages trial and to adopt a mechanism which would allow the Bank to appeal the liability verdict without payment of this amount or presenting any bond to the Court. Pursuant to said agreement, the Bank filed its Notice of Appeal to the Court of Appeals on June 22, 2016 and its appellate brief on October 20, 2016.

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

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

B. There are other lawsuits filed against the Bank totaling JD 84.8 million as of December 31, 2016 (JD 79.8 million as of December 31, 2015).

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 12.2 million as of December 31, 2016 (JD 5 million as of December 31, 2015).

57- Adjusting Comparative Figures

Some comparative figures in the financial statements for the year 2015 have been reclassified to be consistent with the year 2016 presentation and it didn't cause any changes in last years operating results.

INDEPENDENT AUDITOR'S REPORT

To the Shareholders
Arab Bank plc
Amman – Jordan

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Arab Bank plc Company (a Public Shareholding Company), which comprise the statement of financial position as of December 31, 2016, and the statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Arab Bank plc as of December 31, 2016, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the other ethical requirements in Jordan that are relevant to our audit of the Bank's financial statements, and we have fulfilled our other ethical responsibilities. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Explanatory Paragraph

We refer to disclosure Number (56) in the accompanying 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 unmodified opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters:

Provision for Lawsuits and Legal Claims Risks

According to the International Financial Reporting Standards, the Bank has to estimate the provision for lawsuits and legal claims, in particular the lawsuit and the related settlement in the United States of America, legal claims associated with it, and the reserving against these claims at the end of each reporting period. Moreover, since the provision for legal claims is based on accounting estimates it's considered a key audit matter since the assessment process depends heavily on professional judgment which is based on the expected assumptions of the future outcomes for the lawsuits and related settlements, and management's estimates based on the legal inputs and the recommendations of the Bank's legal counsels.

Scope of Audit to Address the Risk

Our audit procedures included obtaining support from internal and external legal counsels handling the lawsuits in evaluating the adequacy of managements' estimates and expected outcome probabilities, in particular to those related to the risk probability assumptions and contingent liabilities. In addition, our procedures assessing the adequacy of the legal cases disclosure and the related settlement in the United States of America set out in Note (56).

Adequacy of Provision for Impairment of Credit Facilities

The provision for impairment of credit facilities is considered a key audit matter to the financial statements, as its calculation requires assumptions, management's use of estimates for low credit ratings and the probability that debts will not be collected as a result of the deteriorating economic and financial conditions in light of inadequate guarantees.

The nature and characteristics of credit facilities granted to these debtors vary from one sector to another and from one country to another, due to the external wide span of the Bank. Therefore, the impairment provision calculation methodology differs due to varied sectors and varied risk assessment relating to those countries and their legal and regulatory requirements.

Scope of Audit to Address the Risk

The performed audit procedures included understanding the nature of the credit facilities portfolio, testing the internal control system followed in credit granting and monitoring, and assessing the reasonableness of management's estimates of the provision for impairment. We also have understood the Bank's policy in calculating the provision, and tested a sample of performing, watch-list, and non-performing credit facilities at the Bank level as a whole. We have evaluated the factors affecting the calculation of the provision for impairment of credit facilities. This included evaluating the available collaterals, customers' financial net worth, management's estimates of future cash flows, and regulatory requirements issued by central banks.

We have also discussed these factors with executive management to verify the adequacy of the provision, as well as recalculated the provision needed for that sample.

Furthermore, we have also evaluated the appropriateness and adequacy of the disclosure with regard to the credit facilities impairment provision and risks as stated in Note (10).

Evaluation of Unquoted Investment in Regulated Markets **Scope of Audit to Address the Risk**

The recognition of unquoted investments in regulated markets is based on the fair value of key inputs available. These investments are stated in Notes (9) and (49). The valuation technique used by the Group to measure the fair value of these investment is based on market index method for similar investments.

As a result of the lack of quoted market prices for these investments, the valuation technique in evaluating these investment is a key audit matter to our audit. Thus, we have reviewed the valuation model prepared by the Bank, and discussed it with the Bank's financial management. Moreover, our audit procedures included testing the internal control systems related to the adopted valuation techniques followed and assumptions to assess the suitability of the valuation model or appropriateness of the related assumptions.

Foreign Currency Translation Reserve **Scope of Audit to Address the Risk**

Due to its wide spread in multiple countries and its dealing with numerous foreign currencies, the Bank is exposed to the risk arising from the fluctuation of those currencies due to the economic conditions of those countries. Therefore, translation of the financial assets and financial liabilities of the branches, and subsidiaries abroad from the local currency (functional) to the Jordanian Dinar is considered a key audit matter to our audit. Moreover, exchange differences arising from the revaluation of the net investment in the branches and subsidiaries abroad are recorded in the statement of other comprehensive income.

Our audit procedures included testing the internal control system which relates to the determination of foreign exchange rates approved by the management in addition to reviewing a sample of those rates and matching them with the rates published by the Central Bank of Jordan. Furthermore, we have recalculated a sample of foreign exchange translation differences reflected in the statement of other comprehensive income.

Financial Derivatives and Hedging

The Bank's portfolio includes financial derivatives held for trading and hedging purposes and evaluated through assessing the information input into specialized systems to be evaluated periodically. Such derivatives require special abilities and continuous follow-up by the management in addition to a highly accurate internal control structure.

Scope of Audit Risk Approach

The fact that the valuation of the financial derivatives and review of hedge accounting need a valuation expert, it was considered as a key audit matter to our audit. Thus, we obtained the assistance of valuation experts to assess the valuations and presentation of the financial derivatives and hedge accounting in accordance with the requirements of International Financial Reporting Standards.

Other Information

Management is responsible for the other information. The other information comprises of the information stated in the Annual Report and does not include the financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report. Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information when it becomes available to us and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risk, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidenced obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosure are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Bank to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit and we remain solely responsible for our audit opinion.

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

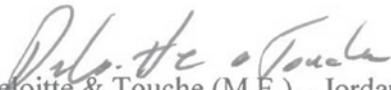
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law and regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other Legal and Regulatory Requirements

The Bank maintains proper accounting records and are in agreement there with the accompanying financial statements. We recommend that the General Assembly of the Shareholders to approve these financial statements.

Amman – Jordan
January 29, 2017


Deloitte & Touche (M.E.) – Jordan

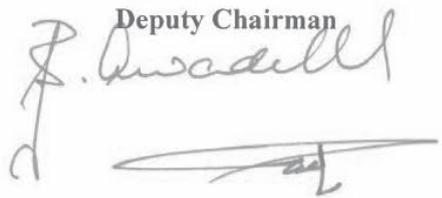


The Board of Directors confirms that there are no significant issues that may affect the continued operations of the Bank during the financial year 2017.

Sabih T. Masri
Chairman



Bassem I. Awadallah
Deputy Chairman



Saleh S. Al-Muhanna
Representing
The Ministry of Finance
Saudi Arabia

Nazik Odah / Al-Hariri



Mohammed A. Hariri



Suleiman H. Al-Masri



Khaled A. (Zand Irani)
Representing
Abdul Hamid Shoman Foundation



Izzeddin M. Kanakrieh
Representing
The Social Security Corporation



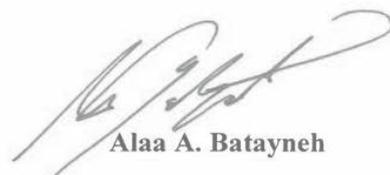
Bassam W. Kanaan



Wahbe A. Tamari



Abbas F. Zuaiter

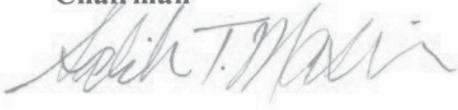


Alaa A. Batayneh

The Board of Directors confirms its responsibility for the preparation of the financial statements, and for implementing an effective internal control system in line with international standards.

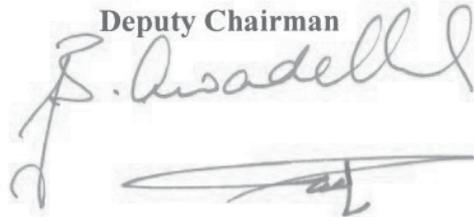
Sabih T. Masri

Chairman



Bassem I. Awadallah

Deputy Chairman



Saleh S. Al-Muhanna

**Representing
The Ministry of Finance
Saudi Arabia**



Nazik Odah / Al-Hariri



Mohammed A. Hariri

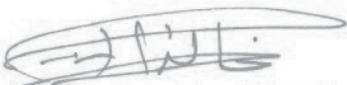


Suleiman H. Al-Masri



Khaled A. (Zand Irani)

**Representing
Abdul Hamid Shoman Foundation**



Izzeddin M. Kanakrieh

**Representing
The Social Security Corporation**



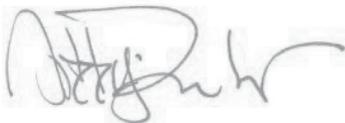
Bassam W. Kanaan



Wahbe A. Tamari



Abbas F. Zuaiter



Alaa A. Batayneh



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 2016.


Sabih Taher D. Masri
Chairman

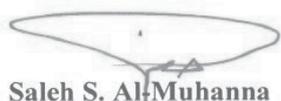
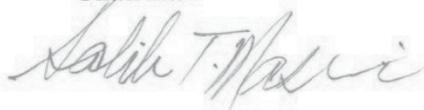

Neme Elyas Sabbagh
Chief Executive Officer


Sami Abdelaziz
Acting Chief Financial Officer

The Board of Directors confirms that none of its members or those related to them received any benefits, whether material or in-kind, for the fiscal year 2016.

Sabih T. Masri

Chairman

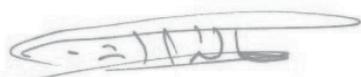


Saleh S. Al-Muhanna

**Representing
The Ministry of Finance
Saudi Arabia**



Mohammed A. Hariri



Khaled A. (Zand Irani)

**Representing
Abdul Hamid Shoman Foundation**



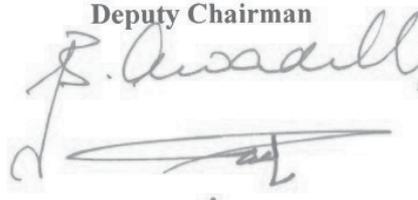
Bassam W. Kanaan



Abbas F. Zuaiter

Bassem I. Awadallah

Deputy Chairman



Nazik Odah / Al-Hariri

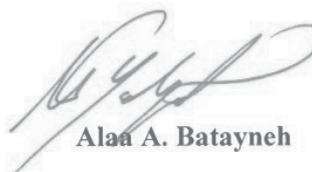
Sulejman H. Al-Masri

Izzeddin M. Kanakrieh

**Representing
The Social Security Corporation**



Wahbe A. Tamari



Alaa A. Batayneh

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Introduction

Arab Bank attaches considerable importance to good corporate governance practices and the Board is committed to implementing the highest professional standards in all the Bank's activities. In this regard the Bank follows the instructions of the Central Bank of Jordan which adopted the Basel Committee's recommendations on Corporate Governance. The Bank also observes the requirements of the relevant regulatory / official entities in Jordan and in the other countries in which it operates.

A pioneer to commit to best practices of Corporate Governance in the Middle East, Arab Bank established the Audit Committee in early 1996 followed by the Corporate Governance Board Committee in 2002. The Nomination and Remuneration Committee was established in 2006, while the Risk Committee and the Strategy Committee were formed in 2007.

This Corporate Governance Code is based on the Code of Corporate Governance for Banks in Jordan and related instructions issued by the Central Bank of Jordan and after aligning it with the Jordanian Banking Law, the Companies Law in addition to the Memorandum and Articles of Association of the Bank .

This Code will continue to be reviewed and developed from time to time and whenever necessary to meet the Bank's changing needs and expectations and to keep up with the changes that may occur in the marketplace.

Article (1): Commitment to Corporate Governance

There is a consistent set of relationships between the Bank, its Board of Directors, Shareholders and other interest groups. The relationship structure deals with the general framework of the Bank's strategy and the necessary means to achieve its goals. The general framework of corporate governance ensures a fair treatment of all shareholders including minority and foreign shareholders. The Bank also recognizes the rights of all shareholders as stipulated by the law, and assures providing them with all necessary information on the Bank's activities and the commitment of its Board members and their accountability to the Bank and its Shareholders.

The Bank has amended this Code in compliance with the instructions of the Central Bank of Jordan issued in its circular No. 58/2014 and in alignment with its needs and policies. This Code has been approved by the Board of Directors in its meeting of 29/1/2015 and has been amended on 28/1/2016. On 27/10/2016 this Code was amended in compliance with the requirements of the Amended Corporate Governance Regulations for Banks issued by the Central Bank of Jordan No. 63/2016. An updated version has been posted on the Bank's website. It is also available to the public upon request. The Bank discloses its compliance with the Corporate Governance Code in its Annual Report .

Article (2): Definitions

In this Code (and unless the context requires otherwise) the following words and expressions shall have the meanings respectively assigned to them herein below:

a- Corporate Governance:

The system of rules by which the Bank is directed and controlled and which essentially involves identifying the Bank's corporate objectives and the framework for attaining them, the safe operation of the Bank's business, securing the interests of depositors, shareholders and other stakeholders, and compliance with the Bank's bylaws and internal policies.

b- Suitability: the fulfilment of certain requirements and criteria by the members of the Board and senior executives.

c- The Board: the Board of Directors of the Bank.

d- Stakeholders: any person/group/organization that has interest or concern in the Bank such as depositors, shareholders, employees, debtors, customers or competent regulatory authorities.

e- Major Shareholder: The person holding (5%) or more of the Bank's share capital whether directly or indirectly.

f- An Executive Director: a member of the Board who is paid in consideration for his/her employment at the Bank.

g- An Independent Member: a member of the Board who is not subject to any influences that may restrict his ability to make objective decisions for the benefit of the Bank and who satisfies the conditions set out in Article (3/c) of this Code.

h- Senior Executive Management: Include the Chief Executive Officer, Deputy Chief Executive Officer, Chief Financial Officer, Chief Operations Officer, Chief Risk Officer, Head of Audit, Head of Treasury, Head of Regulatory Compliance in addition to any other Bank employee who has an executive authority that is equal to the authority of any of the aforementioned and reports directly to the Chief Executive Officer.

Article (3): Composition of the Board

- a) The Board shall be comprised of twelve non-executive members who shall be elected by the General Assembly for a term of four years. The Chairman and Deputy Chairman shall be elected by the members of the Board.
- b) The Board shall have a minimum of four independent members.
- c) The Nomination and Remuneration Committee shall specify the necessary conditions that ensure the independence of the Board Member. The conditions shall include, at a minimum, that the independent member:
 1. Has not been an executive member of the Board during the three years preceding the date of his election.
 2. Has not been employed by the Bank or any of its subsidiaries in the three years preceding the date of his election.

3. Is not a relative (up to the second degree) of any of the other members of the Board or any Board member of the subsidiaries of the Bank or a relative of any of the Bank's major shareholders.
4. Is not a relative of any of the Senior Executive Management members of the Bank or any of the Senior Executive Management members of the subsidiaries of the Bank up to the second degree.
5. Is not a partner or employee of the external auditor of the Bank, or has been such a partner or employee during the past three years preceding the date of his election as member of the Board and is not a relative (up to the first degree) with the partner responsible for the audit.
6. Is not be a major shareholder in the bank or a representative or associate of a major shareholder in the Bank, nor should his shareholding constitute, along with his associate shareholder, a major shareholding, nor is a major shareholder of one of the Bank's subsidiaries.
7. Has not been a member of the Board of Directors of the Bank or any of its subsidiaries for more than eight consecutive years.
8. Has not obtained, personally or through any other company in which he is a Board Member or owner or a major shareholder, credit facilities from the bank in excess of 5% of the Bank's share capital, nor is a guarantor of a facility which amount is in excess of the said percentage.
9. has adequate knowledge or experience in the financial or banking sectors.

Article (4): Board Meetings

- a) The Board shall meet not less than 6 times per year.
- b) Board members must attend the meetings in person, and if unable to attend, the member can give his/her views through video or telephone after the approval of the Chairman in which case such member will not be entitled to vote or sign the minutes of the meeting.
- c) The Senior Executive Management should, and the Chairman should ensure that, the Members of the Board are provided with the agenda of the meeting and all relevant documents prior to the meeting.
- d) Deliberations and proceedings of the meetings of the Board and its Committees shall be fully and accurately minuted along with any reservation that may be voiced by any member. Such minutes shall be duly and properly kept.

Article (5): Responsibilities of the Board of Directors

(1) The Board of Directors should:

- a) Oversee and monitor the executive management and its performance, ensure the financial soundness and solvency of the Bank, and approve appropriate policies and procedures to supervise and control the Bank's performance.
- b) Specify the strategic objectives of the Bank, instruct the executive management to set a strategy for achieving those objectives and approve the strategy and such work plans that are compatible therewith.
- c) approve a policy for monitoring and supervising the performance of the executive management by setting key performance indicators to gauge and observe performance and progress towards the implementation of the strategic plan of the Bank.
- d) Ensure the availability of policies, plans and procedures for all the Bank's activities and that such policies, plans and procedures are in compliance with the relevant applicable legislation, are being circulated to all levels of management and are being regularly reviewed
- e) Identify a corporate culture of high ethical standards and integrity alongside setting and enforcing clear lines of responsibility and accountability throughout the Bank .
- f) Bear the ultimate responsibility for the Bank's business including its financial status , and its compliance with the requirements of the Central Bank and such other regulatory authorities. The Board shall also be ultimately responsible for safeguarding the interests of the Stakeholders, ensuring that the Bank is being operated in accordance with its bylaws and internal policies and that effective supervision and control measures over the activities of the Bank, including those outsourced, are always available.
- g) Appoint and accept the resignation or terminate the employment of any member of the Executive Management based on the recommendation of the Nomination and Remuneration Committee. The Bank shall obtain a no – objection letter from the Central Bank of Jordan to the resignation or termination of employment of the Chief Executive Officer, and the audit, compliance and risk management directors.
- h) approve and annually review the internal control systems of the Bank and ensure that the internal and external auditors review the structure of these systems once a year at least. .
- i) Ensure the constant independence of the external auditor.
- j) Approve and monitor the implementation of the risk management strategy including the Bank's risk tolerance/appetite and ensure that the Bank is not exposed to high risks, that the Board is cognizant of the of the operational environment and associated risks and that all needed risk management instruments and infra structure are available and able to identify, measure, control and supervise all kinds of risks to which the Bank may be exposed.

- k) Ensure an adequate and reliable information management system covering all the activities of the Bank.
- l) Ensure that the Bank's credit policy includes a corporate governance evaluation system for its corporate clients, in particular the public shareholding companies whereby the risk is evaluated by points of weakness and strength according to their implementation of sound corporate governance practices.
- m) Ensure that the Bank adopts social initiatives in the field of environment, health and education.
- n) Adopt sufficient procedures to ensure clear separation of powers between controlling shareholders on the one part and executive management of the Bank on the other in order to reinforce sound corporate governance. The Board shall also attain proper mechanisms to limit the influence of the controlling shareholders through, inter alia, the following:
 - 1- Preclude the employment of a controlling shareholder in a Senior executive position.
 - 2- Ensure that the Senior Executive Management obtains its authority solely from the Board and that it functions within the framework of the authorizations granted to it thereby.
- o) Approve the organizational structure of the bank that shows the administrative hierarchy including Board Committees and executive management.
- p) Approve the strategies and policies at the Group level (including the sister company), approve the administrative structures for the subsidiaries and establish a Corporate Governance code at the Group level taking into account the instructions issued in this regard by the central banks or regulatory authorities in the countries in which the subsidiaries operate.
- q) Determine the banking operations which require the approval of the Board of Directors subject always to limiting the scope of operations requiring the Board's approval in order not to prejudice the supervisory role of the Board and subject also to not granting the Board any executive authorities including the granting of credit to a single Board Member including the Chairman
- r) Determine the responsibilities of the Secretary of the Board which shall include: -
 - 1. Attending all meetings of the Board and recording all deliberations, suggestions, objections, and results of voting on Board resolutions.
 - 2. Setting the dates for the Board meetings in coordination with the Chairman.
 - 3. Ensuring that all Board members sign the minutes of the meetings and the Board resolutions.
 - 4. Monitor the implementation of the Board resolutions, and following-up on topics postponed from previous meetings.

5. Keeping records and documents of board meetings.
 6. Ensuring that the draft resolutions intended to be issued by the Board are consistent with the applicable rules and regulations.
 7. Prepare for the General Assembly meetings and to coordinate with the Board's Committees.
 8. submit the suitability attestations signed by each of the Board members to the Central Bank.
- s) Allow direct communication between the members of the Board of Directors and its Committees with the executive management and the Secretary of the Board and facilitate the performance of their duties Including seeking the assistance, at the expense of the Bank and upon its approval, of third parties provided always that the acts of the members of the Board do not influence the decisions of the executive management apart from through deliberations during the meetings of the Board or its Committees.

(2) Role of the chairman:

- a) Encourage efficient relationship between the Board of Directors and the executive management.
- b) Promote critical discussions of issues deliberated by the Board and ensure different views are expressed and discussed during the decision-making process.
- c) Ensure that the Board Secretary provide the Board members with the minutes of previous meetings and get them signed, and ensure timely provision of board meetings' agendas and documents provided that the said agendas contain sufficient information about the items that will be discussed. The Secretary of the Board shall be responsible for providing the Board members with the documents.
- d) Ensure that there exists a charter that sets out the Board of Directors' mandate and scope of work.
- e) Encourage thorough discussions of strategic and critical issues by the Board.
- f) Provide each Board Member, upon his election, with the laws and regulations that govern banks' activities and the instructions of the Central Bank of Jordan including this Corporate Governance Code and a manual outlining the rights, responsibilities and duties of the Member and the responsibilities and duties of the Secretary of the Board.
- g) Provide each member with comprehensive summary of the Bank's activities upon his/her election or request.
- h) To accommodate the Board members' needs for continuous enhancement of their knowledge and expertise and to allow new Board members, taking into consideration his/her banking background, to join a orientation program that includes at the minimum:

1. The organizational structure of the Bank, corporate governance and the code of conduct.
 2. Corporate objectives and the Bank's strategic plan and approved policies.
 3. The financial position of the bank.
 4. The Bank's risk structure and the risk management framework.
- i) Discussing with each new Member and in cooperation with the Bank's legal Counsel, the duties and responsibilities of the Board, in particular; issues pertaining to the legal and regulatory requirements, the term of the Board membership, dates of the meetings, responsibilities and duties of the Board Committees, the amount of remuneration and the ability to seek and obtain an independent specialized opinion if the need arises.

(3) Members of the Board of Directors shall:

- a) Have adequate Knowledge of applicable legislation and principles pertaining to the banking industry and the operational environment of the Bank and keep up with major changes in these fields including the requirements of employment in Senior Executive Management positions.
- b) Attend Board meetings , Board Committees and the General Assembly meetings.
- c) Not disclose any Bank confidential information or use the same for his or another's benefit.
- d) Prioritize the Bank's interest in all transactions with any other company in which he/she has a personal interest , not allow competition over business opportunities between the Bank and such other company, avert conflict of interests and disclose to the Board of Directors the details of any conflict of interest situation and abstain from attending or voting in the meeting in which such matter is to be discussed. Such disclosure should be recorded in the minutes of meeting.
- e) Dedicate enough time to fulfill his/her duties as a member of the Board of Directors.

(4) The responsibility of the Board of Directors and its accountability:

- a) Set and enforce clear guidelines for responsibility and accountability at all levels at the Bank and comply and ensure compliance therewith.
- b) Ensure that the organizational chart clearly reflects the lines of responsibility and authority, which chart shall include at least the following supervisory levels:
 1. Board of Directors and its Committees.
 2. Separate Departments for risk, compliance and internal audit that do not carry out daily executive tasks.
 3. Units/employees not involved in the daily operations of the Bank's activities.
- c) Ensure that the Senior Executive Management carries out its duties relating to the oversight of the day-to-day management of the Bank, contributes

to the implementation of sound corporate governance, delegates duties to employees, establishes an effective management structure that promotes accountability, and ensures that the Bank's activities are consistent with the policies and procedures approved by the Board.

- d) Approve appropriate controls systems that enables it to hold the executive management accountable.
- e) Ensure that there is no Chairman /Chief Executive Officer duality and that neither the Chairman nor any of the Board members nor any of the major shareholders is related to the Chief Executive Officer up to the fourth degree.

Article (6): Chief Executive Officer

In addition to what is stipulated in the legislation, the Chief Executive Officer shall have the following responsibilities:

- a) Develop the strategic objectives of the bank.
- b) Implement the Bank's strategies policies.
- c) Implement the Board's decisions.
- d) Provide guidance for the implementation of short and long-term action plans.
- e) Communicate the Bank's vision, mission and strategy to the Bank's employees.
- f) Inform the Board of all significant aspects of the Bank's operations.
- g) Manage day-to-day operations of the Bank.

Article (7): Board Committees

Board Committees shall be formed by the Board from among its members. The Board shall define the Committee's objectives and delegate its authorities thereto according to the Charter of each Committee. These committees shall periodically report to the Board of Directors. The formation of these Committees shall not exonerate the Board from its responsibilities.

A member of the Board of Directors cannot be Chairman of more than one of these Committees (Corporate Governance, Audit, Nomination and Remuneration and Risk Management Committees). Moreover, a member of the Board of Directors cannot be chairman of more than two of the Board Committees.

The Board Committees are:

a) The Corporate Governance Committee:

The Committee shall comprise of, at least, three Board members provided that the majority of the members are independent directors and should include the Chairman of the Board. The Committee shall direct and examine the preparation and review of the corporate governance code and monitor its implementation.

b) The Audit Committee:

1. The Audit Committee shall be comprised of at least three Board members provided that the majority of the members, including the Chairman of the Committee, shall be independent members and provided also that the Chairman of the Committee shall neither be the Chairman of the Board nor the Chairman of any other Board Committee.
2. The Audit Committee members should have professional financial or accounting qualifications and practical experience in the fields of accountancy, finance or any other specializations or similar areas that are relevant to the Bank's business.
3. The Audit Committee shall meet (4) times per year and whenever necessary.
4. The Audit Committee shall review the following:
 - a) The scope, results and adequacy of the Bank's internal and external audits.
 - b) Accountancy issues that will have a significant impact on the Bank's financial statements.
 - c) The Bank's internal controls.
 - d) The Compliance Department's annual plan.
5. The Audit Committee shall submit its recommendations to the Board regarding the external auditor's appointment / termination of appointment, remuneration, and other terms of engagement taking into account any non-audit services that they have performed, in addition to assessing the independence of the external auditor.
6. Provided that such authority is granted to the Audit Committee in its chart, the Committee may obtain any information from executive management, and summon any executive or Director to attend its meetings.
7. The Audit Committee shall meet, at least once a year, with each of the Bank's external auditor, the internal auditor and the compliance officer, without the presence of the Senior Executive Management.
8. The Audit Committee shall review and monitor the procedures that enable employees to confidentially communicate any error in the financial reports or any other observation. The Committee shall ensure proper arrangements to ascertain an independent investigation and follow up.
9. The duties of any other Committee may not be merged with the duties of this Committee.

c) The Nomination & Remuneration Committee:

1. The Nomination and Remuneration Committee shall be comprised of at least three Board members the majority of whom including its Chairman shall be Independent members.
2. The Committee shall meet whenever necessary.

3. Duties and responsibilities of the Nomination and Remuneration Committee shall be as follows:
 - a) Recommending qualified candidates for the membership of the Board of Directors taking into consideration the candidates' qualifications and skills. In case of re-nomination, the regular attendance of such candidate of Board meetings and active participation in the meetings shall be taken into consideration.
 - b) Recommending to the Board qualified candidates for appointment to senior executive management jobs.
 - c) Ensuring that Board members attend workshops or seminars related to Banking topics with particular emphasis on Risk management, Corporate Governance and other latest updates in the banking industry.
 - d) Defining and annually reviewing the fulfilment of criteria that designates a member as independent.
 - e) Setting specific standards to evaluate the performance of the Board and the Chief Executive Officer objectively.
 - f) Providing, upon request, background information and summaries to the members of the Board regarding certain significant matters about the Bank and ensure keeping the members up with material updates in the Banking industry.
 - g) Ensuring that there exists a Performance Incentives Policy and to that extent, such policy is being implemented and periodically reviewed. The Committee shall also recommend the compensation and benefit plan for the Chief Executive Officer and other Senior Executive Management.
 - h) Creating a clear methodology to ascertain that a member of the Board dedicates adequate time to carry out their duties as a Board member.

d) The Risk Management Committee:

1. The Risk Management Committee shall be comprised of at least three Board members, one of whom shall be an independent member, in addition to the Chief Executive Officer and Head of Risk Management.
2. The Committee shall meet four times a year and whenever necessary.
3. Duties and responsibilities of The Risk Management committee shall include:
 - a) Review the Bank's risk management framework.
 - b) Review the Bank's risk management strategy prior to being approved by the Board.
 - c) Ongoing monitoring of risk factors that affect the risk profile of the Bank and submitting regular reports to the Board.
 - d) Identify any variance between the actual risk taken by the Bank and tolerable risk as approved by the Board.

- e) Identify and regularly report to the Board any risk factors with major effect on the Bank or any other activities that might put the Bank at a risk level higher than the tolerable risk approved by the Bank and follow up on the identified issues.

e) The Corporate Strategy Committee:

1. The Corporate Strategy Committee shall be comprised of three Board members in addition to the Chairman of the Board, Chief Executive Officer and Deputy Chief Executive Officer.
2. The Committee shall meet whenever necessary.
3. Duties of the Corporate Strategy Committee shall include:
 - a) Supervising all elements pertaining to the Bank's strategy and ensuring that there is in place general policies for the efficient implementation of the Bank's strategy.
 - b) Approving all strategic decisions and providing direction to the executive management.
 - c) Reviewing and approving any new investments such as mergers, acquisitions, penetration of new markets, and disposing of any of the Bank's assets or of its subsidiaries.

f) The Board Credit Committee:

1. The Credit Committee shall be comprised of the Chairman of the Board and four Board members, one of whom may be an Independent member provided that he is not also a member of the Audit Committee. Members of the senior management may participate in the Committee's meetings.
2. The Committee shall meet whenever necessary.
3. The Board Credit committee shall approve granting loans and credit which amounts exceed those within the authority of the Higher Credit Committee upon the recommendation of the Higher Credit Committee and to the credit policy and credit limitations approved by the Board of Directors.
4. The Credit Committee shall regularly submit to the Board details of the credit facilities approved thereby.

Article (8): Suitability of Board members:

- a) The Board of Directors shall approve an effective policy to ensure suitability of its members provided that the said policy include the minimum standards, requirements and conditions that a nominated or elected member should fulfil and that such policy be reviewed whenever necessary. Sufficient procedures and controls should also be identified to ensure that all members fulfil and remain fulfilling those requirements.
- b) The Chairman and Board members should meet the following criteria:
 1. Not to be less than twenty-five years of age.
 2. Not to be a member of the Board of any other bank in Jordan or its General Manager or employee unless the other bank is a subsidiary of Arab Bank.

3. Not to be the Bank's lawyer, legal advisor or auditor.
 4. Have a bachelor degree at a minimum specializing either in economics, finance, accounting or business administration or any other related field.
 5. Not to be a government employee or employee of an official public institution unless he/she is a representative of that entity.
 6. Not to be a member of the board of directors of more than five public shareholding companies in the Kingdom whether in a personal capacity or as representative of a legal entity.
 7. Possess expertise of not less than 5 years in banking, finance or similar specializations.
- c) The Chairman and members of the Board should each sign a Suitability Attestation in the form approved by the Bank. The signed form shall be kept at the Bank and a copy thereof shall be sent to the Central Bank of Jordan along with the Member's Curriculum Vitae.
- d) The Chairman shall ensure that any critical information that may adversely affect the suitability of any Member is disclosed to the Central Bank of Jordan.

Article (9): Suitability of Senior Executives:

a) The Board of Directors shall:

1. Approve a policy that would ensure the suitability of the members of the Senior Executive Management provided that such policy include the minimum criteria, procedures and controls that ought to be met by the Senior Executive Management. The policy is to be reviewed by the Board of Directors from time to time and the Board should set out procedures, and adequate controls to ascertain that the criteria is being met by all members of the Senior Executive Management and they continue to be met.
2. Appoint a Chief Executive Officer of integrity, technical competence and banking experience after obtaining the no- objection from the Central Bank of Jordan.
3. Approve the appointment of any of the Senior Executive Management members after obtaining a no-objection statement from the Central Bank of Jordan.
4. Approve a succession plan for the Senior Executive Management and review the plan once a year at least.
5. Disclose to the Central Bank of Jordan any vital information that may adversely affect the suitability of any member of the Senior Executive Management.

b) The Following conditions should be fulfilled by an appointed senior executive:

The appointed member:

1. Should not be a member of the Board of Directors of any other bank in Jordan unless the other bank is a subsidiary of Arab Bank.

2. Should be dedicated full time to the management of the Bank's business.
 3. Should have, at a minimum, a bachelor degree in economics, finance, accounting or business administration or any other related field.
 4. Should have a minimum of five year experience in banking or a related field, except for the position of Chief Executive Officer which occupant should have a minimum of ten year experience in banking.
- c) A "no objection" letter should be obtained from the Central Bank of Jordan prior to the appointment of any of the Senior Executive Management accordingly, prior to such appointment, the bank ought to obtain from the candidate his/her Curriculum Vitae along with any academic certificates, certificates of expertise, certificate of good conduct and such other necessary documentation. The Member will also be asked to sign the approved Suitability Attestation form and the Bank will provide the Central Bank of Jordan with a copy thereof along with the Curriculum Vitae.

Article (10): Evaluating the performance of the Board and Senior Executives

- a) The Board of Directors shall develop a mechanism to evaluate its performance and that of its members provided that such mechanism shall at least include the following:
 1. Set specific goals and define the role of the Board to achieve these goals in a measurable manner.
 2. Identify key performance indicators based on the plans and strategic goals and use them to measure the performance of the Board.
 3. Communication between the board and the shareholders and the regularity of such communication.
 4. Regularity of the meetings of the Board of Directors with the Senior Executive Management.
 5. The member's participation in the Board meetings, comparing his/her performance with that of other Board members and getting the members feedback in order to improve the evaluation process.
- b) The Nomination and Remuneration Committee shall be responsible for evaluation, on an annual basis, the performance of the Board as a whole, its committees and members, and shall inform the Central Bank of the results of such evaluation.

- c) The Board shall, on an annual basis, evaluate the performance of the Chief Executive Officer according to an evaluation mechanism set by the Nomination and Remuneration Committee which shall include key performance indicators. The aspects of evaluation of the performance of the Chief Executive Officer shall include the financial and administrative operation of the Bank and the achievement of the medium and long term goals and strategies of the Bank. The Committee shall inform the Central Bank of Jordan of the results of the evaluation.
- d) The Board shall adopt a system to measure the performance of the Bank's Executives who are not members of the Board and Chief Executive Officer. This system should include at a minimum the following:
 - 1. To appropriately measure the extent of commitment to the framework of risk management, internal controls and regulatory requirements.
 - 2. The total revenue and profitability shall not be the sole measurement indicator; other related indicators should be taken into consideration such as risks related to Core Operations, Customer Satisfaction ... etc.
 - 3. Not using one's position of power and conflict of interests.

Article (11): The Remuneration for the Board and Executives

- a) The Board of Directors shall adopt procedures to determine the remuneration of its members, based on the evaluation system, approved thereby.
- b) The Nomination and Remuneration Committee shall be responsible for setting an objective and transparent remuneration policy for the Executive.
- c) The Remuneration policy should include the following key points at a minimum:
 - 1. To be structured to retain and recruit qualified and experienced Executives, and to motivate them and promote their performance.
 - 2. To be designed to ensure that it shall not to be used in a manner that might affect the soundness and reputation of the Bank.
 - 3. To take into consideration the risks, liquidity, profits and its timing.
 - 4. To ensure that remuneration is not based on the performance of the current year only but takes into consideration the medium and long term performance (3-5 years) .
 - 5. To reflect the goal, value and strategy of the Bank.
 - 6. To define the form of the remuneration such as fees, salaries, allowances, bonuses, share options or any other form of benefits.

7. The possibility of postponing payment of a reasonable proportion of the remuneration. The amount of such proportion and the postponement period shall depend on the nature of the work, the risks associated therewith and the concerned executive's activities.
8. Executives of supervisory departments (risk management, audit, compliance, etc.) should not be given remunerations based on the performance of their respective departments.

Article (12): Conflict of Interests

- a) Executives should avoid conflict of interests.
- b) The Board shall adopt a policy and procedures to handle conflict of interests and disclose any such conflicts which may arise as a result of the inter-group relationships.
- c) The Board shall adopt policies and procedures for dealing with related parties to include the definition of these parties, taking into consideration the regulations, terms of transactions, approval procedures and a mechanism to monitor these transactions, to ensure consistency with the policies and procedures.
- d) The supervisory departments in the Bank shall ensure that any dealings involving the related parties have been carried out in accordance with the approved policy and procedures; the Audit Committee shall review and monitor all related parties' transactions and update the Board on the same.
- e) The Board shall ascertain that the Senior Executive Management implements the adopted policies and procedures.
- f) The Board shall adopt controls to manage the transfer of information within the various departments, to prevent using such information for personal gain.
- g) The Board should approve policies and a Code of Conduct and circulate the same to executives, that shall, at a minimum, include:
 1. Executives not to use any inside information for personal gain.
 2. Rules and procedures for managing dealings with related parties.
 3. situations that may result in conflict of interests.
- h) The Board shall ensure that executive management exercise high integrity and avoid conflict of interests.

Article (13): Internal Audit

(1) The Board of Directors shall:

- a) Ensure that the Bank's internal audit department is capable of fulfilling the following duties as a minimum:
 1. To ascertain that there are adequate internal controls of the Bank's and subsidiaries' activities and to ensure compliance therewith.
 2. To ascertain adherence to internal policies, international standards and procedures, and applicable laws and regulations.
 3. To audit the Bank's financial statements and administrative reports while ensuring accuracy and timeliness.
 4. To assess compliance with the Corporate Governance Code.

5. To examine the comprehensiveness and accuracy of the stress tests in accordance with the methodology approved by the Board.
 6. To ensure the accuracy of the procedures used for the internal evaluation of the Bank's capital adequacy.
- b) To ensure and enhance the independence of internal auditors, ensure that they are well positioned in the bank's hierarchical structure and that they are well qualified to perform their duties including being entitled to access all records and information and to communicate with any employee of the bank in order to perform their work and prepare reports with no external influence.
 - c) Take necessary measures to enhance the efficiency of the internal audit through:
 1. Emphasize the importance of the internal audit function and establish that at the Bank level.
 2. Requiring timely correction of audit findings.
 - d) To adopt Internal Audit charter that includes duties, authorities and responsibilities of the Internal Audit, and circulate it within the Bank.
 - e) To ensure that the Internal Audit Department is under the direct supervision of the Audit Committee, and reports directly to the Chairman of the Committee.

(2) The Audit Committee shall be responsible for:

- a) Ensuring the sufficiency of human resources assigned to manage the internal audit work and to train them.
- b) Ensuring rotation of internal auditors to audit the various aspects of the Bank's business at most every three years.
- c) Ensuring that internal auditors are not charged to do any executive function.
- d) Ensuring that all the Bank's activities are subject to audit including outsourced activities.
- e) Evaluating the performance of staff and head of internal audit and determining their remunerations.

Article (14): External Audit

- a) Rotation of external auditors should take place every 7 years at most
- b) The first seven-years period shall be computed as of the year 2010.
- c) New external auditor firm (when rotation is implemented) shall work jointly with the old firm for the first year.
- d) Apart from the joint audit, the old external auditor firm shall not be re-elected before at least two years from the date of its last election.
- e) The independence of the external auditor is to be assessed annually by the Audit Committee.
- f) The Board of Directors shall take necessary measures to timely correct any flaw in the internal control system or any other flaw identified by the external auditor.

Article (15): Risk Management

- a) The risk management shall be responsible for monitoring compliance of the executive departments at the Bank with the levels of risk tolerance.
- b) The Board of Directors shall ensure that correction measures and remedies are taken to mitigate risk exposures , and holding Senior Executive Management accountable for exceeding the limits.
- c) The Board of Directors shall ensure that the Risk Management Department conduct periodical stress tests to gauge the Bank's ability to absorb shocks and deal with high risks. The Board shall also have a fundamental role in approving the hypothesis and scenarios used and discuss the stress tests' results and approve the measures to be taken based on the said results.
- d) The Board of Directors shall adopt a methodology for assessing capital adequacy. The methodology ought to be comprehensive, efficient and able to identify all risks that the Bank may face and shall take into consideration the Bank's strategic plan and capital plan. Additionally, the Board shall review the methodology regularly and ensure that it is duly implemented and that the Bank has adequate capital to face any risk.
- e) Before approving any expansion in the Bank's activities, the Board of Directors will have to consider all associated risks and the skills and qualifications of the Risk Management Department's personnel.
- f) The Board of Directors shall give sufficient authority to the risk management department to report to the Risk Management Committee, have access to all information from the various departments within the Bank and to cooperate with other committees in order for it to fulfil its duties.
- g) The Board of Directors should adopt a charter for the Bank's tolerable risks.
- h) The responsibilities of the Risk Management Department shall include at least the following:
 1. Reviewing the risk management framework before being approved by the Board of Directors.
 2. Implementing the risk management strategy in addition to developing policies and procedures to manage all types of risks.
 3. Developing methodologies to identify, measure, monitor and control all types of risks.
 4. Reporting to the Board of Directors, through the Risk Management Committee, and with a copy to the Senior Executive Management, on the actual risk exposures for all the Bank's activities compared to the charter of tolerable risks, and to follow-up on the measures taken to remedy any negative deviations.
 5. Verify the compatibility of the risk measurement methodologies with the applied management information systems.
 6. Review and analyze all types of risks that the Bank may face.

7. Submitting recommendations to the Risk Management Committee on risk exposures and any exceptions to the risk management policy.
8. Providing necessary Bank risks information for use in the Bank's disclosures.

Article (16): Compliance

- a) The Board shall award the Compliance Department with the necessary authority that would ensure its direct report to the Audit Committee and continuous recruiting of an adequate number of well trained staff.
- b) The Board shall approve the compliance policy, ensure its annual review and implementation .
- c) The Board of Directors shall approve roles and responsibilities of the compliance management department.
- d) Compliance management shall report to the Audit Committee with a copy to the Chief Executive Officer.

Article (17): Stakeholders Rights

- a) A specified mechanism shall be developed to guarantee communication with stakeholders by disclosing and providing relevant information about the Bank's activities through:
 1. General Assembly meetings.
 2. Annual Report.
 3. Quarterly financial reports which enclose financial data , and the Board's report on the Bank's share trading and the Bank's financial status during the year.
 4. The Bank's website.
 5. Shareholders' division.
- b) A part of the Bank's website shall be designated to clarify shareholders' rights and to encourage them to attend and vote at the General Assembly meetings. Also the documents of the General Assembly meetings, including the invitation and minutes of meetings, shall be published on the website.

Article (18): Disclosure and Transparency

- a) The Board shall ensure that all financial and non-financial information that are of interest to the stakeholders shall be published.
- b) The annual report shall include a statement to the effect that the Board is liable for the accuracy and completeness of the financial statements of the Bank and all other information in the report in addition to the adequacy of the internal control systems.

- c) The Board shall ensure that the Bank's financial disclosures are consistent with the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS) , Central Bank of Jordan regulations, and other relevant legislations and also that the executive management keep well informed of changes and updates on the related International Financial Reporting Standards.
- d) The Board shall ensure that the Bank's annual and quarterly reports include disclosures that enable existing and potential shareholders to understand the financial position of the bank.
- e) The Board shall ensure that the annual report include, at a minimum, the following information:
 - 1. Summary of the organizational chart of the Bank;
 - 2. Summary of the roles and responsibilities of the Board Committees, and the authorities delegated to each Committee;
 - 3. Useful information to stakeholders as identified in the Corporate Governance Code and the extent of compliance with the code;
 - 4. Information about each Board member in terms of his/her qualifications, experience, shareholding, status (independent/non-independent, etc) membership in Board Committees, date of appointment, any other board memberships in the boards of other companies and remunerations of all forms for the previous year in addition to loans granted to the Member by the Bank and any other transaction that has taken between the Bank on the one part and the Member or stakeholders on the other ;
 - 5. Information about risk management department, including its structure and nature of its operations and its development;
 - 6. Number of Board and Board Committee meetings and attendance of each member at such meetings;
 - 7. Names of each board member and Senior Executive Management who have resigned during the year;
 - 8. Summary of the remuneration policy and full disclosure of all forms of remuneration to board members and Senior Executive Management individually for the previous year;
 - 9. A list of shareholders who own 1% or more of the share capital of the Bank, the ultimate beneficiary owner of such shareholdings or any part thereof, in addition to a clarification as to whether the shareholdings are wholly or partially pledged;
 - 10. Attestations of all Board members confirming that he/she or any of the members' relatives did not receive any benefits whether material of in-kind from the Bank during his/her tenor which has not been previously disclosed .

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 : **2016**
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.

1. Reciting the minutes of the previous Ordinary General Assembly meeting of the 86th General Assembly.
2. Discussion and approval of the report of the Board of Directors for the fiscal year 2016 and the future business plan of the Bank for 2017.
3. Presentation of the auditors' report on the financial statements of the Bank for the fiscal year 2016.
4. Discussion and approval of the financial statements and balance sheet of the Bank for the fiscal year 2016, and adoption of the recommendation of the Board of Directors to pay dividends to shareholders at the rate of JOD 0.300 per share, i.e. 30% of the nominal value of the share being JOD 1.00.
5. Obtaining the approval of the General Assembly on the resolution of the Board of Directors to appoint H.E. Mr. Suleiman Hafez Al-Masri as member of the Board of Directors for its current period ending on 26/3/2018, to fill the vacancy following the resignation of H.E. Mr. Samir Farhan Kawar in accordance with Section 150 of Companies Law Number 22 for the Year 1997 and Article 28 of the Articles of Association of the Bank.
6. Release of the members of the Board of Directors from liability for the fiscal year 2016.
7. Election of the Bank's auditors for the fiscal year 2017 and deciding on their remuneration.
8. Approval of the General Assembly to the Board of Directors' resolution adopted on 26/1/2017 regarding renewing the appointment of Messrs Deloitte & Touche (Middle East) to the functions of the audit of Arab Bank plc branches working in Lebanon until 31/12/2017 and the appointment of Messrs Ernst & Young to the functions of the audit of Arab Bank plc branches working in Lebanon from 1/1/2018 until 31/12/2019 according to the provisions of Article (189) read along with Article No (186) of the Lebanese Law of Money and Credit.
9. Other matters which the General Assembly proposes to include in the agenda and are within the work scope of the General Assembly in its ordinary meeting provided that such proposal is approved by shareholders representing not less than 10% of the shares represented in the meeting.

Country	Address	
Jordan	General Management PO BOX 950545 Amman 11195 Jordan	Tel. 00962 (6) 5600000 Fax. 00962 (6) 5606793 00962 (6) 5606830
	Amman PO Box 68 Amman 11118 Jordan	Tel. 00962 (6) 4638161/9 Fax. 00962 (6) 4637082
	Shmeisani PO Box 950546 Amman 11195 Jordan	Tel. 00962 (6) 5000013 Fax. 00962 (6) 5670564
Palestine	PO Box 1476, Grand Park Hotel St. Al Masyoon - Ramallah Palestine	Tel. 00970 (2) 2978100 Fax. 00970 (2) 2982444
Bahrain	PO Box 813, Building 540, Road 1706 - Block 317, Diplomatic Area Kingdom of Bahrain	Tel. 00973 17549000 Fax. 00973 17541116
United Arab Emirates	Abu Dhabi: PO Box 875 Naser St., SH. Tahnoon Bin Moh'd Bldg.	Tel. 00971 (2) 6392225 Fax. 00971 (2) 6212370
	Dubai: PO Box 11364 Emaar Square. Bldg. no. 2	Tel. 00971 (4) 3737400 Fax. 00971 (4) 3385022
Lebanon	PO Box 11-1015 Riad El Solh Square Banks Street Commercial Buildings Co. Bldg. Beirut - Lebanon	Tel. 00961 (1) 980246/9 Fax. 00961 (1) 980299 00961 (1) 980803

Country	Address	
Egypt	46 Gamet El Dowal El Arabia St. Mohandessein - Al Giza	Tel. 00 20 (2) 3332 8500 Fax. 00 20 (2) 3332 8618
Yemen	PO Box 475 & 1301 Zubairi St. Sana'a	Tel. 00967 (1) 276585/93 Fax. 00967 (1) 276583
Morocco	PO Box 13810 174 Mohamed V St. Casablanca	Tel. 00212 (5) 2222 3152 Fax. 00 212 (5) 2220 0233
Qatar	PO Box 172, Grand Hammed Area Avenue no. 119 Doha - Qatar	Tel. 00974 44387777 Fax. 00 974 44387677
Algeria	15 Boulevard du bonheur residence Chaabani Val D'Hydra Alger - Algeria	Tel: 00 213 (21) 60 87 25 Fax: 00 213 (21) 48 00 01
Singapore	80 Raffles Place UOB Plaza 2 # 32-20 Singapore 048624	Tel. 0065 65330055 Fax. 0065 65322150
United States of America (New York Agency)	Federal Agency- New York 150 East 52nd St. New York , NY 10022 - 4213	Tel.: 001 (212) 7159700 Fax.: 001 (212) 5934632
China (Representative Office)	Unit 1803, Shanghai Trade Square 188 Si Ping Road, Shanghai 200086, China	Tel. 0086 (21) 65077737/38 Fax. 0086 (21) 65072776
South Korea (Representative Office)	Seoul Square Bldg., 5Fl. Hangangdaero 416 Jung-gu, Seoul 04637 South Korea	Tel. 0082 (2) 775 4290 Fax. 0082 (2) 775 4294

Country	Address	
Europe Arab Bank plc United Kingdom	13-15 Moorgate London EC2R 6AD	Tel. 0044 (20) 73158500 Fax. 0044 (20) 76007620
France	26 Avenue des Champs Elysées 75008 Paris PO Box 319, 75365 Paris Cedex 08	Tel. 0033 (1) 45616000 Fax. 0033 (1) 42890978
Italy	Corso Matteotti 1A 20121 Milan	Tel. 0039 (2) 76398521 Fax. 0039 (2) 782172
Germany	Bockenheimer Landstrasse 24 60323 Frankfurt am Main	Tel. 0049 (69) 242590 Fax. 0049 (69) 235471
Arab Bank Australia Ltd.	Level 7, 20 Bridge Street Sydney NSW 2000 Australia	Tel. 0061 (2) 93778900 Fax. 0061 (2) 92215428
Arab Bank (Switzerland) Ltd.	Geneva Place de Longemalle 10-12 PO Box 3575 CH - 1211 Geneva	Tel. 0041 (22) 7151211 Fax. 0041 (22) 7151311
	Zurich Claridenstrasse 26, PO Box 6003 8022 Zurich	Tel. 0041 (44) 2657111 Fax. 0041 (44) 2657330
Finance Accountancy Mohassaba	24 Rue Neuve du Molard PO Box 3155 CH - 1211 Geneva 3	Tel. 0041 (22) 9083000 Fax. 0041 (22) 7387229
Islamic International Arab Bank	Wasfi Al-Tal St., Bldg. no. 20 PO Box 925802 Amman 11190 Jordan	Tel. 00962 (6) 5694901 Fax. 00962 (6) 5694914
Arab National Leasing Co.	Madina Monawwara St., Bldg. no. 255 PO Box 940638 Amman 11194 Jordan	Tel. 00962 (6) 5531649 Fax. 00962 (6) 5529891
Al -Arabi Investment Group Co.	Shmeisani ,Esam Ajlouni St., Bldg. no. 3 PO Box143156 Amman 11814 Jordan	Tel. 00962 (6) 5522239 Fax. 00962 (6) 5519064

Country	Address	
Al Arabi Investment Group Co / .Palestine	Ramallah, Old Town PO Box 1476 Palestine	Tel. 00970 (2) 2980240 Fax. 00970 (2) 2980249
Arab Sudanese Bank Ltd.	Wahat El-Khartoum Towers PO Box 955 Khartoum - Sudan	Tel. 00249 (15) 6550001 Fax. 00249 (15) 6550004
Arab Tunisian Bank	9 Hedi Noura Street, Tunis 1001	Tel. 00216 (71) 351155 Fax. 00216 (71) 342852
Al Nisr Al Arabi Insurance Co.	Esam Ajlouni St., Bldg. no. 21 Shmisani PO Box 9194 Amman 11191	Tel. 00962 (6) 5685171 Fax. 00962 (6) 5685890
Arab Bank - Syria	Mahdi Bin Baraka St., Abu Rummana PO Box 38 Damascus - Syria	Tel. 00963 11 9421 Fax. 00963 11 3349844
Turkland Bank	19 Mayis Mah. 19 Mayis Cad. Sisli Plaza A Blok no. 7 34360 Sisli - Istanbul - Turkey	Tel. 0090 (212) 3683434 Fax. 0090 (212) 3683535
Oman Arab Bank	North Ghubra, PO Box 2010 Ruwi 112 Sultanate of Oman	Tel. 00968 24754000 Tel. 00968 24797736
Arab National Bank	PO Box 56921 Riyadh 11564 Saudi Arabia	Tel. 00966 (11) 4029000 Fax. 00966 (11) 4027747
Arabia Insurance Co.	Company's Bldg., Phoenicia St. PO Box 2172 - 11 Beirut - Lebanon	Tel. 00961 (1) 363610 Fax. 00961 (1) 363659
Commercial Building Co.	Riad El-Solh Sq., Banks St., PO Box 6498 - 11 Beirut - Lebanon	Tel. 00961 (1) 980750 00961 (1) 980751 Fax. 00961 (1) 980752