

# Arab Bank Group

Annual Report 2015



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Distinguished Shareholders,

2015 was a year that saw many developments impacting the global economic landscape. Despite continued growth in the US economy and the improvement in the pace of activities across a number of European countries, the world's synchronized growth remains far from certain.

A combination of factors has led to this situation: a decline in primary commodity prices, the slowdown in China's economic growth, and a sharp fluctuation in currency rates and stocks across global markets – particularly in emerging countries.

On a regional level, the ongoing events in a number of countries, combined with deteriorating oil prices, have negatively impacted economic growth rates. As a result, this has increased pressure on public financing, causing a decrease in capital spending across both oil and non-oil producing countries.

In light of these volatile conditions, the Arab banking sector has encountered numerous challenges, among which are: limited financing opportunities, high operational risks, and restrictions and fluctuations in some of the Arab currency exchange rates. Moreover, low oil prices and a slowdown in government spending have negatively impacted banks operating in oil producing countries. The ramifications of these challenges have affected liquidity levels, as well as the pace of asset growth, leaving their mark on the banking sector's performance and profitability.

With its proven track record of dealing with market volatility, Arab Bank continued to perform strongly, despite various regional developments. This performance manifested itself through the Bank's operational profit of \$1.1 billion, and its high levels of liquidity. The Bank has also reinforced its ability to optimize its diverse income streams.

These achievements would not have been accomplished if not for the relentless confidence of our customers across all markets and sectors – in particular, their strong belief in our institutional and prudent banking policies implemented throughout our network.

In relation to the civil lawsuit that was filed against Arab Bank in New York back in 2004, a settlement agreement was entered into in 2015. This agreement is in the best interest of the Bank, and it has been entered into upon acceptable and satisfactory terms and without admission of liability of any wrongdoing by the Bank. This settlement agreement will put an end to the litigation, which has been outstanding for over 11 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.

During the year, Arab Bank continued to carry out its vision for development across the region through its active participation in financing vital infrastructure, intra-regional trade and renewable energy projects. This is in addition to providing banking services for SMEs as part of the Bank's efforts to support economic growth and job creation, and to achieve sustainable development.

Furthermore, the Bank launched and sponsored numerous economic, social, environmental, cultural and educational initiatives, as part of its social responsibility program.

We look to the future with confidence and optimism, relying on our profound values and rich history. Through our institutional principles and approach, and our competent manpower, we can expect even greater achievements, with favorable returns for our shareholders and customers, in the coming years.

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

My sincere thanks and appreciation also go to our valued customers for their continued trust and patronage, and to our employees across the board for their outstanding performance, professionalism, loyalty and dedication to this institution.

Assuring you of our ongoing commitment to continuing our journey of success and achievement at all levels.



**Sabih Taher Masri**  
Chairman of the Board of Directors



Distinguished Shareholders,

At the end of 2015, Arab Bank reported net operating income of USD 1.1 billion, with net income after tax and provisions reaching USD 442 million compared to USD 557 million in 2014 after having taken legal provisions of USD 349 million. This follows a settlement agreement which was entered into without any admission of wrongdoing and upon terms satisfactory to the Bank with respect to the legal case filed against the Bank in New York 11 years ago. The Bank has been setting aside provisions for this case during the past several years which at the end of 2015 stood at USD 1 billion.

At the same time, the underlying performance of the Bank was strong in 2015. Excluding the effect of foreign currency devaluations, loans and advances grew by 3% to reach USD 23.8 billion and customer deposits grew by 3% to reach USD 35.2 billion. Total Group equity stands at USD 8 billion.

The Bank succeeded in growing its revenues and in controlling its expenses which allowed it to achieve a healthy cost-income ratio of 42.3%. The Bank's loan portfolio continues to be healthy with the ratio of non-performing loans to gross loans improving to 4.8% despite the challenging conditions in the region. Credit provisions held against non-performing loans stood at a comfortable 109%, excluding the value of collaterals held. This is in addition to maintaining high liquidity levels with a loan-to-deposit ratio of 67.6% and a capital adequacy ratio of 14.2%.

The strong underlying performance of the Bank reflects the success it has had in growing its business across the different markets whilst at the same time managing risks effectively.

Throughout the year, Arab Bank received several awards and recognitions from leading international parties, most notably the award for Best Trade Finance Bank in the Middle East, from both Global Finance and EMEA Finance magazines. The Bank also received the Best Corporate Social Responsibility in the Middle East award from EMEA Finance magazine. This is in addition to receiving the Best Bank in Jordan award for 2015 from Global Finance, Euromoney, EMEA Finance, The Banker Middle East and Asiamoney magazines.

Arab Bank will continue to focus on supporting the vital and productive economic sectors, while harnessing our local, regional and global branch network to better serve customers across all segments.

In the period ahead, we will continue to maintain a high level of liquidity to support the Bank's operations and to protect our shareholders and customers. We will also maintain a high and comfortable capital adequacy ratio. We will continue to focus on operational efficiency and will aim to grow on a sound and sustainable basis based on conservative risk policies.

In conclusion, I would like to thank our esteemed customers for their continued trust, and our employees for their dedication and professionalism.



**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. CIB also works very closely with the different business lines and functions within the Bank in order to increase inter-business opportunities and ensure an efficient operating environment.

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, focused mostly on the region's top corporations and investors.

Working across different markets with diverse needs and varying circumstances, CIB constantly aims at delivering 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 of CIB in order to ensure that clients always receive a comprehensive banking experience.

The human capital is considered the cornerstone of CIB's success. Accordingly, CIB continues to invest in the 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 Bank continues to focus on implementing its consumer banking strategy by constantly developing the services and banking solutions offered to its customers through its comprehensive branch network and direct banking channels, both locally and regionally. Consumer Banking division provides individuals with a comprehensive range of programs specially designed to cater to the needs of the diverse customers' segments. The programs' offering ranges from Jeel Al Arabi, the special program for children, all the way to Elite – the exclusive program offered to our high net worth clients which is available in all our main markets. The Bank continues its efforts to further develop its programs to provide the appropriate relationship management model as these programs come at the heart of our services and are aligned with the customers' ever-growing needs and expectations.

Adopting advanced digital solutions whether in serving our customers or in our internal operations, is considered among the main pillars of the Bank's strategy. In this regard, various initiatives are continuously launched to develop the Bank's direct banking services and channels to ensure that we continue to offer the latest at this front.

Among 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 Premium clients via the Bank's network and online banking services.

### **Treasury**

Arab Bank's Treasury manages the Bank's liquidity and market risk, as well as providing expert advice and dealing services to Arab Bank's clients globally. The policy framework within which Treasury operates was developed and refined in 2015, and this investment will ensure that we continue to meet developing business needs and regulatory standards.



Our commitment to improving our processes also extends to developing the skills of our team of Treasury professionals. During 2015 the Bank's Treasury conducted more technical and professional training courses to a broader range of staff members.

Treasury's role is to ensure not only that the Bank generates surplus liquidity, but also that it is invested in prudent, conservative ways. Surplus liquidity is managed in the following ways;

1. Short term placements with Central Banks
2. Short term deposits with high quality banks
3. A multi-currency portfolio of highly liquid bonds and Treasury Bills

Maintaining low credit risk and low market risk with high liquidity are Treasury's highest priorities. This is in line with the Bank's keenness to provide integrated products and services, in order to meet the diverse needs of clients, and protect their interests under all circumstances, wherever the Bank operates.

Treasury Sales services are available throughout the Bank's network, with a full range of products and services available to our clients, whether they are exporters, importers or savers. The Bank's Treasury further developed its ability to serve these clients during 2015 by increasing the number of staff members serving our clients.

Arab Bank believes in the importance of derivatives in protecting the income and interests of the Bank and its clients. Arab Bank's Treasury maintained its position as a leading source of foreign exchange and interest rate risk hedging expertise. The full-time team advised on and executed deals throughout the region, protecting the income of our 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 2015.

Country	Number of Branches	Operating Since	No. of Employees
Jordan	76 (Including HO)	1934	2934
Algeria	8	2001	245
Bahrain	6	1960	184
China (Representative Office)	1	1985	4
Egypt	38	1944	1132
Lebanon	11	1944	313
Morocco	5	1962	161
Palestine	29	1930	896
Qatar	4	1957	135
South Korea (Representative Office)	1	1989	3
Singapore	1	1984	48
UAE	7	1963	283
USA (New York Agency)	1	1982	5
Yemen	8	1972	232
Kazakhstan (Representative Office)	--	2004	--
<b>Total</b>	<b>196</b>	<b>--</b>	<b>6575</b>

## Branches &amp; Staff Distribution According to Governorates

Governorate	Number of Branches	No. of Employees
Amman	51 (Including Head Office)	2743
Irbid	4	38
Zarqa	7	56
Aqaba	1	18
Balqa'a	5	27
Karak	1	9
Mafraq	1	8
Ma'adaba	1	8
Jarash	1	5
Ma'an	2	9
Tafeila	1	7
Ajloun	1	6
<b>Total</b>	<b>76</b>	<b>2934</b>

## 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	38
Lebanon	1944	11
Morocco	1962	5
Palestine	1930	29

Address	No. of Employees
	245
15 Al-Sa'ada Street, Shabani Haidara Valley, Algeria Tel. 00213 (21) 608725 Fax. 00213 (21) 480001	
	184
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	
	1132
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	
	161
P.O Box 13810 174 Mohamed V Street, Casablanca Tel. 00212 (5) 2222 3152 Fax. 00212 (5) 2220 0233	
	896
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
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Qatar	1957	4
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South Korea (Representative Office)	1989	1
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Singapore	1984	1
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United Arab Emirates	1963	7
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Abu Dhabi Branch

Dubai Branch

United States of America	1982	1
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(New York Agency)

Yemen	1972	8
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<b>Total</b>		<b>120</b>
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Address	No. of Employees
	135
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	
	48
80 Raffles Place –UOB Plaza 2 # 32-20 Singapore 048624 Tel. 0065 65330055 Fax. 0065 65322150	
	283
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	
	232
P.O Box 475 & 1301 Zubairi Str. – Sana'a Tel. 00967 (1) 276585/93 Fax. 00967 (1) 276583	
	<b>3641</b>



Entity	No. of Employees
Arab Bank plc	6575
Europe Arab Bank plc	132
Arab Bank (Switzerland) Limited	103
Arab Bank Australia Limited	120
Islamic International Arab Bank	852
Arab Sudanese Bank Limited	77
Arab Tunisian Bank	1277
Arab Bank – Syria	288
Al Arabi Investment Group (AB Invest)	36
Al Arabi Investment Group / Palestine	8
Al Nisr Al Arabi Insurance Company	295
Arab Company for Shared Services FZ	135
Arab Gulf - Tech for IT Services FZ	38
Arab National Leasing Company	29
<b>Total</b>	<b>9965</b>

The capital investment of Arab Bank plc amounted to JOD 190.9 million, representing net fixed assets of the Bank as of the end of year 2015 in comparison to JOD 192.3 million as of the end of year 2014.



The following is a brief description of Arab Bank subsidiaries and sister company and their results for 2015.

#### **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 2015 compared to 2014:

In CHF (thousands)	2015	2014
Capital	26 700	26 700
Total shareholders' equity	513 228	504 932
Total assets	3 239 108	3 008 541
Cash and quasi cash	1 938 876	1 749 683
Direct credit facilities	1 204 544	1 171 597
Total external sources of funds (customers' & banks' deposits)	2 677 153	2 458 826
Total revenues	62 345	56 077
Net profit / (loss) before tax	19 216	17 321
Net profit / (loss) after tax	12 877	11 862



### Arab Bank Australia Limited:

Arab Bank Australia Limited founded in Australia in 1994. The current paid capital of the bank is AUD 62.5 million. The bank is a wholly owned subsidiary of Arab Bank plc. Through a network of 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 2015 compared to 2014:

In AUD (thousands)	2015	2014
Capital	62 500	62 500
Total shareholders' equity	116 642	118 055
Percentage ownership	100%	100%
Bank share of net income / (loss)	(1 517)	(4 213)
Total assets	1 027 331	956 792
Cash and quasi cash	258 338	320 391
Direct credit facilities	750 235	617 331
Total external sources of funds (customers' & banks' deposits)	900 329	826 896
Total revenues	23 818	21 843
Net profit / (loss) before tax	(1 992)	(5 872)
Net profit / (loss) after tax	(1 517)	(4 213)



### Europe Arab Bank plc:

Europe Arab Bank plc is a limited liability company established in 2006. The current paid capital of the bank is EUR 610 Million. The Bank is a wholly owned subsidiary of Arab Bank plc, with its headquarters in London. EAB has a European passport that enables it to open branches anywhere in the European Union. The Bank operates in UK, Germany, Italy, and France. EAB provides all types of banking products and services, including retail banking and treasury services, to its customers.

The following table lists the main financial highlights of 2015 compared to 2014:

In EUR (thousands)	2015	2014
Capital	609 987	609 987
Total shareholders' equity	310 400	264 083
Percentage ownership	100%	100%
Bank share of net income / (loss)	7 405	8 875
Total assets	3 576 410	3 343 639
Cash and quasi cash	2 191 978	1 826 002
Direct credit facilities	1 316 730	1 454 713
Total external sources of funds (customers' & banks' deposits)	3 218 103	3 009 633
Total revenues	52 041	50 284
Net profit / (loss) before tax	7 677	8 904
Net profit / (loss) after tax	7 405	8 875

### 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 2015 compared to 2014:

In JOD (thousands)	2015	2014
Capital	100 000	100 000
Total shareholders' equity	140 098	130 806
Percentage ownership	100%	100%
Bank share of net income / (loss)	16 638	13 365
Total assets	1 789 936	1 559 268
Cash and quasi cash	747 760	635 822
Direct credit facilities *	995 119	874 744
Total external sources of funds (customers' & banks' deposits)	1 612 436	1 397 036
Total revenues	52 114	44 094
Net profit / (loss) before tax	25 010	19 092
Net profit / (loss) after tax	16 638	13 365

\* 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 2015 compared to 2014:

In SDG (thousands)	2015	2014
Capital	117 515	117 515
Total shareholders' equity	201 666	191 103
Percentage ownership	100%	100%
Bank share of net income / (loss)	30 422	27 693
Total assets	1 361 648	1 155 455
Cash and quasi cash	977 538	833 043
Direct credit facilities	330 850	274 481
Total external sources of funds (customers' & banks' deposits)	994 781	853 036
Total revenues	75 015	68 956
Net profit / (loss) before tax	40 713	35 962
Net profit / (loss) after tax	30 422	27 693





### 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 129 branches, spread in Tunisia.

The following table lists the main financial highlights of 2015 compared to 2014:

In TND (thousands)	2015	2014
Capital	100 000	100 000
Total shareholders' equity	547 128	497 150
Percentage ownership	64.24%	64.24%
Bank share of net income / (loss)	45 688	32 488
Total assets	5 352 411	4 982 072
Cash and quasi cash	1 773 909	1 696 997
Direct credit facilities	3 394 249	3 138 941
Total external sources of funds (customers' & banks' deposits)	4 723 199	4 398 832
Total revenues	203 892	174 607
Net profit / (loss) before tax	74 245	53 004
Net profit / (loss) after tax	71 121	50 573



### 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 2015 compared to 2014:

In SYP (millions)	2015	2014
Capital	5 050	5 050
Total shareholders' equity	12 471	6 928
Percentage ownership	51.29%	51.29%
Bank share of net income / (loss)	(1 026)	(1 562)
Total assets	55 066	44 330
Cash and quasi cash	39 356	28 286
Direct credit facilities	12 308	12 949
Total external sources of funds (customers' & banks' deposits)	41 640	36 602
Total revenues	1 349	856
Net profit / (loss) before tax	(2 000)	(3 046)
Net profit / (loss) after tax	(2 000)	(3 046)

**Al Arabi Investment Group (AB Invest) LLC:**

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 2015 compared to 2014:

In JOD (thousands)	2015	2014
Capital	14 000	14 000
Total shareholders' equity	18 132	19 798
Percentage ownership	100%	100%
Bank share of net income / (loss)	331	910
Total assets	25 325	31 158
Cash and quasi cash	24 472	29 190
Direct credit facilities	-	-
Total external sources of funds (customers' & banks' deposits)	-	-
Total revenues	2 053	2 829
Net profit / (loss) before tax	435	1 204
Net profit / (loss) after tax	331	910

**Arab National Leasing Company LLC:**

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 2015 compared to 2014:

In JOD (thousands)	2015	2014
Capital	25 000	25 000
Total shareholders' equity / (loss)	73 912	73 927
Percentage ownership	100%	100%
Bank share of net income	5 000	5 009
Total assets	96 195	89 835
Cash and quasi cash	2 097	989
Investment in leasing contracts	89 877	84 284
Total external sources of funds (customers' & banks' deposits)	-	-
Total revenues	8 022	8 655
Net profit / (loss) before tax	6 792	6 602
Net profit / (loss) after tax	5 000	5 009

**Al Nisr Al Arabi Insurance Co. plc:**

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 2015 compared to 2014:

In JOD (thousands)	2015	2014
Capital	10 000	10 000
Total shareholders' equity	21 281	21 018
Percentage ownership	50%+ 2 Shares	50%+2 Shares
Bank share of net income / (loss)	1 219	989
Total assets	66 958	58 007
Cash and quasi cash	17 441	16 132
Total Investments	44 177	36 597
Total external sources of funds (customers' & banks' deposits)	-	-
Total revenues	21 547	19 057
Net profit / (loss) before tax	3 159	2 679
Net profit / (loss) after tax	2 439	1 979

**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 2015 compared to 2014:

In JOD (thousands)	2015	2014
Capital	1 700	1 700
Total shareholders' equity	1 417	1 486
Percentage ownership	100%	100%
Bank share of net income / (loss)	(68)	(97)
Total assets	2 601	2 227
Cash and quasi cash	2 435	1 874
Total Investments	-	-
Total external sources of funds (customers' & banks' deposits)	-	-
Total revenues	269	246
Net profit / (loss) before tax (including establishment exp. and registration fees)	(68)	(97)
Net profit / (loss) after tax (including establishment exp. and registration fees)	(68)	(97)

**More than  
600 branches  
across 5 continents**



**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-jordan.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	36
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 al-nisr@al-nisr.com	Insurance services	JOD 10 Million	295
Islamic International Arab Bank	Public Shareholding	Wasfi Al Tal St., Bldg. no. 20, PO Box 925802 Amman 11190 Jordan Tel. +962 6 5694901 Fax. +962 6 5694914 www.iiabank.com.jo	Islamic banking	JOD 100 Million	852

**Second : Arab & Foreign Companies:**

Entity	Type	Address	Type of Activity	Capital	No. of Employees
Al Arabi Investment Group	Private Shareholding	Rammallah, old town , Al-Harjeh Bldg., 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 Rue Hedi Noura, 1001 Tunis 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	1.277
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	288



No. of Branches	Name	Major Shareholders (5% or more of capital)			
		No. of Shares as of 31/12/2014	%	No. of Shares as of 31/12/2015	%
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	961 763	9.62%	966 960	9.67%
	Zaid Sabella	894 794	8.95%	894 794	8.95%
41	Arab Bank plc	100 000 000	100%	100 000 000	100%

No. of Branches	Name	Major Shareholders (5% or more of capital)			
		No. of Shares as of 31/12/2014	%	No. of Shares as of 31/12/2015	%
1	Arab Bank plc	1 700 000	100%	1 700 000	100%
129	Arab Bank plc	64 237 531	64.24%	64 237 531	64.24%
	Zarzari Complex	5 576 281	5.58%	5 575 287	5.58%
19	Arab Bank plc	25 899 385	51.29%	25 899 385	51.29%
	Alia Talal Zain	2 525 000	5%	2 525 000	5%
	Samer Salah Danial	2 525 000	5%	2 525 000	5%
	Moh'd Kamel Sharabati	2 525 000	5%	2 525 000	5%

Entity	Type	Address	Type of Activity	Capital	No. of Employees
Arab Sudanese Bank Limited	Private Shareholding	Wahat El- Khartoum Towers, P.O Box 955, Khartoum, Sudan Tel. +2491 56550001 Fax. +2491 56550003	Islamic banking	USD 50 Million	77
Arab Gulf-Tech for IT Services FZ	Limited Liability	Dubai Out Source Zone (DOZ), ACSS building, 2nd floor, Dubai, UAE Tel: +971 4 4450249 Fax: +971 4 4495466	IT services for Arab Bank branches	USD 1.5 Million	38
Arab Company for Shared Services FZ	Limited Liability	Dubai Out Source Zone (DOZ), P.O Box 11364 Dubai, UAE Tel: +971 4 4450701 Fax: +971 4 4495463	Financial services for Arab Bank branches	AED 40.37 Million	135
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 62.5 Million	120
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	132

### Third : Sister Company:

Arab Bank (Switzerland) Ltd.	Public Shareholding	10-12 Place de Longemalle, P.O.Box 3575, CH-1211 Geneva 3, Switzerland Tel. +41 22 715 1211 Fax. +41 22 715 1311	Commercial banking	CHF 26.7 Million	103
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No. of Branches	Name	Major Shareholders (5% or more of capital)			
		No. of Shares as of 31/12/2014	%	No. of Shares as of 31/12/2015	%
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%	62 500 000	100%
6 (Includes Head Office)	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 31/12/2015:**

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 LLC	Financial Leasing	100%	Subsidiary	Jordan
Al Arabi Investment Group Co. (AB Invest) LLC	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. Plc	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 31/12/2015:**

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	38.23%	Affiliated	Lebanon
Commercial Building Co.	Real Estate / Leasing	35.24%	Affiliated	Lebanon

\* Arab Bank Group retained 50% ownership of Turkland Bank as of 31/12/2015.



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



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



<b>Name</b>	<b>Ministry of Finance, Saudi Arabia Represented by Mr. Saleh Saad Al-Muhanna</b>
<b>Title</b>	<b>Member of the Board of Directors / Non Executive / Non Independent</b>
<b>Date of membership</b>	- Legal Entity : 29/4/1966 - Legal Entity's Representative : 31/3/2006
<b>Date of birth</b>	11/1/1959
<b>Academic qualifications</b>	- 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
<b>Experiences</b>	- Deputy Minister for Financial and Accounts Affairs, Ministry of Finance, Saudi Arabia - Sovereign Rating of Saudi Arabia (since 2001) - Member of the Board of Directors of Saudi Electricity Company (since 2009) - Member of the Executive Committee of Saudi Electricity Company (since 2009 ) - Member of the 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 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)



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



<b>Name</b>	<b>Social Security Corporation</b>
<b>Title</b>	<b>Member of the Board of Directors / Non Executive / Non Independent</b>
<b>Date of membership</b>	20/9/2001

The Social Security Corporation is a national institution that extends its social security umbrella through implementing an extended social insurance scheme. The Corporation is a pioneer in providing sustainable social security services and contributing into the national economic development.

The Social Security Corporation is a Juridical person that enjoys financial and administrative independence. The Corporation has a Board of Directors chaired by the Minister of Labor.

The Social Security Investment Fund has been established to maximize the returns of The Social Security Corporation while maintaining the real value of its assets to enable it meet its future obligations.

The Social Security Investment Fund also manages the Corporation's representation in the Boards of Directors of the companies. The Fund enjoys an administrative independence and has an Investment board chaired by an independent Chairman.



<b>Name</b>	<b>Mohammed Ahmad Mokhtar Hariri</b>
<b>Title</b>	<b>Member of the Board of Directors / Non Executive / Non Independent</b>
<b>Date of membership</b>	6/11/2005
<b>Date of birth</b>	9/11/1958
<b>Academic qualifications</b>	B.Sc. in Business Administration, University of Ottawa - Canada, 1979
<b>Experiences</b>	<ul style="list-style-type: none"> <li>- Over 30 years experience in the management of Saudi Oger Ltd., Saudi Arabia and other affiliated entities including Banking, Telecommunication, and Investment outside Saudi Arabia.</li> <li>- Chairman of the Board of Directors of GroupMed(Holding), Lebanon (since 7/2005)</li> <li>- Chairman of the Board of Directors and General Manager of BankMed sal and all of its subsidiaries (since 7/2005).</li> <li>- Chairman of the Board of Directors of GroupMed International Holding Limited – Dubai (since 5/2008)</li> <li>- Chairman of the Board of Directors of Oger Telecom Ltd., Dubai (since 8/2005)</li> <li>- Chairman of the Board of Directors of Turk Telekom A.S., Turkey (since 11/2005)</li> <li>- Chairman of the Board of Directors of AVEA Iletisim Hizmetleri A.S., Turkey (since 11/2005)</li> <li>- Chairman of the Board of Directors of TTNNet A.S., Turkey (since 11/2012)</li> <li>- Chairman of the Board of Directors of Cell C, South Africa (since 3/2013)</li> <li>- Chairman of the Board of Directors of Al Mal Investment (Holding), Lebanon (since 7/2005)</li> <li>- Chairman of the Board of Directors of Saudi Med Investment Co., Saudi Arabia (since 2007)</li> <li>- Vice Chairman of Saudi Oger Ltd., Saudi Arabia</li> <li>- Member of the Board of Directors of 3C Telecommunications (PTY), South Africa (since 6/1999)</li> <li>- Member of the Board of Directors of Ojer Telekomunikasyon A.S., Turkey (since 8/2005).</li> <li>- Member of the Board of Directors of Entreprise de Travaux Internationaux (ETI), France (since 6/2003)</li> <li>- Member of the Board of Directors of Oger Interational S.A., France (since 5/2003)</li> <li>- Member of the Board of Directors of Association of Banks in Lebanon</li> </ul>



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



**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 since 2013
- President of the Royal Society for the Conservation of Nature 2011
- Chairman of Birdlife International 2012
- Founder and CEO of E2e Company (since Jan. 2011)
- 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 – April 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



<b>Name</b>	<b>Bassam Wael Rushdi Kanaan</b>
<b>Title</b>	<b>Member of the Board of Directors / Non Executive / Independent</b>
<b>Date of membership</b>	22/1/2013
<b>Date of birth</b>	10/5/1965
<b>Academic qualifications</b>	<ul style="list-style-type: none"> <li>- Executive Masters of Business Administration (MBA), USA 1998</li> <li>- Bachelor of Arts (BA) in Economics/Accounting, Claremont McKenna College, Los Angeles 1986</li> <li>- Chartered Financial Analyst (CFA) - 2001</li> <li>- Certified Public Accountant (CPA) California, USA - 1989</li> </ul>
<b>Experiences</b>	<ul style="list-style-type: none"> <li>- More than twenty five years in senior executive positions at leading private sector and publicly listed companies.</li> <li>- President &amp; COO, MENA and EU , Hikma Pharmaceuticals Plc (2011-present)</li> <li>- Chief Financial Officer , Hikma Pharmaceuticals Plc (2001-2011).</li> <li>- Chief Financial Officer, Palestine Development &amp; Investment Ltd (PADICO) 1994-2001</li> <li>- Audit Manager, Deloitte &amp; Touche, Los Angeles, USA, 1986-1993.</li> <li>- Member of the Board of Directors of Palestine Telecommunications Company (PALTEL), 2001- 2002</li> <li>- Member of the Board of Directors of Central Electricity Generation Company (CEGCO), Jordan 2004-2005</li> <li>- Member of the Board of Directors and Audit Committee, Zara Investment Holding Company 2006-2010</li> <li>- Member of the Board of Directors and Chairman of the Audit Committee of Capital Bank of Jordan (formerly Export Finance Bank) 2007-2009</li> <li>- Member of the Board of Directors and Chairman of the Audit Committee, Aqaba Development Company (ADC) 2008-2012</li> <li>- Member of the Board of Trustees and Member of the Board of Directors of Welfare Association 2011- present.</li> <li>- Member of the Board of Directors of Royal Society for the Conservation of Nature – Jordan 2014 – present.</li> <li>- Member of the Board of Trustees of Yarmouk University (since 2015).</li> </ul>

**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 &amp; Accounting, Georgetown University 1989

**Experiences**

- Co-Founder & Managing Member, Zuaiter Capital Holdings, LLC (April 2013 – present)
- Chairman of the Board of Directors of Adecoagro (2003 – present)
- Chairman of the Board of Directors of RoC Capital Management, Dubai (September 2002 - present)
- Member of the Board of Directors of Capital Holdings Funds plc (2014 - present)
- Member of the Board of Advisors, iMENA Group Ltd. (2013 – present)
- Member of the Board of Regents at Georgetown University (2014 – present)
- Member of the Board of Trustees & Investment Committee, Welfare Association (2011 – 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 – 2002)



<b>Name</b>	<b>Alaa Arif Saad Batayneh</b>
<b>Title</b>	<b>Member of the Board of Directors / Non Executive / Independent</b>
<b>Date of membership</b>	22/4/2015
<b>Date of birth</b>	6/6/1969
<b>Academic qualifications</b>	<ul style="list-style-type: none"> <li>- MS Degree in Management Information Systems, The George Washington University 1993</li> <li>- B.S.c of Science in Electrical Engineering, The George Washington University 1991</li> </ul>
<b>Experiences</b>	<ul style="list-style-type: none"> <li>- Chief Executive Officer – Eagle Hills / Jordan (2015 – present)</li> <li>- General Manager – Al Arif for Consultancy (2013 – 2015)</li> <li>- Senator in The Upper House of Parliament (2013 – present)</li> <li>- Minister of Energy &amp; Mineral Resources &amp; Minister of Transport (2012 – 2013)</li> <li>- Minister of Energy &amp; Mineral Resources (5/2012 – 10/2012)</li> <li>- Minister of Transport (2011 – 2012)</li> <li>- Minister of Transport (2009 – 2011)</li> <li>- Minister of Public Works &amp; Housing (2/2009 – 12/2009)</li> <li>- Minister of Transport (2007 – 2009)</li> <li>- Director General / Customs Department (2005 – 2007)</li> <li>- Secretary General of Ministry of Transport / Ministry of Transport (2000 – 2005)</li> <li>- General Manager – Al Ajdal Consultancy (1998-2000)</li> <li>- Head of Project Management – New Work Co. (1994 – 1998)</li> <li>- Communication Engineer – Racal Avionics / London (1992 – 1994)</li> <li>- Engineer, Research Department – Intelsat , Washington – USA 1991</li> <li>- Member of the Board of Trustees / The King Hussein Cancer Foundation</li> <li>- Member of the Board of Trustees / King Abdullah II Centre for Excellence</li> <li>- Member of the Board of the Royal Jordanian Airlines</li> <li>- Member of the Board of Jordan Petroleum Refinery</li> </ul>

**Mr. Nemeh Elias Sabbagh**  
**Chief Executive Officer**



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

**Academic Qualifications:**

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

**Experience:**

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



**Ms. Randa Muhammad Sadik**  
**Deputy Chief Executive Officer**



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

**Academic Qualifications:**

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

**Experience:**

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

**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

**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)

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

Date of appointment : 1/8/2003

Date of birth : 8/1/1964

**Academic Qualifications:**

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

**Experience:**

- Chief Financial Officer, Arab Bank, (July 2008 - 31/12/2012)
- Head of Group Internal Audit, Arab Bank (1/8/2003 - 30/6/2008)
- Head of Financial Control and Risk Management, Gulf Investment Corporation, Kuwait, (2/2003 – 7/2003)
- Partner, KPMG Certified Accountants & Auditors, Amman, Jordan (1994 – 2003)
- Assistant Manager, Jordan National Bank, Amman, (1992 – 1993)
- Senior Audit, Arthur Andersen & Co. (1989 – 1992)
  
- Member of the Board of Directors of Arab Tunisian Bank - Tunisia
- Member of the Board of Directors of Europe Arab Bank plc- London

**Name : Mr. Dawod Mohammad Dawod Al-Ghoul**  
**EVP - Chief Financial Officer**



Date of appointment : 2/11/2008  
 Date of birth : 25/5/1971

#### Academic Qualifications:

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

#### Experience:

- Executive Vice President - Chief Financial Officer since 1/1/2013
- Executive Vice President – Financial Planning and Investments – Arab Bank ( 2008 – 2012 )
- Director of Finance – Saraya Holdings ( 2007 – 2008 )
- Head of taxation – Arab Bank ( 2003 – 2007 )
- Consultant in international accounting and taxation – KPMG – United States of America ( 2000 – 2003 )
- Finance Manager – Schlumberger – Dubai ( 1997 – 2000 )
- Senior Auditor – Arthur Andersen – Dubai ( 1995 – 1997 )
  
- Board member - International Islamic Arab Bank
- Board member – Wehda Bank ( 9/2013 – 7/2015 )
- Board Member - Arab Tunisian Bank - Tunisia



**Basem Ali Al-Imam, Lawyer**  
**Head of Legal Affairs Division**



Date of appointment : 15/4/2003

Date of Birth : 19/4/1968

**Academic Qualifications:**

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

**Experience:**

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

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



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

**Academic Qualifications:**

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

**Experience:**

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

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

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

**Academic Qualifications:**

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

**Experience:**

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

**Mr. Michael Matossian**  
**EVP - Chief Compliance Officer**



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

**Academic Qualifications:**

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

**Experience:**

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

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

Date of appointment : 1/11/2009

Date of birth : 14/04/1965

**Academic Qualifications:**

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

**Experience:**

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

**Khulud Walid Eisawi**  
**Head of Secretariat Department**



Date of appointment : 23/9/1989  
Date of birth : 3/10/1967

**Academic Qualifications:**

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

**Experience:**

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

Name	Title	Resignation Date
Omar Ben Amor Bouhadiba	EVP - Head of Corporate & Institutional Banking	15/9/2015
Mohamad Mousa Dawoud Mohamad Issa	EVP - Country Manager of Jordan	5/11/2015
Ghassan Hanna Suleiman Tarazi	EVP - Secretary of the Board, Head of Secretariat Division, Investments and Investors Relations	31/12/2015

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

The 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 the 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 its banking activities and business deals.

Such policies aim at enhancing the Bank's long-term performance and making sure that revenues have been materialized, particularly future revenues that consider uncertain factors. 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 emphasises the link between the bonus amount, the period it will be granted over, and the actual attainment of futures results.

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

The Bank also believes 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.



	Shareholder Name	Nationality	Number of shares 31.12.2014	Ownership % 31.12.2014	Number of shares 31.12.2015	Ownership % 31.12.2015
1.	Social Security Corporation	Jordanian	90434944	15.877%	102472434	15.991%
2.	Oger Middle East Holding	Lebanese	112974480	19.834%	127096290	19.834%



In addition to holding 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, making it a pillar of trust for its customers and shareholders under all circumstances. Reinforcing this unique position, Arab Bank Group enjoys the widest Arab banking branch network in the world with over 600 branches.

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

During 2015, Arab Bank received many awards and recognitions from leading international parties, most notably the award for Best Trade Finance Bank in the Middle East from both Global Finance and EMEA Finance magazines. The Bank also received the Best Corporate Social Responsibility in the Middle East award from EMEA Finance magazine.

The list of Arab Bank's 2015 awards also includes Best Bank in Jordan by Global Finance, Euromoney, EMEA Finance, The Banker Middle East and Asiamoney magazines. In addition, the Bank received several awards from Global Finance magazine including: Best Trade Finance Bank in Jordan, Morocco and Yemen, Best Foreign Exchange Provider in Jordan and the Best Bank in Social Media award in the Middle East and Africa.

Furthermore, Arab Bank received the Best Asset Manager award in Jordan from EMEA Finance and the Best Trade Bank in Jordan award from Global Trade Review magazine. Arab Bank was also recognized by the World Union of Arab Bankers as the Biggest Arab Banking Network for 2015.

**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	19.6%	19.7%	14.3%
Palestine	25.3%	28.18%	25.81%
Bahrain	2.21%	1.19%	2.63%
Egypt	1.73%	1.96%	2.08%
Lebanon	0.80%	0.82%	1.43%
Qatar	0.67%	0.97%	0.66%
UAE	0.67%	0.75%	0.90%

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 and Palestine in terms of total assets, deposits and credit facilities.

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

## MAJOR SUPPLIERS AND CLIENTS

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

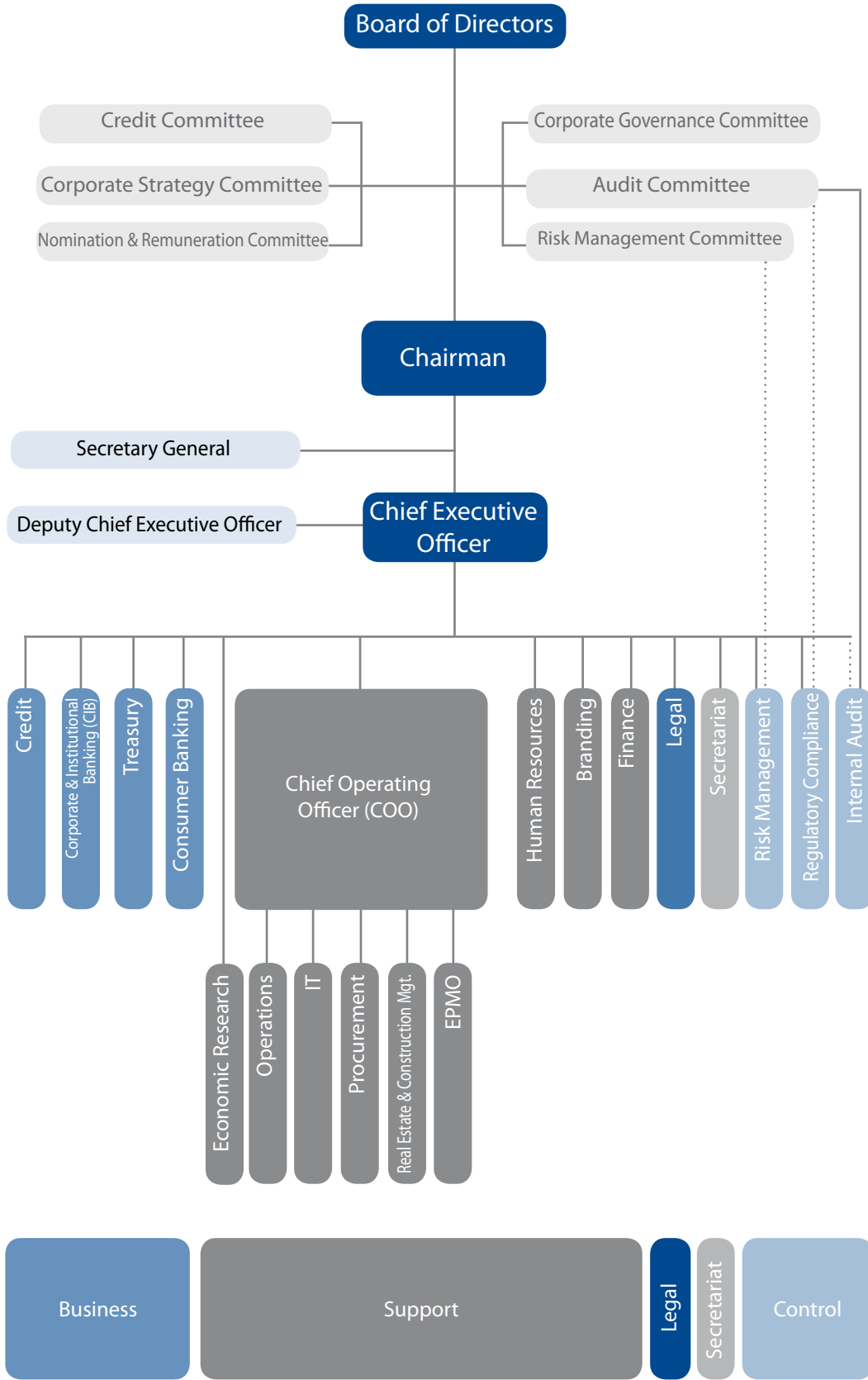
No decrees, laws or regulations were issued by any governmental bodies or international organizations that would have material impact on the Bank, its products or its competitive capabilities, noting that the international quality standards are not applicable to the Bank.

In 2015, Arab Bank received the following ratings from international credit rating agencies:

- (BBB-) with (Negative) outlook from Fitch, in June
- (Ba2) with (Stable) outlook from Moody's, in September
- (BB-) for Arab Bank plc, 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



## NUMBER OF STAFF AND ACADEMIC QUALIFICATIONS

Academic Qualifications	Arab Bank plc	Europe Arab Bank plc	Arab Bank (Switzerland) Ltd.	Arab Bank Australia Ltd.	Islamic International Arab Bank	Arab Sudanese Bank Ltd.	Al-Arabi Investment Group (AB Invest)	Arab Tunisian Bank
PhD	7	0	4	1	9	2	0	0
Master's degree	558	22	13	12	77	18	7	203
Advanced diplomas	23	23	31	45	3	2	1	361
Bachelor's degree	4265	49	13	26	536	49	21	110
Junior college	617	8	15	17	123	1	2	56
High school	573	30	26	18	39	2	1	198
Sub high school	532	0	1	1	65	3	4	349
<b>Total Employees</b>	<b>6575</b>	<b>132</b>	<b>103</b>	<b>120</b>	<b>852</b>	<b>77</b>	<b>36</b>	<b>1277</b>



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
1	0	0	0	0	0	24
24	19	22	6	3	2	986
3	0	3	0	0	1	496
193	236	86	29	18	4	5635
32	25	14	3	5	0	918
24	6	10	0	1	1	929
11	9	0	0	2	0	977
288	295	135	38	29	8	9965

Area	Talent and Ruwad		In house							
			Internal Trainers				In house/Training Partners			
			Technical		Soft		Technical		Soft	
	Courses	Trainees	Courses	Trainees	Courses	Trainees	Courses	Trainees	Courses	Trainees
Jordan	24	237	207	3974	3	72	39	463	11	170
Palestine	32	323	65	1176	2	22	2	24	13	145
Egypt	0	0	20	248	0	0	16	189	5	59
Morocco	2	2	0	0	0	0	0	0	0	0
Algeria	0	0	9	181	0	0	4	34	0	0
Lebanon	7	8	25	381	0	0	0	0	0	0
Yemen	0	0	0	0	0	0	0	0	0	0
Bahrain	1	1	12	22	0	0	2	6	1	5
UAE	0	0	11	27	0	0	43	100	19	52
Qatar	1	2	5	76	0	0	2	18	1	9
<b>Total per Item</b>	<b>67</b>	<b>573</b>	<b>354</b>	<b>6085</b>	<b>5</b>	<b>94</b>	<b>108</b>	<b>834</b>	<b>50</b>	<b>440</b>



		External		E-Learning		Certifications and Business Skills		Grand Total Per Area		
		Technical		Soft						
	Courses	Trainees	Courses	Trainees	Courses	Trainees	Courses	Trainees	Courses	Trainees
	131	533	6	6	816	6844	58	200	1295	12499
	20	36	7	31	1	5	10	56	152	1818
	22	55	1	2	172	693	1	8	237	1254
	3	9	0	0	8	24	4	20	17	55
	6	46	0	0	18	51	1	16	38	328
	69	291	5	52	105	214	2	4	213	950
	11	21	5	10	42	63	0	0	58	94
	41	52	1	1	22	31	5	5	85	123
	45	59	13	14	149	263	13	26	293	541
	8	10	1	1	7	7	2	3	27	126
	356	1112	39	117	1340	8195	96	338	2415	17788

## 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 (High ALCO)
- 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 enjoys independence from executive management and reports to the Audit Committee of the Board. It contributes to achieving the Bank's objectives by following a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. It also provides an independent and objective assurance that the Bank's functions work in compliance with approved policies and procedures, and provides assurance that all functions are committed to maintain effective and efficient internal control environment, within approved methodologies and frameworks. Group Internal Audit provides the Board Audit Committee, the Chief Executive Officer and the respective business units with the audit outcome and monitors implementation of the remediation actions.

## RISK MANAGEMENT

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

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

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

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

- The Credit Risk Management Department is responsible for the centralized reporting of credit risk, 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 risk management framework, as part of the overall strengthening and continuous improvement of the controls within the Bank. The framework consists of policies and aims at the identification, assessment, mitigation, monitoring, and reporting of operational risk in all business activities. Major tools used include Risk and Control Assessment (RCSA), Key Risk Indicators (KRIs), and Loss data analysis.
- The Information Security Department leads a Bank-wide framework aimed at minimizing information and technology risks, maximizing compliance and enabling the safe use of technology in all lines of business including the electronic banking services enjoyed by our clients. The goal is to ensure that information assets, people, processes and technologies are adequately protected from threats, whether internal or external, deliberate or accidental. Our strategy recognizes the importance of Information Security in establishing trust between our customers, business partners, employees and the Bank and includes activities to promote good security practices, raise information risk awareness, strengthen controls, and enhance the effectiveness of security monitoring and incident response.
- The Business Continuity 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 policies through a centralized database whether these are global or local. It ensures that insurable risks are appropriately mitigated, and establishes minimum insurance criteria at the Group and country level. The department also provides the Business Units with the necessary support in reviewing and delivering customized

insurance coverage for products, portfolios, or individual transactions.

- 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 low risk strategy combined with its dynamic and proactive approach in managing credit risk are key elements in achieving its strategic objective of maintaining and further enhancing its asset quality and credit portfolio risk profile. The conservative, prudent and well-established credit standards, policies and procedures, risk methodologies and frameworks, solid structure and infrastructure, risk monitoring and control enable the Bank to deal with the emerging risks and challenges with a high level of confidence and determination.

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

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

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



- Early warning system is continually validated and modified to ensure proper functioning for risk identification.
- Systematic and objective credit risk rating methodologies that are based on quantitative, qualitative and expert judgment, these methodologies undergo regular validation and calibration processes.
- Systematic credit limits management enabling the Bank to monitor its credit exposure on daily basis at country, borrower, industry, credit risk rating and credit facility type levels.
- Solid documentation and collateral management processes where collateral is continuously monitored and assessed to ensure proper coverage and top-up triggers.
- Annual and interim individual credit reviews to ensure detecting any weakness signs or warning signals and considering proper remedies in case of need.
- Strict control and monitoring systems which are based on disciplined follow up and monitoring.
- The Bank offers several consumer banking products which are managed on a product portfolio basis through a well-established Credit Product Program. The program is considered the principal approval vehicle for credit products offered to a homogenous set of customers in multiple locations, and is subject to annual review and approval and regular assessment of the program performance at Arab Bank Head Office.
- Conservative approach to provisioning and managing bad debt collection through roll rate, vintage analysis and delinquency trends analysis to enable the early identification of problem areas. 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 or backsliding indicators occur which might require additional precautionary measures.
- Regular Stress-testing scenarios for top exposures and portfolios and assessment of impact on capital and earnings.
- The Bank continues to upgrade its systems and technological infrastructure to further enhance performance and to continually adapt to changing environments.

Our credit processes as noted above are supplemented by sectoral portfolio reviews focused on countries, regions or specific industries which are intended to identify any inherent risks in the portfolios resulting from changes in market conditions and are supplemented by independent reviews by the Business Risk Review team in Group Risk Management and by our Group Internal Audit.

The Bank continuously works to build a highly motivated team, and to promote a culture where continuous learning skills and expertise are maximized through enrolling our credit staff at various levels into well selected and designed credit

training programs and courses to ensure that they are equipped to assume their roles and responsibilities effectively.

#### **LIQUIDITY RISK:**

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

Liquidity continues to be an area of great focus for Arab Bank. The Bank has a highly diversified and stable funding footprint. In addition, it maintains a large portfolio of highly liquid assets, which acts as a contingent funding source which further boosts liquidity. Arab Bank's long-standing emphasis on maintaining a broad and stable liquidity base has largely protected the Bank from the effects of 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 analyze 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 enables the Treasurer to provide the High ALCO with comprehensive management information on liquidity across the Group. This reporting is supported by stress testing, which applies various stress scenarios to existing forecast results. The process of stress testing is owned and managed by the Chief Risk Officer. The establishment of limits for Arab Bank's tolerance for liquidity risk, (as with other forms of risk), is managed by the Chief Risk Officer and the High ALCO.

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

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

Liquidity risk will continue to have a major influence on how the world's banks operate and interact, and regulators will continue to require increasingly high standards of liquidity governance. Arab Bank's approach to liquidity management, along with its current and contingent funding structures, leaves it extremely well placed to face the future with great confidence. Arab Bank's funding model has shown itself to be extremely resilient for many years and hence remains fundamentally unchanged.

#### **MARKET RISK:**

Market risk is defined as the potential for loss from changes in the value of the Bank's portfolios due to movements in interest rates, foreign exchange rates, and equity or commodity prices. Historically the Bank has managed its market risk across its Trading and Banking Books on a consolidated basis as this is a more conservative approach to the management of this risk. In addition, through its Funds Transfer Pricing Policy, the Bank ensures that market risk is transferred from Corporate and 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 expose the Bank to market risk are: Money Markets Trading, Foreign Exchange Trading and Capital Markets Trading, across the Trading and Banking books.

The Bank's market risk management strategy is to 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. On the other hand, the High ALCO provides market risk oversight and guidance on risk appetite and policy settings, and establishes the global limits which are then allocated to the various entities by the Global Treasurer. The Global Treasury Policies and Procedures clearly define the rules that exist for the active management of all the Group's portfolios which are subject to market risk. Group Risk Management, in coordination with Global Treasury, ensures that the policies and procedures are updated on a regular basis, or when the need arises. The market risk limits are established based on the Bank's strategy and risk appetite, and risks are monitored by an independent Middle Office and are reviewed on a regular basis by Global Treasury and Group Risk Management.

**Market Risk Management:**

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

1. PV01: PV01 measures the risk to economic value arising from changes in interest rates by multiplying the net balance in each time bucket by its weighted average price sensitivity to changes in interest rates. This is measured at country, legal entity and Group level. All interest rate positions are included in the PV01 calculation, including both on-balance sheet and off-balance sheet products in the Trading and Banking Books.
2. NII 100: NII100 measures the effect of a 1% increase in interest rates on first and second year pretax earnings. This is measured at country, legal entity and Group level.
3. Overall Net Open FX Position: The Overall Net Open FX Position measures the open position for each currency, including precious metals, at country, legal entity and Group level.
4. Value at Risk (VaR): VaR is currently used as an internal measure of market risk to estimate the maximum loss that may be experienced by the Group over a one day holding period with 99% confidence level using the Historical Simulation approach supported by 500 days of data. The Group's VaR calculation is run at the consolidated and unit levels and covers both interest rate and foreign exchange risk.
5. Stress Testing: The Stress Testing model aims to complement the Group's Value at Risk calculations by identifying and quantifying the effects of extreme, but plausible events on the Group's portfolio. The methodologies used range from single factor to multi-factor stress tests. The single factor stress tests incorporate a number of standard shocks in addition to worst historical movements for each risk factor. The multi-factor tests consist of hypothetical and historical tests as well as a hybrid of the two. All scenarios are tailored to account for the special characteristics of the Group's portfolio.

**Interest Rate Risk:**

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

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

**Capital Markets Exposures:**

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

**Foreign Exchange Risk:**

Foreign exchange activity arises principally from customers' transactions. Strict foreign exchange risk limits are set to define exposure and sensitivity tolerance for trading in foreign exchange. The Bank hedges itself appropriately against potential currency fluctuations in order to minimize foreign exchange exposure. In Treasury, positions are usually held open only for small risk equivalents. The majority of positions arising from customers are covered on a daily basis. Positions are measured and supervised by local management daily and by global management weekly. Foreign exchange exposure resulting from participations is strictly managed.

**OTHER RISKS:**

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

**COMPLIANCE RISK:**

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

The Customer Complaints Unit in Jordan and Egypt have reviewed and analyzed all the complaints received during the year 2015, which have been handled in accordance with the Bank policies and procedures in place and in a fair and transparent manner.

#### **STRATEGIC RISK:**

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

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

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



Arab Bank reported net operating income at the end of 2015 of USD 1.1 billion and net income after tax and provisions of USD 442 million compared to USD 577 million in 2014 after having taken legal provisions of USD 349 million. This follows a settlement agreement which was entered into without any admission of wrongdoing and upon terms satisfactory to the Bank with respect to the legal case which was filed against the Bank in New York 11 years ago. The Bank has been setting aside provisions for the case during the past several years which at the end of 2015 stood at USD 1 billion and which will cover the expected obligations under the settlement agreement.

At the same time the underlying performance of the Bank was strong in 2015. Excluding the effect of foreign currency devaluations, loans and advances grew by 3% to reach USD 23.8 billion and customer deposits grew by 3% to reach USD 35.2 billion. Total Group equity stands at USD 8 billion and the capital adequacy ratio is at a healthy level of 14.2%. Liquidity continues to be high with a loan to deposit ratio of 67.6%.

The strong underlying performance of the Bank reflects the success it has had in growing its business across the different markets while at the same time managing risks very effectively. The Bank succeeded in growing its operating profit by taking advantage of the broad diversification of its business in Jordan and across the region.

The Bank also succeeded in growing its revenues and in controlling its expenses which allowed it to achieve a healthy cost-income ratio of 42.3%. The Bank's loan portfolio continues to be healthy with the ratio of non-performing loans to gross loans improving to 4.8% despite the challenging conditions in the region. Credit provisions held against non-performing loans stood at a comfortable 109%, excluding the value of collaterals held.

In light of this strong performance, the Board of Directors is recommending the payment of cash dividends of 25%.

Corporate and Institutional Banking (CIB) continued in 2015 to lead and consolidate its well-established business platform through expanding its client base and diversifying its banking solutions. CIB's strength is reflected by consistent strong financial performance, demonstrating healthy and well-diversified revenue growth during the year. Such growth has continued to be in line with disciplined credit risk management, which has always been a core competency and cornerstone of Arab Bank's CIB.

The MENA region continues to host large scale investment programs sponsored by government initiatives as well as private sector growth. This growth has also reflected in real opportunities for regional and local companies who have expanded their reach and potential.

As a result, CIB increased its activities across the region which lead to cross-border financing between Arab Bank and such companies relying on its unique ability to



provide the platform necessary to conduct the clients business wherever they are located across the region. In parallel, CIB witnessed an increase in its commercial transactions received from its correspondent banking network throughout the Arab Bank country presence.

Arab Bank offers tailored corporate electronic banking solutions presenting to its customers a comprehensive commercial banking platform through the cash management and trade finance electronic channels. The solutions provide the ability to efficiently manage customers' banking transactions using state-of-the-art technology.

CIB supports projects across the MENA region, financing strategic projects across the region be it infrastructure and corporate finance, involving well-established multinational and local corporations. Of note, Arab Bank was a main lender in the expansion project for Egypt's Suez Canal, a key project which facilitates international trade and enlarges Egypt's share of the related maritime transportation and logistics.

This financing demonstrates the leading role that Arab Bank plays as a primary lender in key strategic projects in the region. In addition to financing key commodities and general trade and supporting regional and international contractors involved in the execution of large scale government development projects through a suite of banking services catering to their needs. CIB is a strategic entry point for major corporations from across Asia involved in trade as well as projects in electricity, power, water treatment and desalination, and road infrastructure across the MENA region.

In line with the Bank's strategy to efficiently communicate with its clients, corporate centers were established in various locations to provide an advanced environment for clients transactions and to cater to their banking needs. The Bank will continue to work according to a strategic plan to establish corporate centers in various locations where Arab Bank maintains a presence.

CIB works closely with operations and technology teams to enhance processes in order to improve cost efficiencies and level of service provided to its clients. Cost discipline remains strong in CIB with cost income ratios remaining at very moderate levels and 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 specialised services at branches across Jordan and other regions in MENA.

In Consumer Banking and in line with the Bank's commitment to provide convenient digital banking channels and educating customers on their benefits and usage, Arab Bank launched a campaign in 2015 which entailed using various communication channels such as websites, social media and in-branch marketing through dedicated employees. The aim of the campaign was to raise customer



awareness on how to use these channels to conduct banking transactions with comfort and ease. The campaign was launched in Jordan, Egypt and Palestine. Various similar marketing activities were launched in other countries.

In terms of Debit cards services, the Bank continued working on providing smart cards with the highest levels of security. Magnetic cards were replaced with smart cards for all the customers in Jordan, UAE, Bahrain and Qatar and the same will be done for the remaining countries soon.

Instant issuance service of Internet Shopping Cards has been implemented in Palestine and Egypt. With their new design, the cards provide an enhanced customer experience which has resulted in an increase in the take-up rates of online shopping and higher customer satisfaction levels.

"ArabiNet", a new centralized ATM service was launched to offer Arab Bank customers preferential withdrawal fees and higher withdrawal limits when withdrawing from Arab Bank ATMs abroad. Customers will be able to take advantage of the Bank's vast regional ATM network across Jordan, Palestine, Lebanon, Egypt, UAE, Qatar, Bahrain, Yemen, and Morocco. This initiative comes as part of Arab Bank's constant efforts to provide efficient cross border services. "ArabiNet" is part of the new ATM system for which the Bank had established the infrastructure in order to provide new services in the future, including instant cross-border transfers within Arab Bank network, credit card PIN Change, eFAWATEERcom service in addition to other services. Furthermore, Arab Bank has also applied preferential fees on cash withdrawal transactions through its ATMs, providing a higher withdrawal limit for international cards thus eliminating fees caused by multiple withdrawals.

Consumer Banking has also developed the necessary infrastructure for a new contact center system that provides the best efficiency standards for conducting the contact center operations. The new system also introduces efficient tools including smart shift scheduling, voice of customer application as well as reinforced capabilities for automated outbound activities. As part of the business continuity plan, a second contact center location was established in Aqaba and is currently working in parallel with the current Amman center.

With the introduction of the new flexible credit card payment options on Arab Bank Credit Cards, customers in Jordan can now enjoy an easy way to change their current payment options on their cards through Arabi Online. The service will be rolled out to the remaining markets.

As part of its commitment to offer added flexibility and convenience to its customers and in line with its ongoing efforts to provide advanced payment services, Arab Bank has launched the eFAWATEERcom service through Arabi Mobile in coordination with the Central Bank of Jordan. This service allows customers to view and pay their bills online, saving them time and effort. This initiative plays an important environmental role due to the migration of traditional customer payments to online payments, thus reducing the need for physical paper bills and receipts.

The Bank has also connected its Arabi Online service to the Electronic Funds Transfer System (EFTS) adopted by the Central Bank of Bahrain. This service allows customers to make instant domestic remittances and online payments.

In addition, the direct debit service was launched on Arabi Online for our customers in the UAE, enabling them to submit Direct Debit authorisation on their accounts to a variety of companies to settle their dues with these service providers automatically.

Arab Bank's ATM network in Palestine was connected to the national switch operated by the Palestine Monetary Authority (PMA) allowing non- Arab Bank customers to use the Bank's ATMs at reasonable fees compared to previous fees schemes.

Arab Bank successfully implemented the debit card instant issuance service in Jordan, Palestine, Egypt, UAE, Qatar and Bahrain .

As part of Arab Bank's focus on Know Your Customer initiatives (KYC), a new platform has been implemented in Jordan to capture and instantly update customer data in an effective manner to facilitate future engagement and product offering to customers without the need for back office processing. This platform will be rolled out to all countries during next year.

The Bank has also continued the launch of the 3D Secure Service (Verified by VISA/ MasterCard SecureCode) in Jordan, Palestine, Egypt, UAE, Qatar, Bahrain and Yemen. This service offers Arab Bank cardholders additional security against unauthorised use when shopping online.

More options for bill payments were added to enable our debit cardholders in Bahrain to settle their dues through the utility companies electronic kiosks and POS devices.

Furthermore and In line with the Bank's strategic direction to maintain an efficient and well distributed branch and ATM networks and to ensure presence in key areas that cater to our clients needs, several branches were inaugurated and new ATMs were added in Jordan, Palestine, Egypt , UAE and Bahrain, in addition to the renovation of existing branches in Jordan, Palestine and UAE and relocation of other branches in Jordan, Lebanon, UAE and Qatar .

As part of the Bank's strategy to provide cross-border banking services through its regional branch network, Consumer Banking Division has launched an enhanced, wide range of products and services for non -residents to conduct banking transactions conveniently in both their home country and their country of residence.

Within Arab Bank's plan to meet the needs of its affluent customers and to serve them better, the Bank increased the number of Elite lounges within Jordan, Palestine, Egypt, Lebanon, UAE and Bahrain enabling our Elite clients to conduct their banking transactions faster and with the utmost privacy and ease. This is in line with the overall strategic direction of the program which aims at offering our Elite clients the maximum service coverage within the above countries.

As for the Arabi Premium program, more emphasis was exerted on the relationship management aspect through the dedicated relationship officers. Accordingly,

the number of relationship officers within Jordan, Palestine, Egypt, Lebanon, UAE, Bahrain and Qatar was increased based on the needs of each country. This increases the reach of our Arabi Premium program across the aforementioned countries and enhanced the level of service provided to our Arabi Premium clients.

In line with the Consumer Banking division plan to intensify the sales efforts, a new project was implemented to enhance customers' acquisition in Jordan. The project included the redesign of account opening process, the introduction of new systems that deliver better customer experience and enhance efficiency in general.

During 2015, the Consumer Banking Division launched a series of awareness, promotional and interactive projects that focused on programs, products and services.

For Arabi Premium program, the Bank has sponsored key events across Jordan, Palestine, UAE, Bahrain ,Qatar and Egypt.

The Bank has also launched a group of sponsorships for Jeel Al Arabi and Shabab programs including activities at selected schools, universities, and educational institutions in Jordan, Palestine and Egypt . In Jordan, the Bank has also sponsored the "Traffic Department Booklets", the Haya Cultural Center's Planetarium and the "New Think Festival" that attracted more than 16,000 participants and included several workshops and various activities.

In addition to the above and as part of the Bank's continuous efforts to promote Jeel Al Arabi and Shabab programs, new Grand Prizes were introduced in Palestine and Jordan supported by promotional campaigns such as "Win a Hyundai 2015" campaign for Shabab program customers in Palestine and win a "2015 KIA Cerato Koup" in Jordan.

The Bank has launched several promotional campaigns in various countries to encourage customers to use their VISA credit cards for their purchases and to give them the opportunity to benefit from the different added values. To this effect, a joint campaign was launched with VISA in Jordan, Palestine , Egypt and UAE to reward customers for their spend in addition to other key benefits related to Arabi Rewards program. Another campaign was also launched to encourage customers holding VISA credit cards and VISA internet shopping cards to use their cards for their internet purchases. Furthermore, a campaign was launched in cooperation with MasterCard offering Arab Bank MasterCard holders the chance to attend European Champions League finals in a MasterCard "priceless" experience.

On the loans front, special campaigns to promote Arab Bank's housing loans offering were launched in Palestine , Jordan and Lebanon with value packed benefits and special pricing giving customers the opportunity to own their dream home.

Measuring customers experience and the constant review of customers' feedback gathered through multiple methods, such as Voice of Customers and Customers complaints management, is an ongoing process that constitutes a main source of improvement in service levels, customer loyalty and the ability to meet customers' expectations. It also ensures the availability of adequate solutions in the event of any complaints. The efforts on this front have also entailed the establishment of a special committee to monitor and measure customer satisfaction and gauge the level of customer experience based on defined quality standards.

Moreover, the Service Excellence team continued to manage the Customers Experience across all channels through setting service standards and monitoring the adherence of the concerned parties to these standards across the three service pillars: People, Process, and Premises. This has led to maintaining the needed awareness through structured training and appropriate corrective actions to identify areas for improvement and work with the concerned stakeholders to ensure the implementation of appropriate corrective actions in addition to the various «Customer Care» activities.

In relation to the Bank's commitment to community support and environmental protection in Jordan, the Bank continued to develop and implement initiatives aimed at achieving these goals. In the environmental area, the Bank continued to print and distribute brochures to promote our environmental products and services which include loans for hybrid cars and financing environmentally-friendly products through the Bank's Easy Payment Plan for credit cards. Also, the Bank continued to promote the Together Platinum credit card which supports a number of NGOs.

On the training side and in line with the Bank's commitment to provide exceptional banking services through qualified, trained and efficient employees, the Bank conducted a number of training initiatives throughout the year according to the various needs of the employees. Several workshops, training courses and academic programs were organized for the branches employees in collaboration with specialised training institutions in order to develop and standardise the level of service and communication skills among Arab Bank branch employees in the various countries.

Regarding Treasury, foreign exchange markets in 2015 were extremely volatile. The Bank however maintained a low risk position throughout the year, and was able to manage its balance sheet while continuing to deliver stable earnings from foreign exchange activity.

Through careful interest rate risk management and the prudent use of hedging techniques, the Bank was able to preserve net interest income and protect profit despite continued volatility in interest rates in 2015, with many interest rates at historical lows.

As for liquidity, a key pillar of the Bank's business strategy, Arab Bank maintained high levels of liquidity during 2015.

In 2015, Arab Bank took a great step forward in upgrading its Treasury and risk management systems. The Bank launched a new suite of state-of-the-art Treasury and risk management software in Jordan which will be deployed across the Arab Bank network in 2016 and 2017.

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

On the other hand, during the year 2015, Arab Bank issued its fifth sustainability report for the year 2014 based on the new G4 guidelines issued by the Global Reporting Initiative (GRI). These guidelines mainly focus on identifying and preparing reports based on the Bank's main material aspects, focusing on the social, economic and environmental impacts. By issuing this report, Arab Bank is the first Bank in Jordan to issue this type of global report based on the new G4 guidelines, as this report provides a detailed record of the Bank's sustainability and achievements in the sustainable development field.

There have been no non-recurring operation that had a material effect on the bank's or the group financial position in 2015.

## Time Series Data for Major Financial Indicators (2011 – 2015)

	Value in JOD Millions for the Bank & in USD Millions for the Group				
	2015	2014	2013	2012	2011
Arab Bank PLC : Net Profit after Tax	154.0	217.8*	346.2	261.3	263.0
Arab Bank Group : Net Profit after tax	442.1	577.2	501.9	352.1	305.9
Arab Bank PLC : Shareholder's Equity	3 518.1	3 557.9*	3 955.4	3 875.5	3 813.5
Arab Bank Group : Owner's Equity	8 015.6	7 888.7	7 767.7	7 699.2	7 656.7
* Represented					
<b>Distributed Dividends</b>					
Total Dividends ( JOD in millions)	160.2	68.4	160.2	160.2	133.5
Dividends (%)	25%	12%	30%	30%	25%
Number of Issued Shares ( in thousands)	640 800	569 600	534 000	534 000	534 000
Share price on Last Working Day (JOD)	6.45	7.10	7.83	7.25	7.85

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 2015. 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 2015	
Arab Bank Australia Limited	100.00%
Europe Arab Bank Plc	100.00%
Islamic International Arab Bank Plc	100.00%
Arab National Leasing company L.L.C	100.00%
Al - Arabi Investment Group Co. L.L.C	100.00%
Arab Sudanese Bank Limited	100.00%
Al Arabi Investment Group/ Palestine	100.00%
Arab Tunisian Bank	64.24%
Arab Bank - Syria	51.29%
Al-Nisr Al-Arabi Insurance Co.	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 2015 amounts to USD 442.1 million compared to USD 577.2 million in 2014, total income of the Group stood at USD 1908.4 million compared to USD 1877.3 million in 2014 recording an increase of 2%, net Provision for doubtful debts amounts to USD 32.9 million represents the provisions booked during the year against watch - list and non - performing loans

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

In USD (Thousands)	2015	2014 Represented	Variance	%
<b>Revenue</b>				
Net interest income	1 091 138	1 074 948	16 190	2%
Net commission income	319 603	321 593	( 1 990)	(1%)
Other	497 619	480 768	16 851	4%
<b>Total Income</b>	<b>1 908 360</b>	<b>1 877 309</b>	<b>31 051</b>	<b>2%</b>
<b>Expenses</b>				
Employees Expenses	440 652	434 754	5 898	1%
Other Expenses	366 489	358 653	7 836	2%
Provision for impairment - direct credit facilities at amortized cost	32 891	36 161	( 3 270)	(9%)
Provision for impairment - other financial assets at amortized cost	-	6 422	( 6 422)	(100%)
<b>Total Expenses</b>	<b>840 032</b>	<b>835 990</b>	<b>4 042</b>	<b>0%</b>
<b>Legal Expenses</b>	<b>349 000</b>	<b>200 000</b>	<b>149 000</b>	<b>75%</b>
<b>Profit For the year before Tax</b>	<b>719 328</b>	<b>841 319</b>	<b>( 121 991)</b>	<b>(14%)</b>
Income tax	277 205	264 166	13 039	5%
<b>Profit for the year</b>	<b>442 123</b>	<b>577 153</b>	<b>( 135 030)</b>	<b>(23%)</b>

### Consolidated Statement of Comprehensive Income

Arab Bank Group's comprehensive income for the year ended 31 December 2015 amounts to USD 234 million compared to USD 390.2 million in 2014, the following schedule shows the main components of the Group's consolidated statement of comprehensive income:

In USD (thousands)	2015	2014
<b>Profit for the year</b>	<b>442 123</b>	<b>577 153</b>
Add:		
<b>Items that will be subsequently transferred to the consolidated statement of income</b>		
Exchange differences arising on the translation of foreign operations	( 165 218)	( 194 911)
<b>Items that will not be subsequently transferred to the consolidated statement of income</b>		
Net change in fair value of financial assets at fair value through other comprehensive income	( 42 874)	7 943
<b>Total Comprehensive income for the year</b>	<b>234 031</b>	<b>390 185</b>



### Consolidated Statement of Financial Position

Arab Bank Group assets reached USD 49 billion as at 31 December 2015, Customer deposits over the year increased by USD 273.5 million to reach almost USD 35.2 billion. Investment portfolio has reached USD 10.3 billion, Credit facilities amounted to USD 22.2 billion forming 45.2% of total assets while owner's equity reached USD 8 billion

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

In USD (thousands)	2015	2014 Represented	Variance	%
<b>Assets</b>				
Cash and due from Banks	12 563 802	12 166 498	397 304	3%
Investment Portfolio	10 314 727	10 721 459	( 406 732)	(4%)
Direct credit facilities at amortized cost	22 180 987	22 002 028	178 959	1%
Other	3 985 077	3 922 613	62 464	2%
<b>Total Assets</b>	<b>49 044 593</b>	<b>48 812 598</b>	<b>231 995</b>	<b>0%</b>
<b>Liabilities</b>				
Due to banks	3 712 479	4 168 204	( 455 725)	(11%)
Due to customers	35 242 318	34 968 829	273 489	1%
Other	2 074 215	1 786 824	287 391	16%
Owners' Equity	8 015 581	7 888 741	126 840	2%
<b>Total Liabilities and Owners Equity</b>	<b>49 044 593</b>	<b>48 812 598</b>	<b>231 995</b>	<b>0%</b>

## Arab Bank plc

### Statement of Income

Arab Bank plc's net income for the year ended 31 December 2015 amounts to JOD 154 million compared to JOD 217.8 million in 2014 total Income of the Bank stood at JOD 946.4 million compared to JOD 926.6 million in 2014 recording an increase of 2% , Net provision for doubtful debts amounts to JOD 2.2 million represents the provisions booked during the year against watch-list and non performing loans.

The below schedule compares the main components of Arab Bank plc's statement of income:

In JOD (thousands)	2015	2014 Represented	Variance	%
<b>Revenue</b>				
Net Interest income	609 779	606 953	2 826	0%
Net commission income	168 878	170 533	( 1 655)	(1%)
other	167 785	149 139	18 646	13%
<b>Total Income</b>	<b>946 442</b>	<b>926 625</b>	<b>19 817</b>	<b>2%</b>
<b>Expenses</b>				
Employees expenses	209 843	208 789	1 054	1%
Other expenses	200 786	197 335	3 451	2%
Provision for impairment - direct credit facilities at amortized cost	2 179	31 834	( 29 655)	(93%)
Provision for impairment - other financial assets at amortized cost	-	288	( 288)	(100%)
<b>Total Expenses</b>	<b>412 808</b>	<b>438 246</b>	<b>( 25 438)</b>	<b>(6%)</b>
<b>Legal Expenses</b>	<b>247 518</b>	<b>141 844</b>	<b>105 674</b>	<b>75%</b>
<b>Profit for the year before tax</b>	<b>286 116</b>	<b>346 535</b>	<b>( 60 419)</b>	<b>(17%)</b>
Income tax	132 097	128 691	3 406	3%
<b>Profit for the year</b>	<b>154 019</b>	<b>217 844</b>	<b>( 63 825)</b>	<b>(29%)</b>

### Statement of Comprehensive Income

Arab Bank Plc's comprehensive income for the year ended 31 December 2015 amounts to JOD 30.3 million compared to JOD 103.8 million in 2014.

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

In JOD (thousands)	2015	2014 Represented
<b>Profit for the year</b>	<b>154 019</b>	<b>217 844</b>
Add:		
<b>Items that will be subsequently transferred to the statement of income</b>		
Net exchange differences arising on the translation of foreign operations	( 118 054)	( 117 843)
<b>Items that will not be subsequently transferred to the statement of income</b>		
Net change in fair value of financial assets at fair value through other comprehensive income	( 5 653)	3 814
<b>Total Comprehensive income for the year</b>	<b>30 312</b>	<b>103 815</b>

### Statement of Financial Position

Arab bank Plc assets reached JOD 25.9 billion as at 31 December 2015 . Customer deposits over the year increased by JOD 185 million to reach almost JOD 19.1 billion . Investment portfolio has reached JOD 5.6 billion . Credit facilities amounted to JOD 11.3 billion forming 43.6% of total assets while shareholder's equity reached JOD 3.5 billion.

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

In JOD (Thousands)	2015	2014 Represented	Variance	%
<b>Assets</b>				
Cash and due from banks	7 505 361	7 527 360	( 21 999)	(0%)
Investment Portfolio	5 623 548	5 692 244	( 68 696)	(1%)
Direct credit facilities at amortized cost	11 264 977	11 050 831	214 146	2%
other	1 465 276	1 589 342	( 124 066)	(8%)
<b>Total Assets</b>	<b>25 859 162</b>	<b>25 859 777</b>	<b>( 615)</b>	<b>(0%)</b>
<b>Liabilities</b>				
Due to banks	1 961 521	2 283 072	( 321 551)	(14%)
Due to Customers	19 123 137	18 938 148	184 989	1%
Other	1 256 363	1 080 663	175 700	16%
Shareholders' equity	3 518 141	3 557 894	( 39 753)	(1%)
<b>Total Liabilities and shareholders' equity</b>	<b>25 859 162</b>	<b>25 859 777</b>	<b>( 615)</b>	<b>(0%)</b>

## Capital Adequacy

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

The following table presents a summary of the capital adequacy calculations in accordance with Basel II requirements for 2015 and 2014:

### Arab Bank Group

In USD (thousands)

Capital Adequacy Ratio as at 31 December	2015	2014
Risk weighted assets	33 026 774	32 330 688
Core Capital	6 313 189	6 116 481
Supplementary Capital	( 167 905)	39 329
Deductible Items	1 454 595	1 370 134
Regulatory Capital	4 690 689	4 785 676
Core Capital / Risk Weighted assets	14.20%	14.80%
Regulatory Capital / Risk Weighted assets	14.20%	14.80%

### Arab Bank plc

In JOD (thousands)

Capital Adequacy Ratio as at 31 December	2015	2014 (Represented)
Risk weighted assets	18 274 912	17 982 801
Core Capital	3 528 819	3 534 410
Supplementary Capital	( 204 799)	( 81 070)
Deductible Items	1 101 790	1 199 831
Regulatory Capital	2 222 230	2 253 509
Core Capital / Risk Weighted assets	12.16%	12.53%
Regulatory Capital / Risk Weighted assets	12.16%	12.53%

### Income Appropriation - Arab Bank plc

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

The Board of Directors recommends the distribution of cash dividends of 25% of the shares par value , or JOD 160.2 million for the year 2015 Compared to 12% of the shares par value or JOD 68.4 million and two bonus shares for every sixteen shares or 71.2 million shares for the year 2014 as shown in the table below:

In JOD (Millions)	2015	2014 Represented
Income available for appropriation	154	218
Statutory Reserve	28.6	48.8
Voluntary Reserve	-	-
General Reserve	-	-
General banking risk reserve	-	-
Proposed Cash dividends	160.2	68.4
Proposed bonus shares	-	71.2
Retained earnings	(34.8 )	29.4
<b>Total Appropriation</b>	<b>154</b>	<b>218</b>

**Financial Ratios related to Arab Bank Group :**

	<b>2015</b>	<b>2014</b> (Represented)
Owners' equity / Total Assets	16.3%	16.2%
Loans / Deposits	62.9%	62.9%
Liquidity Ratio (cash and cash equivalent)	46.77%	47.0%
Cost / Income	44.0%	44.5%
Cost / Income (excluding provisions for impairment)	42.3%	42.3%
Core capital	14.20%	14.80%
Regulatory Capital	14.20%	14.80%
Return on Equity	5.5%	7.3%
Return on Assets	0.9%	1.2%
Net interest and commission income / total Assets	2.9%	2.9%
EPS (USD)	0.67	0.90

**Financial Ratios related to Arab bank Plc :**

	<b>2015</b>	<b>2014</b> (Represented)
Shareholders' equity / Total Assets	13.6%	13.8%
Loans / Deposits	58.9%	58.4%
Liquidity Ratio (cash and cash equivalent)	50.8%	51.2%
Cost / Income	43.6%	47.3%
Cost / Income ( excluding provisions for impairment)	43.4%	43.8%
Core Capital	12.16%	12.53%
Regulatory Capital	12.16%	12.53%
Return on Equity	4.4%	6.1%
Return on Assets	0.6%	0.8%
Net interest and commission income / Total Assets	3.0%	3.0%



Our plans for 2016 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 historical 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, our shareholders' return and operational efficiency.

Our objectives for 2016 focus on further strengthening our financial position in terms of capitalization and liquidity, improving our customer service and business processes in addition to further strengthening our credit policies and enhancing our risk management platform.

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

Corporate and Institutional Banking (CIB) will remain focused on expanding its client base through maintaining service excellence while diversifying the risk profile. CIB will also support financing infrastructure projects in high growth areas such as energy, green ventures and industrial projects.

CIB considers its client base as a top priority. This base comprises of a diversified local, regional and multinational customer portfolio.

Arab Bank caters to the evolving requirements of its diverse client base across the region, while simultaneously customizes solutions that meet their needs. Thus, keeping Arab Bank as the clients preferred choice whether their countries or across borders.



In line with the Bank's strategy to support its clients in construction finance, contractor finance and trade finance, CIB continues to focus on those economic activities especially as a result of the undergoing major investments in infrastructure projects in the MENA region.

Furthermore, CIB remains focused on innovation in new products and services as well as maintaining service excellence and delivery.

The Bank will continue to maintain its commitment to its historically prudent risk management particularly in light of the challenges in the region and their effect on various financial sectors in different countries Arab Bank is dealing with.

As part of the Bank's commitment to maintain a customer centric approach that provides a positive experience and fruitful relationship with customers, the Consumer Banking Division had set a plan for 2016 to ensure constant development and diversification of services keeping pace with modern banking services while taking into consideration the needs of each of market. The plan is based on introducing rich, diverse banking programs, and deploying our extensive network of branches, innovative digital services, ATM banking, online services, smart devices services and call centers to provide the best services that meet the needs and expectations of our customers.

Our banking programs available to our customers in Jordan, Palestine, Egypt, Lebanon and the United Arab Emirates, Bahrain and Qatar have enabled Arab Bank to provide banking services consistent with the needs and expectations of customers.

On the credit cards level, the Bank continues to integrate its credit cards value packed offering within the various banking programs. In addition, the Bank will also focus on running campaigns designed to raise awareness of the diverse benefits of Arab Bank's credit cards and reward our customers for their relationship with the Bank.

Besides the benefits that we provide to complement our suite of banking services, the Bank will focus on introducing selected insurance services, covering education and savings schemes. Bancassurance services will continue to be offered in Jordan and Egypt and will be launched in Palestine early 2016.

We will also continue to focus on Arabi Rewards program and efforts will be exerted to further enrich its offering and expand its reach to cover various groups of our valued customers. The program will be revamped to reward customers for their relationship with the Bank through a convenient and state-of-the-art service model and a range of rewards that revolves around customers' life style and needs.

A wide range of innovative services will be offered to clients beyond the Bank's standard working hours through the Smart Branch which will add convenience and flexibility to the day to day banking interactions of our customers.

The introduction of transactional kiosks with various self service capabilities, such as statement printing, debit card renewal and bill payments and other services, is also part of the Bank's digital strategy to enrich the branch services proposition.

The current Arabi Online platform will undergo an upgrade to enhance the customers experience in addition to providing a convenient service that meets their needs.

The Bank's mobile banking service Arabi Mobile was launched in our main markets and more focus will be exerted to introduce further digital enhancements to the value proposition in order to add more innovative services to this key banking channel. Furthermore, JoMoPay service, introduced by the Central Bank of Jordan as a centralized local mobile payments solution, will be introduced under Arabi Mobile service offering customers instant mobile payment options across Jordan.

Regarding Treasury, through its broad network of Treasury teams, Arab Bank will continue to serve clients and protect the Bank. In 2016, Arab Bank Treasury will further develop its products and services, making the best possible use of its technology platform. Treasury will continue its efforts to best serve the Bank's clients and generate high quality earnings.

In JOD Thousands	2015	2014
Fees for quarterly and annual audits and reviews	1 104	1 064

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

No.	Name	Position
1.	Mr. Sabih Taher D. Masri	Chairman
2.	H. E. Mr. Samir Farhan Kawar	Deputy Chairman
3.	Ministry of Finance, Saudi Arabia Represented by H. E. Mr. Saleh Saad Al-Muhanna	Member of the Board
4.	Mrs. Nazik A. A.Odah/ Al Hariri	Member of the Board
5.	Social Security Corporation	Member of the Board
6.	Mr. Mohammed Hariri	Member of the Board
7.	Abdul Hameed Shoman Foundation Represented by H. E. Mr. Khaled Anis Mohammad "Zand Al-Erani"	Member of the Board
8.	Mr. Wahbe Abdallah Tamari	Member of the Board
9.	Mr. Bassam Wael Roshdi Kanaan	Member of the Board
10.	Mr. Abbas Farouq Ahmad Zuaiter	Member of the Board
11.	H.E. Mr. Alaa Arif Saad AL Batayneh	Member of the Board

Nationality	Number of shares		Holding of controlled companies	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
Jordanian	8420544	7484928	--	--
Jordanian	219960	195520	Middle East Insurance Co. 627570	Middle East Insurance Co. 557840
Saudi	28800000	25600000	---	---
Saudi	72144	64128	---	---
Jordanian	102472434	90434944	---	---
Lebanese/ Canadian	82440	73280	---	---
Jordanian	21826908	17922032	---	---
Lebanese	18000	16000	---	---
Jordanian	49338	43856	---	---
Jordanian	30348	22400	---	---
Jordanian	11250	---	---	---

**Number of Arab Bank Shares Owned by Senior Executives :**

No.	Name	Position	Nationality
1.	MR NEMEH ELYAS SABBAGH	Chief Executive Officer	Lebanese
2.	MISS RANDA EL SADEK	Deputy Chief Executive Officer	British
3.	MR. GHASSAN HANNA SULEIMAN TARAZI	EVP – Secretary of the Board, Head of Secretariat Division, Investments and Investors Relations	Jordanian
4.	MR. MARWAN NASHAT RAGHEB RIYAL	EVP - Head of Human Resources	Jordanian
5.	MR. MOHAMED ABDUL FATTAH HAMAD GHANAMEH	EVP - Chief Credit Officer	Jordanian
6.	MR. GEORGE FOUAD GEORGY EL HAGE	EVP Chief Risk Officer	Canadian
7.	MR. MICHAEL MATOSSIAN	EVP - Head of Regulatory Compliance	American
8.	MR. NAIM RASEM KAMEL AL HUSSAINI	EVP - Consumer Banking Head	Saudi
9.	MR. FADI ZOUEIN	EVP – Head of Audit	Lebanese
10.	MR. BASEM ALI ABDULLAH AL EMAM	Head of Legal Affairs	Jordanian
11.	MR. ANTONIO MANCUSO MARCELLO	EVP Head Of Treasury	British
12.	MR. DAWOD MOHAMMAD DAWOD AL GHOUL	EVP Chief Financial Officer	Jordanian
13.	MR. ERIC JACQUES J. MODAVE	Chief Operations Officer	Belgian
14.	MR. WALID MOHY ELDEIN MOHAMMAD SAMHOURI	SVP Jordan Country management	Jordanian
15.	MRS. KHULUD WALID KHALED EL ISSAWI	Head of Secretariat	Jordanian

	Number of shares		Holding of controlled companies	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
	12006	10672	-----	-----
	24012	21344	-----	-----
	12006	10672	-----	-----
	234	208	-----	-----
	18000	16000	-----	-----
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	1440	1280	-----	-----
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	1080	960	-----	-----
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	54	48	-----	-----

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

No.	Name and Position	Relation-ship
1.	Mr. Sabih Taher D. Masri Chairman	
		Spouse
	Mrs. Najwa Mohamad Abdul Rahman Madi	Minors
2.	H.E. Mr. Samir Farhan Kawar Deputy Chairman	
		Spouse
		Minors
3.	Ministry of Finance, Saudi Arabia Member of the Board	
		Spouse
		Minors
4.	Mrs. Nazik A. A. Odah/Al Hariri Member of the Board	
		---
		Minors
5.	Social Security Corporation Member of the Board	
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Nationality	Number of shares		Holding of controlled companies	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
Jordanian	3384320	3172800	---	---
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No.	Name and Position	Relation-ship
6.	Mr. Mohammed Hariri	Spouse
	Member of the Board	Minors
7.	Abdul Hameed Shoman Foundation	
	Member of the Board Represented by H. E. Mr. Khaled Anis Mohammad "Zand Al-Erani"	Spouse
8.	Mr. Wahbe Abdullah Tamari	Spouse
	Member of the Board	Minors
9.	Mr. Bassam Wael Roshdi Kanaan	Spouse
	Member of the Board	Minors
10.	Mr. Abbas Farouq Ahmad Zuaiter	Spouse
	Member of the Board	Minors
11.	H. E. Mr. Alaa Arif Saad AL Batayneh	
	Member of the Board	Spouse
	Aysha Alaa Arif AL Batayneh	Minors
	Arif Alaa Arif AL Batayneh	Minors

Nationality	Number of shares		Holding of controlled companies	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
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Jordanian	1008	---	---	---
Jordanian	1008	---	---	---

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

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

Nationality	Number of shares		Holding of controlled Companies	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
Lebanese	-----	-----	-----	-----
-----	-----	-----	-----	-----
Jordanian	1206	1072	-----	-----
Jordanian	11412	10144	-----	-----
Jordanian	-----	-----	-----	-----
Jordanian	-----	-----	-----	-----
Saudi	-----	-----	-----	-----
American	-----	-----	-----	-----
Jordanian	-----	-----	-----	-----

No.	Name	Relationship
9.	MR. FADY ZOUEIN	Spouse Minors
10.	MR. ANTONIO MANCUSO MARCELLO	Spouse Minors
11.	MR. DAWOD MOHAMMAD DAWOUD AL GHOUL MRS. NIVEEN AMIN MOHAMAD A'DILAH	Spouse Minors
12.	MR. BASEM ALI ABDULLAH AL EMAM	Spouse Minors
13.	MR. ERIC JACQUES J. MODAVE	Spouse Minors
14.	MR. WALID MOHY ELDEIN MOHAMMAD SAMHOURI MRS. RIMA MOHAMMAD ABDULKAREEM SHWAIKA	Spouse Minors
15.	MRS. KHULUD WALID KHALED EL ISSAWI	Spouse Minors

Nationality	Number of shares		Holding of controlled Companies	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
Lebanese	-----	-----	-----	-----
British	-----	-----	-----	-----
Jordanian	198	320	-----	-----
Jordanian	-----	-----	-----	-----
Belgian	-----	-----	-----	-----
Jordanian	90	80	-----	-----
Jordanian	-----	-----	-----	-----

No.	Member Name	Title
1	Mr. Sabih Taher Darwish Al-Masri	Chairman
2	Mr. Samir Farhan Khalil Kawar	Deputy Chairman
3	Messrs Ministry of Finance , Saudi Arabia Represented by Mr. Saleh Saad A. Al-Muhanna	Member
4	Mrs. Nazik Odah Al-Hariri	Member
5	Messrs. Social Security Corporation	Member
6	Mr. Mohammed Ahmad Mokhtar Hariri	Member
7	Mr. Wahbe Abdallah Wahbe Tamari	Member
8	Messrs Abdul Hameed Shoman Foundation Represented by Mr. Khaled Anis Moh'd (Zand Irani)	Member
9	Mr. Bassam Wael Rushdi Kana'an	Member
10	Mr. Abbas Farouq Ahmad Zuaiter	Member
11	Mr. Alaa Arif Saad Batayneh (from 22/4/2015)	Member



(Jordanian Dinar)

Annual Salary	Annual Transportation Allowance	Board Remuneration	Total
-	38,000	5,000	43,000
-	38,000	5,000	43,000
-	38,000	5,000	43,000
-	38,000	5,000	43,000
-	38,000	5,000	43,000
-	38,000	5,000	43,000
-	38,000	5,000	43,000
-	38,000	5,000	43,000
-	38,000	5,000	43,000
-	38,000	5,000	43,000
-	30,600	3,456	34,056

**Number of Board and Board Committee meetings**

	Board of Directors						Audit Committee	
	First	Second	Third	Forth	Fifth	Sixth	First	Second
Mr. Sabih Masri	•	•	•	•	•	•		
Mr. Samir Kwar		•	•	•	•	•		
Ministry of Finance, Saudi Arabia/ Represented by Mr. Saleh Al-Muhanna	•	•	•	•	•	•		
Mrs. Nazik Hariri		•			•			
Messrs. Social Security Corp.	•	•		•	•			
Mr. Mohammed Hariri	•	•	•		•	•		
Mr. Wahbe Tamari	•	•	•		•	•		
Messrs. Abdul Hameed Shoman Foundation/Represented by Mr. Khaled (Zand Irani)	•	•	•	•	•	•	•	•
Mr. Bassam Kanaan	•	•	•		•	•	•	•
Mr. Abbas Zuaiter	•	•	•	•	•	•	•	•
Mr. Alaa Batayneh	Since 22/4/2015		•	•	•	•	Since 23/10/2015	

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

Board Committees Meetings *													
Audit Committee				Selection & Remuneration		Corporate Governance	Strategy Committee			Risk Committee			
Third	Forth	Fifth	Sixth	First	Second	First	First	Second	Third	First	Second	Third	Forth
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**shareholders who own 1% or more of the share capital of the Bank, the ultimate beneficiary owner and number of pledged shares**

Shareholder name	No. of Shares as 31/12/2015	Percentage %
Oger Middle East Holding sal	127096290	19.834
Social Security Corporation	102472434	15.991
Ministry of Finance, Saudi Arabia	28800000	4.494
Abdul Hameed Shoman Foundation	21826908	3.408
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
BANKMED SUISSE SA	7014744	1.095
Mary Issa A. Alousi	6544656	1.021

SHAREHOLDERS WHO OWN 1% OR MORE OF THE SHARE CAPITAL OF THE BANK, THE ULTIMATE BENEFICIARY OWNER AND NUMBER OF PLEDGED SHARES

pledgee	No. of pledged Shares	Final Beneficiary
		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%)
The Housing Bank	127096290	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
		Bankmed Customers / Switzerland
		Same

**Executive Management Compensation And Benefits in 2015:**

	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	Ghassan Hanna Tarazi	EVP - Secretary of the Board, Head of Secretariat Division, Investments and Investors Relations
9	Dawod Mohammed Dawod Al-Ghoul	EVP - Chief Financial Officer
10	Basem Ali Abdallah Al Imam	Head of Legal Affairs
11	Marwan Nashat Ragheb Riyal	EVP- Head of Human Resources
12	Georges Fouad El-Hage	EVP - Chief Risk Officer
13	Michael Matossian	EVP - Chief Compliance Officer
14	Fadi Joseph Zouein	EVP - Head of Audit

(In JOD)

Annual Salary	Annual transportation allowance	Annual travel expenses (Does not include accommodation and tickets)	Total	Annual Bonus for the performance of 2015 (Approved in 2016 and will be paid starting 2016)
550 000	-	-	550 000	68 750
450 000	-	-	450 000	56 250
273 663	-	-	273 663	16 706
424 895	-	-	424 895	44 313
296 624	-	-	296 624	26 864
231 308	-	-	231 308	29 000
213 160	-	-	213 160	15 953
167 786	-	-	167 786	21 876
377 378	-	-	377 378	20 493
277 664	-	-	277 664	53 932
277 146	-	-	277 146	42 426
212 288	-	-	212 288	25 358
393 544	-	-	393 544	22 378
298 764	-	-	298 764	58 184

Project / Entity	JOD
Abdul Hameed Shoman Foundation	4 763 000
The Queen Rania Foundation for Education and Development	875 177
King Hussein Cancer Foundation	612 675
Al-Hussein Bin Talal University	300 000
King's Academy	166 222
The King Abdullah II Fund for Development	150 000
The Central Bank of Jordan	135 300
The Jordanian Armed Forces	100 000
Scholarships for Employees' Children	90 688
Jordan River Foundation	79 358
The Jordanian Hashemite Fund for Human Development	70 000
Tkiyet Um Ali	35 635
Amman Baccalaureate School	35 450
Al Aman Fund for the Future of Orphans	24 800
SOS Children Villages	15 000
Jordan Strategy Forum	14 000
Association of Banks in Jordan	14 000
Others	105 799
<b>Total</b>	<b>7 587 103</b>



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:

	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
Associated Companies	76 289	-	76 289	27 896
Major Shareholders and Members of the Board of Directors	-	378 761	401 609	47 452
<b>Total</b>	<b>1 490 471</b>	<b>485 208</b>	<b>622 358</b>	<b>262 743</b>

JD'000

	December 31, 2014			
	Deposits owed from Related Parties	Direct Credit Facilities at Amortized Cost	Deposits owed to Related Parties	LCs, LGs, Unutilized Credit Facilities and Acceptances
Sister and Subsidiary Companies	1 189 218	111 785	159 670	168 894
Associated Companies	543 519	-	63 278	45 636
Major Shareholders and Members of the Board of Directors	-	301 956	432 661	39 978
<b>Total</b>	<b>1 732 737</b>	<b>413 741</b>	<b>655 609</b>	<b>254 508</b>

JD'000

The details of transactions with related parties are as follows:

JD '000

	2015		2014	
	Interest Income	Interest Expense	Interest Income	Interest Expense
Sister and Subsidiary Companies	3 783	1 066	5 409	3 002
Associated Companies	356	99	424	24
<b>Total</b>	<b>4 139</b>	<b>1 165</b>	<b>5 833</b>	<b>3 026</b>

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

	31 December 2015								
	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	95 482	46 195	141 677	95 482	46 197	141 679
Mr. Mohammed Hariri	-	-	-	224 807	1 252	226 059	224 807	1 252	226 059
Mr. Wahbe Tamari	-	-	-	58 204	-	58 204	58 204	-	58 204
Mr. Khaled Irani	261	-	261	-	-	-	261	-	261
Mr. Bassam Kanaan	7	-	7	-	-	-	7	-	7
Mrs. Nazik Al-Hariri	-	3	3	-	-	-	-	3	3
<b>Total</b>	<b>268</b>	<b>4</b>	<b>272</b>	<b>378 493</b>	<b>47 447</b>	<b>425 940</b>	<b>378 761</b>	<b>47 452</b>	<b>426 213</b>

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



Arab Bank believes that a clean and sustainable environment is essential for the welfare of future generations including employees, their families and the society as a whole. Based on this conviction, the Bank actively participates in internal and external initiatives and activities aimed at protecting the environment.

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

In regards to reducing the energy consumption and to reducing harmful and toxic emissions, a new system for Planned Preventive Maintenance (PPM) will be implemented on the branches and the departments during 2016.

Additionally, the Bank has implemented a range of initiatives using solar energy to be announced in 2016 after the initial rollout, which will contribute to the efficiency of electric power consumption.

On the other hand, the Bank adopted a new AC system (VRV/VRF) in the new locations instead of the traditional system. The new system is considered an environmentally-friendly system and has led to a marked deduction in electricity consumption.

Additionally, a new AC system (Split Unit) was installed in the ATM Operator Room located at Head Office for the purpose of separating it from the building's air-conditioning system, which in turn reduces energy consumption.

The Bank continued rationalizing fuel consumption by applying the GPS tracking, (Global Positioning System) on the vehicles operating in the Bank to reduce fuel consumption, harmful and toxic emissions. It also adopted water-saving units across the Bank's operations to decrease consumption of this scarce resource.

In relation to the Bank's commitment to community support and environmental protection in Jordan, the Bank implemented several initiatives aimed at achieving these goals during the year. In the environmental area, the Bank re-print and distributed brochures to promote its environmental products and services which include loans for hybrid cars and financing environmentally- friendly products through the Bank's Easy Payment Plan for credit cards.

Also, the Bank continued to promote the Together Platinum credit card which supports a number of NGOs.

During 2015 and after the successful collaboration with the International Finance Corporation (IFC) in financing Al-Tafila Wind Farm, Arab Bank Group closed the financing of six solar power projects in Jordan that use Photovoltaic technology, under the umbrella of the IFC in cooperation with other financing agencies. The Bank also undertook the roles of Onshore Account Bank and Onshore Security Agent for this strategic financing. With a total installed capacity of 81 MW, these projects will add about 150 gigawatt hours a year to the national grid and will altogether reduce Jordan's carbon emissions by about 112,000 tons a year.



In October 2015, the first expansion of Al Samra Wastewater Treatment Plant was integrated and became fully operational adding 100,000 cubic meters per day to the treatment bringing the overall production capacity of the treatment plant to 367 ,000 cubic meters per day. This treatment plant is considered one of the leading waste water treatment plant in the MENA region, which will have a positive impact on the environment and will contribute in providing additional water to be used for agricultural purposes.

Arab Bank is currently following up on the four projects chosen by the ministry of energy and mineral resources to execute phase 2 of the renewable energy projects in Jordan. The projects aim to add 200 MW in electricity production by end of 2016.

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

The Bank supported a number of initiatives to protect the environment in Jordan mainly through collaborations with the Royal Society for the Conservation of Nature (RSCN), one of the NGOs participating in the Bank's CSR program "Together". The Bank sponsored the Socio-economic Conference, which is the first of its kind in the region, aiming at highlighting main challenges facing the local natural reserves, in addition to identifying methods for calculating their socio-economic benefits and its importance for the reserves that are distributed all over the Kingdom.

As part of the Bank's commitment to conserve natural resources, the Bank's employees participated in the rehabilitation project implemented at Al Zara hot water area in the Dead Sea through several volunteering activities, such as cleaning and planting trees. 44 employees participated to rehabilitate the area into a clean, organized and unique tourism destination. Donations through the Bank's service channels from customers were also received by the RSCN.

Additionally, the Bank continued its support for the Asfour Forest, which was adopted in Jerash in collaboration with Al Shajarah society in 2013. Forty employees and their family members volunteered to plant and irrigate 300 seedlings in the forest.

In Palestine, and as part of the Bank's commitment to environmental protection, the Bank's employees along with their families and friends participated in two cleaning activities in Nablus and Ramallah.



### Sustainability at Arab Bank

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

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

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



During 2015, the sustainability strategy was further developed by identifying and adopting a number of new objectives related to social, environmental and economic aspects that include: Enhancing internal operations to reduce environmental impacts, increasing employees' and stakeholders' awareness on sustainability issues, and launching the green package campaign to promote green products and services for our customers in Jordan. To ensure proper implementation 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. During 2015, we increased the number of the Sustainability Champions to reach nine employees representing different departments.

The Bank issued its fifth sustainability report in 2015 based on the Global Reporting Initiative (GRI) guidelines, achieving the 'in accordance' option of the updated GRI-G4 guidelines. These guidelines focus on the Bank's main material aspects showing a comprehensive overview on the Bank' 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 by Arab Bank in 2009 in collaboration with various non-governmental organizations (NGOs) which aims to support the community in four main areas: Health, poverty alleviation, environmental protection and education and orphan support. The program implements community initiatives in these areas to achieve sustainable development while creating a long-term positive impact on communities through collaboration with NGOs and engaging the Bank's employees and customers in community development efforts.

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

In 2015, the number of Arab Bank's employee volunteers increased by 19%. Three hundred and sixty employees in Jordan participated in 51 activities with 768 participations, reaching more than 88,000 beneficiaries.

The total amount of customers' donations reached more than JOD 155,000 from the Bank's donation channels to the NGOs participating in the Together program.

In addition to involving employees and customers in the Together program, Arab Bank pays special attention to building NGOs' capacities by providing training and development opportunities to enhance their employees' skills and capabilities. In 2015, the Bank conducted a number of courses for employees of NGOs participating in the Together program. The Bank's certified internal trainers utilized their skills to give these employees a range of courses that were identified based on their organizations' needs and priorities. In the same year, number of beneficiaries from this program increased by 24%, reaching 107 employees from



five NGOs. The Bank conducted seven successful courses covering specialized topics that include: Telephone Handling Skills, Service Excellence, Project Management, Advanced Microsoft Excel, Presentation Skills, Time Management and Total Quality Management.

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

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

### Health

Arab Bank supported a number of health-related initiatives in collaboration with the King Hussein Cancer Foundation (KHCF), one of the NGOs participating in the Together program. During 2015, and for the sixth consecutive year, the Bank held four blood donation drives with 190 blood units donated by employees to patients of the King Hussein Cancer Center (KHCC). Moreover, 20 employees participated in two recreational days for cancer patient children in collaboration with Raneen initiative and Abdul Hameed Shoman Foundation (AHSF). The Bank was also the Gold sponsor for the Hope Gala dinner that was held by the Foundation to raise funds for cancer patients. For the third consecutive year, the Bank supported the Foundation's TV ad, which comes as part of their Zakat campaign that is released during the holly month of Ramadan to support the less privileged patients that are currently treated at the Center. Stemming from the Bank's commitment to its employees' health and wellbeing, the Bank collaborated with the KHCF and the Jordan Breast Cancer Program (JBPC) to organize a breast cancer awareness campaign, benefiting 87 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 lifestyle and playing sports while making a difference in the lives of cancer patients.

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





The Bank reinforced the importance of supporting health initiatives by participating in several 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 covers four consecutive years. For the seventh consecutive year, Arab Bank was the Gold Sponsor for the Amman International Marathon in addition to covering the participation cost of over 1,313 employees and their families and friends during the Amman International Marathon and Dead Sea Ultra Marathon.

As for health initiatives in Palestine, the Bank held a blood donation drive, where 43 blood units donated by employees and their friends to the National Blood Bank.

### Poverty Alleviation

Arab Bank continued its support for programs that aim to alleviate poverty pockets in the Kingdom through its ongoing work with Tkiyet Um Ali (TUA), one of the Together program NGOs. The Bank continued its support for 50 underprivileged families in Amman, Madaba, Karak, Al Ruwashed and Ajloun 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 38 employees, who volunteered in serving food to underprivileged families, benefiting approximately 2,400 people.

The Bank's employees participated in other activities including preparing and packaging around 490 food packages through implementing four volunteering activities with the participation of 109 employees and their family members, benefiting around 2,120 people from underprivileged families. Also 59 employees from the Bank and its subsidiaries were involved in distributing food packages to 841 families in Amman, Tafilah, Salt, Zarqa, and Mafraq. The Bank participated in four field assessment visits with 24 volunteers reaching more than 95 underprivileged families in Amman and Zarqa. Additionally, Arab Bank sponsored a charity Iftar during Ramadan for more than 175 orphan children in collaboration with TUA and Haya Cultural Centre, along with sponsoring another Iftar in collaboration with the Children's Museum hosting more than 200 orphan with the participation of 18 volunteers.

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 three employees volunteered to distribute 1,285 blankets to approximately 748 underprivileged families living in poverty pockets in East Amman, Irbid, Karak, Mafraq, Aqaba, Zarqa, Jerash and the Jordan Valley.



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

Arab Bank continued its support of the Charity Clothing Bank, which operates under the Jordanian Hashemite Charity Organization (JHCO), by sponsoring the Orphans' Day program that entails providing 1,200 underprivileged orphans with new clothes and toys for one year. During this initiative, 106 employees and their families from different branches participated in nine shopping activities with orphans in different governorates.

#### Environmental Protection

Arab Bank supported a number of initiatives to protect the environment in Jordan, mainly through collaborations with the Royal Society for the Conservation of Nature (RSCN), one of the NGOs participating in the Together program. The Bank was the exclusive sponsor for the first Socio-economic Conference that aims at promoting the natural reserves' role in achieving socio-economic development of local communities. The conference, which is the first of its kind in the region, contributed to raise environmental awareness for local communities and highlighted their efforts in implementing development programs at the natural reserves. Moreover, 44 employees from the Bank participated in the implementation of the rehabilitation project at Al Zara hot water area in the Dead Sea through several volunteering activities including cleaning and planting trees. RSCN also received donations through the Bank's service channels, which allow customers to donate directly to the NGOs participating in the Together program.

During this year, the Bank continued its support of the Asfour Forest which the Bank adopted in Jerash in collaboration with Al Shajarah Society in 2013. Forty employees and their family members volunteered to plant and irrigate 300 seedlings in the forest.

In Palestine, and as part of the Bank's commitment to environmental protection, the Bank's employees, their families and friends volunteered in two cleaning activities in Nablus and Ramallah.



### 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 2015, the Bank supported several programs with Al Aman Fund for the Future of Orphans, one of the NGOs participating in the Together program. These programs include supporting the university education of eight students during the academic year 2013/2014, and are expected to graduate at the end of the academic year 2016/2017. The Bank also sponsored Al Aman Fund's vocational training program for 32 orphans which entailed supporting eight vocational students' each year for four years.

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.

As part of its collaboration with INJAZ, Arab Bank adopted three universities distributed in different governorates in the south, north and mid areas. The main goal of this program is to develop the educational sector and to empower university students with the know how skills to begin their working career. Through this program, we were able to reach out to more than 2,282 students, benefiting them directly through delivering business and entrepreneurial skills course during the academic year 2015/2016.

As part of the Bank's efforts to support education in Jordan, the Bank was the exclusive sponsor for the Destination Imagination (DI) program implemented in five public schools. The main goal of the program is to inspire and equip students to become the next generation of innovators and leaders and learn vital skills often left out of the classroom, including creative and critical thinking, collaborative problem solving, teamwork, project management, perseverance and self-confidence. Additionally, 14 employees volunteered to provide a number of extracurricular programs in public schools and universities to build students' capacities through interactive sessions.

Arab Bank also signed an agreement with the SOS Children's Villages Jordan to be the exclusive sponsor for one of the 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 cover all their essential expenses including clothes, transportation, educational fees and health expenses for one year.

Additionally, the Bank supported Raneen Foundation to produce the "5th Short Story Series" to enhance the Arabic audio content and develop visually impaired students' creative skills. The Bank also supported Raneen in implementing workshops in different public schools, the Children's Museum, Haya Cultural Center and Knowledge Path library at AHSF and also participated in the launching event for the "5th Short Story Series" at the Blind Academy in Amman.

The Bank was also the Banking Partner for the New Think Festival organized by Al Jude Foundation. The festival brought together creative minds from different sectors to discuss today's big business, social and environmental challenges. The event hosted over 16,000 people over two days at the King Hussein Park to promote entrepreneurship concepts through different activities and workshops.

Arab Bank continued to support the Traffic Department for the sixth consecutive year to enhance road safety by sponsoring their awareness campaign "Back to School" which entails distributing 5,000 school bags to students in underprivileged areas and poverty pockets in different governorates around the Kingdom. The bags contained stationary, notebook and coloring booklet, in addition to distributing 50,000 educational booklets that include important guidelines and advises presented in a student friendly way to promote road safety to contribute in preventing car and road accidents.

The Bank also signed a cooperation agreement with the Business Development Center (BDC) to support several initiatives to promote youth employability, entrepreneurship and empowerment program in Al Tafilah for an entire year, benefiting university graduates, undergrad students, and youth from local communities from both gender.

The Bank also was the Gold Sponsor for the internship program implemented in collaboration with 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 Amman, Zarqa, Madaba, Salt, Mafraq and Irbid.

Additionally, as part of the Bank's efforts to support youth and contribute in providing proper tools to enhance education and capacity building for students, the Bank collaborated with Talal Abu-Ghazaleh Organization to donate 1,150 PCs to be refurbished and used at schools and youth centers in most unfortunate areas in the Kingdom. This national initiative aims at promoting the mechanism of information technology and supporting education in the Kingdom.

In Palestine, as part of its local contribution to support education, the Bank participated in the Banking Week program for children and young people. Around 80 employees from different branches in Palestine visited around 135 schools to conduct financial awareness sessions for more than 5,600 students. Additionally, the Bank's branches hosted a number of students and their family members to raise their awareness on financial literacy and banking related issues.

The Bank, in collaboration with the Higher Traffic Council contributed to equip five schools to be road safe, which comes as part of the Council's awareness campaign to promote road safety and reduce road accidents that students might face. In addition, this initiative entailed implementing several awareness campaigns for students through establishing road safety committees in the targeted schools.

The Bank collaborated with INJAZ-Palestine to renovate and enhance the infrastructure of five public schools in the south, north and mid area. The program aims at improving the learning environment and consequently the quality of education and the students' skills and knowledge. Twenty four employees volunteered to provide a number of extracurricular courses in the five schools.

The Bank also signed an agreement with Princes Basma Center for Disabled Children to provide proper health and educational services for the students. The agreement entailed providing a comprehensive medical rehabilitation program for 100 disabled children in addition to providing full scholarship for another 40 disabled and needy children for the academic year 2015/2016.

#### **Other Initiatives:**

In terms of events and local activities, Arab Bank was among the sponsors of the World Economic Forum on the Middle East. The forum was held at the Dead Sea in partnership and cooperation with the King Abdullah II Fund for Development, under the slogan, "Creating a Regional Framework for Prosperity and Peace through Public-Private Cooperation." The forum hosted a number of business leaders, politicians, and representatives of civil society and international and youth organizations, to discuss various issues, particularly the role of youth and employment.

Arab Bank participated in the open financing day for the industrial sector, which was held under the patronage of the Central Bank of Jordan and organized by the Jordan Chamber of Industry. The open financing day, which was the first of its kind at the local level, aimed at providing a comprehensive and integrated set of banking products and services aimed at reinforcing the industrial sector in the Kingdom.

Arab Bank also sponsored the Jordanian Association of Certified Public Accountants' eleventh annual conference, under the title, "Toward Globalization of Accounting and Auditing Professions." Organized by the Jordanian Association of Certified Public Accountants, the conference was held in Amman, in collaboration with the Arab Federation of Accountants and Auditors. The conference which was attended by a large number of participants who are specialized in this field, from Jordan as well as other Arab and foreign countries, highlighted the international standards of the accounting and auditing professions in the world.

Arab Bank participated in the Prudential Regulatory Procedures and Sound Practices in Risk Management Forum organized by the Union of Arab Banks, in collaboration with the Central Bank of Jordan, the Association of Banks in Jordan, and the International Union for Arab Bankers alongside banking experts from various Arab countries. The forum highlighted on the key challenges that banks are currently facing in the region, as well as the precautionary regulatory procedures and policies required to implement best practices in the arena of risk management according to the new Basel recommendations aiming at improving the regional banking industry's ability to address the identified challenges.

Arab Bank also sponsored the Jordanian Businessmen Association's 30 year anniversary celebrations. The Association plays a huge role in supporting the national economy. Additionally, the Bank sponsored 'Made in Jordan' festival to support local industries and products.

Moreover, Arab Bank participated as a strategic sponsor in the "Small and Medium Enterprises: The Road to Economic Growth" forum. The forum was organized by the Union of Arab Banks, in cooperation with the Central Bank of Jordan, the Council of Arab Economic Unity, the Association of Banks in Jordan, and the Arab Union for Small Enterprises. The forum highlighted the main challenges facing Arab banks and the role of SMEs in supporting economic and social development, in particular the aspect of financial inclusion and the role of the Arab banking sector, international financial institutions and risk guarantee institutions in supporting and financing these projects.



Arab Bank additionally sponsored a number of initiatives and events that are of interest to the youth and children which included sponsoring the Planetarium at Haya Cultural Center (HCC), Jordan Games Week, and Harlem Wizards' basketball entertainment team. The Bank also sponsored a range of artistic and musical events as part of the Bank's support of cultural and touristic activities.

On a regional level, Arab Bank sponsored the Jordan Independence Day event, which was organized by the Jordanian Diplomatic Mission in Palestine.

Aiming at reinforcing its leading role in providing advanced electronic banking services, Arab Bank participated in sponsoring the 12th Expo Tech forum in Palestine, as the exclusive 'E-banking Sponsor', as part of its support for the telecommunications and information technology sector.

In Lebanon, Arab Bank sponsored the 23rd annual Arab Economic Forum (AEF 2015), which was organized by Al-Iktissad Wal-Aamal Group, and brought together a wide group of participants, from former ministers, ambassadors, and heads of economic organizations. Additionally, the Bank sponsored the Tripoli International Marathon in Lebanon and the International Tennis Federation tournament for juniors, which was organized by the Golf Club of Lebanon.

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. Additionally, the Bank also sponsored the tournament of prince of Qatar Basketball Cup.

In the United Arab Emirates, Arab Bank was the exclusive sponsor for Jordan University Alumni Charity Gala Dinner and the platinum sponsor for Jordan Business Council's 15th establishment anniversary. Additionally, the Bank sponsored the Jordanian Social Club's festivities commemorating the celebration of Jordan's Independence Day and an opera concert at the Madinat Theater in Dubai.

In Egypt, Arab Bank sponsored numerous promotional activities including the platinum sponsorship of Port Said and Sodic Winter festival in addition to the sponsorship of Marassi Outdoors Cinema on the northern coast of Alexandria during the summer.



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

In recognition of Arab Bank's significant achievements in Corporate Social Responsibility field, the Bank received the Best Corporate Social Responsibility award in the Middle East 2015 from Global EMEA Finance Magazine.





### **Abdul Hameed Shoman Foundation (AHSF)**

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 innovation and employment. In consistency with its mission, and to achieve its vision for a society of culture and innovation, the year 2015 marked numerous achievements for the Foundation on the local and regional levels within the three strategic pillars.

One of the most prominent events during 2015 was the Foundation's invitation to the former Prime Minister of Malaysia, H.E. Tun Dr. Mahathir bin Mohamad to be the keynote speaker of a public talk and discussion titled: The Rise of a Nation - Lessons from the Malaysian Experience to shed light on the successful Malaysian experience in achieving economic and social development. H.E.'s visit, which comes as part of Abdul Hamid Shoman Cultural Forum's activities, also included several round table discussions with Jordanian experts, public figures, the media, economists, politicians, youth, social activists and civil society representatives. H.E. toured the Foundation and commended the role of the Arab Bank in achieving sustainable development through supporting innovation, entrepreneurship and reducing unemployment rates in Jordan.

In terms of collaboration with regional organizations, the Foundation signed an MOU with Mohammed bin Rashid Al Maktoum Foundation to collaborate on cultural and social innovation projects aimed at raising awareness and promoting the culture of innovation amongst Arab communities.

The Foundation also signed an agreement with the Central Bank of Jordan to support the national program for financial education in schools in Jordan, targeting students from grade 7 to grade 12. The signing took place in the presence of the Chairman, Mr. Sabih Al Masri and the Bank's CEO, Mr. Neme Sabbagh.

Another prominent achievement was the Abdul Hameed Shoman Award for Arab Researchers in its 33rd Edition, where the Foundation awarded fifteen researchers in appreciation of their distinguished published scientific works in the fields of: Medical and Health Sciences, Engineering Sciences, Basic Sciences, Arts and Humanities, Social and Administrative Sciences, Agricultural Sciences and Applied Sciences. The award aims to shed light on exceptional scientific works with the objective of promoting applied and scientific knowledge and increasing awareness on the culture of scientific research. This contributes to addressing challenges in high priority areas at the local, regional and international levels. This year's ceremony was held under the patronage of H.E. the Prime Minister Dr. Abdullah Ensour in the presence of several national and Arab research and cultural entities.

Through the Abdul Hameed Shoman Scientific Research Fund, the Foundation continues its support for scientific research projects in research institutions and universities in Jordan and the region. This year, the Foundation provided grants for twenty-one researches in the fields of engineering, chemistry, biology, agriculture and nutrition, humanities and medical and assistant medical sciences.

The Abdul Hameed Shoman Award for Children's Literature, which aims at advancing the literature presented to children to better foster their creativity, focused in the 2014 edition on literary works in the category of "Short Story for Early Childhood". The Foundation presented the award to three 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 Science and Education Program, which was launched in 2014, aspires to promote a culture of scientific research and innovation amongst children and youth, and to positively influence education in Jordan. It aims at building the capacity of science teachers and interested students and contributing to improved, more dynamic and thought provoking science. This program, in cooperation with the Ministry of Education, supports Jordanian students' participation in Intel International Science and Engineering Fair (ISEF), and is currently working on launching the Abdul Hameed Shoman Young Scientists Fair and reviving Abdul Hameed Shoman Science Teachers Award.

During 2015, the program supported the Jordanian students' participation in the Intel Arab and International Science Fair for Science and Engineering and provided them with the needed guidance and trainings on presentation and leadership skills. The Jordanian students achieved three awards among the top five awards in the international competition, and the second place in the regional competition.

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.

### **The Knowledge Path Library**

Launched in 2013, the Knowledge Path Library provides a dynamic, open space and nurturing environment for children and youth from different age groups to read, interact and participate in fun and creative activities as part of their intellectual and creative journey to self-discovery and awareness. In 2015, the Library served and reached out to around 17,000 patrons and hosted 80 schools through several services and programs including: Daily storytelling and creative activities, summer and winter clubs programming, capacity building workshops for children, book signing ceremonies for renowned authors of children's books, science shows and children book club sessions in collaboration with local and international parties.

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

This year, the Library held the Children Poetry Days, celebrating the importance of Poetry in enriching children's Arabic language skills. Also it hosted and organized screenings and activities for the "Science Film Festival" for the second year in a row in cooperation with Goethe Institute – Jordan.

### **The Abdul Hameed Shoman Cultural Forum**

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

The forum also held a number of exhibitions, various book launches and hosted youth initiatives, regional and international events such as West Asia – North Africa (WANA) Forum and "60 Solutions against Climate Change" Exhibition.

### Poetry Nights

In 2015, The Foundation launched the Poetry Nights Program in partnership with Watar Foundation for Culture and Creativity. The program aims to celebrate poetry as a rooted form of literature in Arabic heritage, it hosted renowned poets to hold live poetry readings and introduce the passion of poetry to a wider audience. This year witnessed several readings for prominent poets.

### 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.

In 2015, the Cinema program celebrated its 25<sup>th</sup> Anniversary commemorating one of the sustainable programs dedicated to cinema in Jordan and the region. In this occasion, the cinema committee published a book titled "Selection of World Films" featuring a collection of 110 film reviews, which were screened throughout 25 years by the program. The program also organized three film festivities; namely the Tunisian Film Week, The Emirati Film Days and the 25 Years of Cinema. These events included also lectures on scenario and direction.

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 a continuation of its efforts to extend its activities in different governorates and outside Jordan in order to introduce a comprehensive cultural and artistic program that targets all age groups reflecting the Foundation's diverse initiatives in collaboration with local cultural organizations, the Foundation launched Abdul Hameed Shoman Foundation Cultural Days. The year 2015 witnessed three events namely:

#### Jabal Amman Cultural Week 2

The Foundation held the Second Edition of Jabal Amman Cultural Week in recognition of Jabal Amman's heritage as the center point for cultural activities in the heart of the capital. The week-long event was held under the patronage of Greater Amman Municipality (GAM), and in partnership with the Jabal Amman Residents Association (JARA) and in cooperation with 11 educational and cultural entities.

The event offered several cultural activities and functions targeting all age groups and interests. These activities included screenings of Jordanian films and international films for children, musical and poetry evenings, panel discussions, poetry reading, a book fair including book signings, photos exhibition, caricature exhibitions by Jordanian cartoonists in addition to weeklong children activities at Jara Street and Knowledge Path Children's Library. The activities engaged approximately 8,000 people.

### **Abdul Hameed Shoman Foundation Cultural days in Aqaba**

The event was held in cooperation with the Aqaba Special Economic Zone Authority (ASEZA) and included a four-day intensive and comprehensive cultural program targeting all age groups and interests. The program included a range of cultural activities such as the public screening of the film "Theeb" (The Jordanian film nominated for the Oscars) in the presence of one of its producers and actors, music performances, a comedy session titled "Made in Jordan" and used-book fair, which entailed book signings and artistic activities for kids and youth in collaboration with the National Gallery for Fine Arts. Also, the Knowledge Path library team held various edutainment activities for the public and in different schools in addition to an introductory session for the Grants and Support program, along with a capacity building session for librarians. The activities engaged around 3,500 people.

### **Abdul Hameed Shoman Foundation Cultural Days in Dubai**

The week-long event was held in partnership with Sultan bin Ali Al Owais Cultural Foundation. The event presented a comprehensive cultural program shedding light on Jordanian cultural and artistic offerings including a poetry evening, a cultural panel discussion, a public screening of the Jordanian film "Theeb" in the presence of its producer, a musical concert, a folklore dance performance, and an art exhibition of 60 paintings by prominent Jordanian artists.

### **Abdul Hameed Shoman Public Library**

As the first well-equipped and fully computerized public library in Jordan, the Abdul Hameed Shoman Public Library underwent many developments and upgrades in 2015 to satisfy its patrons' educational and research needs. In addition, the Library held more than 10 capacity building workshops for its patrons and launched a program dedicated to shed the light on the promising writers through more than 13 book launches and signings, and also hosted various book club discussions. The Library also held courses and workshops that aim to build up the capacities of librarians from different Arab countries.

During this year, the total number of library patrons exceeded 251,833, which is a 62% increase from 2014. The number of library memberships also increased by 22% reaching 1,612 registered members recording a combined total of more than 40,000 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 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.

During 2015, in addition to the monthly Musical Evenings and to further enhance its outreach, the Foundation held a two-day event titled "AHSF Musical Nights Downtown Amman" celebrating Jordanian and international talents through several musical and arts concerts.

### **Grant and Support Programs 2015**

Through its different grants and support programs, the Foundation received 367 requests this year, 67 of which were approved for funding across the three strategic pillars

- Under the Thought Leadership pillar, the Foundation aims to support scientific pursuits that tackles the most pressing societal issues and encourages accessibility of science and education for all. Accordingly, the Foundation supported several scientific awards, competitions and conferences. The Foundation also supported various scientific, educational spaces and cultural entities in Jordan and the Arab world. Examples include the Intel award and Waqt Al Farah Channel on YouTube.
- Under the Arts and Literature pillar, the Foundation provided financial and in-kind support to ensure accessibility of arts for all and contribute to cultural diversity. This includes support to libraries in Jordan and Palestine, theatrical performances, music, literary events and competitions, in addition to projects that aim to preserve national heritage. Examples include, the premier screening of the Jordanian Film "Theeb" in its mother village Al Shakrieh in Wadi Rum, album launching by two rising Jordanian musicians, in addition to the Royal Film Commission's 4th cycle of the Med Film Factory.
- Under the Innovation and Employment pillar, the Foundation strives to support innovation and creativity focusing on youth, women and local communities. The Foundation also aims at supporting entrepreneurial projects that contribute in building youth capacities for the job market, in addition to supporting projects that accelerate societal gains while addressing pressures critical to our region through innovation and entrepreneurship. In 2015, the Foundation supported three projects that focus on providing learning opportunities for youth and improve their employment opportunities. These projects were by PACES and Tomorrow's Youth Organization, and the Family Development Association.

**Arab Bank Group**

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**Arab Bank plc**

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		December 31,	
	Note	2015	2014 Represented
Cash and balances with central banks	6	9 472 381	7 391 974
Balances with banks and financial institutions	7	2 992 403	4 664 078
Deposits with banks and financial institutions	8	99 018	110 446
Financial assets at fair value through profit or loss	9	831 980	1 126 894
Financial derivatives - positive fair value	40	58 235	56 264
Direct credit facilities at amortized cost	11	22 180 987	22 002 028
Financial assets at fair value through other comprehensive income	10	479 038	477 547
Other financial assets at amortized cost	12	9 003 709	9 117 018
Investment in associates	13	2 916 290	2 829 624
Fixed assets	14	461 135	473 241
Other assets	15	490 788	504 552
Deferred tax assets	16	58 629	58 932
<b>Total Assets</b>		<b>49 044 593</b>	<b>48 812 598</b>
Banks' and financial institutions' deposits	17	3 636 734	4 081 113
Customer deposits	18	32 799 228	32 065 271
Cash margin	19	2 443 090	2 903 558
Financial derivatives - negative fair value	40	53 705	62 489
Borrowed funds	20	75 745	87 091
Provision for income tax	21	235 918	235 248
Other provisions	22	145 235	144 203
Other liabilities	23	1 627 254	1 332 960
Deferred tax liabilities	24	12 103	11 924
<b>Total Liabilities</b>		<b>41 029 012</b>	<b>40 923 857</b>
Share capital	25	926 615	826 223
Share premium	25	1 225 747	1 225 747
Statutory reserve	26	753 065	712 722
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	( 284 609)	( 122 751)
Investment revaluation reserve	31	( 260 621)	( 219 278)
Retained earnings	32	1 502 867	1 315 525
<b>Total Equity Attributable to the Shareholders of the Bank</b>		<b>7 886 557</b>	<b>7 761 681</b>
Non-controlling interests	32	129 024	127 060
<b>Total Owners' Equity</b>		<b>8 015 581</b>	<b>7 888 741</b>
<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>		<b>49 044 593</b>	<b>48 812 598</b>

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.

ASSETS

LIABILITIES AND OWNERS' EQUITY

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

## ARAB BANK GROUP

USD'000

	Note	2015	2014 Represented	
REVENUE	Interest income	33	1 815 895	1 845 096
	Less: interest expense	34	724 757	770 148
	<b>Net interest income</b>		<b>1 091 138</b>	<b>1 074 948</b>
	Net commissions income	35	319 603	321 593
	<b>Net interest and commissions income</b>		<b>1 410 741</b>	<b>1 396 541</b>
	Foreign exchange differences		70 827	55 830
	Gain from financial assets at fair value through profit or loss	36	14 315	7 046
	Dividends on financial assets at fair value through other comprehensive income	10	5 430	8 566
	Group's share of profits of associates	13	356 981	348 201
	Other revenue	37	50 066	61 125
<b>TOTAL INCOME</b>		<b>1 908 360</b>	<b>1 877 309</b>	
EXPENSES	Employees' expenses	38	440 652	434 754
	Other expenses	39	295 433	285 996
	Depreciation and amortization	14	54 846	56 612
	Provision for impairment - direct credit facilities at amortized cost	11	32 891	36 161
	Provision for impairment - other financial assets at amortized cost	12	-	6 422
	Other provisions	22	16 210	16 045
	<b>TOTAL EXPENSES</b>		<b>840 032</b>	<b>835 990</b>
PROFIT FOR THE YEAR	<b>Legal Expenses</b>	57	<b>349 000</b>	<b>200 000</b>
	<b>PROFIT FOR THE YEAR BEFORE INCOME TAX</b>		<b>719 328</b>	<b>841 319</b>
	Less: Income tax expense	21	277 205	264 166
	<b>PROFIT FOR THE YEAR</b>		<b>442 123</b>	<b>577 153</b>
	Attributable to :			
	Bank shareholders		430 830	573 687
Non-controlling interests	32	11 293	3 466	
<b>Total</b>		<b>442 123</b>	<b>577 153</b>	
Earnings per share attributable to Bank Shareholders				
	- Basic and Diluted (US Dollars)	54	0.67	0.90

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	2015	2014
<b>Profit for the Year</b>		<b>442 123</b>	<b>577 153</b>
Add: Other comprehensive income items - after tax			
<b>Items that will be subsequently transferred to the consolidated statement of Income</b>			
Exchange differences arising on the translation of foreign operations	30	( 165 218)	( 194 911)
<b>Items that will not be subsequently transferred to the consolidated statement of Income</b>			
Net change in fair value of financial assets at fair value through other comprehensive income	31	( 42 874)	7 943
<b>Total Other Comprehensive Income Items - After Tax</b>		<b>( 208 092)</b>	<b>( 186 968)</b>
<b>TOTAL COMPREHNSIVE INCOME FOR THE YEAR</b>		<b>234 031</b>	<b>390 185</b>
Attributable to :			
- Bank shareholders		227 660	397 663
- Non-controlling interests		6 371	( 7 478)
<b>Total</b>		<b>234 031</b>	<b>390 185</b>

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
2015	<b>Balance at the Beginning of the year</b>	<b>826 223</b>	<b>1 225 747</b>	<b>712 722</b>	<b>977 315</b>	<b>1 141 824</b>	<b>363 458</b>
	Profit for the year	-	-	-	-	-	-
	Other comprehensive income for the year	-	-	-	-	-	-
	<b>Total Comprehensive Income for the Year</b>	-	-	-	-	-	-
	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	-	-	-	-
<b>Balance at the End of the Year</b>		<b>926 615</b>	<b>1 225 747</b>	<b>753 065</b>	<b>977 315</b>	<b>1 141 824</b>	<b>363 458</b>
2014	<b>Balance at the Beginning of the year</b>	<b>776 027</b>	<b>1 225 747</b>	<b>643 860</b>	<b>977 315</b>	<b>1 822 824</b>	<b>363 458</b>
	Profit for the year	-	-	-	-	-	-
	Other comprehensive income for the year	-	-	-	-	-	-
	<b>Total Comprehensive Income for the Year</b>	-	-	-	-	-	-
	General reserve transferred to retained earnings	-	-	-	-	(681 000)	-
	Transferred to statutory reserve	-	-	68 862	-	-	-
	Investment revaluation reserve transferred to retained earnings	10	-	-	-	-	-
	Dividends Paid	32	-	-	-	-	-
	Adjustments during the year	-	-	-	-	-	-
Increase in Share Capital (Stock Dividends)	32	50 196	-	-	-	-	
<b>Balance at the End of the Year</b>		<b>826 223</b>	<b>1 225 747</b>	<b>712 722</b>	<b>977 315</b>	<b>1 141 824</b>	<b>363 458</b>

\* Retained earnings include restricted deferred tax assets in the amount of USD 58.6 million, as well as unrealized gain from financial assets at fair value through profit or loss in the amount of USD 8.7 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 2.5 million as of December 31, 2015.

\* 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, 2015.

\* 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 (260.6) million as of December 31, 2015 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
<b>1 540 896</b>	<b>( 122 751)</b>	<b>( 219 278)</b>	<b>1 315 525</b>	<b>7 761 681</b>	<b>127 060</b>	<b>7 888 741</b>
-	-	-	430 830	430 830	11 293	442 123
-	( 161 858)	( 41 312)	-	( 203 170)	( 4 922)	( 208 092)
<b>-</b>	<b>( 161 858)</b>	<b>( 41 312)</b>	<b>430 830</b>	<b>227 660</b>	<b>6 371</b>	<b>234 031</b>
-	-	-	( 40 343)	-	-	-
-	-	( 31)	31	-	-	-
-	-	-	( 101 772)	( 101 772)	( 5 610)	( 107 382)
-	-	-	( 1 012)	( 1 012)	1 203	191
-	-	-	( 100 392)	-	-	-
<b>1 540 896</b>	<b>( 284 609)</b>	<b>( 260 621)</b>	<b>1 502 867</b>	<b>7 886 557</b>	<b>129 024</b>	<b>8 015 581</b>
<b>1 540 896</b>	<b>61 715</b>	<b>( 228 393)</b>	<b>437 933</b>	<b>7 621 382</b>	<b>146 346</b>	<b>7 767 728</b>
-	-	-	573 687	573 687	3 466	577 153
-	( 184 466)	8 442	-	( 176 024)	( 10 944)	( 186 968)
<b>-</b>	<b>( 184 466)</b>	<b>8 442</b>	<b>573 687</b>	<b>397 663</b>	<b>( 7 478)</b>	<b>390 185</b>
-	-	-	681 000	-	-	-
-	-	-	( 68 862)	-	-	-
-	-	673	( 673)	-	-	-
-	-	-	( 231 894)	( 231 894)	( 5 922)	( 237 816)
-	-	-	( 25 470)	( 25 470)	( 5 886)	( 31 356)
-	-	-	( 50 196)	-	-	-
<b>1 540 896</b>	<b>( 122 751)</b>	<b>( 219 278)</b>	<b>1 315 525</b>	<b>7 761 681</b>	<b>127 060</b>	<b>7 888 741</b>

CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY

**ARAB BANK GROUP**

USD '000

**CONSOLIDATED STATEMENT OF CASH FLOWS**

	Note	2015	2014
<b>Profit for the year before tax</b>		<b>719 328</b>	<b>841 319</b>
Adjustments for:			
- Depreciation and amortization	14	54 846	56 612
- Provision for impairment - direct credit facilities at amortized cost	11	32 891	36 161
- Net interest income		11 762	4 942
- (Gain) from sale of fixed assets		(2 312)	(2 025)
- (Gain) from revaluation of financial assets at fair value through profit or loss	36	(8 733)	(3 616)
- Dividends from financial assets at fair value through other comprehensive income	10	(5 430)	(8 566)
- Group's share from associates profits	13	(356 981)	(348 201)
- Provision for impairment- other financial assets at amortized cost		-	6 422
- Other provisions		16 210	16 045
<b>Total</b>		<b>461 581</b>	<b>599 093</b>
<b>(Increase) decrease in assets:</b>			
Balances with central banks (maturing after 3 months)		103 436	60 171
Deposits with banks and financial institutions (maturing after 3 months)		11 428	(42 950)
Direct credit facilities at amortized cost		(211 850)	(605 636)
Financial assets at fair value through profit and loss		303 647	(188 908)
Other assets and financial derivatives		10 335	33 934
<b>Increase (decrease) in liabilities:</b>			
Bank and financial institutions deposits (maturing after 3 months)		429 144	35 032
Customer deposits		733 957	1 342 440
Cash margin		(460 468)	(763 666)
Other liabilities and financial derivatives		258 962	140 756
<b>Net Cash Generated by Operating Activities before Income Tax</b>		<b>1 640 172</b>	<b>610 266</b>
Income tax paid		(279 171)	(231 136)
<b>Net Cash Generated by Operating Activities</b>		<b>1 361 001</b>	<b>379 130</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
(Purchase) of financial assets at fair value through other comprehensive income		(13 360)	(15 595)
Maturity (Purchase) of other financial assets at amortized cost		113 309	(593 336)
(Increase) of investments in associates		(752)	(35 765)
Dividends received from associates	13	178 489	153 329
Dividends from financial assets at fair value through other comprehensive income	10	5 430	8 566
(Purchase) of fixed assets	14	(76 584)	(61 696)
Proceeds from selling fixed assets		22 965	12 965
<b>Net Cash Generated by (Used in) Investing Activities</b>		<b>229 497</b>	<b>(531 532)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
(Paid) borrowed funds		(11 346)	(18 279)
Dividends paid to shareholders		(101 080)	(230 611)
Dividends paid to non-controlling interests		(5 610)	(5 922)
<b>Net Cash (Used in) Financing Activities</b>		<b>(118 036)</b>	<b>(254 812)</b>
Net Increase (Decrease) in Cash and Cash Equivalents		1 472 462	(407 214)
Exchange differences - change in foreign exchange rates		(86 771)	(165 262)
Cash and cash equivalent at the beginning of the year		8 129 224	8 701 700
<b>Cash and Cash Equivalent at the End of the Year</b>	<b>56</b>	<b>9 514 915</b>	<b>8 129 224</b>

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 75 branches in Jordan and 120 branches abroad, its subsidiaries and sister company Arab Bank (Switzerland) Limited.
- Arab Bank plc General Assembly in its extraordinary meeting held on March 26, 2015 approved to increase the Banks' capital by USD 100.4 million, to become USD 926.6 million. The bank has completed the legal procedures with the Ministry of Industry and Trade on April 5, 2015 and with Jordan Securities Commission on April 21, 2015.
- 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 28, 2016 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
	2015 %	2014 %				
Europe Arab Bank plc	100.00	100.00	2006	Banking	United Kingdom	€ 610m
Arab Bank Australia Limited	100.00	100.00	1994	Banking	Australia	AUD 62.5m
Islamic International Arab Bank plc	100.00	100.00	1997	Banking	Jordan	JD 100m
Arab National 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.
- Acquisition of business are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of acquisition date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquire. Acquisition related costs are generally recognized in consolidated statement or Income as incurred.



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

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

The following new and revised IFRSs have been adopted in the preparation of the group consolidated financial statements for which they did not have any material impact on the amounts and disclosures of the consolidated financial statements; however, they may affect the accounting for future transactions and arrangements.

- Annual Improvements to IFRSs 2010 - 2012 Cycle that includes amendments to IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38.
- Annual Improvements to IFRSs 2011 - 2013 Cycle that includes amendments to IFRS 1, IFRS 3, IFRS 13 and IAS 40.
- Amendments to IAS 19 Employee Benefits to clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service.

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

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

<b>New and revised IFRSs</b>	<b>Effective for annual periods beginning on or after</b>
IFRS 14 Regulatory Deferral Accounts	1 January 2016
Amendments to IAS 1 Presentation of Financial Statements relating to Disclosure initiative	1 January 2016
Amendments to IFRS 11 Joint arrangements relating to accounting for acquisitions of interests in joint operations	1 January 2016
Amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets relating to clarification of acceptable methods of depreciation and amortisation	1 January 2016
Amendments to IAS 16 Property, Plant and Equipment and IAS 41 Agriculture relating to bearer plants	1 January 2016
Amendments to IAS 27 Separate Financial Statements relating to accounting investments in subsidiaries, joint ventures and associates to be optionally accounted for either by using IFRS 9 or using the equity method in separate financial statements	1 January 2016
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	1 January 2016
Annual Improvements to IFRSs 2012 - 2014 Cycle covering amendments to IFRS 5, IFRS 7, IAS 19 and IAS 34	1 January 2016

<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> <ul style="list-style-type: none"> <li>• 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.</li> <li>• 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</li> <li>• 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.</li> <li>• Derecognition: The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39.</li> </ul>	<p>1 January 2018</p>
<p>Amendments to IFRS 7 Financial Instruments: Disclosures relating to disclosures about the initial application of IFRS 9</p>	<p>When IFRS 9 is first applied</p>
<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>	<p>When IFRS 9 is first applied</p>

<p>IFRS 15 Revenue from Contracts with Customers</p> <p>In May 2015, 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"> <li>• Step 1: Identify the contract(s) with a customer.</li> <li>• Step 2: Identify the performance obligations in the contract.</li> <li>• Step 3: Determine the transaction price.</li> <li>• Step 4: Allocate the transaction price to the performance obligations in the contract.</li> <li>• Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.</li> </ul> <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>	<p>1 January 2018</p>
<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>	<p>1 January 2019</p>
<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>

- Management anticipates that these new and revised standards, interpretations and amendments will be adopted in the Group's consolidated financial statements 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 consolidated financial statements of the Group in the period of initial application. Management anticipates that IFRS 15 and IFRS 9 will be adopted in the Group's financial statements for the annual year beginning 1 January 2018 and IFRS 16 for the annual year beginning on or after 1 January 2019. The application of IFRS 15 and IFRS 9 may have significant impact on amounts reported and disclosures made in the Group's consolidated financial statements in respect of revenue from contracts with customers and the Group's consolidated financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of effects of the application of these standards until the Group performs a detailed review

#### **4. Significant Accounting Policies**

##### **Basis of preparation of the consolidated financial statement**

- The accompanying consolidated financial statements are prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board and the Interpretations issued by the International Financial Reporting Interpretations Committee, the prevailing rules in the countries where the Group operates and the instructions of the Central Bank of Jordan.
- The consolidated financial statements are prepared using the historical cost principle, except for some of the financial assets and financial liabilities which are stated at fair value as of the date of the consolidated financial statements.
- The accounting policies adopted for the current year are consistent with those applied in the year ended December 31, 2014 except for what is stated in note (3 - a) to the consolidated financial statements.

##### **a. Revenue Recognition**

###### **Interest Income and Expenses**

- Interest income and expenses for all interest bearing financial instruments are recognized in the consolidated statement of income using the effective interest rate method except for interest and commissions on non performing credit facilities, which are recorded as interest and commission in a suspense account.
- The effective interest rate method is a method of calculating the amortized cost of financial assets or financial liabilities and allocating the interest income and expenses over the relevant period. The effective interest rate method is the rate that discounts estimated future cash payments or receipts through the expected life of the financial assets or financial liability, or where appropriate a shorter period to the net carrying of the

financial asset or the financial liability. The Group estimates the cash flow considering all contractual terms of the financial instruments but does not consider future credit losses.

- Commission income in general is recognized on accrual basis arises. Loan recoveries are recorded upon receipt.

#### Dividends income

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

#### Insurance Contract Revenue

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

#### Leasing Contracts Revenue

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

#### b. Direct Credit Facilities

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

### c. Leasing contracts

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

#### 1. The Group as a lessor:

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

#### 2. The Group as a lessee:

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

### d. Foreign currencies

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

#### e. Fixed assets

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

#### f. Intangible Assets

##### 1. Goodwill

- Goodwill is recorded at cost, and represents the excess amount paid to acquire or purchase the investment in an associate or a subsidiary on the date of the transaction over the fair value of the net assets of the associate or subsidiary at the acquisition date. Goodwill resulting from the investment in a subsidiary is recorded as a separate item as part of intangible assets, while goodwill resulting from the investment in an associated company constitutes part of the investment in that company. The cost of goodwill is subsequently reduced by and decline in the value of the investment.
- Goodwill is distributed over the cash generating units for the purpose of testing the impairment in its value.
- The value of goodwill is tested for impairment on the date of the consolidated financial statements. Good will value is reduced when there is evidence that its value has declined or the recoverable value of the cash generating units is less than book value. The decline in the values is recoded in the consolidated statement of income as impairment loss.

##### 2. Other Intangible Assets

- Other intangible assets acquired through merging are stated at fair value at the date of acquisition, while other intangible assets (not acquired through merging) are recorded at cost.



- Intangible assets are to be classified on the basis of either definite or indefinite useful life. Intangible assets with definite useful economic lives are amortized over their useful lives using the straight line method, 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 recorded under deposits with banks and other financial institutions or loans and advances in accordance with the nature of each case. The difference between the purchase price and resale price is recorded as interest revenue amortized over the life of the contract using the effective interest rate method.

#### h. Capital

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

#### i. Investments in Associates

- Associates are those in which the Group exerts significant influence over the financial and operating policy decisions, and in which the Group holds between 20% and 50% of the voting rights.

- Investments in associated companies are accounted for according to the equity method.
- Transactions and balances between the Group and the associates are eliminated to the extent of the Group's ownership in the associate.

#### j. Income Taxes

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

#### k. Financial Assets

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

#### **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,	
	2015	2014
Cash in vaults	455 445	442 651
Balances with central banks:		
- Current accounts	2 173 468	1 748 978
- Time and notice	4 392 724	3 328 069
- Mandatory cash reserve	1 835 107	1 681 736
- Certificates of deposit	615 637	190 540
<b>Total</b>	<b>9 472 381</b>	<b>7 391 974</b>

- 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, 2015 (USD 103.4 million as of December 31, 2014).

**7. Balances with Banks and Financial Institutions**

The details of this item are as follows:

USD '000

<b>Local banks and financial institutions</b>	December 31,	
	2015	2014
Current accounts	-	-
Time deposits maturing within 3 months	57 810	63 450
<b>Total</b>	<b>57 810</b>	<b>63 450</b>

<b>Abroad banks and financial institutions</b>	December 31,	
	2015	2014
Current accounts	1 452 094	1 738 318
Time deposits maturing within 3 months	1 482 499	2 862 310
<b>Total</b>	<b>2 934 593</b>	<b>4 600 628</b>
<b>Total Balances with Banks and Financial Institutions Local and Abroad</b>	<b>2 992 403</b>	<b>4 664 078</b>

- There are no non interest bearing balances as of December 31, 2015 and 2014.
- There are no restricted balances as of December 31, 2015 and 2014.



## 8. Deposits with Banks and Financial Institutions

The details of this item are as follows:

USD '000

Deposit with banks and financial institutions abroad	December 31,	
	2015	2014
Time deposits maturing after 3 months and before 6 months	88 176	87 757
Time deposits maturing after 6 months and before 9 months	4 594	18 490
Time deposits maturing after 9 months and before a year	6 248	4 199
Time deposits maturing after one year	-	-
<b>Total</b>	<b>99 018</b>	<b>110 446</b>

- There are no restricted balances as of December 31, 2015 and 2014.

- There are no deposits with local banks as of December 31, 2015 and 2014.

## 9. Financial Assets at Fair Value through Profit or Loss

The details of this item are as follows:

USD '000

	December 31,	
	2015	2014
Treasury bills and Government bonds	423 445	638 921
Corporate bonds	331 131	413 312
Loans and advances	29 624	22 757
Corporate shares	19 918	20 566
Mutual funds	27 862	31 338
<b>Total</b>	<b>831 980</b>	<b>1 126 894</b>

## 10. Financial Assets at Fair Value through Other Comprehensive Income

The details of this item are as follows:

USD '000

	December 31,	
	2015	2014
Quoted shares	256 776	241 820
Un-quoted shares	222 262	235 727
<b>Total</b>	<b>479 038</b>	<b>477 547</b>

\* Cash dividends from investments above amounted to USD 5.4 million for the year ended December 31, 2015 (USD 8.6 million as of December 31, 2014).

\* Realized gains transferred from investment revaluation reserve to retained earnings amounted to USD 31 thousand as of December 31, 2015 ( Realized losses transferred from investment revaluation reserve to retained earnings amounted to USD (673) thousand as of December 31, 2014).

## 11. Direct Credit Facilities at Amortized Cost

The details of this item are as follows:

USD '000

	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
<b>Total</b>	<b>4 918 780</b>	<b>2 785 996</b>	<b>14 703 789</b>	<b>197 234</b>	<b>1 206 719</b>	<b>23 812 518</b>
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
<b>Total</b>	<b>240 769</b>	<b>225 626</b>	<b>1 156 533</b>	<b>5 852</b>	<b>2 751</b>	<b>1 631 531</b>
<b>Net Direct Credit Facilities at Amortized Cost</b>	<b>4 678 011</b>	<b>2 560 370</b>	<b>13 547 256</b>	<b>191 382</b>	<b>1 203 968</b>	<b>22 180 987</b>

- \* 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.

	December 31, 2014					Total
	Consumer Banking	Corporates		Banks and Financial Institutions	Government and Public Sector	
		Small and Medium	Large			
Discounted bills *	86 236	161 811	456 896	405 866	786	1 111 595
Overdrafts *	108 636	965 941	3 267 565	4 062	354 266	4 700 470
Loans and advances *	2 554 247	1 529 271	10 856 591	77 287	706 138	15 723 534
Real-estate loans	1 755 989	244 694	26 883	-	-	2 027 566
Credit cards	115 313	-	-	-	-	115 313
<b>Total</b>	<b>4 620 421</b>	<b>2 901 717</b>	<b>14 607 935</b>	<b>487 215</b>	<b>1 061 190</b>	<b>23 678 478</b>
Less: Interest and commission in suspense	60 515	93 016	237 177	3 739	-	394 447
Provision for impairment - direct credit facilities at amortized cost	164 912	121 681	992 037	1 256	2 117	1 282 003
<b>Total</b>	<b>225 427</b>	<b>214 697</b>	<b>1 229 214</b>	<b>4 995</b>	<b>2 117</b>	<b>1 676 450</b>
<b>Net Direct Credit Facilities at Amortized Cost</b>	<b>4 394 994</b>	<b>2 687 020</b>	<b>13 378 721</b>	<b>482 220</b>	<b>1 059 073</b>	<b>22 002 028</b>

- \* Net of interest and commission received in advance, which amounted to USD 103.6 million as of December 31, 2014.
- Rescheduled loans during the year ended December 31, 2014 amounted to USD 165.1 million.
  - Restructured loans (transferred from non performing to watch list loans) during the year ended December 31, 2014 amounted to USD 31.1 million.
  - Direct credit facilities granted to and guaranteed by the government of Jordan as of December 31, 2014 amounted to USD 105.5 million, or 0.4% of total direct credit facilities.
  - Non-performing direct credit facilities as of December 31, 2014 amounted to USD 1592.5 million, or 6.7% of total direct credit facilities.
  - Non-performing direct credit facilities net of interest and commission in suspense as of December 31, 2014 amounted to USD 1211 million, or 5.2% of direct credit facilities, after deducting interest and commission in suspense.

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

	December 31, 2015						USD '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	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)
<b>Balance at the End of the Year</b>	<b>171 143</b>	<b>134 135</b>	<b>902 901</b>	<b>1 353</b>	<b>2 751</b>	<b>1 212 283</b>	<b>16 847</b>

	December 31, 2014						USD '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	163 270	154 389	981 395	1 256	3 020	1 303 330	20 749
Impairment losses charged to income	14 024	11 587	77 355	87	138	103 191	3 857
Used from provision (written off or transferred to off consolidated statement of financial position) *	( 3 476)	( 16 203)	( 16 721)	-	-	( 36 400)	( 581)
Surplus in provision transferred to statement of income	( 9 961)	( 12 507)	( 43 805)	( 3)	( 754)	( 67 030)	( 7 883)
Adjustments during the year	5 573	( 6 370)	20 648	-	( 171)	19 680	1 701
Translation adjustments	( 4 518)	( 9 215)	( 26 835)	( 84)	( 116)	( 40 768)	( 33)
<b>Balance at the End of the Year</b>	<b>164 912</b>	<b>121 681</b>	<b>992 037</b>	<b>1 256</b>	<b>2 117</b>	<b>1 282 003</b>	<b>17 810</b>

- 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, 2015 and 2014.

- Impairment is assessed based on individual customer accounts.

\* The non-performing direct credit facilities transferred to off consolidated statement of financial position amounted to USD 2.1 million as of December 31, 2015. ( USD 0.3 million as of December 31, 2014) noting that these non-performing direct credit facilities are fully covered by provisions and suspended interest.

The details of movement on Interest and commission In suspense are as follows:

	December 31, 2015					USD '000	
	Consumer Banking	Corporates		Banks and Financial Institutions	Government and Public Sector	Total	The total includes interest and commission in suspense movement on real - estates loans as follows:
		Small and Medium	Large				
Balance at the beginning of the year	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)
<b>Balance at the End of the Year</b>	<b>69 626</b>	<b>91 491</b>	<b>253 632</b>	<b>4 499</b>	<b>-</b>	<b>419 248</b>	<b>11 557</b>

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

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

USD '000

<b>Economic Sector</b>	Inside Jordan	Outside Jordan	<b>December 31,2015</b>	December 31, 2014
Consumer Banking	2 145 483	2 532 528	<b>4 678 011</b>	4 394 994
Industry and mining	874 964	3 563 809	<b>4 438 773</b>	4 801 443
Constructions	239 105	1 622 378	<b>1 861 483</b>	1 605 182
Real - Estates	318 826	1 391 947	<b>1 710 773</b>	1 641 284
Trade	940 548	2 680 643	<b>3 621 191</b>	3 734 571
Agriculture	59 189	104 849	<b>164 038</b>	168 323
Tourism and Hotels	263 745	362 287	<b>626 032</b>	609 005
Transportations	186 751	565 485	<b>752 236</b>	787 606
Shares	1 579	65 467	<b>67 046</b>	87 729
General Services	407 814	2 458 240	<b>2 866 054</b>	2 630 598
Banks and Financial Institutions	16 848	174 534	<b>191 382</b>	482 220
Government and Public Sector	81 927	1 122 041	<b>1 203 968</b>	1 059 073
<b>Net Direct Credit Facilities at Amortized Cost</b>	<b>5 536 779</b>	<b>16 644 208</b>	<b>22 180 987</b>	<b>22 002 028</b>

**12. Other financial assets at amortized cost**

USD '000

The details of this item are as follows:

	December 31,	
	2015	2014
Treasury bills	2 731 740	2 896 005
Government bonds and bonds guaranteed by the government	4 492 258	4 501 339
Corporate bonds	1 808 678	1 749 194
Less: Provision for impairment	( 28 967)	( 29 520)
<b>Total</b>	<b>9 003 709</b>	<b>9 117 018</b>

**Analysis of bonds based on interest nature:**

USD '000

	December 31,	
	2015	2014
Floating interest rate	602 196	551 811
Fixed interest rate	8 401 513	8 565 207
<b>Total</b>	<b>9 003 709</b>	<b>9 117 018</b>

**Analysis of financial assets based on market quotation:**

USD '000

	December 31,	
	2015	2014
<b>Financial assets quoted in the market:</b>		
Treasury bills	753 022	654 496
Government bonds and bonds guaranteed by the government	1 318 234	1 326 075
Corporate bonds	1 660 382	1 453 887
<b>Total</b>	<b>3 731 638</b>	<b>3 434 458</b>

	December 31,	
	2015	2014
<b>Financial assets unquoted in the market:</b>		
Treasury bills	1 978 718	2 241 509
Government bonds and bonds guaranteed by the government	3 174 024	3 175 264
Corporate bonds	119 329	265 787
<b>Total</b>	<b>5 272 071</b>	<b>5 682 560</b>
<b>Grand Total</b>	<b>9 003 709</b>	<b>9 117 018</b>

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

USD '000

	December 31,	
	2015	2014
Balance at the beginning of the year	29 520	28 189
Impairment losses charged to income	-	6 422
Used from provision	-	( 4 514)
Translation adjustments	( 553)	( 577)
<b>Balance at the End of the Year</b>	<b>28 967</b>	<b>29 520</b>

During the year ended December 31, 2015 certain financial assets at amortized cost in the amount to USD 268.7 million were sold due to near maturity dates (USD 376.3 million during the year ended December 31, 2014).

### 13. Investment in Associates

The details of this item are as follows:

	December 31, 2015		December 31, 2014		Place of Incorporation	Fair Value	Published Financial Statements Date	Principal Activity
	Owner-ship and Voting Right	Investment Value	Owner-ship and Voting Right	Investment Value				
	%		%					
Turkland Bank A.Ş.	50.00	182 173	50.00	244 067	Turkey	Unquoted	2015	Banking
Oman Arab Bank S.A.O.	49.00	287 562	49.00	270 487	Oman	Unquoted	2015	Banking
Arab National Bank	40.00	2 388 135	40.00	2 250 218	Saudi Arabia	2 512 000	2015	Banking
Arabia Insurance Company	38.23	35 952	37.42	40 879	Lebanon	Unquoted	2014	Insurance
Other	Various	22 468	Various	23 973	Various	Unquoted		Various
<b>Total</b>		<b>2 916 290</b>		<b>2 829 624</b>				

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

	2015	2014
Balance at the beginning of the year	2 829 624	2 618 191
Purchase of investments in associates	752	35 765
Group's share of profits for the year	356 981	348 201
Dividends received	( 178 489)	( 153 329)
Translation Adjustment	( 61 574)	( 21 650)
Group's share of other changes in equity	( 31 004)	2 446
<b>Balance at the End of the Year</b>	<b>2 916 290</b>	<b>2 829 624</b>
<b>Group's share of taxes</b>	<b>72 749</b>	<b>65 995</b>

\* The closing price of the Arab National Bank's share as of December 31, 2015 was Saudi Riyal 23.55 as quoted on Saudi Arabia Stock Exchange (Saudi Riyal 30.5 as of December 31, 2014). However, due to matters relating to the ownership concentrations of the Arab National Bank, the closing price of the share may not necessarily represent its fair value.

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

	December 31,	
	2015	2014
Turkland Bank A.Ş.	2 599	6 956
Oman Arab Bank S.A.O.	36 852	35 748
Arab National Bank	316 204	306 669
Arabia Insurance Company	( 52)	( 2 795)
Other	1 378	1 623
<b>Total</b>	<b>356 981</b>	<b>348 201</b>

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

	December 31,	
	2015	2014
Total Assets	21 853 639	21 128 648
Total Liabilities	18 905 654	18 377 074
Total Revenue	779 067	730 485

**14. Fixed Assets**

USD '000

The details of this item are as follows:

	Land	Build-ings	Furniture, Fixtures and Equip-ment	Computers and Com-munication Equipment	Motor Vehicles	Leasehold Improve-ments	Total
<b>Historical Cost:</b>							
<b>Balance as of January 1, 2014</b>	<b>82 938</b>	<b>383 429</b>	<b>193 998</b>	<b>121 239</b>	<b>14 488</b>	<b>105 363</b>	<b>901 455</b>
Additions	-	17 524	11 982	14 731	2 092	15 367	61 696
Disposals	( 134)	( 7 494)	( 5 311)	( 2 588)	( 1 503)	( 11 730)	( 28 760)
Adjustments during the year	-	-	( 5 188)	5 188	-	-	-
Translation Adjustments	( 2 215)	( 16 493)	( 2 797)	( 5 313)	( 680)	( 6 405)	( 33 903)
<b>Balance as of December 31, 2014</b>	<b>80 589</b>	<b>376 966</b>	<b>192 684</b>	<b>133 257</b>	<b>14 397</b>	<b>102 595</b>	<b>900 488</b>
Additions	30	18 999	19 670	20 890	1 138	15 857	76 584
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)	( 2 667)	( 4 370)	( 496)	( 4 262)	( 23 708)
<b>Balance at December 31, 2015</b>	<b>77 981</b>	<b>372 034</b>	<b>207 258</b>	<b>152 611</b>	<b>14 448</b>	<b>90 084</b>	<b>914 416</b>
<b>Accumulated Depreciation :</b>							
<b>Balance as of January 1, 2014</b>	<b>-</b>	<b>108 864</b>	<b>133 277</b>	<b>96 265</b>	<b>10 818</b>	<b>52 638</b>	<b>401 862</b>
Depreciation charge for the year	-	12 041	16 717	12 000	1 437	14 417	56 612
Disposals	-	( 1 391)	( 5 023)	( 2 382)	( 1 208)	( 7 816)	( 17 820)
Adjustments during the year	-	725	( 4 008)	3 389	-	-	106
Translation adjustments	-	( 3 479)	( 1 973)	( 4 240)	( 458)	( 3 363)	( 13 513)
<b>Balance as of December 31, 2014</b>	<b>-</b>	<b>116 760</b>	<b>138 990</b>	<b>105 032</b>	<b>10 589</b>	<b>55 876</b>	<b>427 247</b>
Depreciation charge for the year	-	12 499	16 126	13 969	1 496	10 756	54 846
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)	( 1 931)	( 3 471)	( 266)	( 2 464)	( 10 633)
<b>Balance at December 31, 2015</b>	<b>-</b>	<b>125 082</b>	<b>152 156</b>	<b>117 714</b>	<b>11 321</b>	<b>47 008</b>	<b>453 281</b>
<b>Net Book Value as of December 31, 2015</b>	<b>77 981</b>	<b>246 952</b>	<b>55 102</b>	<b>34 897</b>	<b>3 127</b>	<b>43 076</b>	<b>461 135</b>
<b>Net Book Value as of December 31, 2014</b>	<b>80 589</b>	<b>260 206</b>	<b>53 694</b>	<b>28 225</b>	<b>3 808</b>	<b>46 719</b>	<b>473 241</b>

The cost of fully depreciated fixed assets amounted to USD 212.4 million as of December 31, 2015 (USD 181.9 million as of December 31, 2014).



**15. Other Assets**

USD '000

The details of this item are as follows:

	December 31,	
	2015	2014
Accrued interest receivable	187 227	206 380
Prepaid expenses	122 408	127 751
Foreclosed assets *	58 518	80 387
Items in transit	24 611	2 144
Intangible assets **	16 055	14 478
Other miscellaneous assets	81 969	73 412
<b>Total</b>	<b>490 788</b>	<b>504 552</b>

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

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

USD '000

	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)
<b>Balance at the End of the Year</b>	<b>14 230</b>	<b>36 601</b>	<b>7 687</b>	<b>58 518</b>

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

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

December 31,

	December 31,	
	2015	2014
Balance at the beginning of the year	14 478	14 262
Additions	9 635	9 376
Disposals	( 52)	( 354)
Amortization charge for the year	( 7 321)	( 7 866)
Adjustment during the year and translation adjustments	( 685)	( 940)
<b>Balance at the End of the Year</b>	<b>16 055</b>	<b>14 478</b>

## 16. Deferred Tax Assets

The details of this item are as follows :

Items attributable to deferred tax assets are as follows:

	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
<b>Total</b>	<b>219 704</b>	<b>61 004</b>	<b>( 33 781)</b>	<b>( 23 606)</b>	<b>223 321</b>	<b>58 629</b>

	2014				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	102 803	14 623	( 10 271)	( 12 309)	94 846	24 328
End-of-Service indemnity	56 323	4 607	( 1 869)	( 4)	59 057	19 123
Interest in suspense	12 284	4 963	( 7 414)	777	10 610	2 565
Other	41 455	9 308	( 1 179)	5 607	55 191	12 916
<b>Total</b>	<b>212 865</b>	<b>33 501</b>	<b>( 20 733)</b>	<b>( 5 929)</b>	<b>219 704</b>	<b>58 932</b>

\* 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	
	2015	2014
Balance at the beginning of the year	58 932	55 573
Additions during the year	16 148	10 183
Amortized during the year	( 11 620)	( 5 161)
Adjustments during the year and translation adjustments	( 4 831)	( 1 663)
<b>Balance at the End of the Year</b>	<b>58 629</b>	<b>58 932</b>

## 17. Banks and Financial Institutions Deposits

The details of this item are as follows:

USD '000

	December 31, 2015			December 31, 2014		
	Inside the Kingdom	Outside the Kingdom	Total	Inside the Kingdom	Outside the Kingdom	Total
Current and demand	-	323 208	323 208	21 180	371 591	392 771
Time deposits	9 997	3 303 529	3 313 526	19 994	3 668 348	3 688 342
<b>Total</b>	<b>9 997</b>	<b>3 626 737</b>	<b>3 636 734</b>	<b>41 174</b>	<b>4 039 939</b>	<b>4 081 113</b>

## 18. Customer Deposits

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
<b>Total</b>	<b>18 594 526</b>	<b>3 606 567</b>	<b>7 489 800</b>	<b>3 108 335</b>	<b>32 799 228</b>

- Government of Jordan and Jordanian public sector deposits amounted to USD 719.5 million, or 2.2 % of total customer deposits as of December 31, 2015 (USD 984.6 million , or 3.1% of total customer deposits as of December 31, 2014).
- Non-interest bearing deposits amounted to USD 11016.5 million, or 33.6 % of total customer deposits as of December 31, 2015 (USD 10526.8 million or 32.8% of total customer deposits as of December 31, 2014).
- Blocked deposits amounted to USD 153.2 million, or 0.5 % of total customer deposits as of December 31, 2015 (USD 103.7 million , or 0.3% of total customer deposit as of December 31, 2014).
- Dormant deposits amounted to USD 440.2 million, or 1.3 % of total customer deposits as of December 31, 2015 (USD 431.9 million , or 1.3% of total customer deposits as of December 31, 2014).

USD '000

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

**19. Cash Margin**

USD '000

The details of this item are as follows:

	December 31,	
	2015	2014
Against direct credit facilities at amortized cost	1 877 034	2 348 527
Against indirect credit facilities	553 475	546 327
Against margin trading	9 327	5 623
Other cash margins	3 254	3 081
<b>Total</b>	<b>2 443 090</b>	<b>2 903 558</b>

**20. Borrowed Funds**

USD '000

The details of this item are as follows:

	December 31,	
	2015	2014
From Central Banks *	11 285	7 614
From banks and financial institutions **	64 460	79 477
<b>Total</b>	<b>75 745</b>	<b>87 091</b>

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

USD '000

	December 31,	
	2015	2014
Floating interest rate	70 099	85 117
Fixed interest rate	5 646	1 974
<b>Total</b>	<b>75 745</b>	<b>87 091</b>

\* 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, 2015 amounted to USD 5.6 million (USD 5.6 million as of December 31, 2014).

\* During 2014, Arab Bank (Jordan branches) signed a loan agreement with the Central Bank of Jordan amounting to USD 3.9 million, for the duration of 10 years with a fixed interest rate of 2.5%. The agreement aims to support 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, 2015 amounted to USD 3.9 million (USD 2 Million as of December 31, 2014).

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

\*\* The Group borrowed amounts from banks and financial institutions, as well issued syndicated term loans through the Arab Tunisian Bank, the balance amounted to approximately USD 64.5 million as of December 31, 2015 (USD 79.5 million as of December 31, 2014), whereas the lowest interest rate is (0.25%) and the highest is (6.7%) and the last maturity date is on May 19, 2032, as per the following details :

	December 31,	
	2015	2014
Loans maturing within one year	10 009	10 374
Loans maturing after 1 year and less than 3 years	17 078	20 060
Loans maturing after 3 years	37 373	49 043
<b>Total</b>	<b>64 460</b>	<b>79 477</b>

**21. Provision for Income Tax**

The details of this item are as follows:

USD '000

	December 31,	
	2015	2014
Balance at the beginning of the year	235 248	196 895
Income tax expense	279 841	269 489
Income tax paid	(279 171)	(231 136)
<b>Balance at the End of the Year</b>	<b>235 918</b>	<b>235 248</b>

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

	December 31, USD '000	
	2015	2014
Income tax expense for the year	279 841	269 489
Deferred tax assets for the year	(16 012)	(10 183)
Amortization of deferred tax assets	11 584	5 161
Deferred tax liabilities for the year	2 285	-
Amortization of deferred tax liabilities	(493)	(301)
<b>Total</b>	<b>277 205</b>	<b>264 166</b>

- 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 0 to 37% as of December 31, 2015 and 2014.
- The branches of Arab bank Group have reached a recent tax settlements ranging between 2006 for Arab Bank Egypt and 2014 for Arab Bank United Arab Emirates and Arab Sudanese Bank

**22. Other Provisions**

The details of this item are as follows:

USD '000

	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	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
<b>Total</b>	<b>144 203</b>	<b>17 536</b>	<b>(14 975)</b>	<b>(1 326)</b>	<b>(203)</b>	<b>145 235</b>

	2014					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	109 805	10 691	(5 991)	(94)	(57)	114 354
Legal cases	6 086	806	(197)	(91)	(837)	5 767
Other	23 131	4 956	(2 254)	(223)	(1 528)	24 082
<b>Total</b>	<b>139 022</b>	<b>16 453</b>	<b>(8 442)</b>	<b>(408)</b>	<b>(2 422)</b>	<b>144 203</b>

**23. Other Liabilities**

USD '000

The details of this item are as follows:

	December 31,	
	2015	2014
Accrued interest payable	133 561	140 952
Notes payable	171 873	134 685
Interest and commission received in advance	101 387	115 712
Accrued expenses	78 277	80 145
Other miscellaneous liabilities *	1 142 156	861 466
<b>Total</b>	<b>1 627 254</b>	<b>1 332 960</b>

\* This items represents in most legal expected costs ( Note 57)

## 24. Deferred Tax Liabilities

The details of this item are as follows:

Items attributable to deferred tax liabilities are as follows:

	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
<b>Total</b>	<b>38 649</b>	<b>6 681</b>	<b>(6 308)</b>	<b>(2 318)</b>	<b>36 704</b>	<b>12 103</b>

	2014				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	22 157	9 567	-	(302)	31 422	10 217
Other	10 167	-	(2 632)	(308)	7 227	1 707
<b>Total</b>	<b>32 324</b>	<b>9 567</b>	<b>(2 632)</b>	<b>(610)</b>	<b>38 649</b>	<b>11 924</b>

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

	USD '000	
	2015	2014
Balance at the beginning of the year	11 924	8 052
Additions during the year	2 285	4 252
Amortized during the year	(2 006)	(301)
Adjustments during the year and translation adjustments	(100)	(79)
<b>Balance at the End of the Year</b>	<b>12 103</b>	<b>11 924</b>

**25. Share Capital**

- a. 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 as of December 31,2015 . 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. (Arab Bank Plc General Assembly in its extraordinary meeting held on March 27, 2014 approved to increase the Group capital by USD 50.2 million , to become USD 826.2 million distributed to 569.6 million shares as of December 31, 2014 . The legal procedures have been completed with the Ministry of Industry and Trade on April , 1 2014 and with Jordan Securities Commission on April 8,2014).
- b. Share premium amounted to USD 1225.7 million as of December 31, 2015 and 2014.

**26. Statutory Reserve**

Statutory reserve amounted to USD 753.1 million as of December 31, 2015 (USD 712.7 million as of December 31, 2014) 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, 2015 and 2014. 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, 2015 and 2014. 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, 2015 and 2014. 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,	
	2015	2014
Balance at the beginning of the year	( 122 751)	61 715
Addition (disposal) during the year transferred to other comprehensive income	( 161 858)	( 184 466)
<b>Balance at the end of the year</b>	<b>( 284 609)</b>	<b>( 122 751)</b>

**31. Investment Revaluation Reserve**

USD '000

The details of this item are as follows:

	December 31,	
	2015	2014
Balance at the beginning of the year	( 219 278)	( 228 393)
Change in fair value during the year	( 41 312)	8 442
Net realized loss transferred to retained earnings	( 31)	673
<b>Balance at the End of the Year</b>	<b>( 260 621)</b>	<b>( 219 278)</b>

\* Investment revaluation reserve is stated net of deferred tax liabilities in the amount of USD 8.6 million as of December 31, 2015 (USD 10.2 million as of December 31, 2014).

**32. Retained Earnings and Non-controlling interests**

USD '000

The movement of retained earnings are as follows:

	2015	2014
Balance at the beginning of the year	1 315 525	437 933
Profit for the year Attributable to Shareholders of the Bank	430 830	573 687
General reserve transferred to retained earnings	-	681 000
Investments revaluation reserve transferred to retained earnings	31	( 673)
Dividends paid *	( 101 772)	( 231 894)
Transferred to statutory reserve	( 40 343)	( 68 862)
Adjustments during the year	( 1 012)	( 25 470)
Increase in Capital (Stock Dividends)	( 100 392)	( 50 196)
<b>Balance at the End of the Year **</b>	<b>1 502 867</b>	<b>1 315 525</b>

\* Arab Bank plc Board of Directors recommended a 25% of par value as cash dividend, equivalent to USD 225.9 million, for the year 2015, This proposal is subject to the approval of the General Assembly of shareholders. (The General assembly of Arab Bank Plc in its meeting held on March 26, 2015 approved the recommendations of the board of directors to distribute 12% of par value as a cash dividends equivalent to USD 96.4 million and two bonus shares for every sixteen shares amounting 71.2 million shares for the year 2014).

\*\* Retained earnings include restricted deferred tax assets in the amount of USD 58.6 million, as well as unrealized gains from financial assets at fair value through profit or loss in the amount of USD 8.7 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 2.5 million as of December 31, 2015.

\*\* 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, 2015.

\*\* The Use of an amount of USD (260.6) million as of December 31,2015 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

	2015			2014		
	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	96 494	12 543	35.76	95 354	9 699
Arab Bank Syria	48.71	17 992	(2 885)	48.71	16 997	(7 473)
Al Nisr Al Arabi Insurance Company plc	50.00	14 538	1 635	50.00	14 709	1 240
<b>Total</b>		<b>129 024</b>	<b>11 293</b>		<b>127 060</b>	<b>3 466</b>

### 33. Interest Income

The details of this item are as follows:

USD '000

	2015	2014
Direct credit facilities at amortized cost *	1 185 767	1 151 577
Central banks	72 405	86 492
Banks and financial institutions	3 545	15 881
Financial assets at fair value through profit or loss	32 062	33 615
Other financial assets at amortized cost	522 116	557 531
<b>Total</b>	<b>1 815 895</b>	<b>1 845 096</b>

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

	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
<b>Total</b>	<b>343 429</b>	<b>155 948</b>	<b>630 528</b>	<b>6 735</b>	<b>49 127</b>	<b>1 185 767</b>

	2014					USD '000
	Consumer Banking	Corporates		Banks and Financial Institutions	Government and Public Sector	Total
		Small and Medium	Large			
Discounted bills	9 484	16 855	18 537	3 583	110	48 569
Overdrafts	12 798	53 742	189 989	624	19 338	276 491
Loans and advances	182 479	76 504	401 158	5 670	31 099	696 910
Real estate loans	104 288	6 546	2 266	-	-	113 100
Credit cards	16 507	-	-	-	-	16 507
<b>Total</b>	<b>325 556</b>	<b>153 647</b>	<b>611 950</b>	<b>9 877</b>	<b>50 547</b>	<b>1 151 577</b>

**34. Interest Expense**

USD '000

The details of this item are as follows:

	2015	2014
Customer deposits *	621 703	654 401
Banks' and financial institutions' deposits	39 664	35 206
Cash margins	35 550	53 182
Borrowed funds	3 096	3 721
Deposit insurance fees	24 744	23 638
<b>Total</b>	<b>724 757</b>	<b>770 148</b>

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

	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
<b>Total</b>	<b>352 341</b>	<b>38 760</b>	<b>144 776</b>	<b>85 826</b>	<b>621 703</b>

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

**35. Net Commission Income**

USD '000

The details of this item are as follows:

	2015	2014
Commission income:		
- Direct credit facilities at amortized cost	97 153	90 905
- Indirect credit facilities	148 177	155 538
- Assets under management	12 792	15 082
- Other	89 748	87 403
Less: commission expense	(28 267)	(27 335)
<b>Net Commission Income</b>	<b>319 603</b>	<b>321 593</b>

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

The details of this item are as follows:

USD '000

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

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

**37. Other Revenue**

USD'000

The details of this item are as follows:

	2015	2014
Revenue from customer services	17 241	19 856
Safe box rent	1 634	1 596
Gains from derivatives	133	1 494
Miscellaneous revenue	31 058	38 179
<b>Total</b>	<b>50 066</b>	<b>61 125</b>

**38. Employees' Expenses**

USD'000

The details of this item are as follows:

	2015	2014
Salaries and benefits	311 173	304 485
Social security	30 879	30 653
Savings fund	4 731	4 663
Indemnity compensation	7 449	8 297
Medical	11 753	11 547
Training	3 144	2 866
Allowances	58 075	57 805
Other	13 448	14 438
<b>Total</b>	<b>440 652</b>	<b>434 754</b>

**39. Other Expenses**

USD'000

The details of this item are as follows:

	2015	2014
Occupancy	74 570	72 989
Office	62 992	66 463
Services	55 340	59 343
Fees	12 305	9 875
Information technology	38 458	32 781
Other administrative expenses	51 768	44 545
<b>Total</b>	<b>295 433</b>	<b>285 996</b>

**40. Financial Derivatives**

The details of this item are as follows:

USD'000

	December 31,	
	2015	2014
Forward contracts	267 101	284 971
Interest rate swaps	2 534 323	1 813 701
Foreign currency forward contracts	5 120 808	5 661 310
<b>Total</b>	<b>7 922 232</b>	<b>7 759 982</b>

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	-	-
<b>Derivatives held for trading</b>	<b>51 505</b>	<b>39 477</b>	<b>5 825 605</b>	<b>4 238 930</b>	<b>950 985</b>	<b>475 897</b>	<b>159 793</b>
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	-	-
<b>Derivatives held for fair value hedge</b>	<b>6 730</b>	<b>11 685</b>	<b>1 538 192</b>	<b>164 221</b>	<b>501 151</b>	<b>614 708</b>	<b>258 112</b>
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	-	-
<b>Derivatives held for cash flow hedge</b>	<b>-</b>	<b>2 543</b>	<b>558 435</b>	<b>505 513</b>	<b>24 306</b>	<b>7 302</b>	<b>21 314</b>
<b>Total</b>	<b>58 235</b>	<b>53 705</b>	<b>7 922 232</b>	<b>4 908 664</b>	<b>1 476 442</b>	<b>1 097 907</b>	<b>439 219</b>

The details of financial derivatives are as follows:

USD '000

	December 31, 2014						
	Positive Fair Value	Negative Fair Value	Total Notional Amount	Notional amounts by maturity			
				Within 3 Months	From 3 months to 1 Years	From 1 Year to 3 Years	More than 3 Years
Forward contracts	4 266	3 711	284 971	131 469	81 078	66 335	6 089
Interest rate swaps	19 211	24 534	1 084 234	112 004	154 858	177 955	639 417
Foreign currency forward contracts	26 941	16 606	4 838 323	2 666 356	2 167 864	4 103	-
<b>Derivatives held for trading</b>	<b>50 418</b>	<b>44 851</b>	<b>6 207 528</b>	<b>2 909 829</b>	<b>2 403 800</b>	<b>248 393</b>	<b>645 506</b>
Forward contracts	-	-	-	-	-	-	-
Interest rate swaps	5 846	14 625	649 136	37 376	54 548	471 748	85 464
Foreign currency forward contracts	-	-	135 853	5 763	130 090	-	-
<b>Derivatives held for fair value hedge</b>	<b>5 846</b>	<b>14 625</b>	<b>784 989</b>	<b>43 139</b>	<b>184 638</b>	<b>471 748</b>	<b>85 464</b>
Forward contracts	-	-	-	-	-	-	-
Interest rate swaps	-	3 013	80 331	-	12 286	12 286	55 759
Foreign currency forward contracts	-	-	687 134	687 134	-	-	-
<b>Derivatives held for cash flow hedge</b>	<b>-</b>	<b>3 013</b>	<b>767 465</b>	<b>687 134</b>	<b>12 286</b>	<b>12 286</b>	<b>55 759</b>
<b>Total</b>	<b>56 264</b>	<b>62 489</b>	<b>7 759 982</b>	<b>3 640 102</b>	<b>2 600 724</b>	<b>732 427</b>	<b>786 729</b>

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	
	2015	2014	2015	2014	2015	2014
Revenues	<b>474 129</b>	486 588	<b>1 434 231</b>	1 390 721	<b>1 908 360</b>	1 877 309
Assets	<b>12 977 319</b>	12 392 008	<b>36 067 274</b>	36 420 590	<b>49 044 593</b>	48 812 598
Capital Expenditures	<b>22 428</b>	19 904	<b>54 156</b>	41 792	<b>76 584</b>	61 696

#### 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

	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	7 368	347 149
<b>Result of operations of segments</b>	<b>615 594</b>	<b>217 508</b>	<b>90 883</b>	<b>200 631</b>	<b>387 494</b>	<b>1 512 110</b>
Indirect expenses on segments	198 918	56 042	40 169	145 930	2 723	443 782
Legal Expenses	-	-	-	-	349 000	349 000
<b>Profit for the year before income tax</b>	<b>416 676</b>	<b>161 466</b>	<b>50 714</b>	<b>54 701</b>	<b>35 771</b>	<b>719 328</b>
Income tax expense	77 059	48 886	18 485	18 573	114 202	277 205
<b>Profit (Loss) for the Year</b>	<b>339 617</b>	<b>112 580</b>	<b>32 229</b>	<b>36 128</b>	<b>(78 431)</b>	<b>442 123</b>
Depreciation and amortization	16 135	4 418	2 304	31 989	-	54 846
<b>Other information</b>						
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
<b>TOTAL ASSETS</b>	<b>18 090 366</b>	<b>20 756 491</b>	<b>12 016 468</b>	<b>8 055 371</b>	<b>9 753 048</b>	<b>49 044 593</b>
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	-	-	-	-
<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>	<b>18 090 366</b>	<b>20 756 491</b>	<b>12 016 468</b>	<b>8 055 371</b>	<b>9 753 048</b>	<b>49 044 593</b>

## Information about the Group's Business Segments

	2014					USD '000
	Corporate and institutional Banking	Treasury	Consumer Banking		Other	Total
			Elite	Retail Banking		
Total income	762 546	681 725	(123 735)	166 167	390 606	1 877 309
Net inter-segment interest income	(19 093)	(384 616)	224 864	178 845	-	-
Provision for impairment - direct credit facilities at amortized cost	28 993	-	261	6 907	-	36 161
Other provisions	12 790	2 601	1 377	5 699	-	22 467
Direct administrative expenses	122 179	18 911	27 581	149 862	4 857	323 390
<b>Result of operations of segments</b>	<b>579 491</b>	<b>275 597</b>	<b>71 910</b>	<b>182 544</b>	<b>385 749</b>	<b>1 495 291</b>
Indirect expenses on segments	201 622	66 468	40 519	143 642	1 721	453 972
Legal Expenses	-	-	-	-	200 000	200 000
<b>Profit for the year before income tax</b>	<b>377 869</b>	<b>209 129</b>	<b>31 391</b>	<b>38 902</b>	<b>184 028</b>	<b>841 319</b>
Income tax expense	60 784	59 668	14 327	12 741	116 646	264 166
<b>Profit for the Year</b>	<b>317 085</b>	<b>149 461</b>	<b>17 064</b>	<b>26 161</b>	<b>67 382</b>	<b>577 153</b>
Depreciation and amortization	18 953	5 571	2 474	29 614	-	56 612
<b>Other information</b>						
Segment assets	18 687 280	20 585 442	1 738 113	3 809 406	1 162 733	45 982 974
Inter-segment assets	-	-	9 684 091	4 276 342	5 327 909	-
Investment in associates	-	-	-	-	2 829 624	2 829 624
<b>TOTAL ASSETS</b>	<b>18 687 280</b>	<b>20 585 442</b>	<b>11 422 204</b>	<b>8 085 748</b>	<b>9 320 266</b>	<b>48 812 598</b>
Segment liabilities	17 104 923	2 879 457	11 422 204	8 085 748	1 431 525	40 923 857
Owners equity	-	-	-	-	7 888 741	7 888 741
Inter-segment liabilities	1 582 357	17 705 985	-	-	-	-
<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>	<b>18 687 280</b>	<b>20 585 442</b>	<b>11 422 204</b>	<b>8 085 748</b>	<b>9 320 266</b>	<b>48 812 598</b>

### 43. Banking Risk Management

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

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

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

#### a. Credit Risk Management

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

#### b. Geographic Concentration Risk

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

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

#### c. Liquidity Risk

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

Note (47) and (50) shows the maturities of the assets and liabilities of the Bank.

#### d. Market Risk

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

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

##### 1. Interest Rate Risk:

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

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

##### 2. Capital Market Exposures:

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

##### 3. Foreign Exchange Risk

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

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

#### e. Operational Risk

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

#### 44. Credit Risk

##### A. Gross exposure to credit risk (net of impairment provisions and 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,	
	2015	2014
Balances with central banks	9 016 936	6 949 323
Balances with banks and financial institutions	2 992 403	4 664 078
Deposits with banks and financial institutions	99 018	110 446
Financial assets at fair value through profit or loss	784 200	1 074 990
<b>Direct credit facilities at amortized cost</b>	<b>22 180 987</b>	<b>22 002 028</b>
Consumer Banking	4 678 011	4 394 994
Small and Medium Corporate	2 560 370	2 687 020
Large Corporate	13 547 256	13 378 721
Banks and financial institutions	191 382	482 220
Government and public sector	1 203 968	1 059 073
Other financial assets at amortized cost	9 003 709	9 117 018
Other assets and financial derivatives - positive fair value	367 870	390 395
<b>Total Credit Exposure Related to Items on the Consolidated Statement of Financial Position</b>	<b>44 445 123</b>	<b>44 308 278</b>
<b>Credit risk exposures relating to items off the consolidated statement of financial position:</b>		
Letters of credit	2 152 393	2 093 319
Acceptances	688 359	884 892
Letters of guarantees	12 813 870	13 513 896
Unused credit facilities	5 069 773	5 088 108
<b>Total</b>	<b>20 724 395</b>	<b>21 580 215</b>
<b>Grand Total for Credit Exposure</b>	<b>65 169 518</b>	<b>65 888 493</b>

The table above shows the maximum limit of the bank credit risk as of December 31, 2015 and 2014 excluding collaterals or risks mitigations.

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

USD '000

December 31, 2015

	Consumer Banking	Corporates		Banks and Financial Institutions	Government and Public Sector	Total
		Small and Medium	Large			
Low risk	1 366 911	1 353 875	2 357 044	4 198 793	17 618 654	26 895 277
Acceptable risk	3 319 207	1 322 319	11 330 550	886 620	407 095	17 265 791
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
<b>Non-performing:</b>	<b>219 612</b>	<b>254 369</b>	<b>1 043 629</b>	<b>31 023</b>	<b>1 021</b>	<b>1 549 654</b>
- 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
<b>Total</b>	<b>4 934 904</b>	<b>2 968 277</b>	<b>15 059 234</b>	<b>5 116 436</b>	<b>18 026 770</b>	<b>46 105 621</b>
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
<b>Net</b>	<b>4 694 135</b>	<b>2 742 651</b>	<b>13 873 734</b>	<b>5 110 584</b>	<b>18 024 019</b>	<b>44 445 123</b>

\* 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, 2014					USD '000
	Consumer Banking	Corporates		Banks and Financial Institutions	Government and Public Sector	Total
		Small and Medium	Large			
Low risk	1 330 986	1 545 034	2 053 580	6 277 256	15 845 495	27 052 351
Acceptable risk	3 082 769	1 221 985	11 461 538	857 266	382 996	17 006 554
Due:	35 972	33 787	119 152	1 426	-	190 337
- Up to 30 days	31 238	27 634	38 944	58	-	97 874
- 31 - 60 days	4 734	6 153	80 208	1 368	-	92 463
Watch list	24 461	32 832	280 081	-	-	337 374
<b>Non-performing:</b>	<b>206 343</b>	<b>243 975</b>	<b>1 136 341</b>	<b>30 202</b>	<b>1 108</b>	<b>1 617 969</b>
- Substandard	20 549	12 222	7 888	-	-	40 659
- Doubtful	17 512	10 571	525 911	28 946	-	582 940
- Problematic	168 282	221 182	602 542	1 256	1 108	994 370
<b>Total</b>	<b>4 644 559</b>	<b>3 043 826</b>	<b>14 931 540</b>	<b>7 164 724</b>	<b>16 229 599</b>	<b>46 014 248</b>
Less: Interest and commission in suspense	60 515	93 016	237 177	3 739	-	394 447
Less: Provision for impairment	164 912	121 681	1 021 557	1 256	2 117	1 311 523
<b>Net</b>	<b>4 419 132</b>	<b>2 829 129</b>	<b>13 672 806</b>	<b>7 159 729</b>	<b>16 227 482</b>	<b>44 308 278</b>

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

USD '000

	December 31, 2015					
	Consumer Banking	Corporates		Banks and Financial Institutions	Government and Public Sector	Total
		Small and Medium	Large			
<b>Collaterals against:</b>						
Performing facilities / Low risk	422 740	1 037 552	1 548 736	4 042	199 389	3 212 459
Performing facilities / Acceptable risk	1 192 192	589 044	4 062 694	1 445	3 188	5 848 563
Watch list	19 197	13 787	192 550	-	-	225 534
<b>Non-performing :</b>	<b>47 321</b>	<b>62 521</b>	<b>108 465</b>	<b>-</b>	<b>-</b>	<b>218 307</b>
- 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
<b>Total</b>	<b>1 681 450</b>	<b>1 702 904</b>	<b>5 912 445</b>	<b>5 487</b>	<b>202 577</b>	<b>9 504 863</b>
<b>Of which:</b>						
Cash margin	245 745	450 579	887 715	-	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	170 439	472 114	-	3 188	647 158
Vehicles and equipment	89 813	13 702	313 582	-	-	417 097
Other	1 027 743	626 443	1 725 550	5 487	103 319	3 488 542
<b>Total</b>	<b>1 681 450</b>	<b>1 702 904</b>	<b>5 912 445</b>	<b>5 487</b>	<b>202 577</b>	<b>9 504 863</b>



- Fair value of collaterals obtained against credit facilities at amortized cost for the year ended 2014 is as follows:

	December 31, 2014					USD '000
	Consumer Banking	Corporates		Banks and Financial Institutions	Government and Public Sector	Total
		Small and Medium	Large			
<b>Collaterals against:</b>						
Performing facilities / Low risk	328 501	1 325 344	1 199 324	4 504	215 359	3 073 032
Performing facilities / Acceptable risk	1 099 933	673 253	4 414 556	43 878	-	6 231 620
Watch list	16 185	11 739	116 532	-	-	144 456
<b>Non-performing :</b>	<b>49 854</b>	<b>64 892</b>	<b>153 762</b>	<b>-</b>	<b>-</b>	<b>268 508</b>
- Substandard	10 967	6 179	19 025	-	-	36 171
- Doubtful	8 906	8 242	14 053	-	-	31 201
- Problematic	29 981	50 471	120 684	-	-	201 136
<b>Total</b>	<b>1 494 473</b>	<b>2 075 228</b>	<b>5 884 174</b>	<b>48 382</b>	<b>215 359</b>	<b>9 717 616</b>
<b>Of which:</b>						
Cash margin	219 679	655 350	915 850	-	29 318	1 820 197
Accepted Banks letters of guarantees	1 552	59 569	257 534	39 477	-	358 132
Real estate properties	304 814	564 731	2 205 578	2 017	44 859	3 121 999
Listed securities	2 594	143 796	371 126	-	-	517 516
Vehicles and equipment	81 624	26 356	339 955	-	-	447 935
Other	884 210	625 426	1 794 131	6 888	141 182	3 451 837
<b>Total</b>	<b>1 494 473</b>	<b>2 075 228</b>	<b>5 884 174</b>	<b>48 382</b>	<b>215 359</b>	<b>9 717 616</b>

**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, 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
<b>Total</b>	<b>784 200</b>	<b>9 003 709</b>	<b>9 787 909</b>

Credit rating	December 31, 2014		USD '000
	Financial Assets at Fair Value through P&L	Other Financial Assets at Amortized Cost	Total
Private sector:			
AAA to A-	413 312	1 174 863	1 588 175
BBB+ to B-	-	396 561	396 561
Below B-	-	10 954	10 954
Unrated	22 757	137 296	160 053
Governments and public sector	638 921	7 397 344	8 036 265
<b>Total</b>	<b>1 074 990</b>	<b>9 117 018</b>	<b>10 192 008</b>

**E. Credit exposure categorized by geographical distribution:**

	December 31, 2015						USD '000
	Jordan	Other Arab Countries	Asia *	Europe	America	Rest of the World	Total
Balances with central banks	4 374 322	3 006 628	4 956	1 629 644	-	1 386	9 016 936
Balances and deposits with banks and financial institutions	104 133	1 064 589	359 189	1 119 689	363 207	80 614	3 091 421
Financial assets at fair value through profit or loss	-	424 497	49 975	309 728	-	-	784 200
<b>Direct credit facilities at amortized cost</b>	<b>5 536 779</b>	<b>14 407 265</b>	<b>294 720</b>	<b>1 082 857</b>	<b>30 514</b>	<b>828 852</b>	<b>22 180 987</b>
Consumer Banking	2 145 483	2 171 649	2 907	56 259	4 714	296 999	4 678 011
Small and Medium Corporates	592 482	1 340 191	28 220	368 081	25 800	205 596	2 560 370
Large Corporates	2 700 039	9 629 265	259 093	636 644	-	322 215	13 547 256
Banks and Financial Institutions	16 848	148 619	-	21 873	-	4 042	191 382
Government and public Sector	81 927	1 117 541	4 500	-	-	-	1 203 968
Other financial assets at amortized cost	2 900 853	4 621 025	188 411	571 739	525 584	196 097	9 003 709
Other assets and financial derivatives - positive fair value	50 631	239 007	3 359	67 036	520	7 317	367 870
<b>Total</b>	<b>12 966 718</b>	<b>23 763 011</b>	<b>900 610</b>	<b>4 780 693</b>	<b>919 825</b>	<b>1 114 266</b>	<b>44 445 123</b>
<b>Total - as of December 31, 2014</b>	<b>12 298 490</b>	<b>24 460 522</b>	<b>846 366</b>	<b>3 875 899</b>	<b>1 665 190</b>	<b>1 161 811</b>	<b>44 308 278</b>

\* 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	4 678 011	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
<b>Total</b>	<b>4 694 135</b>	<b>4 545 012</b>	<b>1 888 772</b>	<b>1 733 205</b>	<b>3 678 444</b>

	Consumer Banking	Corporates			
		Industry and Mining	Constructions	Real Estate	Trade
Balances with Central Banks	-	-	-	-	-
Balances and deposits with banks and financial institutions	-	-	-	-	-
Financial assets at fair value through profit or loss	-	-	-	-	-
Direct credit facilities at amortized cost	4 394 994	4 801 443	1 605 182	1 641 284	3 734 571
Other financial assets at amortized cost	-	48 550	19 732	15 633	42 464
Other assets and financial derivatives - positive fair value	24 138	15 918	7 385	6 655	16 763
<b>Total</b>	<b>4 419 132</b>	<b>4 865 911</b>	<b>1 632 299</b>	<b>1 663 572</b>	<b>3 793 798</b>

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
<b>165 420</b>	<b>629 517</b>	<b>816 873</b>	<b>67 046</b>	<b>3 092 096</b>	<b>5 110 584</b>	<b>18 024 019</b>	<b>44 445 123</b>

USD '000

December 31, 2014

Corporates					Banks and Financial Institutions	Government and Public Sector	Total
Agriculture	Tourism and Hotels	Transportation	Shares	General Ser- vices			
-	-	-	-	-	-	6 949 323	6 949 323
-	-	-	-	-	4 774 524	-	4 774 524
-	-	22 755	-	-	413 314	638 921	1 074 990
168 323	609 005	787 606	87 729	2 630 598	482 220	1 059 073	22 002 028
-	-	25 890	-	170 272	1 397 133	7 397 344	9 117 018
1 029	2 965	9 366	-	30 817	92 538	182 821	390 395
<b>169 352</b>	<b>611 970</b>	<b>845 617</b>	<b>87 729</b>	<b>2 831 687</b>	<b>7 159 729</b>	<b>16 227 482</b>	<b>44 308 278</b>

**45. Market Risk****Market Risk sensitivity**

Assuming market prices as of December 31, 2015 and 2014 change by (5%), the impact on the consolidated statement of income and owners' equity will be as follow:

USD '000

	December 31, 2015			December 31, 2014		
	Consolidated Statement of Income	Owners' Equity	Total	Consolidated Statement of Income	Owners' Equity	Total
Interest rate sensitivity	40 987	-	40 987	37 521	-	37 521
Foreign exchange rate sensitivity	8 292	1 111	9 403	12 093	5 146	17 239
Equity instruments prices sensitivity	2 389	23 952	26 341	2 595	27 877	30 472
<b>Total</b>	<b>51 668</b>	<b>25 063</b>	<b>76 731</b>	<b>52 209</b>	<b>33 023</b>	<b>85 232</b>

#### 46. Interest Rate Risk

a. Exposure to interest rate volatility as of December 31, 2015 (classification is based on interest rate reprising or maturity date, whichever is closer).

USD '000

	Up to 1 month	More than 1 month and till 3 months	More than 3 Months and till 6 Months	More than 6 Months and till 1 Year	More than 1 Year and till 3 Years	More than 3 Years	Not Tied to Interest Rate Risk	Total
<b>ASSETS</b>								
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 other comprehensive income	-	-	-	-	-	-	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	-	-	-	-	-	-	461 135	461 135
Other assets and financial derivatives - positive fair value	26 717	22 365	29 805	3 706	9 570	60	456 800	549 023
Deferred tax assets	-	-	-	-	-	-	58 629	58 629
<b>TOTAL ASSETS</b>	<b>17 869 398</b>	<b>5 661 636</b>	<b>3 427 615</b>	<b>3 519 112</b>	<b>4 900 096</b>	<b>4 783 044</b>	<b>8 883 692</b>	<b>49 044 593</b>
<b>LIABILITIES</b>								
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
<b>Total liabilities</b>	<b>14 740 914</b>	<b>5 446 935</b>	<b>3 133 934</b>	<b>3 093 438</b>	<b>701 332</b>	<b>209 586</b>	<b>13 702 873</b>	<b>41 029 012</b>
<b>Gap</b>	<b>3 128 484</b>	<b>214 701</b>	<b>293 681</b>	<b>425 674</b>	<b>4 198 764</b>	<b>4 573 458</b>	<b>(4 819 181)</b>	<b>8 015 581</b>

**b. Below is the Group Exposure to interest rate volatility as of December 31, 2014 (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
<b>ASSETS</b>								
Cash at vaults	-	-	-	-	-	-	442 651	442 651
Mandatory cash reserve	-	-	-	-	-	-	1 681 736	1 681 736
Balances with central banks	3 372 928	42 245	62 610	40 826	-	-	1 748 978	5 267 587
Balances and deposits with banks and financial institutions	4 192 108	471 970	87 757	22 689	-	-	-	4 774 524
Financial assets at fair value through profit or loss	121 016	209 647	52 282	363 293	281 879	46 873	51 904	1 126 894
Direct credit facilities at amortized cost	9 561 026	3 177 763	2 131 401	1 468 498	2 188 260	3 475 080	-	22 002 028
Financial assets at fair value through OCI	-	-	-	-	-	-	477 547	477 547
Other financial assets at amortized cost	927 325	1 534 919	1 263 873	1 346 077	2 956 272	1 088 552	-	9 117 018
Investments in associates	-	-	-	-	-	-	2 829 624	2 829 624
Fixed assets	-	-	-	-	-	-	473 241	473 241
Other assets and financial derivatives - positive fair value	27 323	21 629	24 648	3 255	31 702	2 369	449 890	560 816
Deferred tax assets	-	-	-	-	-	-	58 932	58 932
<b>TOTAL ASSETS</b>	<b>18 201 726</b>	<b>5 458 173</b>	<b>3 622 571</b>	<b>3 244 638</b>	<b>5 458 113</b>	<b>4 612 874</b>	<b>8 214 503</b>	<b>48 812 598</b>
<b>LIABILITIES</b>								
Banks and financial institutions' deposits	3 185 511	245 110	246 690	3 276	7 755	-	392 771	4 081 113
Customer deposits	11 349 023	4 274 603	2 769 432	2 605 039	461 560	78 832	10 526 782	32 065 271
Cash margin	992 128	1 051 335	273 931	102 110	29 075	22 482	432 497	2 903 558
Borrowed funds	32 770	566	7 360	2 640	12 375	31 380	-	87 091
Provision for income tax	-	-	-	-	-	-	235 248	235 248
Other provisions	-	-	-	-	-	-	144 203	144 203
Other liabilities and financial derivatives - negative fair value	90 913	31 994	37 841	3 679	312	1 833	1 228 877	1 395 449
Deferred tax liabilities	-	-	-	-	-	-	11 924	11 924
<b>Total liabilities</b>	<b>15 650 345</b>	<b>5 603 608</b>	<b>3 335 254</b>	<b>2 716 744</b>	<b>511 077</b>	<b>134 527</b>	<b>12 972 302</b>	<b>40 923 857</b>
<b>Gap</b>	<b>2 551 381</b>	<b>(145 435)</b>	<b>287 317</b>	<b>527 894</b>	<b>4 947 036</b>	<b>4 478 347</b>	<b>(4 757 799)</b>	<b>7 888 741</b>



## 47. Liquidity Risk

a. 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 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
<b>Liabilities</b>								
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
<b>Total Liabilities</b>	<b>13 097 733</b>	<b>5 377 170</b>	<b>3 585 775</b>	<b>3 309 339</b>	<b>1 840 898</b>	<b>318 619</b>	<b>14 066 373</b>	<b>41 595 907</b>
<b>Total Assets according to expected maturities</b>	<b>11 052 354</b>	<b>5 446 395</b>	<b>2 875 914</b>	<b>3 401 929</b>	<b>6 220 710</b>	<b>8 398 964</b>	<b>11 648 327</b>	<b>49 044 593</b>

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

USD '000

	Within 1 Month	After 1 Month and till 3 Months	After 3 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
<b>Liabilities</b>								
Banks and financial institutions' deposits	3 301 173	172 933	261 536	4 701	8 350	7 755	392 771	4 149 219
Customer deposits	9 947 344	4 350 830	2 954 287	2 695 944	530 953	131 577	11 691 152	32 302 087
Cash margin	937 128	1 110 731	280 931	111 733	37 397	14 648	422 525	2 915 093
Borrowed funds	1 417	566	5 750	2 640	20 060	56 694	-	87 127
Provision for income tax	-	-	-	-	-	-	235 248	235 248
Other Provisions	-	-	-	-	-	-	144 203	144 203
Financial derivatives - negative fair value	14 546	2 432	374	1 455	9 598	11 196	23 134	62 735
Other liabilities	66 570	21 538	110 100	2 040	661 421	453	470 838	1 332 960
Deferred tax liabilities	-	-	-	-	-	-	11 924	11 924
<b>Total Liabilities</b>	<b>14 268 178</b>	<b>5 659 030</b>	<b>3 612 978</b>	<b>2 818 513</b>	<b>1 267 779</b>	<b>222 323</b>	<b>13 391 795</b>	<b>41 240 596</b>
<b>Total Assets according to expected maturities</b>	<b>10 133 493</b>	<b>6 516 120</b>	<b>3 068 707</b>	<b>3 594 941</b>	<b>6 795 226</b>	<b>7 882 544</b>	<b>10 821 567</b>	<b>48 812 598</b>

**48. Net Foreign Currency Positions**

The details of this item are as follows:

	December 31, 2015		December 31, 2014	
	Base currency in thousands	Equivalent in USD 000	Base currency in thousands	Equivalent in USD 000
USD	45 115	45 115	87 764	87 764
GBP	4 051	6 004	56 081	87 245
EUR	( 21 628)	( 23 621)	( 9 820)	( 11 932)
JPY	954 750	7 927	55 556	329
CHF	( 1 250)	( 1 263)	( 2 890)	( 2 920)
Other currencies *		131 681		81 379
		<b>165 843</b>		<b>241 865</b>

\* 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
	2015	2014				
<b>Financial assets at fair value</b>						
Financial assets at fair value through profit or loss						
Government Bonds and bills	423 445	638 921	Level 1	Quoted	Not Applicable	Not Applicable
Corporate bonds	331 131	413 312	Level 1	Quoted	Not Applicable	Not Applicable
Loans and advances	29 624	22 757	Level 2	Through Comparison of similar financial instruments	Not Applicable	Not Applicable
Shares and mutual funds	47 780	51 904	Level 1	Quoted	Not Applicable	Not Applicable
<b>Total Financial Assets at fair value through Profit or Loss</b>	<b>831 980</b>	<b>1 126 894</b>				
Financial derivatives - positive fair value	58 235	56 264	Level 2	Through Comparison of similar financial instruments	Not Applicable	Not Applicable
Financial assets at fair value through other comprehensive income:						
Quoted shares	256 776	241 820	Level 1	Quoted Shares	Not Applicable	Not Applicable
Unquoted shares	222 262	235 727	Level 2	Through using the index sector in the market	Not Applicable	Not Applicable
<b>Total Financial Assets at fair value through other compre- hensive income</b>	<b>479 038</b>	<b>477 547</b>				
<b>Total Financial Assets at Fair Value</b>	<b>1 369 253</b>	<b>1 660 705</b>				
<b>Financial Liabilities at Fair Value</b>						
Financial derivatives - negative fair value	53 705	62 489	Level 2	Through Comparison of similar financial instruments	Not Applicable	Not Applicable
<b>Total Financial Liabilities at Fair Value</b>	<b>53 705</b>	<b>62 489</b>				

There were no transfers between Level 1 and 2 during 2015 and 2014.

**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, 2015		December 31, 2014		Fair Value Hierarchy
	Book value	Fair value	Book value	Fair value	
<b>Financial assets not calculated at fair value</b>					
Mandatory reserve at Central Banks	1 835 107	1 835 107	1 681 736	1 681 736	Level 2
Time and notice balances with Central banks	4 392 724	4 393 693	3 328 069	3 329 047	Level 2
Certificates of deposit with central banks	615 637	615 686	190 540	190 577	Level 2
Balances and Deposits with banks and Financial institutions	3 091 421	3 095 935	4 774 524	4 779 564	Level 2
Direct credit facilities at amortized cost	22 180 987	22 247 851	22 002 028	22 066 029	Level 2
Other Financial assets at amortized cost	9 003 709	9 095 897	9 117 018	9 219 095	Level 1 & 2
<b>Total financial assets not calculated at fair value</b>	<b>41 119 585</b>	<b>41 284 169</b>	<b>41 093 915</b>	<b>41 266 048</b>	
<b>Financial liabilities not calculated at fair value</b>					
Banks' and financial institutions' deposits	3 636 734	3 643 427	4 081 113	4 084 175	Level 2
Customer deposits	32 799 228	32 907 308	32 065 271	32 180 895	Level 2
Cash margin	2 443 090	2 449 507	2 903 558	2 919 129	Level 2
Borrowed funds	75 745	77 128	87 091	88 839	Level 2
<b>Total financial liabilities not calculated at fair value</b>	<b>38 954 797</b>	<b>39 077 370</b>	<b>39 137 033</b>	<b>39 273 038</b>	

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, 2015:

	USD '000		
	UP to One Year	More than One Year	Total
<b>Assets</b>			
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	-	461 135	461 135
Other assets and financial derivatives - positive fair value	520 956	28 067	549 023
Deferred tax assets	58 629	-	58 629
<b>Total Assets</b>	<b>30 568 456</b>	<b>18 476 137</b>	<b>49 044 593</b>
<b>Liabilities</b>			
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
Other Provisions	145 235	-	145 235
Provision for income tax	235 918	-	235 918
Other liabilities and financial derivatives - negative fair value	702 395	978 564	1 680 959
Deferred tax liabilities	12 103	-	12 103
<b>Total Liabilities</b>	<b>39 105 494</b>	<b>1 923 518</b>	<b>41 029 012</b>
<b>Net</b>	<b>(8 537 038)</b>	<b>16 552 619</b>	<b>8 015 581</b>

The below is an analysis for assets and liabilities maturities according to the expected period to be recovered or settled as at December 31, 2014:

	USD '000		
	UP to One Year	More than One Year	Total
<b>Assets</b>			
Cash at vaults	442 651	-	442 651
Mandatory cash reserve	1 681 736	-	1 681 736
Balances with central banks	5 267 587	-	5 267 587
Balances and deposits with banks and financial institutions	4 774 524	-	4 774 524
Financial assets at fair value through profit or loss	603 003	523 891	1 126 894
Direct credit facilities at amortized cost	12 261 264	9 740 764	22 002 028
Financial assets at fair value through other comprehensive income	-	477 547	477 547
Other financial assets at amortized cost	4 732 909	4 384 109	9 117 018
Investment in subsidiaries and associates	-	2 829 624	2 829 624
Fixed assets	-	473 241	473 241
Other assets and financial derivatives - positive fair value	531 810	29 006	560 816
Deferred tax Assets	58 932	-	58 932
<b>Total Assets</b>	<b>30 354 416</b>	<b>18 458 182</b>	<b>48 812 598</b>
<b>Liabilities</b>			
Banks' and financial institutions' deposits	4 048 708	32 405	4 081 113
Customer deposits	31 516 114	549 157	32 065 271
Cash margin	2 852 000	51 558	2 903 558
Borrowed funds	10 373	76 718	87 091
Other Provisions	144 203	-	144 203
Provision for income tax	235 248	-	235 248
Other liabilities and financial derivatives - negative fair value	733 575	661 874	1 395 449
Deferred tax liabilities	11 924	-	11 924
<b>Total Liabilities</b>	<b>39 552 145</b>	<b>1 371 712</b>	<b>40 923 857</b>
<b>Net</b>	<b>(9 197 729)</b>	<b>17 086 470</b>	<b>7 888 741</b>

## 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, 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
<b>Letters of guarantee:</b>				
- 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
<b>Total</b>	<b>14 245 254</b>	<b>4 600 168</b>	<b>1 878 973</b>	<b>20 724 395</b>
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
<b>Total</b>	<b>16 187</b>	<b>28 394</b>	<b>14 837</b>	<b>59 418</b>

	December 31, 2014			USD '000
	Within 1 Year	More than 1 Year and up to 5 Years	More than 5 Years	Total
Letters of credit	2 030 406	62 913	-	2 093 319
Acceptances	876 534	8 358	-	884 892
<b>Letters of guarantee:</b>				
- Payment guarantees	932 033	126 195	4 685	1 062 913
- Performance guarantees	3 443 981	2 385 514	365 277	6 194 772
- Other guarantees	4 146 430	1 817 905	291 876	6 256 211
Unutilized credit facilities	4 628 100	371 885	88 123	5 088 108
<b>Total</b>	<b>16 057 484</b>	<b>4 772 770</b>	<b>749 961</b>	<b>21 580 215</b>
Constructions projects contracts	420	8 065	-	8 485
Procurement contracts	6 380	4 265	-	10 645
Operating lease contracts	2 863	11 560	8 833	23 256
<b>Total</b>	<b>9 663</b>	<b>23 890</b>	<b>8 833</b>	<b>42 386</b>

## 52. Capital Management

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

	USD '000	
	December 31,	
	2015	2014
<b>A- Core Capital:</b>		
Share capital	926 615	826 223
Statutory reserve	753 065	712 722
Voluntary reserve	977 315	977 315
Share premium	1 225 747	1 225 747
General reserve	1 141 824	1 141 824
Retained earnings *	1 194 643	1 149 576
Foreclosed assets	-	( 11 208)
Non-controlling interests	93 980	94 282
<b>Total core capital</b>	<b>6 313 189</b>	<b>6 116 481</b>
<b>B- Supplementary Capital:</b>		
Foreign currency translation reserve	( 284 609)	( 122 751)
Investments revaluation reserve	( 260 621)	( 219 278)
Subordinated loans	13 867	17 900
General banking risk reserve	363 458	363 458
<b>Total supplementary capital</b>	<b>( 167 905)</b>	<b>39 329</b>
<b>C- Deductible Items</b>	<b>1 454 595</b>	<b>1 370 134</b>
<b>Regulatory capital (A+B-C)</b>	<b>4 690 689</b>	<b>4 785 676</b>
<b>Risk-weighted assets (RWA)</b>	<b>33 026 774</b>	<b>32 330 688</b>
<b>Regulatory capital / risk-weighted assets</b>	<b>14.20%</b>	<b>14.80%</b>
<b>Core capital / risk-weighted assets</b>	<b>14.20%</b>	<b>14.80%</b>

\* Includes deferred tax 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.
- The minimum level of the capital adequacy ratio as defined by the Basel Committee is 8% and 12% as per the instructions of the Central Bank of Jordan. Capital adequacy ratio amounted to 14.20% as of December 31, 2015 (14.80% as of December 31, 2014).



**53. Transactions with Related Parties**

The details of this item are as follows:

	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 Members of the Board of Directors	-	534 053	566 682	66 907	
	<b>110 246</b>	<b>534 053</b>	<b>678 631</b>	<b>156 975</b>	

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

- 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:**

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

	2014		USD '000
	Interest Income	Interest Expense	
Associated companies	764	169	

- Direct credit facilities granted to key management personnel amounted to USD 1.9 million and indirect credit facilities amounted to USD 8.5 thousand as of December 31, 2015 (USD 0.8 million direct credit facilities and USD 0.1 million indirect credit facilities as of December 31, 2014).
- Deposits of key management personnel amounted to USD 2.2 million as of December 31, 2015 (USD 2.7 million as of December 31, 2014).
- 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 57.7 million for the year ended on December 31, 2015 (USD 56.6 million for the year ended on December 31, 2014).

**54. Earnings Per Share**

The details of this item are as follows:

	December 31,	
	2015	2014
	USD '000	
Profit for the year attributable to Shareholders of the Bank	430 830	573 687
	Thousand Shares	
Average number of shares *	640 800	640 800
	USD / Share	
Earnings Per Share (Basic and diluted)	0.67	0.90

\* The average number of share, was calculated on the basis of 640.8 million shares, instead of 569.6 million shares for the year ended December 31, 2014, taking into consideration the increase in shares as a result of the stock dividends.

**55. Assets under Management**

Assets under management as of December 31, 2015 amounted to USD 3219 million (USD 3060 million as of December 31,2014). 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,	
	2015	2014
Cash and balances with central banks maturing within 3 months	9 472 381	7 288 538
Add: balances with banks and financial institutions maturing within 3 months	2 992 403	4 664 078
Less: banks and financial institutions deposits maturing within 3 months	2 949 869	3 823 392
<b>Total</b>	<b>9 514 915</b>	<b>8 129 224</b>

## 57. Legal Cases

- A. In 2004, a number of civil lawsuits seeking damages were filed against Arab Bank plc in which it was alleged that the Bank provided financial services to individuals and entities who were characterized in the claims as «terrorists» and «terrorist organizations» operating in the Palestinian Territories. The plaintiffs claimed that the Bank's provision of these financial services constituted material support for terrorism, which resulted in their death or injury.

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

The Court scheduled August 17, 2015, to proceed with a "bellwether" damages trial limited to three incidents and 17 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 granted an extension until May 16, 2016, to give them a sufficient period of time to implement the said 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, and it has been entered into upon acceptable terms and without admission of liability of any wrongdoing by the bank. This settlement agreement will put an end to the litigation, which has been outstanding for over 11 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 year 2005, the Bank in New York entered into an agreement with the Office of the Comptroller of the Currency pursuant to which the branch was converted into a Federal Agency with limited operations in compliance with the provisions of the U.S. Federal Banking Act. It was also agreed that the Federal Agency would maintain financial assets in the approximate amount of USD 420 million.

- B. There are other lawsuits filed against the Group totaling USD 135.7 million as of December 31, 2015 (USD 155.1 million as of December 31, 2014).

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 8 million as of December 31, 2015 ( USD 6 million as of December 31, 2014).

## 58. Comparative Figures

Some comparative figures in the consolidated financial statements which are direct credit facilities at amortized cost, other liabilities, provision for impairment of credit facilities and legal expenses for the year 2014 have been reclassified to be consistent with the year 2015 presentation and it didn't cause any changes in last years operating results or earning per share (basic and diluted) for this year nor the previous one.



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## INDEPENDENT AUDITOR'S REPORT

AM / 218

To the Shareholders  
Arab Bank plc  
Amman – Jordan

We have audited the accompanying consolidated financial statements of Arab Bank Group, which comprise of the consolidated statement of financial position as of December 31, 2015, and the consolidated statements of income, comprehensive income, changes in owners' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Consolidated Financial Statements**

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

### **Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including an assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal controls relevant to the Group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by management, as well as, evaluating the overall presentation of the consolidated financial statements.

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

## Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Arab Bank Group as of December 31, 2015, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

## Additional Statement

We refer to disclosure number (57) in the attached consolidated financial statements in relation to the lawsuit filed against the Bank in the United States of America in 2004. This has no impact on our clean opinion above.

Amman – Jordan  
January 28, 2016

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



	Note	December 31, 2015	December 31, 2014 Represented	January 1, 2014 Represented		
Cash and balances with central banks	5	4 709 940	3 930 155	4 331 096	ASSETS	
Balances with banks and financial institutions	6	2 625 024	3 313 566	2 676 405		
Deposits with banks and financial institutions	7	170 397	283 639	241 943		
Financial assets at fair value through profit or loss	8	244 606	297 432	176 900		
Financial derivatives - positive fair value	40	18 605	16 438	8 369		
Direct credit facilities at amortized cost	10	11 264 977	11 050 831	10 539 256		
Financial assets at fair value through other comprehensive income	9	219 789	223 737	205 461		
Other financial assets at amortized cost	11	5 159 153	5 171 075	4 697 969		
Investments in subsidiaries and associates	12	958 809	1 052 137	1 123 719		
Fixed assets	13	190 901	192 297	200 619		
Other assets	14	269 262	302 054	313 149		
Deferred tax assets	15	27 699	26 416	23 486		
<b>Total Assets</b>		<b>25 859 162</b>	<b>25 859 777</b>	<b>24 538 372</b>		
Banks' and financial institutions' deposits	16	1 953 517	2 277 672	1 752 700		LIABILITIES AND SHAREHOLDERS' EQUITY
Customer deposits	17	17 538 698	17 095 378	15 794 047		
Cash margin	18	1 584 439	1 842 770	2 449 621		
Financial derivatives - negative fair value	40	19 690	17 630	10 012		
Borrowed funds	19	8 004	5 400	1 500		
Provision for income tax	20	142 457	143 376	123 121		
Other provisions	21	85 411	83 008	80 266		
Other liabilities	22	1 000 989	828 329	707 393		
Deferred tax liabilities	23	7 816	8 320	5 433		
<b>Total Liabilities</b>		<b>22 341 021</b>	<b>22 301 883</b>	<b>20 924 093</b>		
Share capital	24	640 800	569 600	534 000		
Share premium	24	859 626	859 626	859 626		
Statutory reserve	25	499 191	470 579	421 741		
Voluntary reserve	26	614 920	614 920	614 920		
General reserve	27	583 695	583 695	725 539		
General banking risks reserve	28	200 468	200 468	200 468		
Foreign currency translation reserve	29	(221 526)	(103 472)	14 371		
Investment revaluation reserve	30	(183 741)	(178 066)	(182 357)		
Retained earnings	31	524 708	540 544	425 971		
<b>Total Shareholders' Equity</b>		<b>3 518 141</b>	<b>3 557 894</b>	<b>3 614 279</b>		
<b>Total Liabilities And Shareholders' Equity</b>		<b>25 859 162</b>	<b>25 859 777</b>	<b>24 538 372</b>		

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	2015	2014 Represented	
<b>REVENUE</b>	Interest income	32	1 022 375	1 041 502
	Less: Interest expense	33	412 596	434 549
	<b>Net Interest Income</b>		<b>609 779</b>	<b>606 953</b>
	Net commission income	34	168 878	170 533
	<b>Net Interest and Commission Income</b>		<b>778 657</b>	<b>777 486</b>
	Foreign exchange differences		34 907	29 255
	Gain from financial assets at fair value through profit or loss	35	11 171	6 188
	Dividends from financial assets at fair value through other comprehensive income	9	3 663	5 969
	Dividends from subsidiaries and associates	36	93 268	76 167
	Other revenue	37	24 776	31 560
<b>TOTAL INCOME</b>		<b>946 442</b>	<b>926 625</b>	
<b>EXPENSES</b>	Employees expenses	38	209 843	208 789
	Other expenses	39	164 721	163 934
	Depreciation and amortization	13	26 027	26 838
	Provision for impairment - direct credit facilities at amortized cost	10	2 179	31 834
	Provision for impairment - other financial assets at amortized cost	11	-	288
	Other provisions	21	10 038	6 563
	<b>TOTAL EXPENSES</b>		<b>412 808</b>	<b>438 246</b>
<b>PROFIT FOR THE YEAR</b>	Legal expenses	56	247 518	141 844
	<b>PROFIT FOR THE YEAR BEFORE INCOME TAX</b>		<b>286 116</b>	<b>346 535</b>
	Less: Income tax expense	20	132 097	128 691
<b>PROFIT FOR THE YEAR</b>		<b>154 019</b>	<b>217 844</b>	

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	2015	2014 Represented
Profit for the year		154 019	217 844
<b>Add: Other comprehensive income items - after tax</b>			
<b>Items that will be subsequently transferred to the statement of income</b>			
Exchange differences arising on the translation of foreign operations	29	( 118 054)	( 117 843)
<b>Items that will not be subsequently transferred to the statement of income</b>			
Net change in fair value of financial assets at fair value through other comprehensive income	30	( 5 653)	3 814
<b>Total Other Comprehensive Income Items - After Tax</b>		<b>( 123 707)</b>	<b>( 114 029)</b>
<b>TOAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>30 312</b>	<b>103 815</b>

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
2015	<b>Balance at the beginning of the year</b>	<b>569 600</b>	<b>859 626</b>	<b>470 579</b>	<b>614 920</b>
	Profit for the year	-	-	-	-
	Other comprehensive income for the year	-	-	-	-
	<b>Total Comprehensive Income for the Year</b>	-	-	-	-
	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	-	-
	<b>Balance at the End of the Year</b>		<b>640 800</b>	<b>859 626</b>	<b>499 191</b>
2014 (Represented)	<b>Balance at the beginning of the year</b>	<b>534 000</b>	<b>859 626</b>	<b>421 741</b>	<b>614 920</b>
	Prior years adjustments	57	-	-	-
	General reserve returned to retained earnings	-	-	-	-
	<b>Adjusted Beginning Balance</b>	<b>534 000</b>	<b>859 626</b>	<b>421 741</b>	<b>614 920</b>
	Profit for the year	-	-	-	-
	Other comprehensive income for the year	-	-	-	-
	<b>Total Comprehensive Income for the Year</b>	-	-	-	-
	General reserve returned to retained earnings	-	-	-	-
	Transferred to statutory reserve	-	-	48 838	-
	Investment revaluation reserve transferred to retained earnings	9	-	-	-
	Dividends paid	31	-	-	-
	Increase in share capital (stock dividends)	31	35 600	-	-
	<b>Balance at the End of the Year</b>		<b>569 600</b>	<b>859 626</b>	<b>470 579</b>

\* Retained earnings include restricted deferred tax assets of JD 27.7 million, as well as unrealized gain from financial assets at fair value through profit or loss in the amount of JD 8.5 million. Restricted retained earnings that cannot be distributed or otherwise utilized except under certain circumstances as a result of adopting certain international accounting standards amounted to JD 1.8 million as of December 31, 2015.

\* The retained earnings include unrealized loss of JD (40.7) million as a result of the adoption of IFRS (9) as of December 31, 2015.

\* 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 (183.7) million as of December 31, 2015 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
<b>583 695</b>	<b>200 468</b>	<b>( 103 472)</b>	<b>( 178 066)</b>	<b>540 544</b>	<b>3 557 894</b>
-	-	-	-	154 019	154 019
-	-	( 118 054)	( 5 653)	-	( 123 707)
-	-	<b>( 118 054)</b>	<b>( 5 653)</b>	<b>154 019</b>	<b>30 312</b>
-	-	-	-	( 28 612)	-
-	-	-	(22)	22	-
-	-	-	-	( 68 352)	( 68 352)
-	-	-	-	( 1 713)	( 1 713)
-	-	-	-	( 71 200)	-
<b>583 695</b>	<b>200 468</b>	<b>( 221 526)</b>	<b>( 183 741)</b>	<b>524 708</b>	<b>3 518 141</b>
<b>1 066 674</b>	<b>200 468</b>	<b>14 371</b>	<b>( 182 357)</b>	<b>425 971</b>	<b>3 955 414</b>
-	-	-	-	( 341 135)	( 341 135)
( 341 135)	-	-	-	341 135	-
<b>725 539</b>	<b>200 468</b>	<b>14 371</b>	<b>( 182 357)</b>	<b>425 971</b>	<b>3 614 279</b>
-	-	-	-	217 844	217 844
-	-	( 117 843)	3 814	-	( 114 029)
-	-	<b>( 117 843)</b>	<b>3 814</b>	<b>217 844</b>	<b>103 815</b>
( 141 844)	-	-	-	141 844	-
-	-	-	-	( 48 838)	-
-	-	-	477	( 477)	-
-	-	-	-	( 160 200)	( 160 200)
-	-	-	-	( 35 600)	-
<b>583 695</b>	<b>200 468</b>	<b>( 103 472)</b>	<b>( 178 066)</b>	<b>540 544</b>	<b>3 557 894</b>

## STATEMENT OF CASH FLOWS

	Note	2015	2014 Represented
<b>Profit for the year before tax</b>		<b>286 116</b>	<b>346 535</b>
Adjustments for:			
Depreciation and amortization	13	26 027	26 838
Provision for impairment - direct credit facilities at amortized cost	10	2 179	31 834
Net interest income		8 294	( 719)
(Gain) from sale of fixed assets		( 1 640)	( 1 436)
(Gain) from revaluation of financial assets at fair value through profit or loss	35	( 8 546)	( 4 129)
Dividends from financial assets at fair value through other comprehensive income	9	( 3 663)	( 5 969)
Dividends from subsidiaries and associates	36	( 93 268)	( 76 167)
(Gain) from sale of subsidiaries		( 1 680)	-
Provision for impairment- other financial assets at amortized cost	11	-	288
Other provisions	21	10 038	6 563
<b>Total</b>		<b>223 857</b>	<b>323 638</b>
<b>(Increase) Decrease in Assets</b>			
Balances with central banks (maturing after 3 months)		73 359	40 544
Deposits with banks and financial institutions (maturing after 3 months)		113 242	( 41 696)
Direct credit facilities at amortized cost		( 216 325)	( 543 409)
Financial assets at fair value through profit or loss		61 372	( 116 403)
Other assets and financial derivatives		29 345	96
<b>(Decrease) Increase in Liabilities:</b>			
Banks and financial institutions deposits (maturing after 3 months)		111 610	( 27 744)
Customer deposits		443 320	1 301 331
Cash margin		( 258 331)	( 606 851)
Other liabilities and financial derivatives		157 675	132 366
<b>Net Cash Generated by Operating Activities before Income Tax</b>		<b>739 124</b>	<b>461 872</b>
Income tax paid		( 134 696)	( 110 426)
<b>Net Cash Generated by Operating Activities</b>		<b>604 428</b>	<b>351 446</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
(Purchase) of financial assets at fair value through other comprehensive income		( 1 705)	( 14 462)
(Purchase) of other financial assets at amortized cost		11 922	( 473 394)
Proceeds from (paid for) of investments in subsidiaries and associates - net		5 606	( 25 365)
Dividends from subsidiaries and associates	36	93 268	76 167
Dividends from financial assets at fair value through other comprehensive income	9	3 663	5 969
(Purchase) of fixed assets	13	( 39 480)	( 27 918)
Proceeds from selling fixed assets		12 929	7 891
<b>Net Cash Generated by (Used in) Investing Activities</b>		<b>86 203</b>	<b>( 451 112)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Increase in borrowed funds		2 604	3 900
Dividends paid to shareholders		( 67 861)	( 159 290)
<b>Net Cash (Used in) Financing Activities</b>		<b>( 65 257)</b>	<b>( 155 390)</b>
Net Increase (Decrease) in Cash and Cash Equivalent		625 374	( 255 056)
Exchange differences - change in foreign exchange rates		( 25 007)	( 20 896)
Cash and cash equivalent at the beginning of the year		4 955 445	5 231 397
<b>Cash and Cash Equivalent at the End of the Year</b>	<b>55</b>	<b>5 555 812</b>	<b>4 955 445</b>

## 1. GENERAL

- Arab Bank was established in 1930, and is registered as a Jordanian public shareholding limited company. The Head Office of the Bank is domiciled in Amman - Jordan, and the Bank operates worldwide through its 75 branches in Jordan and 120 branches abroad.
- 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. The Bank has completed the legal procedures with the Ministry of Industry and Trade on April 5, 2015, and with Jordan Securities Commission on April 21, 2015.
- 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 28, 2016 and are subject to the approval of the General Assembly of Shareholders.

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

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

The following new and revised IFRSs have been adopted in the preparation of the financial statements for which they did not have any material impact on the amounts and disclosures of the financial statements; however, they may affect the accounting for future transactions and arrangements.

- Annual Improvements to IFRSs 2010 - 2012 Cycle that includes amendments to IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38.
- Annual Improvements to IFRSs 2011 - 2013 Cycle that includes amendments to IFRS 1, IFRS 3, IFRS 13 and IAS 40.
- Amendments to IAS 19 Employee Benefits to clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service.

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

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

<b>New and revised IFRSs</b>	<b>Effective for annual periods beginning on or after</b>
IFRS 14 Regulatory Deferral Accounts	1 January 2016
Amendments to IAS 1 Presentation of Financial Statements relating to Disclosure initiative	1 January 2016
Amendments to IFRS 11 Joint arrangements relating to accounting for acquisitions of interests in joint operations	1 January 2016
Amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets relating to clarification of acceptable methods of depreciation and amortisation	1 January 2016
Amendments to IAS 16 Property, Plant and Equipment and IAS 41 Agriculture relating to bearer plants	1 January 2016
Amendments to IAS 27 Separate Financial Statements relating to accounting investments in subsidiaries, joint ventures and associates to be optionally accounted for either by using IFRS 9 or using the equity method in separate financial statements	1 January 2016
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	1 January 2016
Annual Improvements to IFRSs 2012 - 2014 Cycle covering amendments to IFRS 5, IFRS 7, IAS 19 and IAS 34	1 January 2016

IFRS 9 Financial Instruments (revised versions in 2009, 2010, 2013 and 2014)

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.

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:

- 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 loss 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.

1 January 2018

<p>Amendments to IFRS 7 Financial Instruments: Disclosures relating to disclosures about the initial application of IFRS 9</p>	<p>When IFRS 9 is first applied</p>
<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>	<p>When IFRS 9 is first applied</p>
<p>IFRS 15 Revenue from Contracts with Customers</p> <p>In May 2015, 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"> <li>• Step 1: Identify the contract(s) with a customer.</li> <li>• Step 2: Identify the performance obligations in the contract.</li> <li>• Step 3: Determine the transaction price.</li> <li>• Step 4: Allocate the transaction price to the performance obligations in the contract.</li> <li>• Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.</li> </ul> <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>	<p>1 January 2018</p>



<p>IFRS 16 Leases</p> <p>IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leases based on International Financial Reporting Standards. 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>	<p>1 January 2019</p>
<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>

- Management anticipates that these new and revised standards, interpretations and amendments will be adopted in the Bank's financial statements for the year beginning 1 January 2016 or 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 year beginning 1 January 2018 and IFRS 16 for the annual year beginning on or after 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. However, it is not practicable to provide a reasonable estimate of effects of the application of these standards until the Bank performs a detailed review

### 3. SIGNIFICANT ACCOUNTING POLICIES

#### Basis of Presentation

- The accompanying financial statements include the financial statements of the Bank's branches in Jordan and abroad after eliminating inter-branch balances. Transactions in transit at year end are presented among other assets or other liabilities, as appropriate. The financial statements of the Bank's branches operating outside the Kingdom of Jordan are translated to Jordanian Dinars using the exchange rates prevailing as at the date of the financial statements.

- The Bank issues consolidated financial statements for the Bank and its subsidiaries, including the financial statements of its sister company, Arab Bank (Switzerland) Limited, to reflect the consolidated financial position and results of operations at the level of the consolidated economic ownership of the Bank.

#### Basis of Preparation

- The accompanying financial statements are prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board and the Interpretations issued by the International Financial Reporting Interpretations Committee, the prevailing rules in the countries where the Bank operates and the instructions of the Central Bank of Jordan.
- The 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, 2014 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 whichever more strict.
- Impaired credit facilities, for which specific provisions have been taken, are written off by charging the provision after all efforts have been made to recover the assets and after the proper approval of the management. Any surplus in the provision are recorded in the statement of income, while debts recoveries are recorded in income.
- Non-performing direct credit facilities which are completely covered with provisions and suspended interest, are transferred to items off the statement of financial position. In accordance with the Bank's internal policies, after the proper approval of the management.

### C. Leasing Contracts

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

#### 1. The Bank as a lessor:

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

#### 2. The Bank as a lessee:

- Assets held under finance leases are initially recognized as assets of the Bank at their fair value at the inception of the lease or, if lower, at the present value of the minimum future lease payments. The finance lease obligation is recorded at the same value. Lease payments are apportioned 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,	
	2015	2014
Cash in vaults	280 872	272 677
Balances with central banks:		
- Current accounts	296 776	233 859
- Time and notice	2 535 145	2 208 640
- Mandatory cash reserve	1 160 524	1 079 844
- Certificates of deposit	436 623	135 135
<b>Total</b>	<b>4 709 940</b>	<b>3 930 155</b>

- 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, 2015 (JD 73.4 million as of December 31, 2014).

**6. Balances with Banks and Financial Institutions**

The details of this item are as follows:

JD '000

**Local banks and financial institutions**

	December 31,	
	2015	2014
Current accounts	76	190
Time deposits maturing within 3 months	41 000	45 000
<b>Total</b>	<b>41 076</b>	<b>45 190</b>

**Abroad Banks and financial institutions**

JD '000

	December 31,	
	2015	2014
Current accounts	1 005 194	918 915
Time deposits maturing within 3 months	1 578 754	2 349 461
<b>Total</b>	<b>2 583 948</b>	<b>3 268 376</b>
<b>Total balances with Banks and Financial Institutions Local and Abroad</b>	<b>2 625 024</b>	<b>3 313 566</b>

There are no non interest bearing balances as of December 31, 2015 and 2014.

There are no restricted balances as of December 31, 2015 and 2014.

## 7. Deposits with Banks and Financial Institutions

The details of this item are as follows:

	JD'000	
	December 31,	
<b>Deposits with banks and financial institutions abroad</b>	2015	2014
Time deposits maturing after 3 months and before 6 months	110 465	190 155
Time deposits maturing after 6 months and before 9 months	30 204	48 273
Time deposits maturing after 9 months and before one year	29 728	45 211
<b>Total</b>	<b>170 397</b>	<b>283 639</b>

There are no restricted deposits as of December 31, 2015 and 2014.

There are no deposits with local banks as of December 31, 2015 and 2014.

## 8. Financial Assets at Fair Value through Profit or Loss

The details of this item are as follows:

	JD'000	
	December 31,	
	2015	2014
Treasury bills and Government bonds	222 097	279 637
Loans and advances	21 010	16 139
Corporate shares	1 499	1 656
<b>Total</b>	<b>244 606</b>	<b>297 432</b>

## 9. Financial Assets At Fair Value Through Other Comprehensive Income

The details of this item are as follows:

	JD'000	
	December 31,	
	2015	2014
Quoted shares	165 290	162 001
Unquoted shares	54 499	61 736
<b>Total</b>	<b>219 789</b>	<b>223 737</b>

\* Cash dividends on the investments above amounted to JD 3.66 million for the year ended December 31, 2015 (JD 5.97 million for the year ended December 31, 2014)

\* Realized gains that have been transferred from investment revaluation reserve to retained earnings amounted to JD 22 thousand as of December 31, 2015 (Realized losses that have been transferred from investment revaluation reserve to retained earnings amounted to JD (477) thousand as of December 31, 2014)

**10. DIRECT CREDIT FACILITIES AT AMORTIZED COST**

JD '000

The details of this item are as follows:

	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
<b>Total</b>	<b>2 116 852</b>	<b>930 788</b>	<b>8 136 859</b>	<b>210 172</b>	<b>766 435</b>	<b>12 161 106</b>
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
<b>Total</b>	<b>131 621</b>	<b>105 965</b>	<b>653 413</b>	<b>3 863</b>	<b>1 267</b>	<b>896 129</b>
<b>Net Direct Credit Facilities at Amortized Cost</b>	<b>1 985 231</b>	<b>824 823</b>	<b>7 483 446</b>	<b>206 309</b>	<b>765 168</b>	<b>11 264 977</b>

\* Net of interest and commission received in advance, which amounted to JD18.4 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 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 7.16% 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 5.19 % of direct credit facilities, after deducting interest and commission in suspense.

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

\* Net of interest and commission received in advance, which amounted to JD 22.9 million as at December 31, 2014.

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

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

	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)
<b>Balance at the End of the Year</b>	<b>89 577</b>	<b>49 155</b>	<b>494 590</b>	<b>674</b>	<b>1 267</b>	<b>635 263</b>	<b>9 767</b>

	December 31, 2014						JD '000
	Consumer Banking	Corporates		Banks and Financial Institutions	Government and Public Sector	Total	The Total includes movement on the real-estate loans provision as follows
		Small and Medium	Large				
Balance at the beginning of the year	85 526	53 171	479 346	674	1 255	619 972	12 882
Impairment losses charged to income	8 359	8 041	46 139	-	98	62 637	2 251
Used from provision (written off or transferred to off statement of financial position) *	( 470)	( 1 535)	( 5 630)	-	-	( 7 635)	( 412)
Surplus in provision transferred to statement of income	( 5 917)	( 8 433)	( 15 918)	-	( 535)	( 30 803)	( 5 480)
Adjustments during the year	53	( 1 754)	3 167	-	-	1 466	1 363
Translation adjustments	124	( 1 214)	( 1 828)	-	( 16)	( 2 934)	( 39)
<b>Balance at the End of the Year</b>	<b>87 675</b>	<b>48 276</b>	<b>505 276</b>	<b>674</b>	<b>802</b>	<b>642 703</b>	<b>10 565</b>

- 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, 2015 and 2014.

- Impairment is assessed based on individual customer accounts.

\* Non-performing direct credit facilities transferred to off statement of financial position amounted to JD 1.5 million as of December 31, 2015. (JD 0.2 million as of December 31, 2014) noting that these non-performing direct credit facilities are fully covered by set provisions and suspended interest.

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

	December 31, 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)
<b>Balance at the End of the Year</b>	<b>42 044</b>	<b>56 810</b>	<b>158 823</b>	<b>3 189</b>	<b>-</b>	<b>260 866</b>	<b>7 501</b>

	December 31, 2014						JD '000
	Consumer Banking	Corporates		Banks and Financial Institutions	Government and Public Sector	Total	The total includes interest and commission in suspense movement on real-estate loans as follows
		Small and Medium	Large				
Balance at the beginning of the year	34 523	57 885	121 452	2 101	-	215 961	10 393
Interest and commission suspended during the year	5 735	7 164	30 360	550	-	43 809	2 311
Interest and commission in suspense settled (written off or transferred to off statement of financial position)	( 395)	( 5 158)	( 3 904)	-	-	( 9 457)	( 2 948)
Recoveries	( 3 006)	( 1 363)	( 779)	-	-	( 5 148)	( 1 297)
Adjustments during the year	-	( 41)	( 129)	-	-	( 170)	( 5)
Translation adjustments	152	( 113)	( 39)	-	-	-	9
<b>Balance at the End of the Year</b>	<b>37 009</b>	<b>58 374</b>	<b>146 961</b>	<b>2 651</b>	<b>-</b>	<b>244 995</b>	<b>8 463</b>



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

	JD'000			
<b>Economic Sector</b>	Inside Jordan	Outside Jordan	December 31, 2015	December 31, 2014
Consumer Banking	862 823	1 122 408	<b>1 985 231</b>	1 806 486
Industry and Mining	466 381	1 748 491	<b>2 214 872</b>	2 427 956
Constructions	135 941	1 025 853	<b>1 161 794</b>	1 018 401
Real Estate	117 099	614 292	<b>731 391</b>	658 445
Trade	578 303	1 493 417	<b>2 071 720</b>	2 141 153
Agriculture	25 323	37 892	<b>63 215</b>	65 605
Tourism and Hotels	185 528	43 443	<b>228 971</b>	214 838
Transportation	74 365	267 516	<b>341 881</b>	363 221
Shares	-	46 515	<b>46 515</b>	60 693
General Service	284 954	1 162 956	<b>1 447 910</b>	1 344 661
Banks and Financial Institutions	11 675	194 634	<b>206 309</b>	286 516
Government and Public Sector	55 843	709 325	<b>765 168</b>	662 856
Net Direct Credit Direct Facilities at Amortized Cost	2 798 235	8 466 742	<b>11 264 977</b>	11 050 831

**11. Other Financial Assets at Amortized Cost**

The details of this item are as follows:

	JD '000	
	December 31,	
	2015	2014
Treasury bills	1 903 968	2 031 686
Government bonds and bonds guaranteed by the government	2 683 152	2 671 923
Corporate bonds	574 865	470 298
Less: Provision for impairment	( 2 832)	( 2 832)
<b>Total</b>	<b>5 159 153</b>	<b>5 171 075</b>

**Analysis of bonds based on interest nature:**

	JD '000	
	December 31,	
	2015	2014
Floating interest rate	177 043	91 344
Fixed interest rate	4 982 110	5 079 731
<b>Total</b>	<b>5 159 153</b>	<b>5 171 075</b>

**Analysis of financial assets based on market quotation:**

Financial assets quoted in the market:	JD '000	
	December 31,	
	2015	2014
Treasury bills	534 058	464 181
Government bonds and bonds guaranteed by the government	794 737	839 629
Corporate bonds	524 656	352 804
<b>Total</b>	<b>1 853 451</b>	<b>1 656 614</b>

Financial assets unquoted in the market:	JD '000	
	December 31,	
	2015	2014
Treasury bills	1 369 910	1 567 505
Government bonds and bonds guaranteed by the government	1 888 415	1 832 294
Corporate bonds	47 377	114 662
<b>Total</b>	<b>3 305 702</b>	<b>3 514 461</b>
<b>Grand Total</b>	<b>5 159 153</b>	<b>5 171 075</b>

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

	JD '000	
	December 31,	
	2015	2014
Balance at the beginning of the year	2 832	5 745
Impairment losses charged to income	-	288
Used from provision	-	( 3 201)
<b>Balance at the End of the Year</b>	<b>2 832</b>	<b>2 832</b>

During the year ended December 31, 2015 certain financial assets at amortized cost amounted to JD 146 million were sold due to near maturities (JD 199.1 million during the year ended December 31,2014)

JD '000

**12. Investment in Subsidiaries and Associates**

The details of this item are as follows:

	December 31, 2015		December 31, 2014		Place of incorporation	Principal activity
	Ownership and voting rights %	Cost	Ownership and voting rights%	Cost		
<b>The Bank's investments in subsidiaries:</b>						
Europe Arab Bank plc	100.00	472 496	100.00	525 692	U.K.	Banking
Arab Bank Australia Limited	100.00	32 368	100.00	36 305	Australia	Banking
Islamic International Arab Bank	100.00	73 500	100.00	73 500	Jordan	Banking
Arab National Leasing Company Ltd	100.00	15 000	100.00	15 000	Jordan	Finance leasing
Al-Arabi Investment Group Ltd	100.00	8 900	100.00	8 900	Jordan	Financial services
Arab Sudanese Bank Limited	100.00	12 962	100.00	13 223	Sudan	Banking
Al Arabi Investment Group Limited - Palestine	100.00	1 600	100.00	1 600	Palestine	Financial services
Arab Investment Bank S.A.L	-	-	66.68	4 704	Lebanon	Banking
Arab Tunisian Bank	64.24	50 528	64.24	54 950	Tunisia	Banking
Arab Bank Syria	51.29	8 488	51.29	12 636	Syria	Banking
Al-Nisr Al Arabi plc	50.00	11 250	50.00	11 250	Jordan	Insurance
Other		9 320		9 320		Various
<b>Total</b>		<b>696 412</b>		<b>767 080</b>		
<b>The Bank's investments in associates</b>						
Turkland Bank A.Ş	33.33	91 843	33.33	115 281	Turkey	Banking
Oman Arab Bank	49.00	65 874	49.00	65 874	Oman	Banking
Arab National Bank	40.00	102 870	40.00	102 870	Saudi Arabia	Banking
Arabia Insurance Company S.A.L	38.23	1 430	37.42	652	Lebanon	Insurance
Commercial Building Company S.A.L	35.24	380	35.24	380	Lebanon	Real estate operating leasing
<b>Total</b>		<b>262 397</b>		<b>285 057</b>		
<b>Grand Total</b>		<b>958 809</b>		<b>1 052 137</b>		

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

	December 31,	
	2015	2014
Balance at the beginning of the year	1 052 137	1 123 719
(Sale) Purchase of additional investments	( 3 926)	25 365
Translation adjustment	( 89 402)	( 96 947)
<b>Balance at the End of the Year</b>	<b>958 809</b>	<b>1 052 137</b>

**13. FIXED ASSETS**

The details of this item are as follows:

JD '000

	Land	Buildings	Furniture, Fixtures and Equipment	Computers and Com- munication Equipment	Motor Vehicles	Leasehold Improve- ments	Total
<b>Historical Cost :</b>							
<b>Balance as of January 1, 2014</b>	<b>43 192</b>	<b>158 823</b>	<b>112 019</b>	<b>46 614</b>	<b>5 984</b>	<b>26 371</b>	<b>393 003</b>
Additions	-	11 404	6 205	6 892	218	3 199	27 918
Disposals	( 81)	( 4 968)	( 3 073)	( 1 036)	( 420)	( 6 583)	( 16 161)
Adjustments during the year	-	-	-	-	-	-	-
Translation adjustments	( 415)	( 2 721)	( 435)	( 735)	( 26)	( 87)	( 4 419)
<b>Balance as of December 31, 2014</b>	<b>42 696</b>	<b>162 538</b>	<b>114 716</b>	<b>51 735</b>	<b>5 756</b>	<b>22 900</b>	<b>400 341</b>
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)
<b>Balance as of December 31, 2015</b>	<b>41 827</b>	<b>162 110</b>	<b>122 514</b>	<b>58 066</b>	<b>6 154</b>	<b>22 058</b>	<b>412 729</b>
<b>Accumulated Depreciation :</b>							
<b>Balance as of January 1, 2014</b>	<b>-</b>	<b>60 667</b>	<b>77 135</b>	<b>37 264</b>	<b>4 819</b>	<b>12 499</b>	<b>192 384</b>
Depreciation charge for the year	-	5 740	10 231	4 190	457	6 220	26 838
Disposals	-	( 861)	( 2 897)	( 909)	( 279)	( 4 760)	( 9 706)
Adjustments during the year	-	514	( 491)	52	-	-	75
Translation adjustments	-	( 714)	( 281)	( 528)	( 11)	( 13)	( 1 547)
<b>Balance as of December 31, 2014</b>	<b>-</b>	<b>65 346</b>	<b>83 697</b>	<b>40 069</b>	<b>4 986</b>	<b>13 946</b>	<b>208 044</b>
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)
<b>Balance as of December 31, 2015</b>	<b>-</b>	<b>69 021</b>	<b>91 937</b>	<b>44 212</b>	<b>5 422</b>	<b>11 236</b>	<b>221 828</b>
<b>Net Book Value as of Decem- ber 31, 2015</b>	<b>41 827</b>	<b>93 089</b>	<b>30 577</b>	<b>13 854</b>	<b>732</b>	<b>10 822</b>	<b>190 901</b>
<b>Net Book Value as of Decem- ber 31, 2014</b>	<b>42 696</b>	<b>97 192</b>	<b>31 019</b>	<b>11 666</b>	<b>770</b>	<b>8 954</b>	<b>192 297</b>

The cost of the fully depreciated fixed assets amounted to JD 107.5 million as of December 31, 2015 (JD 92 million as of December 31, 2014).

#### 14. Other Assets

The details of this item are as follows:

JD'000

	December 31,	
	2015	2014
Accrued interest receivable	92 086	103 827
Prepaid expenses	97 553	107 703
Foreclosed assets *	39 856	55 839
Intangible assets **	4 385	4 459
Other miscellaneous assets	35 382	30 226
<b>Total</b>	<b>269 262</b>	<b>302 054</b>

\* 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:

JD'000

	2015			Total
	Land	Buildings	Other	
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)
<b>Balance at the End of the Year</b>	<b>9 968</b>	<b>24 437</b>	<b>5 451</b>	<b>39 856</b>

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

\*\* The movement on intangible Assets was as follows:

	December 31,	
	2015	2014
Balance at the beginning of the year	4 459	3 444
Additions	3 655	4 616
Disposals	( 37)	( 248)
Amortization during the year	( 3 692)	( 3 353)
<b>Balance at the End of the Year</b>	<b>4 385</b>	<b>4 459</b>

**15. DEFERRED TAX ASSETS**

The details of this item are as follows:

Items attributable to deferred tax assets are as follows

	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
<b>Total</b>	<b>94 142</b>	<b>27 772</b>	<b>( 16 681)</b>	<b>( 4 329)</b>	<b>100 904</b>	<b>27 699</b>

	December 31, 2014				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	33 171	8 258	( 6 628)	2	34 803	8 428
End-of-Service indemnity	37 799	2 702	( 1 039)	1	39 463	12 721
Interest in suspense	8 712	3 238	( 5 163)	( 2)	6 785	1 640
Others	8 010	436	( 198)	4 843	13 091	3 627
<b>Total</b>	<b>87 692</b>	<b>14 634</b>	<b>( 13 028)</b>	<b>4 844</b>	<b>94 142</b>	<b>26 416</b>

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

	JD '000	
	2015	2014
Balance at the beginning of the year	26 416	23 486
Additions during the year	8 342	5 067
Amortized during the year	( 6 095)	( 3 196)
Adjustments during the year and translation adjustments	( 964)	1 059
<b>Balance at the End of the Year</b>	<b>27 699</b>	<b>26 416</b>

**16. Banks and Financial Institutions Deposits**

JD '000

The details of this item are as follows:

	December 31, 2015			December 31, 2014		
	Inside the Kingdom	Outside the Kingdom	Total	Inside the Kingdom	Outside the Kingdom	Total
Current and demand	22 097	119 942	142 039	15 022	132 062	147 084
Time deposits	7 090	1 804 388	1 811 478	14 180	2 116 408	2 130 588
<b>Total</b>	<b>29 187</b>	<b>1 924 330</b>	<b>1 953 517</b>	<b>29 202</b>	<b>2 248 470</b>	<b>2 277 672</b>

**17. Customer Deposits**

The details of this item are as follows:

JD '000

	December 31, 2015				
	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
<b>Total</b>	<b>9 789 699</b>	<b>1 577 700</b>	<b>4 462 027</b>	<b>1 709 272</b>	<b>17 538 698</b>

- Government of Jordan and Jordanian Public Sector deposits amounted to JD 479.5 million, or 2.7% of total customer deposits as of December 31, 2015 (JD 672.9 million, or 3.9% of total customer deposits as of December 31, 2014).
- Non-interest bearing deposits amounted to JD 5498.9 million, or 31.4 % of total customer deposits as of December 31, 2015 (JD 5399 million, or 31.6% of total customer deposits as of December 31, 2014).
- Blocked deposits amounted to JD 44.2 million, or 0.25 % of total customer deposits as of December 31, 2015 ( JD 35.6 million, or 0.21% of total customer deposits as of December 31, 2014).
- Dormant deposits amounted to JD 111.6 million, or 0.64% of total customer deposits as of December 31, 2015 (JD 97.3 million, or 0.57% of total customer deposits as of December 31, 2014).

	December 31, 2014				JD '000
	Consumer Banking	Corporates		Government and public sector	Total
		Small and medium	Large		
Current and demand	3 337 739	1 007 395	1 478 582	260 577	6 084 293
Savings	1 402 452	12 366	17 010	29	1 431 857
Time and notice	4 315 283	456 638	2 884 598	1 617 959	9 274 478
Certificates of deposit	302 272	1 506	972	-	304 750
<b>Total</b>	<b>9 357 746</b>	<b>1 477 905</b>	<b>4 381 162</b>	<b>1 878 565</b>	<b>17 095 378</b>



## 18. Cash Margin

The details of this item are as follows:

	JD '000	
	December 31,	
	2015	2014
Against direct credit facilities at amortized cost	1 224 906	1 490 794
Against indirect credit facilities	352 692	348 362
Against margin trading	5 848	2 627
Other cash margins	993	987
<b>Total</b>	<b>1 584 439</b>	<b>1 842 770</b>

## 19. Borrowed Funds

The details of this item are as follows:

	JD '000	
	December 31,	
	2015	2014
From central banks*	8 004	5 400
From local banks and financial institutions	-	-
<b>Total</b>	<b>8 004</b>	<b>5 400</b>

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

	JD '000	
	December 31,	
	2015	2014
Floating interest rate	4 000	4 000
Fixed interest rate	4 004	1 400
<b>Total</b>	<b>8 004</b>	<b>5 400</b>

\* During 2013, Arab Bank (Jordan branches) signed a loan agreement with the Central Bank of Jordan amounting to JD 4 million, for a duration of 15 years of which 5 years are a grace period with a fixed interest rate of (2.5%) until 2013 and a floating interest rate of (1.8% + LIBOR 6 months) after 2013. The agreement aims to support SME 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, 2015 amounted to JD 4 million (JD 4 million as of December 31, 2014)

\* During 2014, Arab Bank (Jordan branches) signed a loan agreement with the Central Bank of Jordan amounting to JD 2.8 million, for the duration of 10 years with a fixed interest rate of 2.5%. The agreement aims to support SME 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, 2015 amounted to JD 2.8 million (JD 1.4 million as of December 31, 2014)

\* During 2015, Arab Bank (Jordan branches) granted loans against medium term advances from the Central Bank of Jordan in the amount of JD (1.2) 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 installements which starts on March 2016 and ends on January 2018.

**20. Provision for Income Tax**

JD '000

The details of this item are as follows:

	2015	2014
Balance at the beginning of the year	143 376	123 121
Income tax expense	133 777	130 681
Income tax paid	( 134 696)	( 110 426)
<b>Balance at the End of the Year</b>	<b>142 457</b>	<b>143 376</b>

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

JD '000

	2015	2014
Income tax expense for the year	133 777	130 681
Deferred tax assets for the year	( 8 342)	( 5 067)
Amortization of deferred tax assets	6 095	3 196
Deferred tax liabilities for the year	875	-
Amortization of deferred tax liabilities	( 308)	( 119)
<b>Total</b>	<b>132 097</b>	<b>128 691</b>

The banking sector income tax rate in Jordan is 35% (30% in 2014), while the income tax rate in the countries where the bank has branches ranging between 0 to 37% as of 31 December 2015 and 2014.

The branches of Arab Bank plc have reached recent tax settlement ranging between 2006 for Arab Bank Egypt and 2014 for Arab Bank United Arab Emirates

**21. Other Provisions**

The details of this item are as follows:

JD '000

	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
<b>Total</b>	<b>83 008</b>	<b>10 658</b>	<b>( 8 251)</b>	<b>( 620)</b>	<b>616</b>	<b>85 411</b>

JD '000

	2014					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	74 031	6 608	( 3 685)	( 67)	(16)	76 871
Legal cases	3 213	-	-	( 31)	(25)	3 157
Other	3 022	195	(79)	( 142)	( 16)	2 980
<b>Total</b>	<b>80 266</b>	<b>6 803</b>	<b>( 3 764)</b>	<b>( 240)</b>	<b>( 57)</b>	<b>83 008</b>

## 22. Other Liabilities

The details of this item are as follows:

JD'000

Items attributable to deferred tax liabilities are as follows:

	December 31,	
	2015	2014
Accrued interest payable	77 380	80 827
Notes payable	105 334	74 411
Interest and commission received in advance	69 390	79 154
Accrued expenses	22 293	22 728
Other miscellaneous liabilities *	726 592	571 209
<b>Total</b>	<b>1 000 989</b>	<b>828 329</b>

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

## 23. DEFERRED TAX LIABILITIES

The details of this item are as follows:

JD'000

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

	2014					
	Balance at the Beginning of the Year	Amounts Added	Amounts Released	Translation Adjustments	Balance at the End of the Year	Deferred Tax
Investment revaluation reserve	13 883	6 609	-	6	20 498	7 173
Other	5 068	-	( 479)	( 7)	4 582	1 147
<b>Total</b>	<b>18 951</b>	<b>6 609</b>	<b>( 479)</b>	<b>( 1)</b>	<b>25 080</b>	<b>8 320</b>

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

JD '000

	December 31,	
	2015	2014
Balance at the beginning of the year	8 320	5 433
Additions during the year	875	3 006
Amortized during the year	( 1 379)	( 119)
<b>Balance at the End of the Year</b>	<b>7 816</b>	<b>8 320</b>

#### 24. Share Capital

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

B. Share premium amounted to JD 859.6 million as at December 31, 2015 and 2014.

#### 25. Statutory Reserve

The statutory reserve amounted to JD 499.2 million as at December 31, 2015 (JD 470.6 million as at December 31, 2014) 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, 2015 and 2014. 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 (Represented)

The general reserve amounted to JD 583.7 million as of December 31, 2015 and 2014. 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, 2015 and 2014, 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	
	December 31,	
	2015	2014
Balance at the beginning of the year	( 103 472)	14 371
Additions (disposals) during the year transferred to other comprehensive income	( 118 054)	( 117 843)
<b>Balance at the end of the year</b>	<b>( 221 526)</b>	<b>( 103 472)</b>

## 30. Investment Revaluation Reserve

The details of this item are as follows:

	JD'000	
	December 31,	
	2015	2014
Balance at the beginning of the year	( 178 066)	( 182 357)
Change in fair value during the year	( 5 653)	3 814
Net realized (gains) losses transferred to retained earnings	( 22)	477
<b>Balance at the End of the Year *</b>	<b>( 183 741)</b>	<b>( 178 066)</b>

\* Investments revaluation reserve is stated net of deferred tax liabilities in the amount of JD 6.1 million as of December 31, 2015 (JD 7.2 million as of December 31, 2014).

## 31. Retained Earnings

The movement of this item is as follows:

	JD'000	
	December 31,	
	2015	2014
Balance at the beginning of the year	540 544	425 971
Profit for the year	154 019	217 844
General reserve returned to retained earnings	-	141 844
Investments revaluation reserve transferred to retained earnings	22	( 477)
Dividends paid *	( 68 352)	( 160 200)
Transferred to statutory reserve	( 28 612)	( 48 838)
Adjustment during the year	( 1 713)	-
Increase in capital (Stock Dividends)	( 71 200)	( 35 600)
<b>Balance at the End of the Year **</b>	<b>524 708</b>	<b>540 544</b>

\* Arab Bank plc Board of Directors recommended a 25% of par value of the shares as cash dividend, equivalent to JD 160.2 million, for the year 2015, This proposal is subject to the approval of the General Assembly of shareholders (The General assembly of Arab Bank PLC in its meeting held on March 26, 2015 approved the recommendations of the board of directors to distribute 12% of par value as a cash dividends equivalent to JOD 68.4 million and two bonus shares for every sixteen shares amounting 71.2 million shares for the year 2014).

\*\* The retained earnings include restricted deferred tax assets in the amount of JD 27.7 million, as well as unrealized gains from financial assets at fair value through profit or loss in the amount of JD 8.5 million. Restricted retained earnings that cannot be distributed or otherwise utilized except only under certain circumstances, as a result of the adoption of certain International Financial Reporting Standards, amounted to JD 1.8 million as of December 31, 2015.

\*\* Retained earnings include an unrealized loss in the amount of JD (40.7) million due to the effect of the adoption of IFRS 9 as of December 31, 2015.

\*\* The negative balance of the investments revaluation reserve in the amount of JD (183.7) million as of December 31, 2015 is restricted according to the Jordan Securities Commission instructions.

**32. Interest Income**

The details of this item are as follows:

JD '000

	2015	2014
Direct credit facilities at amortized cost *	611 058	597 972
Central Banks	51 257	61 148
Banks and financial institutions deposits	9 230	9 862
Financial assets at fair value through profit or loss	16 751	17 331
Other financial assets at amortized cost	334 079	355 189
<b>Total</b>	<b>1 022 375</b>	<b>1 041 502</b>

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

	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
<b>Total</b>	<b>155 692</b>	<b>69 238</b>	<b>349 375</b>	<b>3 841</b>	<b>32 912</b>	<b>611 058</b>

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

**33. INTEREST EXPENSES**

The details of this item are as follows:

	JD'000	
	2015	2014
Customer deposits *	358 817	366 510
Banks' and financial institutions' deposits	11 717	14 222
Cash margins	24 605	37 057
Borrowed funds	131	80
Deposit insurance fees	17 326	16 680
<b>Total</b>	<b>412 596</b>	<b>434 549</b>

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

	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
<b>Total</b>	<b>203 486</b>	<b>16 937</b>	<b>86 568</b>	<b>51 826</b>	<b>358 817</b>

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

**34. Net Commission Income**

The details of this item are as follows:

	JD '000	
	2015	2014
Commission income:		
Direct credit facilities at amortized cost	58 775	55 198
Indirect credit facilities	79 113	85 711
Other	45 705	43 347
Less: Commission expense	( 14 715)	( 13 723)
<b>Net Commission Income</b>	<b>168 878</b>	<b>170 533</b>

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

The details of this item are as follows:

	2015				JD '000
	Realized gains	Unrealized (loss) gains	Dividends	Total	
Treasury bills and bonds	2 513	8 703	-	11 216	
Corporate shares	-	( 157)	112	( 45)	
<b>Total</b>	<b>2 513</b>	<b>8 546</b>	<b>112</b>	<b>11 171</b>	

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

**36. Dividends from Subsidiaries and Associates**

The details of this item are as follows:

	JD '000	
	2015	2014
Arab Tunisian Bank	5 270	6 095
Arab Investment Bank S.A.L	-	194
Arab Sudanese Bank Limited	2 212	1 904
Al-Nisr Al Arabi Insurance Company plc	850	800
Al-Arabi Investment Group Company L.L.C	1 900	2 400
Islamic International Arab Bank plc	7 090	-
Arab National Leasing Company L.L.C	5 000	4 000
<b>Total Dividends from Subsidiaries</b>	<b>22 322</b>	<b>15 393</b>
Arab National Bank	58 191	50 113
Oman Arab Bank	12 561	10 467
Commercial Building Company S.A.L	194	194
<b>Total Dividends from Associates</b>	<b>70 946</b>	<b>60 774</b>
<b>Total Dividends from Subsidiaries and Associates</b>	<b>93 268</b>	<b>76 167</b>



**37. Other Revenue**

The details of this item are as follows:

	JD '000	
	2015	2014
Revenue from customer services	10 564	11 543
Safe box rent	1 094	1 070
Gains from derivatives	22	682
Miscellaneous revenue	13 096	18 265
<b>Total</b>	<b>24 776</b>	<b>31 560</b>

**38. Employees' Expenses**

The details of this item are as follows:

	JD '000	
	2015	2014
Salaries and benefits	150 481	148 448
Social security	10 787	10 260
Savings fund	1 391	1 393
Indemnity compensation	2 472	5 446
Medical	6 368	6 257
Training	1 395	989
Allowances	31 545	31 078
Other	5 404	4 918
<b>Total</b>	<b>209 843</b>	<b>208 789</b>

**39. Other Expenses**

The details of this item are as follows:

	JD '000	
	2015	2014
Occupancy	36 947	35 485
Office	34 530	35 150
Services	44 000	46 843
Fees	6 700	6 042
Information technology	18 957	16 523
Other administrative expenses	23 587	23 891
<b>Total</b>	<b>164 721</b>	<b>163 934</b>

**40. FINANCIAL DERIVATIVES**

JD '000

The details of this item are as follows:

	December 31,	
	2015	2014
Interest rate swaps	1 232 667	898 193
Foreign currency forward contracts	2 588 439	3 141 365
<b>Total</b>	<b>3 821 106</b>	<b>4 039 558</b>

- The details of financial derivatives are as follows:

	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 year	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	-	-	
<b>Derivatives held for trading</b>	<b>14 184</b>	<b>14 465</b>	<b>2 708 138</b>	<b>1 915 166</b>	<b>564 709</b>	<b>228 263</b>	<b>-</b>	
Interest rate swaps	4 421	5 225	744 978	35 436	299 194	326 116	84 232	
Foreign currency forward contracts	-	-	-	-	-	-	-	
<b>Derivatives held for fair value hedge</b>	<b>4 421</b>	<b>5 225</b>	<b>744 978</b>	<b>35 436</b>	<b>299 194</b>	<b>326 116</b>	<b>84 232</b>	
Interest rate swaps	-	-	-	-	-	-	-	
Foreign currency forward contracts	-	-	367 990	358 520	9 470	-	-	
<b>Derivatives held for cash flow hedge</b>	<b>-</b>	<b>-</b>	<b>367 990</b>	<b>358 520</b>	<b>9 470</b>	<b>-</b>	<b>-</b>	
<b>Total</b>	<b>18 605</b>	<b>19 690</b>	<b>3 821 106</b>	<b>2 309 122</b>	<b>873 373</b>	<b>554 379</b>	<b>84 232</b>	

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

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

	Inside Jordan		Outside Jordan		Total	
	2015	2014	2015	2014	2015	2014
Revenue	280 568	283 718	665 874	642 907	946 442	926 625
Assets	7 376 034	7 204 360	18 483 128	18 655 417	25 859 162	25 859 777
Capital expenditures	12 819	7 291	26 661	20 627	39 480	27 918

## 42 - BUSINESS SEGMENT

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

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

### 1. Corporate and Investment Banking

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

### 2. Treasury Bank

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

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

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

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

### 3. Consumer Banking

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

## Information about the Bank's Business Segments

	2015					JD '000
	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	-	166 111
<b>Result of operations of segments</b>	<b>376 053</b>	<b>137 452</b>	<b>53 249</b>	<b>95 631</b>	<b>105 729</b>	<b>768 114</b>
Indirect expenses on segments	110 246	27 984	13 701	80 619	1 930	234 480
Legal expenses	-	-	-	-	247 518	247 518
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
<b>Profit (loss) for the Year</b>	<b>217 233</b>	<b>73 640</b>	<b>27 973</b>	<b>9 801</b>	<b>( 174 628)</b>	<b>154 019</b>
Depreciation and amortization	8 880	1 996	824	14 327	-	26 027
<b>Other Information</b>						
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
<b>Total Assets</b>	<b>9 641 160</b>	<b>12 646 740</b>	<b>6 451 605</b>	<b>3 686 087</b>	<b>4 474 334</b>	<b>25 859 162</b>
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	-	-	-	-
<b>Total Liabilities and Shareholders' Equity</b>	<b>9 641 160</b>	<b>12 646 740</b>	<b>6 451 605</b>	<b>3 686 087</b>	<b>4 474 334</b>	<b>25 859 162</b>

## Information about the Bank's Business Segments

JD '000

	2014					Total
	Corporate and institutional banking	Treasury	Consumer Banking		Other	
			Elite	Retail banking		
Total income	418 875	447 117	(103 661)	70 977	93 317	926 625
Net inter-segment interest income	(1 022)	(257 111)	156 359	101 774	-	-
Provision for impairment - direct credit facilities at amortized cost	29 070	-	185	2 579	-	31 834
Other provisions	2 978	907	271	2 695	-	6 851
Direct administrative expenses	65 023	9 388	8 296	77 949	-	160 656
<b>Result of operations of segment</b>	<b>320 782</b>	<b>179 711</b>	<b>43 946</b>	<b>89 528</b>	<b>93 317</b>	<b>727 284</b>
Indirect expenses on segments	110 609	34 321	12 560	79 533	1 882	238 905
Legal Expenses	-	-	-	-	141 844	141 844
Profit for the year before income tax	210 173	145 390	31 386	9 995	(50 409)	346 535
Income tax expense	38 867	42 554	9 928	3 511	33 831	128 691
<b>Profit (loss) for the Year</b>	<b>171 306</b>	<b>102 836</b>	<b>21 458</b>	<b>6 484</b>	<b>(84 240)</b>	<b>217 844</b>
Depreciation and amortization	9 000	2 205	794	14 839	-	26 838
<b>Other Information</b>						
Segment assets	9 675 676	12 696 149	359 352	1 709 646	366 817	24 807 640
Inter-segment assets	-	-	5 795 380	1 827 383	2 941 260	-
Investments in associates and subsidiaries	-	-	-	-	1 052 137	1 052 137
<b>Total Assets</b>	<b>9 675 676</b>	<b>12 696 149</b>	<b>6 154 732</b>	<b>3 537 029</b>	<b>4 360 214</b>	<b>25 859 777</b>
Segment liabilities	9 454 305	2 353 497	6 154 732	3 537 029	802 320	22 301 883
Shareholders' equity	-	-	-	-	3 557 894	3 557 894
Inter-segment liabilities	221 371	10 342 652	-	-	-	-
<b>Total Liabilities and Shareholders' Equity</b>	<b>9 675 676</b>	<b>12 696 149</b>	<b>6 154 732</b>	<b>3 537 029</b>	<b>4 360 214</b>	<b>25 859 777</b>

### 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) 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,	
Credit risk exposures relating to Items on the statement of financial position:	2015	2014
Balances with central banks	4 429 068	3 657 478
Balances with banks and financial institutions	2 625 024	3 313 566
Deposits with banks and financial institutions	170 397	283 639
Financial assets at fair value through profit or loss	243 107	295 776
<b>Direct credit facilities at amortized cost</b>	<b>11 264 977</b>	<b>11 050 831</b>
Consumer banking	1 985 231	1 806 486
Small and medium corporate	824 823	790 176
Large corporate	7 483 446	7 504 797
Banks and financial institutions	206 309	286 516
Government and public sector	765 168	662 856
Other financial assets at amortized cost	5 159 153	5 171 075
Other assets and financial derivatives - positive fair value	208 244	227 968
<b>Total credit exposure related to items on statement of financial position:</b>	<b>24 099 970</b>	<b>24 000 333</b>
<b>Credit risk exposures relating to items off the statement of financial position:</b>		
Letters of credit	1 321 352	1 229 719
Acceptances	450 620	595 427
Letters of guarantee	7 905 649	8 223 133
Unutilized credit facilities	3 115 623	3 051 339
<b>Total</b>	<b>12 793 244</b>	<b>13 099 618</b>
<b>Grand Total</b>	<b>36 893 214</b>	<b>37 099 951</b>

The table above shows the maximum limit of the bank credit risk as of December 31, 2015 and 2014 excluding collaterals or risks mitigations.

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

	December 31, 2015					JD '000
	Consumer Banking	Corporates		Banks and financial institutions	Government and public sector	Total
		Small and medium	Large			
Low risk	474 169	116 399	549 403	1 652 092	9 950 670	12 742 733
Acceptable risk	1 527 222	680 790	6 958 839	1 829 296	178 802	11 174 949
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
<b>Non-performing:</b>	<b>109 549</b>	<b>121 056</b>	<b>621 524</b>	<b>21 717</b>	<b>155</b>	<b>874 001</b>
- 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
<b>Total</b>	<b>2 125 160</b>	<b>939 146</b>	<b>8 301 893</b>	<b>3 503 105</b>	<b>10 129 627</b>	<b>24 998 931</b>
Less: Interest and commission in suspense	42 044	56 810	158 823	3 189	-	260 866
Less: Provision for impairment	89 577	49 155	497 422	674	1 267	638 095
<b>Net</b>	<b>1 993 539</b>	<b>833 181</b>	<b>7 645 648</b>	<b>3 499 242</b>	<b>10 128 360</b>	<b>24 099 970</b>

	December 31, 2014					JD'000
	Consumer Banking	Corporates		Banks and financial institutions	Government and public sector	Total
		Small and medium	Large			
Low risk	415 317	134 535	520 977	2 791 162	9 292 219	13 154 210
Acceptable risk	1 409 716	629 171	7 035 948	1 471 102	163 265	10 709 202
Due:	22 451	23 021	83 109	-	-	128 581
- Up to 30 days	20 410	18 751	26 918	-	-	66 079
- 31- 60 days	2 041	4 270	56 191	-	-	62 502
Watch list	13 213	15 606	124 646	-	-	153 465
<b>Non-performing:</b>	<b>101 758</b>	<b>120 529</b>	<b>630 298</b>	<b>21 203</b>	<b>198</b>	<b>873 986</b>
- Substandard	10 326	6 299	3 962	-	-	20 587
- Doubtful	5 872	3 897	338 802	20 529	-	369 100
- Problematic	85 560	110 333	287 534	674	198	484 299
<b>Total</b>	<b>1 940 004</b>	<b>899 841</b>	<b>8 311 869</b>	<b>4 283 467</b>	<b>9 455 682</b>	<b>24 890 863</b>
Less: Interest and commission in suspense	37 009	58 374	146 961	2 651	-	244 995
Less: Provision for impairment	87 675	48 276	508 108	674	802	645 535
<b>Net</b>	<b>1 815 320</b>	<b>793 191</b>	<b>7 656 800</b>	<b>4 280 142</b>	<b>9 454 880</b>	<b>24 000 333</b>

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, 2015

	Consumer Banking	Corporates		Banks and financial institutions	Government and public sector	Total
		Small and medium	Large			
<b>Collaterals against</b>						
Performing facilities / low risk	189 072	106 083	589 220	-	123 814	1 008 189
Performing facilities / acceptable risk	580 394	304 566	2 316 006	-	-	3 200 966
Watch list	10 057	8 707	100 914	-	-	119 678
<b>Non-performing:</b>	<b>15 077</b>	<b>30 032</b>	<b>53 185</b>	<b>-</b>	<b>-</b>	<b>98 294</b>
- 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
<b>Total</b>	<b>794 600</b>	<b>449 388</b>	<b>3 059 325</b>	<b>-</b>	<b>123 814</b>	<b>4 427 127</b>

<b>Of which :</b>						
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
<b>Total</b>	<b>794 600</b>	<b>449 388</b>	<b>3 059 325</b>	<b>-</b>	<b>123 814</b>	<b>4 427 127</b>

JD '000

December 31, 2014

	Corporates		Banks and financial institutions	Govern- ment and public sector	Total	
	Consumer Banking	Small and medium				Large
<b>Collaterals against</b>						
Performing / low risk	111 056	213 518	363 252	-	127 455	815 281
Performing / acceptable risk	521 921	392 289	2 654 408	-	-	3 568 618
Watch list	8 756	6 800	56 153	-	-	71 709
<b>Non-performing:</b>	<b>17 746</b>	<b>30 704</b>	<b>58 388</b>	-	-	<b>106 838</b>
- Substandard	5 266	3 506	3 884	-	-	12 656
- Doubtful	3 594	4 870	3 509	-	-	11 973
- Problematic	8 886	22 328	50 995	-	-	82 209
<b>Total</b>	<b>659 479</b>	<b>643 311</b>	<b>3 132 201</b>	-	<b>127 455</b>	<b>4 562 446</b>
<b>Of which :</b>						
Cash margin	122 798	238 176	450 473	-	20 790	832 237
Banks accepted letters of guarantees	1 078	39 705	151 028	-	-	191 811
Real estate properties	57 095	233 922	1 152 883	-	31 815	1 475 715
Listed securities	523	813	169 965	-	-	171 301
Vehicles and equipment	2 742	16 148	238 609	-	-	257 499
Other	475 243	114 547	969 243	-	74 850	1 633 883
<b>Total</b>	<b>659 479</b>	<b>643 311</b>	<b>3 132 201</b>	-	<b>127 455</b>	<b>4 562 446</b>

**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, 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
<b>Total</b>	<b>243 107</b>	<b>5 159 153</b>	<b>5 402 260</b>

Credit rating	December 31, 2014		JD '000
	Financial assets at fair value through profit or loss	Other financial assets at amortized cost	Total
Private sector:			
AAA to A-	-	232 518	232 518
BBB+ to B-	-	174 641	174 641
Below B-	-	-	-
Unrated	16 139	60 307	76 446
Government and public sector	279 637	4 703 609	4 983 246
<b>Total</b>	<b>295 776</b>	<b>5 171 075</b>	<b>5 466 851</b>

## E. Credit exposure categorized by geographical distribution

	December 31, 2015						JD'000
	Jordan	Other Arab countries	Asia *	Europe	America	Rest of the world	Total
Balances with central banks	2 425 097	2 000 456	3 515	-	-	-	4 429 068
Balances and deposits with banks and financial institutions	51 694	696 645	167 794	1 721 936	142 672	14 680	2 795 421
Financial assets at fair value through profit or loss	-	243 107	-	-	-	-	243 107
Direct credit facilities at amortized cost	2 798 235	8 164 496	188 386	87 451	99	26 310	11 264 977
Consumer Banking	862 823	1 120 844	967	19	99	479	1 985 231
Small and Medium Corporates	267 339	557 010	474	-	-	-	824 823
Large Corporates	1 600 555	5 699 137	183 754	-	-	-	7 483 446
Banks and Financial Institutions	11 675	81 371	-	87 432	-	25 831	206 309
Government and Public Sector	55 843	706 134	3 191	-	-	-	765 168
Other financial assets at amortized cost	2 000 805	2 751 727	105 337	-	301 284	-	5 159 153
Other assets and financial derivatives - positive fair value	30 047	171 484	2 366	1 154	49	3 144	208 244
<b>Total</b>	<b>7 305 878</b>	<b>14 027 915</b>	<b>467 398</b>	<b>1 810 541</b>	<b>444 104</b>	<b>44 134</b>	<b>24 099 970</b>
<b>Total - as of December 31, 2014</b>	<b>7 073 703</b>	<b>14 241 357</b>	<b>379 948</b>	<b>1 468 780</b>	<b>793 505</b>	<b>43 040</b>	<b>24 000 333</b>

\* Excluding Arab Countries.

**F. Credit exposure categorized by economic sector**

	Consumer Banking	Corporates			
		Industry and Mining	Constructions	Real Estate	Trade
Balances with Central Banks	-	-	-	-	-
Balances and deposits with banks and financial institutions	-	-	-	-	-
Financial assets at fair value through profit or loss	-	-	-	-	-
Direct credit facilities at amortized cost	1 985 231	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
<b>Total</b>	<b>1 993 539</b>	<b>2 245 554</b>	<b>1 166 817</b>	<b>744 012</b>	<b>2 107 978</b>

	Consumer Banking	Corporates			
		Industry and Mining	Constructions	Real estate	Trade
Balances with Central Banks	-	-	-	-	-
Balances and deposits with banks and financial institutions	-	-	-	-	-
Financial assets at fair value through profit or loss	-	-	-	-	-
Direct credit facilities at amortized cost	1 806 486	2 427 956	1 018 401	658 445	2 141 153
Other financial assets at amortized cost	-	21 270	-	10 001	30 116
Other assets and financial derivatives - positive fair value	8 834	4 704	3 643	2 235	8 527
<b>Total</b>	<b>1 815 320</b>	<b>2 453 930</b>	<b>1 022 044</b>	<b>670 681</b>	<b>2 179 796</b>



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
<b>63 381</b>	<b>229 553</b>	<b>382 231</b>	<b>46 515</b>	<b>1 492 788</b>	<b>3 499 242</b>	<b>10 128 360</b>	<b>24 099 970</b>

JD '000

December 31, 2014

Corporates					Banks and Financial Institutions	Government and Public Sector	Total
Agriculture	Tourism and Hotels	Transportation	Shares	General Services			
-	-	-	-	-	-	3 657 478	3 657 478
-	-	-	-	-	3 597 205	-	3 597 205
-	-	16 139	-	-	-	279 637	295 776
65 605	214 838	363 221	60 693	1 344 661	286 516	662 856	11 050 831
-	-	18 362	-	27 772	359 945	4 703 609	5 171 075
110	444	1 124	59	10 512	36 476	151 300	227 968
<b>65 715</b>	<b>215 282</b>	<b>398 846</b>	<b>60 752</b>	<b>1 382 945</b>	<b>4 280 142</b>	<b>9 454 880</b>	<b>24 000 333</b>

#### 45. Market Risk

##### Market Risk Sensitivity

Assuming market prices as at December 31, 2015 and 2014 change by 5%, the impact on statement of income and shareholders equity will be as follows:

	December 31, 2015			December 31, 2014			JD '000
	Statement of income	Shareholders' equity	Total	Statement of income	Shareholders' equity	Total	
Interest rate sensitivity	23 508	-	23 508	22 835	-	22 835	
Foreign exchange rate sensitivity	3 393	29 633	33 026	6 366	33 032	39 398	
Equity instruments price sensitivity	75	10 989	11 064	83	11 187	11 270	
<b>Total</b>	<b>26 976</b>	<b>40 622</b>	<b>67 598</b>	<b>29 284</b>	<b>44 219</b>	<b>73 503</b>	

## 46. Interest Rate Risk

A. 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
<b>Total assets</b>	<b>9 725 548</b>	<b>3 497 515</b>	<b>1 865 738</b>	<b>2 300 793</b>	<b>2 258 989</b>	<b>2 828 106</b>	<b>3 382 473</b>	<b>25 859 162</b>
<b>Liabilities</b>								
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
<b>Total liabilities</b>	<b>8 566 089</b>	<b>2 911 352</b>	<b>1 557 655</b>	<b>1 747 411</b>	<b>411 085</b>	<b>120 559</b>	<b>7 026 870</b>	<b>22 341 021</b>
<b>Gap</b>	<b>1 159 459</b>	<b>586 163</b>	<b>308 083</b>	<b>553 382</b>	<b>1 847 904</b>	<b>2 707 547</b>	<b>(3 644 397)</b>	<b>3 518 141</b>

Exposure to interest rate volatility as of December 31, 2014 (classification is based on interest rate repricing or maturity date, whichever is nearer).

Assets	JD '000							Total
	Up to 1 month	More than 1 month and till 3 months	More than 3 Months and till 6 Months	More than 6 Months and till 1 Year	More than 1 Year and till 3 Years	More than 3 Years	Not Tied to Interest Rate Risk	
Cash at vaults	-	-	-	-	-	-	272 677	272 677
Mandatory cash reserve	-	-	-	-	-	-	1 079 844	1 079 844
Balances with central banks	2 240 473	29 943	44 401	28 958	-	-	233 859	2 577 634
Balances and deposits with banks and financial institutions	2 547 848	765 718	190 155	93 484	-	-	-	3 597 205
Financial assets at fair value through profit or loss	23 622	21 872	37 080	144 184	42 867	26 151	1 656	297 432
Direct credit facilities at amortized cost	4 314 791	1 582 403	1 094 940	880 866	885 889	2 291 942	-	11 050 831
Financial assets at fair value through other comprehensive income	-	-	-	-	-	-	223 737	223 737
Other financial assets at amortized cost	501 385	892 423	874 268	814 663	1 670 317	418 019	-	5 171 075
Investment in subsidiaries and associates	-	-	-	-	-	-	1 052 137	1 052 137
Fixed assets	-	-	-	-	-	-	192 297	192 297
Other assets and financial derivatives - positive fair value	12 418	10 750	15 303	1 197	22 229	1 678	254 917	318 492
Deferred tax assets	-	-	-	-	-	-	26 416	26 416
<b>Total assets</b>	<b>9 640 537</b>	<b>3 303 109</b>	<b>2 256 147</b>	<b>1 963 352</b>	<b>2 621 302</b>	<b>2 737 790</b>	<b>3 337 540</b>	<b>25 859 777</b>
<b>Liabilities</b>								
Banks' and financial institutions' deposits	1 978 788	89 045	40 941	4 332	17 482	-	147 084	2 277 672
Customer deposits	6 655 186	2 094 950	1 235 567	1 427 008	237 533	46 148	5 398 986	17 095 378
Cash margin	694 529	741 515	189 525	63 014	19 847	15 945	118 395	1 842 770
Borrowed funds	-	-	4 000	-	-	1 400	-	5 400
Provision for income tax	-	-	-	-	-	-	143 376	143 376
Other Provisions	-	-	-	-	-	-	83 008	83 008
Other liabilities and financial derivatives - negative fair value	30 985	12 169	17 494	279	-	355	784 677	845 959
Deferred tax liabilities	-	-	-	-	-	-	8 320	8 320
<b>Total liabilities</b>	<b>9 359 488</b>	<b>2 937 679</b>	<b>1 487 527</b>	<b>1 494 633</b>	<b>274 862</b>	<b>63 848</b>	<b>6 683 846</b>	<b>22 301 883</b>
<b>Gap</b>	<b>281 049</b>	<b>365 430</b>	<b>768 620</b>	<b>468 719</b>	<b>2 346 440</b>	<b>2 673 942</b>	<b>(3 346 306)</b>	<b>3 557 894</b>

## 47. Liquidity Risk

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
<b>Total Liabilities</b>	<b>7 321 832</b>	<b>2 888 256</b>	<b>1 706 213</b>	<b>1 897 636</b>	<b>1 200 292</b>	<b>191 648</b>	<b>7 363 118</b>	<b>22 568 995</b>
<b>Total assets according to expected maturities</b>	<b>6 582 170</b>	<b>3 768 437</b>	<b>1 645 639</b>	<b>1 975 366</b>	<b>2 588 031</b>	<b>4 454 240</b>	<b>4 845 279</b>	<b>25 859 162</b>

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

JD '000

Liabilities	Within 1 Month	After 1 Month and till 3 Months	After 3 Months and till 6 Months	After 6 Months and till One Year	After One Year and till 3 Years	After 3 Years	Not Tied to a Specific Maturity	Total
Banks' and financial institutions' deposits	1 979 259	89 094	40 974	4 375	18 321	-	147 084	2 279 107
Customer deposits	5 799 566	2 147 556	1 365 427	1 490 550	286 609	83 526	6 084 293	17 257 527
Cash margin	936 964	334 911	361 767	69 806	25 749	10 389	111 323	1 850 909
Borrowed funds	-	-	-	-	-	5 426	-	5 426
Provision for income tax	-	-	-	-	-	-	143 376	143 376
Other provisions	-	-	-	-	-	-	83 008	83 008
Financial derivatives - negative fair value	2 534	20	2	-	-	355	14 893	17 804
Other liabilities	28 487	12 149	17 491	279	482 979	-	286 944	828 329
Deferred tax liabilities	-	-	-	-	-	-	8 320	8 320
<b>Total Liabilities</b>	<b>8 746 810</b>	<b>2 583 730</b>	<b>1 785 661</b>	<b>1 565 010</b>	<b>813 658</b>	<b>99 696</b>	<b>6 879 241</b>	<b>22 473 806</b>

**Total assets according to expected maturities**

**6 350 888 3 743 264 2 065 384 1 990 976 2 961 387 3 973 158 4 774 720 25 859 777**

#### 48. Net Foreign Currency Positions

The details of this item are as follows:

	December 31, 2015		December 31, 2014	
	Base Currency in Thousand	Equivalent in JD '000	Base Currency in Thousand	Equivalent in JD '000
USD	94 161	66 781	120 042	85 136
GBP	( 1 231)	( 1 294)	( 121)	( 134)
EUR	( 13 456)	( 10 423)	1 659	1 430
JPY	947 618	5 580	( 52 855)	( 313)
Other currencies *		7 216		41 207
<b>Total</b>		<b>67 860</b>		<b>127 326</b>

\* 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
	2015	2014				
<b>Financial assets at fair value</b>						
Financial assets at fair value through profit or loss						
Treasury bills and Bonds	222 097	279 637	Level 1	Quoted Shares	Not Applicable	Not Applicable
Loans and advances	21 010	16 139	Level 2	Through Comparison of similar financial instruments	Not Applicable	Not Applicable
Shares and mutual funds	1 499	1 656	Level 1	Quoted Shares	Not Applicable	Not Applicable
<b>Total Financial Assets at Fair Value through Profit or Loss</b>	<b>244 606</b>	<b>297 432</b>				
Financial derivatives - positive fair value	18 605	16 438	Level 2	Through Comparison of similar financial instruments	Not Applicable	Not Applicable
<b>Financial assets at fair value through other comprehensive income:</b>						
Quoted shares	165 290	162 001	Level 1	Quoted Shares	Not Applicable	Not Applicable
Unquoted shares	54 499	61 736	Level 2	Through using the index sector in the market	Not Applicable	Not Applicable
<b>Total financial assets at fair value through other comprehensive income</b>	<b>219 789</b>	<b>223 737</b>				
<b>Total Financial Assets at Fair Value</b>	<b>483 000</b>	<b>537 607</b>				
<b>Financial Liabilities at Fair Value</b>						
Financial derivatives - negative fair value	19 690	17 630	Level 2	Through Comparison of similar financial instruments	Not Applicable	Not Applicable
<b>Total Financial Liabilities at Fair Value</b>	<b>19 690</b>	<b>17 630</b>				

There were no transfers between Level 1 and 2 in the period, during 2015 & 2014.

**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, 2015		December 31, 2014		JD '000
	Book value	Fair value	Book value	Fair value	Fair Value Hierarchy
<b>Financial assets not calculated at fair value</b>					
Mandatory reserve	1 160 524	1 160 524	1 079 844	1 079 844	Level 2
Time and notice balances with Central Banks	2 535 145	2 535 836	2 208 640	2 209 043	Level 2
Certificates of deposit with central banks	436 623	436 658	135 135	135 436	Level 2
Balances and Deposits with banks and financial institutions	2 795 421	2 796 732	3 597 205	3 598 936	Level 2
Direct credit facilities at amortized cost	11 264 977	11 295 208	11 050 831	11 077 995	Level 2
Other Financial assets at amortized cost	5 159 153	5 204 013	5 171 075	5 223 265	Level 1 & 2
<b>Total financial assets not calculated at fair value</b>	<b>23 351 843</b>	<b>23 428 971</b>	<b>23 242 730</b>	<b>23 324 519</b>	
<b>Financial liabilities not calculated at fair value</b>					
Banks' and financial institutions' deposits	1 953 517	1 954 603	2 277 672	2 278 310	Level 2
Customer deposits	17 538 698	17 602 843	17 095 378	17 161 230	Level 2
Cash margin	1 584 439	1 588 839	1 842 770	1 853 648	Level 2
Borrowed funds	8 004	8 043	5 400	5 428	Level 2
<b>Total financial liabilities not calculated at fair value</b>	<b>21 084 658</b>	<b>21 154 328</b>	<b>21 221 220</b>	<b>21 298 616</b>	

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, 2015

JD'000

<b>Assets</b>	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
<b>Total Assets</b>	<b>17 447 392</b>	<b>8 411 770</b>	<b>25 859 162</b>
<b>Liabilities</b>			
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
<b>Total Liabilities</b>	<b>21 099 704</b>	<b>1 241 317</b>	<b>22 341 021</b>
<b>Net</b>	<b>(3 652 312)</b>	<b>7 170 453</b>	<b>3 518 141</b>

The below is an analysis for assets and liabilities maturities according to the expected period to be recovered or settled as at December 31, 2014

JD '000

<b>Assets</b>	UP to One Year	More than One Year	Total
Cash at vaults	272 677	-	272 677
Mandatory cash reserve	1 079 844	-	1 079 844
Balances with central banks	2 577 634	-	2 577 634
Balances and deposits with banks and financial institutions	3 597 205	-	3 597 205
Financial assets at fair value through profit or loss	218 816	78 616	297 432
Direct credit facilities at amortized cost	6 347 112	4 703 719	11 050 831
Financial assets at fair value through other comprehensive income	-	223 737	223 737
Other financial assets at amortized cost	3 042 772	2 128 303	5 171 075
Investment in subsidiaries and associates	-	1 052 137	1 052 137
Fixed assets	-	192 297	192 297
Other assets and financial derivatives - positive fair value	294 585	23 907	318 492
Deferred tax assets	26 416	-	26 416
<b>Total Assets</b>	<b>17 457 061</b>	<b>8 402 716</b>	<b>25 859 777</b>
<b>Liabilities</b>			
Banks' and financial institutions' deposits	2 260 190	17 482	2 277 672
Customer deposits	16 805 557	289 821	17 095 378
Cash margin	1 806 978	35 792	1 842 770
Borrowed funds	-	5 400	5 400
Provision for income tax	143 376	-	143 376
Other provisions	83 008	-	83 008
Other liabilities and financial derivatives - negative fair value	362 980	482 979	845 959
Deferred tax liabilities	8 320	-	8 320
<b>Total Liabilities</b>	<b>21 470 409</b>	<b>831 474</b>	<b>22 301 883</b>
<b>Net</b>	<b>(4 013 348)</b>	<b>7 571 242</b>	<b>3 557 894</b>

## 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, 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
<b>Total</b>	<b>8 967 798</b>	<b>2 730 897</b>	<b>1 094 549</b>	<b>12 793 244</b>

	December 31, 2015			
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
<b>Total</b>	<b>8 523</b>	<b>14 012</b>	<b>7 049</b>	<b>29 584</b>

	December 31, 2014			JD '000
	Within 1 year	After 1 year and before 5 years	After 5 years	Total
Letters of credit	1 185 194	44 525	-	1 229 719
Acceptances	589 499	5 928	-	595 427
Letters of guarantee:				
- Payment guarantees	837 629	83 659	3 125	924 413
- Performance guarantees	1 740 560	1 298 885	93 031	3 132 476
- Other guarantees	2 767 180	1 237 870	161 194	4 166 244
Unutilized credit facilities	2 854 898	187 582	8 859	3 051 339
<b>Total</b>	<b>9 974 960</b>	<b>2 858 449</b>	<b>266 209</b>	<b>13 099 618</b>

	December 31, 2014			
Constructions projects contracts	-	5 720	-	5 720
Procurement contracts	4 525	3 025	-	7 550
Operating lease contracts	64	3 315	3 899	7 278
<b>Total</b>	<b>4 589</b>	<b>12 060</b>	<b>3 899</b>	<b>20 548</b>

## 52. Capital Management

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:

	December 31, JD '000	
	2015	2014
<b>A- CORE CAPITAL</b>		
Share capital	640 800	569 600
Statutory reserve	499 191	470 579
Voluntary reserve	614 920	614 920
Share premium	859 626	859 626
General reserve	583 695	583 695
Retained earnings*	330 587	443 939
Foreclosed assets	-	( 7 949)
<b>Total core capital</b>	<b>3 528 819</b>	<b>3 534 410</b>
<b>B- SUPPLEMENTARY CAPITAL</b>		
Foreign currency translation reserve	( 221 526)	( 103 472)
Investment revaluation reserve	( 183 741)	( 178 066)
General banking risk reserve	200 468	200 468
<b>Total supplementary capital</b>	<b>( 204 799)</b>	<b>( 81 070)</b>
<b>C. DEDUCTIBLE ITEMS</b>	<b>1 101 790</b>	<b>1 199 831</b>
<b>Regulatory capital (A+B-C)</b>	<b>2 222 230</b>	<b>2 253 509</b>
<b>Risk-weighted assets</b>	<b>18 274 912</b>	<b>17 982 801</b>
<b>Regulatory capital / risk-weighted assets</b>	<b>12.16%</b>	<b>12.53%</b>
<b>Core capital / risk-weighted assets</b>	<b>12.16%</b>	<b>12.53%</b>

\* 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.
- The minimum level of the capital adequacy ratio as defined by Basel Committee is 8% and 12% as per the instructions of the Central Bank of Jordan. The capital adequacy ratio is 12.16 % of the Bank as of December 31, 2015 (12.53% as of December 31, 2014).

### 53. Transactions with Related Parties

The details of this item are as follows:

	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	401 609	47 452
<b>Total</b>	<b>1 490 471</b>	<b>485 208</b>	<b>622 358</b>	<b>262 743</b>

JD '000

	December 31, 2014			
	Deposits owed from Related Parties	Direct Credit Facilities at Amortized Cost	Deposits owed to Related Parties	LCs, LGs, Unutilized Credit Facilities and Acceptances
Sister and subsidiary companies	1 189 218	111 785	159 670	168 894
Associates companies	543 519	-	63 278	45 636
Major shareholders and members of the Board of Directors	-	301 956	432 661	39 978
<b>Total</b>	<b>1 732 737</b>	<b>413 741</b>	<b>655 609</b>	<b>254 508</b>

JD '000

- Direct credit facilities granted to key management personnel amounted to JD 1.4 million and indirect credit facilities amounted to JD 6 thousand as of December 31, 2015 (Direct credit facilities JD 0.6 million and indirect credit facilities JD 75 thousand as of December 31, 2014)
- Deposits of key management amounted to JD 1.6 million as of December,31 2015 ( JD 1.9 million as of December,31 2014)
- 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:

	2015		2014	
	Interest Income	Interest Expense	Interest Income	Interest Expense
Subsidiaries and sister companies	3 783	1 066	5 409	3 002
Associated companies	356	99	424	24
<b>Total</b>	<b>4 139</b>	<b>1 165</b>	<b>5 833</b>	<b>3 026</b>

JD '000

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 26.7 million for the year ended on December 31, 2015 (JD 26.8 million for the year ended on December 31, 2014).

#### 54. Assets under Management

There are no assets under management as of December 31, 2015 and 2014 -

#### 55. Cash and Cash Equivalent

The details of this item are as follows:

	JD '000	
	December 31,	
	2015	2014
Cash and balances with central banks maturing within 3 months	4 709 940	3 856 796
Add: Balances with banks and financial institutions maturing within 3 months	2 625 024	3 313 566
Less: Banks and financial institutions deposits maturing within 3 months	1 779 152	2 214 917
<b>Total</b>	<b>5 555 812</b>	<b>4 955 445</b>

#### 56. Legal Cases

A. In 2004, a number of civil lawsuits seeking damages were filed against Arab Bank plc in which it was alleged that the Bank provided financial services to individuals and entities who were characterized in the claims as «terrorists» and «terrorist organizations» operating in the Palestinian Territories. The plaintiffs claimed that the Bank's provision of these financial services constituted material support for terrorism, which resulted in their death or injury.

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

The Court scheduled August 17, 2015, to proceed with a "bellwether" damages trial limited to three incidents and 17 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 granted an extension until May 16, 2016, to give them a sufficient period of time to implement the said 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, and it has been entered into upon acceptable terms and without admission of liability of any wrongdoing by the bank. This settlement agreement will put an end to the litigation, which has been outstanding for over 11 years and its 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 year 2005, the Bank in New York entered into an agreement with the Office of the Comptroller of the Currency pursuant to which the branch was converted into a Federal Agency with limited operations in compliance with the provisions of the U.S. Federal Banking Act. It was also agreed that the Federal Agency would maintain financial assets in the approximate amount of USD 420 million.

B. There are other lawsuits filed against the Bank totaling JD 79.8 million as of December 31, 2015 (JD 95.1 million as of December 31, 2014).

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 5 million as of December 31, 2015 (JD 3 million as of December 31, 2014).

## 57 - Adjusting Comparative Figures

During the year 2015, the bank conducted some adjustments on the comparative figures for the year 2014 and the prior years to present some provisions that have been disclosed in the Group consolidated financial statements and never been accounted for in Arab Bank plc financial statements, and based on this we have amended the figures retroactively according to the International Accounting Standards and represented Arab Bank plc financial statements as follow:

### A- Adjustments for years prior to 2014

	January 1, 2014			JD '000
	Reported Balance	Prior Period Adjustments	Represented Balance	
<b>Statement of Financial Position</b>				
<b>Liabilities</b>				
Other liabilities	366 258	341 135		707 393
<b>Shareholders' Equity</b>				
General reserve	1 066 674	( 341 135)		725 539 JD '000

### B- Accumulated Adjustments related to Year 2014 and Prior Years

	December 31, 2014		
	Reported Balance	Prior Period Adjustments	Represented Balance
<b>Statement of Financial Position</b>			
<b>Liabilities</b>			
Other liabilities	345 350	482 979	828 329
<b>Shareholders' Equity</b>			
General reserve	1 066 674	( 482 979)	583 695
<b>Statement of Income</b>			
Legal expenses	-	141 844	141 844

Other comparative figures for the year 2014 have been reclassified to correspond with the year 2015 presentation.



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## INDEPENDENT AUDITOR'S REPORT

AM / 218

To the Shareholders  
Arab Bank plc  
Amman – Jordan

We have audited the accompanying financial statements of Arab Bank plc (a Public Shareholding Company), which comprise of the statement of financial position as of December 31, 2015, and the statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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



An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including an assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal controls relevant to the Bank's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of Arab Bank plc as of December 31, 2015, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

### **Additional Statement**

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

### **Report on other Legal and Regulatory Requirements**

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

Amman – Jordan  
January 28, 2016

  
Deloitte & Touche (M.E.) – Jordan

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

The Board of Directors confirms that there are no significant issues that may affect the continued operations of the Bank during the financial year 2016.



Sabih Faher D. Masri  
Chairman



Samir Farhan K. Kwar  
Deputy Chairman



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




Nazik Assad Odah/Al-Hariri



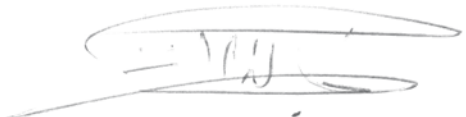
Wahbe Abdallah W. Tamari




The Social Security Corporation



Mohammed Ahmed M. Hariri



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



Abbas Farouq A. Zuaiter



Bassam Wael R. Kanaan



Alaa Arif S. 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 Taher D. Masri**  
 Chairman


  
**Samir Farhan K. Kawar**  
 Deputy Chairman

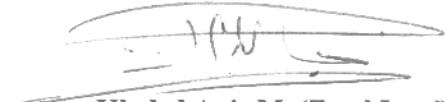
  
**Saleh Bin Saad A. Al-Muhanna**  
 Representing  
 The Ministry of Finance  
 Saudi Arabia


  
**Nazik Assad Odah/Al-Hariri**

  
**Wahbe Abdullah W. Tamari**

  
**The Social Security Corporation**

  
**Mohammed Ahmed M. Hariri**

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

  
**Abbas Farouq A. Zuaiter**

  
**Bassam Wael R. Kanaan**

  
**Alaa Arif S. 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 2015.

  
Sabih Taher D. Masri  
Chairman

  
Neme Elyas Sabbagh  
Chief Executive Officer



Dawod Al-Ghoul  
Group 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 2015.

  
**Sabih Taher D. Masri**  
Chairman


  
**Samir Farhan K. Kwar**  
Deputy Chairman

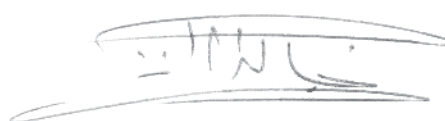
  
**Saleh Bin Saad A. Al-Muhanna**  
Representing  
The Ministry of Finance  
Saudi Arabia

  
**Nazik Assad Odah/Al-Hariri**

  
**Wahbe Abdallah W. Tamari**

  
**The Social Security Corporation**

  
**Mohammed Ahmed M. Hariri**

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

  
**Abbas Farouq A. Zuaiter**

  
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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. 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 following meanings:

- a- Corporate Governance:** The system of rules by which the Bank is directed and controlled and which essentially involves identifying the Bank's corporate objectives and the framework for attaining them, the safe operation of the Bank's business, securing the interests of depositors, shareholders and other stakeholders, and compliance with the Bank's bylaws and internal policies.
- b- Suitability:** the fulfilment of certain requirements and criteria by the members of the Board and senior executives.
- c- The Board:** the Board of Directors of the Bank.
- d- Stakeholders:** any person/group/organization that has interest or concern in the Bank such as depositors, shareholders, employees, debtors, customers or competent regulatory authorities.
- e- Major Shareholder:** The person holding (5%) or more of the Bank's share capital whether directly or indirectly.
- f- An Executive Director:** a member of the Board who is paid in consideration for his/her employment at the Bank.
- g- An Independent Director:** a member of the Board who 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 11 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 candidacy for membership of the Board of Directors.
  2. Has not been employed by the Bank or any of its subsidiaries in the three years preceding the date on which this Code has been put into force.

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 and experience in the financial and banking sectors.

**Article (4): Board Meetings**

- a) The Board shall meet not less than 6 times per year.
- b) Board members must attend the meetings in person, and if unable to attend, the member can give his/her views through video or telephone after the approval of the Chairman in which case such member will not be entitled to vote or sign the minutes of the meeting.
- c) The senior executive management should, and the Chairman should ensure that, the Members of the Board are provided with the agenda of the meeting and all relevant documents prior to the meeting.
- d) Deliberations and proceedings of the meetings of the Board and its Committees shall be fully and accurately minuted along with any reservation that may be voiced by any member. Such minutes shall be duly and properly kept.

## Article (5): Responsibilities of the Board of Directors

### (1) The Board of Directors should:

- a) Oversee and monitor the executive management and its performance, ensure the financial soundness and solvency of the Bank, and approve appropriate policies and procedures to supervise and control the Bank's performance.
- b) Specify the strategic objectives of the Bank, instruct the executive management to set a strategy for achieving those objectives and approve the strategy and such work plans that are compatible therewith.
- c) approve a policy for monitoring and supervising the performance of the executive management by setting key performance indicators to gauge and observe performance and progress towards the implementation of the strategic plan of the Bank.
- d) Ensure the availability of policies, plans and procedures for all the Bank's activities and that such policies, plans and procedures are in compliance with the relevant applicable legislation, are being circulated to all levels of management and are being regularly reviewed.
- e) Identify a corporate culture of high ethical standards and integrity alongside setting and enforcing clear lines of responsibility and accountability throughout the Bank .
- f) Bear the ultimate responsibility for the Bank's business including its financial status , and its compliance with the requirements of the Central Bank and such other regulatory authorities. The Board shall also be ultimately responsible for safeguarding the interests of the Stakeholders, ensuring that the Bank is being operated in accordance with its bylaws and internal policies and that effective supervision and control measures over the activities of the Bank, including those outsourced, are always available.
- g) Appoint and accept the resignation of the Head of Internal Audit, Head of Risk Management and Head of Compliance based on the recommendation of the Nomination and Remuneration committee.
- 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, and ensure the publication of a disclosure on the adequacy of those controls in the annual report .
- i) Ensure the constant independence of the external auditor.
- j) Approve and monitor the implementation of the risk management strategy including the Bank's risk tolerance/appetite and ensure that the Bank is not exposed to high risks, that the Board is cognizant of the operational environment and associated risks and that all needed risk management instruments and infra structure are available and able to identify, measure, control and supervise all kinds of risks to which the Bank may be exposed.
- k) Ensure an adequate and reliable information management system covering all the activities of the Bank.

- l) Ensure that the Bank's credit policy includes a corporate governance evaluation system for its corporate 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 in this regard.
  8. submit the suitability attestations signed by each of the Board members to the Central Bank.
- s) Allow direct communication between the members of the Board of Directors and its Committees with the executive management and the Secretary of the Board and facilitate the performance of their duties Including seeking the assistance, at the expense of the Bank and upon its approval, of third parties provided always that the acts of the members of the Board do not influence the decisions of the executive management apart from through deliberations during the meetings of the Board or its Committees.

**(2) Role of the chairman:**

- a) Encourage efficient relationship between the Board of Directors and the executive management.
- b) Promote critical discussions of issues deliberated by the Board and ensure different views are expressed and discussed during the decision-making process.
- c) Ensure that the Board Secretary provide the Board members with the minutes of previous meetings and get them signed, and ensure timely provision of board meetings' agendas and documents provided that the said agendas contain sufficient information about the items that will be discussed. The Secretary of the Board shall be responsible for providing the Board members with the documents.
- d) Ensure that there exists a charter that sets out the Board of Directors' mandate and scope of work.
- e) Encourage thorough discussions of strategic and critical issues by the Board.
- f) Provide each Board Member, upon his election, with the laws and regulations that govern 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 an 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.

**(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.
  2. Separate Departments for risk, compliance and internal audit that do not carry out daily executive tasks.
  3. Units/employees not involved in the daily operations of the bank's activities.
- c) Ensure that the Senior Executive Management carries out its duties relating to the oversight of the day-to-day management of the Bank, contributes to the implementation of sound corporate governance, delegates duties to

employees, establishes an effective management structure that promotes accountability, and ensures that the Bank's activities are consistent with the policies and procedures approved by the Board.

- d) Approve appropriate controls systems that enables it to hold the executive management accountable.
- e) Ensure that there is no Chairman /Chief Executive Officer duality and that neither the Chairman nor any of the Board members is related to the Chief Executive Officer up to the fourth degree.

#### **Article (6): Chief Executive Officer**

In addition to what is stipulated in the legislation, the Chief Executive Officer shall have the following responsibilities:

- a) Develop the strategic objectives of the Bank.
- b) Implement the Bank's strategies policies.
- c) Implement the Board's decisions.
- d) Provide guidance for the implementation of short and long-term action plans.
- e) Communicate the Bank's vision, mission and strategy to the Bank's employees.
- f) Inform the Board of all significant aspects of the Bank's operations.
- g) Manage day-to-day operations of the Bank.

#### **Article (7): Board Committees**

Board Committees shall be formed by the Board from among its members. The Board shall define the 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. The Board Committees are:

##### **a) The Corporate Governance Committee:**

The Committee shall comprise of three Board members one of whom shall be the Chairman and the other two shall be independent directors. 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.
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.
5. The Audit Committee shall submit its recommendations to the Board regarding the external auditor's appointment / termination of appointment, remuneration, and other terms of engagement taking into account any non-audit services that they have performed, in addition to assessing the independence of the external auditor.
6. Provided that such authority is granted to the Audit Committee in its chart, the Committee may obtain any information from executive management, and summon any executive or Director to attend its meetings.
7. The Audit Committee shall meet, at least once a year, with each of the Bank's external auditor, the internal auditor and the compliance officer, without the presence of the executive management.
8. The Audit Committee shall review and monitor the procedures that enable employees to confidentially communicate any error in the financial reports or any other observation. The Committee shall ensure proper arrangements to ascertain an independent investigation and follow up.

**c) The Nomination & Remuneration Committee:**

1. The Nomination and Remuneration Committee shall be comprised of three Board members, at least two of whom shall be independent including the Chairman of the Committee.
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 such policy is being implemented and periodically reviewed. The Committee shall also recommend the compensation and benefit plan for the Chief Executive Officer and other senior executive managers.
- h) Ensuring that a succession plan for the senior executive management exists

**d) The Risk Management Committee:**

1. The Risk Management Committee shall be comprised of at least three Board members, one of whom shall be an independent member, in addition to the Chief Executive Officer and Head of Risk Management.
2. The Committee shall meet four times a year and whenever necessary.
3. Duties and responsibilities of The Risk Management committee shall include:
  - a) Review the Bank's risk management framework.
  - b) Review the Bank's risk management strategy prior to being approved by the Board.
  - c) Ongoing monitoring of risk factors that might affect the risk profile of the Bank and submitting regular reports to the Board.
  - d) Identify any variance between the actual risk taken by the Bank and tolerable risk as approved by the Board.
  - e) Identify and regularly report to the Board any risk factors with major effect on the Bank or any other activities that might put the Bank at a risk level higher than the tolerable risk approved by the Bank and follow up on the identified issues.

**e) The Corporate Strategy Committee:**

1. The Corporate Strategy Committee shall be comprised of three Board members in addition to the Chairman of the Board, Chief Executive Officer and Deputy Chief Executive Officer.
2. The Committee shall meet whenever necessary.
3. Duties of the Corporate Strategy Committee shall include:
  - a) Supervising all elements pertaining to the Bank's strategy and ensuring that there is in place general policies for the implementation

of the Bank's strategy.

- b) Approving all strategic decisions and providing direction to the executive management.
- c) Reviewing and approving any new investments such as mergers, acquisitions, penetration of new markets, and disposing of any of the Bank's assets or of its subsidiaries.

**f) The Board Credit Committee:**

- 1. The Credit Committee shall be comprised of the Chairman and three Board members.
- 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 according to the credit policy approved by the Board of Directors.

**Article (8): Suitability of Board members:**

- a) The Board of Directors shall approve an effective policy to ensure suitability of its members provided that the said policy include the minimum standards, requirements and conditions that a nominated or elected member should fulfil and that such policy be reviewed whenever necessary. Sufficient procedures and controls should also be identified to ensure that all members fulfil and remain fulfilling those requirements.
- b) The Chairman and Board members should meet the following criteria:
  - 1. Not be less than twenty-five years of age.
  - 2. Not be a member of the Board of any other bank in Jordan or its General Manager or employee unless the other bank is a subsidiary of Arab Bank's.
  - 3. Not 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 be a government employee or employee of an official public institution unless he/she is a representative of that entity.
  - 6. Not 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 members. The policy is to be reviewed by the Board of Directors from time to time and the Board should set out procedures, and adequate controls to ascertain that the criteria is being met by all members of the senior executive management and they continue to be met.
2. Appoints a Chief Executive Officer of integrity, technical competence and banking experience after obtaining the approval of the Central Bank of Jordan.
3. Approve the appointment of any of the senior executive management members after obtaining a no-objection statement from the Central Bank of Jordan.
4. Approve a succession plan for the senior executive management and review the plan once at year at a minimum.
5. Timely disclose to the Central Bank of Jordan any 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's.
  2. Should be dedicated full time to the management of the Bank's business.
  3. Should have, at a minimum, a bachelor degree in economics, finance, accounting or business administration or any other related field.
  4. Should have a minimum of five year experience in banking or a related field, except for the position of Chief Executive Officer which occupant should have a minimum of ten year experience in banking.
- c) A "no objection" letter should be obtained from the Central Bank of Jordan prior to the appointment of any Board Member to a senior executive management office accordingly the Bank, prior to such appointment, ought to obtain from the candidate his/her Curriculum Vitae along with any academic certificates, certificates of expertise, certificate of good conduct and such other necessary documentation. The Member will also be asked to sign the approved Suitability Attestation form and the Bank will provide the Central Bank of Jordan with a copy thereof along with the Curriculum Vitae.

**Article (10): Evaluating the performance of the Board and Senior Executives**

- a) The Board of Directors shall develop a mechanism to evaluate its performance and that of its members provided that such mechanism shall at least include the following:
  1. Set specific goals and define the role of the Board to achieve these goals in a measurable manner.
  2. Identify key performance indicators based on the plans and strategic goals and use them to measure the performance of the Board.
  3. Communication between the board and the shareholders and the regularity of such communication.
  4. Regularity of the meetings of the Board of Directors with the senior executive management.
  5. The member's participation in the Board meetings, comparing his/her performance with that of other Board members and getting the members feedback in order to improve the evaluation process.
- b) The Nomination and Remuneration committee shall be responsible for evaluation, on an annual basis, the performance of the Board as a whole, its committees and members, and inform the Central Bank of the results of such evaluation.
- c) The Board shall, on an annual basis, evaluate the performance of the Chief Executive Officer according to an evaluation mechanism set by the Nomination and Remuneration Committee which shall include key performance indicators. The aspects of evaluation of the performance of the Chief Executive Officer shall include the administrative and financial operation of the Bank and the achievement of the medium and long term goals and strategies of the Bank. The Committee shall inform the Central Bank of Jordan of the results of the evaluation.
- d) The Board shall adopt a system to measure the performance of the Bank's executives who are not members of the Board and Chief Executive Officer. This system should include at a minimum the following:
  1. To appropriately measure the extent of commitment to the framework of risk management, internal controls and regulatory requirements.
  2. The total revenue and profitability shall not be the sole measurement indicator; risks related to basic operations and customer satisfaction should and such other indicators should also be considered.
  3. Not using one's position of power and conflict of interests.

**Article (11): The Remuneration for the Board and Executives**

- a) The Board of Directors shall adopt procedures to determine the remuneration of its members, based on the evaluation system, approved thereby.
- b) The Nomination and Remuneration Committee shall be responsible for setting an objective and transparent remuneration policy for the Executive Management.
- c) The Remuneration policy should include the following key points at a minimum:
  1. To be structured to retain and recruit qualified and experienced executives, and to motivate them and promote their performance.
  2. To be designed to ensure that it shall not 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 transaction involving the related parties has been carried out in accordance with the approved policy and procedures; the Audit Committee shall review and monitor all related parties' transactions and update the Board on the same.
- e) The Board shall ascertain that the senior executive management implement the adopted policies and procedures.
- f) The Board shall adopt controls to manage the transfer of information within 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. There shall, at a minimum, include:
  - 1. Executives not to use any inside information for personal gain.
  - 2. Rules and procedures for managing transactions with related parties.
  - 3. situations that may result in conflict of interests.
- h) The Board shall ensure that executive management exercise high integrity and avoid conflict of interests.

#### Article (13): Internal Audit

##### **(1) The Board of Directors shall:**

- a) Ensure that the Bank's internal audit department is capable of fulfilling, among others, the following duties:
  - 1. To ascertain that there are adequate internal controls of the Bank's and subsidiaries' activities and to ensure compliance therewith.
  - 2. To ascertain adherence to internal policies, international standards and procedures, and applicable laws and regulations.
  - 3. To audit The Bank's financial statements and administrative reports while ensuring accuracy and timeliness.
  - 4. To assess compliance with the Corporate Governance Code.
  - 5. To examine the comprehensiveness and accuracy of the stress tests in accordance with the methodology approved by the Board.
  - 6. To ensure the accuracy of the procedures used for the internal evaluation of the Bank's capital adequacy.
- b) To ensure and enhance the independence of internal auditors, ensure that they are well positioned in the Bank's hierarchical structure and that they are well qualified to perform their duties including being entitled to access all records and information and to communicate with any employee of the Bank in order to perform their work and prepare reports with no external influence.
- c) Take necessary measures to enhance the efficiency of the internal audit through:
  - 1. Emphasize the importance of the internal audit function and 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 least 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.

**Article (14): External Audit**

- a) Rotation of external auditors should take place every 7 years at most starting from the date of election.
- b) The seven-years period shall be computed upon implementation; in 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 flaws in the internal control system or any other flaws identified by the external auditor.

**Article (15): Risk Management**

- a) The risk management shall be responsible for monitoring compliance of the executive departments at the Bank with the levels of risk tolerance.
- b) The Board of Directors shall ensure that correction measures and remedies are taken to mitigate risk exposures , and holding executive management accountable for exceeding the limits.
- c) The Board of Directors shall ensure that the Risk Management Department conduct periodical stress tests to gauge the Bank's ability to absorb shocks and deal with high risks. The Board shall also have a fundamental role in approving the hypothesis and scenarios used and discuss the stress tests' results and approve the measures to be taken based on the said results.
- d) The Board of Directors shall adopt a methodology for assessing capital adequacy. The methodology ought to be comprehensive, efficient and able to identify all risks that the Bank may face and shall take into consideration the Bank's strategic plan and capital plan. Additionally, the Board shall review the methodology regularly and ensure that it is duly implemented and that the Bank has adequate capital to face any risks.

- e) Before approving any expansion in the Bank's activities, The Board of Directors will have to consider all associated risks and the skills and qualifications of the Risk Management Department's personnel.
- f) The Board of Directors shall give sufficient authority to the risk management department to report to the Risk Management Committee, have access to all information from the various departments within the Bank and to cooperate with other committees in order for it to fulfil its duties.
- g) The Board of Directors should adopt a charter for the Bank's tolerable risks.
- h) The responsibilities of the Risk Management Department shall include, without limitation,:
  - 1. Reviewing the risk management framework before being approved by the Board of Directors.
  - 2. Implementing the risk management strategy in addition to developing policies and procedures to manage all types of risks.
  - 3. Developing methodologies to identify, measure, monitor and control all types of risks.
  - 4. Reporting to the Executive management and the Board of Directors, through the Risk Management Committee, and with a copy to the senior executive management, on the actual risk exposures for all the Bank's activities compared to the charter of tolerable risks, and to follow-up on the measures taken to remedy any negative deviations.
  - 5. Verify the compatibility of the risk measurement methodologies with the applied management information systems.
  - 6. Review and analyze all types of risks that the Bank may face.
  - 7. Submitting recommendations to the Risk Management Committee on risk exposures and any exceptions to the risk management policy.
  - 8. Providing necessary Bank risks information for use in the Bank's disclosures.

**Article (16): Compliance**

- a) The Board shall award the Compliance Department with the necessary authority that would ensure its direct report to the Compliance Committee and continuous recruiting of an adequate number of well trained staff.
- b) The Board 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.
- d) Compliance management shall report to the Audit Committee with a copy to the Chief Executive Officer.



**Article (17): Stakeholders Rights**

- a) A mechanism shall be developed to guarantee communication with stakeholders by disclosing and providing relevant information about the Bank's activities through:
  1. General Assembly meetings.
  2. Annual Report.
  3. Quarterly financial reports which enclose financial data , and the Board's report on the Bank's share trading and the Bank's financial status during the year.
  4. The Bank's website.
  5. Shareholders' division.
- b) A part of the Bank's website shall be designated to clarify shareholders' rights and to encourage them to attend and vote at the General Assembly meetings. Also the documents of the General Assembly meetings, including the invitation and minutes of meetings, shall be published on the website.

**Article (18): Disclosure and Transparency**

- a) The Board shall ensure that all financial and non-financial information that are of interest to the stakeholders shall be published.
- b) The annual report shall include a statement to the effect that the Board is liable for the accuracy and completeness of the financial statements of the Bank and all other information in the report in addition to the adequacy of the internal control systems.
- c) The Board shall ensure that the Bank's financial disclosures are consistent with the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS) , Central Bank of Jordan regulations, and other relevant legislations and also that the executive management keep well informed of changes and updates on the related International Financial Reporting Standards.
- d) The Board shall ensure that the Bank's annual and quarterly reports identify key financial and operational results that enables the shareholders to understand the financial position of the Bank.
- e) The Board shall ensure that the annual report include, at a minimum, the following information:
  1. Summary of the organizational chart of the Bank;
  2. Summary of the roles and responsibilities of the Board Committees, and the authorities delegated to each Committee;
  3. Useful information to stakeholders as identified in the Corporate Governance Code and the extent of compliance with the code;
  4. Information about each Board member in terms of his/her qualifications, experience, shareholding, status (independent/

non-executive, etc) membership in Board Committees, date of appointment, any other board memberships in the boards of other companies and remunerations of all forms for the previous year in addition to loans granted to the Member by the Bank and any other transaction that has taken between the Bank on the one part and the Member or stakeholders on the other ;

5. Information about risk management department, including its structure and nature of its operations and its development;
6. Number of Board and Board Committee meetings and attendance of each member at such meetings;
7. Names of each board members and senior executives who have resigned during the year;
8. Summary of the remuneration policy and full disclosure of all forms of remuneration to board members and executive management individually for the previous year;
9. A list of shareholders who own 1% or more of the share capital of the Bank, the ultimate beneficiary owner of such shareholdings or any part thereof, in addition to a clarification as to whether the shareholdings are wholly or partially pledged;
10. Attestations of all Board members confirming that he/she or any of the members' relatives did not receive any benefits from the Bank during his/her tenor which has not been previously disclosed.

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** : **2015**  
**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.

**Agenda of the 86<sup>th</sup> Ordinary General Assembly:**

1. Reciting the minutes of the previous Ordinary General Assembly meeting of the 85<sup>th</sup> General Assembly.
2. Discussion and approval of the report of the Board of Directors for the fiscal year 2015 and the future business plan of the Bank for 2016.
3. Presentation of the auditors' report on the financial statements of the Bank for the fiscal year 2015.
4. Discussion and approval of the financial statements and balance sheet of the Bank for the fiscal year 2015, and adoption of the recommendation of the Board of Directors to pay dividends to shareholders at the rate of JOD 0.250 per share, i.e. 25% 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 Mr. Alaa Arif Saad Batayneh as member of the Board of Directors for its current period ending on 26/3/2018, to fill the vacancy following the resignation of Dr. Omar Ahmad Munif Razzaz 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 2015.
7. Election of the Bank's auditors for the fiscal year 2016 and deciding on their remuneration.
8. Other matters which the General Assembly proposes to include in the agenda and are within the work scope of the General Assembly in its ordinary meeting provided that such proposal is approved by shareholders representing not less than 10% of the shares represented in the meeting.

**Agenda of the Extraordinary General Assembly:**

1. Obtaining the approval of the General Assembly to amend the paragraph "A" in Article (14) of the Articles of Association as follows:  

**"The management of the Company and its affairs shall be vested in a Board of Directors composed of thirteen members. The members of the Board shall be elected by the General Assembly by means of a secret ballot in accordance with the provisions of the Law. The Board of Directors shall undertake the management of the Company for four years as from the date of its election."**
2. Election of two new board members for its current period in light of the increase of the number of the members of the Board as stipulated in item (1) above.

Country	Address	
<b>Jordan</b>	General Management PO BOX 950545 Amman 11195 Jordan	Tel. 00962 (6) 5600000 00962 (6) 5660140 Fax. 00962 (6) 5606793 00962 (6) 5606830
	Amman PO Box 144186 Amman 11814 Jordan	Tel. 00962 (6) 4638161/9 Fax. 00962 (6) 4637082
	Shmeisani PO Box 144186 Amman 11814 Jordan	Tel. 00962 (6) 5000013 Fax. 00962 (6) 5670564
<b>Palestine</b>	PO Box 1476, Grand Park Hotel Street Al Masyoon - Ramallah Palestine	Tel. 00970 (2) 2978100 Fax. 00970 (2) 2982444
<b>Bahrain</b>	PO Box 813, Building 540, Road 1706 - Block 317, Diplomatic Area Kingdom of Bahrain	Tel. 00973 17549000 Fax. 00973 17541116
<b>United Arab Emirates</b>	Abu Dhabi: PO Box 875 Naser St. SH. Tahnoon Bin Moh'd Bldg.	Tel. 00971 (2) 6392225 Fax. 00971 (2) 6212370
	Dubai: PO Box 11364 Emaar Square. Building No. 2	Tel. 00971 (4) 3737400 Fax. 00971 (4) 3385022
<b>Lebanon</b>	PO Box 11-1015 Riad El Solh Banks Street Commercial Buildings Co. Bldg. Beirut -Lebanon	Tel. 00961 (1) 980246/9 Fax. 00961 (1) 980299 00961 (1) 980803

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<b>Egypt</b>	46 Gamet El Dowal El Arabia St. Mohandessein- Al Giza	Tel. 00 20 (2) 3332 8500 Fax. 00 20 (2) 3332 8618
<b>Yemen</b>	PO Box 475 & 1301 Zubairi Sana'a	Tel. 00967 (1) 276585/93 Fax. 00967 (1) 276583
<b>Morocco</b>	PO Box 13810 174 Mohamed V St. Casablanca	Tel. 00212 (5) 2222 3152 Fax. 00 212 (5) 2220 0233
<b>Qatar</b>	PO Box 172 Grand Hammed Area Avenue no. 119 Doha – Qatar	Tel. 00974 44387777 Fax. 00 974 44387677
<b>Algeria</b>	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
<b>Singapore</b>	80 Raffles Place UOB Plaza 2 # 32-20 Singapore 048624	Tel. 0065 65330055 Fax. 0065 65322150
<b>United States of America (New York Agency)</b>	Federal Agency- New York 150 East 52nd Street New York , NY 10022-4213	Tel.: 001 (212) 7159700 Fax.: 001 (212) 5934632
<b>China (Representative Office)</b>	Unit 1803, Shanghai Trade Square 188 Si Ping Road, Shanghai 200086, China	Tel. 0086 (21) 65077737/38 Fax. 0086 (21) 65072776
<b>South Korea (Representative Office)</b>	Seoul Square Bldg., 5Fl. Hangangdaero 416 Jung-gu, Seoul 04637 South Korea	Tel. 0082 (2) 775 4290 Fax. 0082 (2) 775 4294
<b>Europe Arab Bank United Kingdom</b>	13-15 Moorgate, London EC2R 6AD	Tel. 0044 (20) 73158500 Fax. 0044 (20) 76007620
<b>France</b>	26 Avenue des Champs Elysées 75008 Paris PO Box 319, 75365 Paris Cedex 08	Tel. 0033 (1) 45616000 Fax. 0033 (1) 42890978
<b>Italy</b>	Corso Matteotti 1A 20121 Milan	Tel. 0039 (2) 76398521 Fax. 0039 (2) 782172

Country	Address	
<b>Germany</b>	Bockenheimer Landstrasse 24 60323 Frankfurt am Main	Tel. 0049 (69) 242590 Fax. 0049 (69) 235471
<b>Arab Bank Australia Ltd.</b>	Level 7, 20 Bridge Street Sydney NSW 2000 Australia	Tel. 0061 (2) 93778900 Fax. 0061 (2) 92215428
<b>Arab Bank (Switzerland) Ltd.</b>	Zurich Bahnhofstrasse 46 PO Box 2023 CH – 8022 Zurich	Tel. 0041 (44) 2657111 Fax. 0041 (44) 2657330
	Geneva 10-12 Place de Longemalle PO Box 3575 CH – 1211 Geneva 3	Tel . 0041 (22) 7151211 Fax. 0041 (22) 7151311
<b>Finance Accountancy Mohassaba</b>	24 Rue Neuve du Molard PO Box 3155 CH – 1211 Geneva 3	Tel . 0041 (22) 9083000 Fax. 0041 (22) 7387229
<b>Islamic International Arab Bank</b>	Wasfi Al-Tal St., Bldg. no. 20 PO Box 925802 Amman 11190 Jordan	Tel. 00962 (6) 5694901 Fax. 00962 (6) 5694914
<b>Arab National Leasing Co.</b>	Madina Monawwara St., Bldg. no. 255 PO Box 940638 Amman 11194 Jordan	Tel. 00962 (6) 5531649 Fax. 00962 (6) 5529891
<b>Al- Arabi Investment Group Co.</b>	Shmeisani, Esam Ajlouni St., Bldg. No. 3 PO Box 143156 Amman 11814 Jordan	Tel. 00962 (6) 5522239 Fax. 00962 (6) 5519064
<b>Al Arabi Investment Group Co. / Palestine</b>	Ramallah, Old Town, PO Box 1476 Palestine	Tel. 00970 (2) 2980240 Fax. 00970 (2) 2980249

Country	Address	
<b>Arab Sudanese Bank Ltd.</b>	Wahat El- Khartoum Towers, PO Box 955 Khartoum, Sudan	Tel. 00249 (15) 6550001 Fax. 00249 (15) 6550003
<b>Arab Tunisian Bank</b>	9 Rue Hadi Noura, 1001 Tunis	Tel. 00216 (71) 351155 Fax. 00216 (71) 342852
<b>Al Nisr Al Arabi Insurance Co.</b>	Esam Ajlouni St., Bldg. no. 21, Shmeisani PO Box 9194 Amman 11191	Tel. 00962 (6) 5685171 Fax. 00962 (6) 5685890
<b>Arab Bank - Syria</b>	Mahdi Bin Baraka St., Abu Rummana PO Box 38 Damascus, Syria	Tel. 00963 (11) 9421 Fax. 00963 (11) 3349844
<b>Turkland Bank</b>	19 Mayis Mah. 19 Mayis Cad. Sisli Plaza A Block No. 7 34360 Sisli- Istanbul – Turkey	Tel. 0090 (212) 3683434 Fax. 0090 (212) 3683535
<b>Oman Arab Bank</b>	North Ghubra PO Box 2010 Ruwi 112 Sultanate of Oman	Tel. 00968 24754000 Fax. 00968 24797736
<b>Arab National Bank</b>	PO Box 56921 Riyadh 11564 Saudi Arabia	Tel. 00966 (11) 4029000 Fax. 00966 (11) 4027747
<b>Arabia Insurance Co.</b>	Company's Bldg., Phoenicia St. PO Box 2172 - 11 Beirut – Lebanon	Tel. 00961 (1) 363610 Fax. 00961 (1) 363659
<b>Commercial Building Co.</b>	Riad El- Solh, Banks St., PO Box 6498-11 Beirut-Lebanon	Tel. 00961 (1) 980750 00961 (1) 980751 Fax. 00961 (1) 980752