

**ARAB BANK GROUP**  
**CONDENSED CONSOLIDATED INTERIM**  
**FINANCIAL INFORMATION**  
**(Reviewed not Audited)**  
**FOR THE SIX-MONTHS PERIOD ENDED**  
**JUNE 30, 2017**  
**TOGETHER WITH REVIEW REPORT ON**  
**INTERIM FINANCIAL INFORMATION**

**ARAB BANK GROUP**  
**FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2017**

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Review Report on Condensed Consolidated Interim Financial Information

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

We have reviewed the accompanying condensed consolidated interim financial statements of Arab Bank Group as of 30 June 2017, comprising the condensed consolidated interim statement of financial position as of 30 June 2017 and the related condensed consolidated interim statements of income, comprehensive income, changes in equity, and cash flows for the six months period then ended and explanatory notes. Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with IAS 34 (Interim Financial Reporting). Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

**Scope of Review**

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

**Conclusion**

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

**Other Matters**

We refer to disclosure number (33) in the attached condensed consolidated interim financial statements in relation to the lawsuit filed against the Bank in the United States of America in 2004. This has no impact on our conclusion above.

The consolidated financial statements for the year ended 31 December 2016 and the condensed consolidated interim financial statements for the period ended 30 June 2016 were audited and reviewed respectively by Deloitte & Touche (Middle East) – Jordan as the sole auditor of the Bank for the year 2016. Unqualified opinion and unqualified conclusion were issued on these financial statements on 29 January 2017 and 21 July 2016 respectively. Ernst & Young - Jordan and Deloitte & Touche (Middle East) – Jordan were appointed as joint auditors of the Bank for the year 2017 in accordance with Central Bank of Jordan regulations for corporate governance.

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

Amman – Jordan  
27 July 2017

Ernst & Young – Jordan



Deloitte & Touche (Middle East) - Jordan



**ARAB BANK GROUP**  
**CONDENSED CONSOLIDATED INTERIM**  
**STATEMENT OF FINANCIAL POSITION**

		June 30, 2017	December 31, 2016
	Note	(Reviewed not Audited)	(Audited)
<b>ASSETS</b>		USD '000	USD '000
Cash and balances with central banks	4	6 961 427	7 809 343
Balances with banks and financial institutions	5	4 156 112	4 622 181
Deposits with banks and financial institutions	6	227 829	176 118
Financial assets at fair value through profit or loss	7	502 772	698 516
Financial derivatives - positive fair value		39 489	58 011
Direct credit facilities at amortized cost	9	22 798 950	21 898 121
Financial assets at fair value through other comprehensive income	8	477 556	470 912
Other financial assets at amortized cost	10	8 254 175	7 640 955
Investments in associates		3 161 656	3 077 008
Fixed assets	11	464 119	463 633
Other assets	12	551 017	472 203
Deferred tax assets		80 095	73 390
<b>Total Assets</b>		<b>47 675 197</b>	<b>47 460 391</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
Banks and financial institutions' deposits		3 868 660	3 752 999
Customer's deposits	13	30 770 126	31 082 152
Cash margin		2 682 693	2 561 426
Financial derivatives - negative fair value		67 818	52 517
Borrowed funds	14	210 067	271 185
Provision for income tax	15	218 456	242 377
Other provisions		265 213	259 795
Other liabilities	16	1 242 935	1 072 128
Deferred tax liabilities		1 458	1 276
<b>Total Liabilities</b>		<b>39 327 426</b>	<b>39 295 855</b>
Share capital	17	926 615	926 615
Share premium	17	1 225 747	1 225 747
Statutory reserve	17	798 443	798 443
Voluntary reserve	17	977 315	977 315
General reserve		1 141 824	1 141 824
General banking risks reserve		377 558	363 458
Reserves with associates		1 540 896	1 540 896
Foreign currency translation reserve		( 337 051)	( 402 682)
Investments revaluation reserve		( 267 377)	( 267 672)
Retained earnings	18	1 849 216	1 738 225
<b>Total Equity Attributable to the Shareholders of the Bank</b>		<b>8 233 186</b>	<b>8 042 169</b>
Non-controlling interests		114 585	122 367
<b>Total Shareholders' Equity</b>		<b>8 347 771</b>	<b>8 164 536</b>
<b>Total Liabilities and Shareholders' Equity</b>		<b>47 675 197</b>	<b>47 460 391</b>

The accompanying notes from (1) to (34) are an integral part of these condensed consolidated interim financial information and should be read with them.

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

	Note	For the Six-Months		For the Three-Months	
		Period Ended June 30,		Period Ended June 30,	
		2017	2016	2017	2016
		USD '000	USD '000	USD '000	USD '000
<b>REVENUE</b>					
Interest income	19	934 981	928 575	479 411	456 661
<b>Less:</b> interest expense	20	368 078	373 806	190 500	182 151
<b>Net Interest Income</b>		<b>566 903</b>	<b>554 769</b>	<b>288 911</b>	<b>274 510</b>
Net commission income	21	154 081	165 147	77 439	79 079
<b>Net Interest and Commission Income</b>		<b>720 984</b>	<b>719 916</b>	<b>366 350</b>	<b>353 589</b>
Foreign exchange differences		38 925	32 217	21 200	17 342
Gain from financial assets at fair value through profit or loss	22	5 325	1 003	2 114	1 268
Dividends from financial assets at fair value through other comprehensive income		6 002	6 302	5 998	3 084
Group's share of profits of associates		189 319	184 413	98 141	96 345
Other revenue	23	26 137	27 904	10 018	18 920
<b>Total Income</b>		<b>986 692</b>	<b>971 755</b>	<b>503 821</b>	<b>490 548</b>
<b>EXPENSES</b>					
Employees' expenses		226 972	221 741	114 757	110 451
Other expenses		128 938	121 253	67 759	61 213
Depreciation and amortization		27 235	27 294	13 624	13 517
Provision for impairment - direct credit facilities at amortized cost	9	46 697	30 213	37 303	21 559
Other provisions		10 023	10 112	4 645	4 863
<b>Total Expenses</b>		<b>439 865</b>	<b>410 613</b>	<b>238 088</b>	<b>211 603</b>
<b>Profit for the Period before Income Tax</b>		<b>546 827</b>	<b>561 142</b>	<b>265 733</b>	<b>278 945</b>
<b>Less:</b> Income tax expense	15	131 609	136 227	68 721	72 378
<b>Profit for the Period</b>		<b>415 218</b>	<b>424 915</b>	<b>197 012</b>	<b>206 567</b>
<b>Attributable to:</b>					
- Bank's shareholders		409 852	418 735	194 189	203 100
- Non-controlling interests		5 366	6 180	2 823	3 467
<b>Total</b>		<b>415 218</b>	<b>424 915</b>	<b>197 012</b>	<b>206 567</b>
<b>Earnings per share attributable to the Bank's shareholders</b>					
- Basic and Diluted (US Dollars)	30	<b>0.64</b>	<b>0.65</b>		

The accompanying notes from (1) to (34) are an integral part of these condensed consolidated interim financial information and should be read with them.

**ARAB BANK GROUP**

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME**

**(REVIEWED NOT AUDITED)**

	<b>For the Six-Months</b>		<b>For the Three-Months</b>	
	<b>Period Ended June 30,</b>		<b>Period Ended June 30,</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>USD '000</b>	<b>USD '000</b>	<b>USD '000</b>	<b>USD '000</b>
<b>Profit for the period</b>	<b>415 218</b>	<b>424 915</b>	<b>197 012</b>	<b>206 567</b>
<u>Add:</u> Other comprehensive income items - after tax				
<b><u>Items that will be subsequently transferred to the statement of Income</u></b>				
Exchange differences arising on the translation of foreign operations	60 376	( 18 203)	28 497	( 62 605)
<b><u>Items that will not be subsequently transferred to the statement of Income</u></b>				
Net change in fair value of financial assets at fair value through other comprehensive income	( 1 668)	( 31 704)	2 065	( 8 090)
Change in fair value of financial assets at fair value through other comprehensive income	28	( 30 514)	3 455	( 6 900)
(Loss) from sale of financial assets at fair value through the statement of comprehensive income	( 1 696)	( 1 190)	( 1 390)	( 1 190)
<b>Total Other Comprehensive Income Items - after Tax</b>	<b>58 708</b>	<b>( 49 907)</b>	<b>30 562</b>	<b>( 70 695)</b>
<b>Total Comprehensive Income for the Period</b>	<b>473 926</b>	<b>375 008</b>	<b>227 574</b>	<b>135 872</b>
Attributable to :				
- Bank's shareholders	474 235	373 735	232 088	140 717
- Non-controlling interests	( 309)	1 273	( 4 514)	( 4 845)
<b>Total</b>	<b>473 926</b>	<b>375 008</b>	<b>227 574</b>	<b>135 872</b>

The accompanying notes from (1) to (34) are an integral part of these condensed consolidated interim financial information and should be read with them.

ARAB BANK GROUP

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(REVIEWED NOT AUDITED)

Note	Share Capital	Share Premium	Statutory Reserve	Voluntary Reserve	General Reserve	General Reserve Building Risks Reserve	Reserves with Associates	Foreign Currency Translation Reserve	Investments revaluation reserve	Retained Earnings	Total Equity Attributable to the Shareholders of the Bank	Non-Controlling Interests	Total Owners Equity
	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
<b>For the Six-Months Period Ended June 30, 2017</b>													
	926 615	1 225 747	798 443	977 315	1 141 824	363 458	1 540 896	(402 682)	(267 672)	1 738 225	8 042 169	122 367	8 164 536
	-	-	-	-	-	-	-	-	-	409 852	409 852	5 366	415 218
	-	-	-	-	-	-	-	65 631	(1 248)	-	64 383	(5 675)	58 708
	-	-	-	-	-	-	-	65 631	(1 248)	409 852	474 235	(309)	473 926
	-	-	-	-	-	-	-	-	1 543	(1 543)	-	-	-
	-	-	-	-	-	14 100	-	-	-	(14 100)	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	(278 182)	(278 182)	(5 105)	(283 287)
	-	-	-	-	-	-	-	-	-	(5 056)	(5 056)	(2 215)	(7 251)
	926 615	1 225 747	798 443	977 315	1 141 824	377 558	1 540 896	(337 051)	(267 377)	1 849 216	8 233 186	114 585	8 347 771
<b>For the Six-Months Period Ended June 30, 2016</b>													
	926 615	1 225 747	753 065	977 315	1 141 824	363 458	1 540 896	(284 609)	(260 621)	1 502 867	7 886 557	129 024	8 015 581
	-	-	-	-	-	-	-	-	-	418 735	418 735	6 180	424 915
	-	-	-	-	-	-	-	(18 119)	(26 881)	-	(45 000)	(4 907)	(49 907)
	-	-	-	-	-	-	-	(18 119)	(26 881)	418 735	373 735	1 273	375 008
	-	-	-	-	-	-	-	-	756	(756)	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	(434)	(434)
	-	-	-	-	-	-	-	-	-	(231 277)	(231 277)	(5 607)	(236 884)
	-	-	-	-	-	-	-	-	-	(5 089)	(5 089)	(1 640)	(6 729)
	926 615	1 225 747	753 065	977 315	1 141 824	363 458	1 540 896	(302 728)	(286 746)	1 684 480	8 023 926	122 616	8 146 542

\* The retained earnings include restricted deferred tax assets in the amount of USD 80.1 million, as well as, unrealized gains from financial assets at fair value through profit or loss in the amount of USD 2 million. Restricted retained earnings that cannot be distributed or otherwise utilized except only under certain circumstances as a result of the adoption of certain Accounting Standards amounted to USD 2.7 million as of June 30, 2017.

\* Retained earnings include an unrealized loss in the amount of USD (109.1) million as of June 30, 2017 due to the effect of the adoption of IFRS (9)

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

\* The Bank cannot use a restricted amounts of USD (267.4) million which represents the negative investments revaluation reserve in accordance with the instructions of the Jordan Securities Commission and Central Bank of Jordan as of June 30, 2017.

The accompanying notes from (1) to (34) are an integral part of these condensed consolidated interim financial information and should be read with them.

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

	Notes	For the Six-Months	
		Period Ended June 30,	
		2017	2016
		USD '000	USD '000
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Profit for the period before tax		546 827	561 142
Adjustments for:			
Group's share from associates profits		( 189 319)	( 184 413)
Depreciation and amortization		27 235	27 294
Provision for impairment - direct credit facilities at amortized cost	9	46 697	30 213
Net accrued interest		12 672	22 899
Dividends on financial assets at fair value through other comprehensive income	8	( 6 002)	( 6 302)
(Gains) losses from revaluation of financial assets at fair value through profit or loss	22	( 1 979)	1 661
Other provisions		10 023	10 112
<b>Total</b>		<b>446 154</b>	<b>462 606</b>
<b><u>(Increase) Decrease in Assets:</u></b>			
Balances with central banks (maturing after 3 months)		( 136 100)	( 19 054)
Deposits with banks and financial institutions (maturing after 3 months)		( 51 711)	( 910 380)
Direct credit facilities at amortized cost		( 947 526)	( 373 335)
Financial assets at fair value through profit or loss		197 723	159 503
Other assets and financial derivatives		( 54 172)	( 24 677)
<b><u>Increase (Decrease) in Liabilities:</u></b>			
Banks' and financial institutions' deposits (maturing after 3 months)		225 331	( 387 355)
Customer's deposits		( 312 026)	( 581 052)
Cash margin		121 267	127 875
Other liabilities and financial derivatives		204 511	( 464 165)
<b>Net Cash Flows (Used in) Operating Activities before Income Tax</b>		<b>( 306 549)</b>	<b>( 2 010 034)</b>
Income tax paid		( 161 112)	( 168 860)
<b>Net Cash Flows (Used in) Operating Activities</b>		<b>( 467 661)</b>	<b>( 2 178 894)</b>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>			
(Purchase) of financial assets at fair value through other comprehensive income		( 6 349)	( 30 337)
Other financial assets at amortized cost		( 613 220)	87 060
(Increase) of investments in associates		( 1 878)	( 14 000)
Dividends received from associates		44 804	47 894
Dividends received from financial assets at fair value through other comprehensive income	8	6 002	6 302
(Increase) in fixed assets - net		( 27 721)	( 8 004)
<b>Net Cash Flows (Used in) from Investing Activities</b>		<b>( 598 362)</b>	<b>88 915</b>
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>			
(Paid) Increase in borrowed funds		( 61 118)	138 990
Dividends paid to shareholders		( 273 800)	( 227 321)
Dividends paid to non-controlling interests		( 5 105)	( 5 607)
<b>Net Cash Flows (Used in) Financing Activities</b>		<b>( 340 023)</b>	<b>( 93 938)</b>
Net (Decrease) in cash and cash equivalent		( 1 406 046)	( 2 183 917)
Exchange differences - change in foreign exchange rates		65 631	( 18 119)
Cash and cash equivalent at the beginning of the Year		8 349 838	9 514 915
<b>Cash and Cash Equivalent at the End of the Period</b>	31	<b>7 009 423</b>	<b>7 312 879</b>

The accompanying notes from (1) to (34) are an integral part of these condensed consolidated interim financial information and should be read with them.



**ARAB BANK GROUP**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**  
**FOR THE SIX-MONTHS PERIOD ENDED JUNE 30, 2017,**  
**(REVIEWED NOT AUDITED)**

**1. GENERAL INFORMATION**

- Arab Bank was established in 1930, and is registered as a Jordanian public shareholding limited company. The Head Office of the Bank is domiciled in Amman - Hashemite Kingdom of Jordan and the Bank operates worldwide through its 74 branches in Jordan and 124 branches abroad. Also, the Bank operates through its subsidiaries and its sister company Arab Bank (Switzerland) limited.
- Arab Bank Plc shares are traded on Amman Stock Exchange.
- The accompanying condensed consolidated interim financial information was approved by the Board of Directors in its meeting Number (4) on July 27, 2017.

**2. BASIS OF CONSOLIDATION OF CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**

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

Company Name	Percentage of ownership%		Date of acquisition	Principal Activity	Place of Incorporation	Paid up capital
	June 30, 2017	December 31, 2016				
Europe Arab Bank plc	100.00	100.00	2006	Banking	United Kingdom	€ 570m
Arab Bank Australia Limited	100.00	100.00	1994	Banking	Australia	AUD 69.3m
Islamic International Arab Bank plc	100.00	100.00	1997	Banking	Jordan	JD 100m
Arab National Leasing Company LLC	100.00	100.00	1996	Financial Leasing	Jordan	JD 25m
Al-Arabi Investment Group LLC	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	50.00	50.00	2006	Insurance	Jordan	JD 10m

- The consolidated financial statements comprise the financial statements of the Bank and its subsidiaries where the Bank holds control over the subsidiaries. The control exists when the Bank controls the subsidiaries significant and relevant activities and is exposed, or has rights, to variable returns from its involvement with the subsidiaries and has the ability to affect those returns through its power over the subsidiaries. The investment in subsidiaries is stated at cost when preparing the financial statements for Arab Bank PLC.
- The condensed consolidated interim financial information reflect the consolidated financial position and consolidated results of operations at the level of the consolidated economic ownership of Arab Bank plc and the sister company, Arab Bank (Switzerland) Limited, which is considered an integral part of Arab Bank Group.
- The condensed consolidated interim financial information of subsidiaries is prepared using the same accounting policies used by the Group. When necessary, adjustments are made to the financial information of subsidiaries to bring their accounting policies into line with those used by the Group.
- The results of operations of the subsidiaries are included in the condensed consolidated interim statement of income effective from the acquisition date, which is the date of transfer of control over the subsidiary by the Group. The results of operations of subsidiaries disposed are included in the condensed consolidated interim statement of income up to the effective date of disposal, which is the date of loss of control over the subsidiary.
- Upon consolidation of the condensed consolidated interim financial information, inter-Group transactions and balances between Arab Bank plc and the sister company, Arab Bank (Switzerland) Limited and other subsidiaries are eliminated. Non-controlling interests (the interest not owned by the Group in the equity of subsidiaries) are stated separately within shareholders' equity in the condensed consolidated interim statement of financial position.

### **3. SIGNIFICANT ACCOUNTING ESTIMATES AND POLICIES**

#### **Basis of preparation of the Condensed Consolidated Interim Financial Information**

- The accompanying condensed consolidated interim financial information has been prepared in accordance with International Accounting Standard (IAS) 34 "Interim Financial Reporting".
- The condensed consolidated interim financial information are prepared in accordance with the historical cost principle, except for certain financial assets and financial liabilities which are stated at fair value as of the date of the condensed consolidated interim financial information.
- The accompanying condensed consolidated interim financial information do not include all the information and disclosures required for the annual financial statements, which are prepared in accordance with the International Financial Reporting Standards and must be read with the consolidated financial statements of the Group as of December 31, 2016. In addition, the results of the Group's operations for the six months ended June 30, 2017 do not necessarily represent indications of the expected results for the year ending December 31, 2017, and do not contain the appropriation of the profit of the current period, which is usually performed at year end.
- The accounting policies adopted in the preparation of the condensed consolidated interim financial information are consistent with those adopted for the year ended December 31, 2016 except for the following :-
  - Amendments to IAS 7 Statement of Cash Flows: Disclosure Initiative.  
Limited amendments which require entities to provide disclosures about changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). However, the adoption of these amendments have no impact on the Bank's consolidated interim condensed financial statements.

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

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

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

### **Accounting Estimates**

- The accounting estimates adopted in the preparation of the condensed consolidated interim financial information are reasonable and consistent with those adopted for the year ended December 31, 2016.

#### 4. CASH AND BALANCES WITH CENTRAL BANKS

The details of this item are as follows:

	June 30, 2017	December 31, 2016
	USD '000	USD '000
Cash on hand	472 163	416 874
Balances with central banks:		
Current accounts	2 289 373	2 120 805
Time and notice	2 269 332	3 256 190
Mandatory cash reserve	1 449 960	1 362 777
Certificates of deposit	480 599	652 697
<b>Total</b>	<b>6 961 427</b>	<b>7 809 343</b>

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

- Balances and certificates of deposits maturing after three months amounted to USD 136.1 million as of June 30, 2017 ( There are no balances and certificates of deposits maturing after three months as of December 31, 2016)

#### 5. BALANCES WITH BANKS AND FINANCIAL INSTITUTIONS

The details of this item are as follows:

Local banks and financial institutions	June 30, 2017	December 31, 2016
	USD '000	USD '000
Current Accounts	3 313	2 522
Time deposits maturing within 3 months	322 173	261 403
<b>Total</b>	<b>325 486</b>	<b>263 925</b>

  

Banks and financial institutions abroad	June 30, 2017	December 31, 2016
	USD '000	USD '000
Current accounts	2 186 628	2 714 289
Time deposits maturing within 3 months	1 643 998	1 643 967
<b>Total</b>	<b>3 830 626</b>	<b>4 358 256</b>

  

Total balances with banks and financial institutions Local and abroad	June 30, 2017	December 31, 2016
	USD '000	USD '000
	4 156 112	4 622 181

- There are no non-interest bearing balances as of June 30, 2017 and December 31, 2016

- The restricted balances amounted to USD 800 million as of June 30, 2017 ( USD 800 million as of December 31, 2016)

#### 6. DEPOSITS WITH BANKS AND FINANCIAL INSTITUTIONS

The details of this item are as follows:

Deposits with Local Banks and Financial Institutions:	June 30, 2017	December 31, 2016
	USD '000	USD '000
Time deposits maturing after 3 months and before 6 months	6 641	20 736
Time deposits maturing after 9 months and before a year	21 150	-
Time deposits maturing after one year	-	21 150
<b>Total</b>	<b>27 791</b>	<b>41 886</b>

  

Deposits with Banks and Financial Institutions Abroad:	June 30, 2017	December 31, 2016
	USD '000	USD '000
Time deposits maturing after 3 months and before 6 months	160 015	97 772
Time deposits maturing after 6 months and before 9 months	22 237	2 291
Time deposits maturing after 9 months and before a year	7 879	23 281
Time deposits maturing after one year	9 907	10 888
<b>Total</b>	<b>200 038</b>	<b>134 232</b>

  

Total deposits with banks and financial institutions Local and Abroad	June 30, 2017	December 31, 2016
	USD '000	USD '000
	227 829	176 118

- There are no restricted deposits as of June 30, 2017 and December 31, 2016

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

The details of this item are as follows:

	June 30, 2017	December 31, 2016
	USD '000	USD '000
Treasury bills and Governmental bonds	113 936	352 284
Corporate bonds	318 867	274 404
Loans and advances	29 624	29 624
Corporate shares	14 972	15 781
Mutual funds	25 373	26 423
<b>Total</b>	<b>502 772</b>	<b>698 516</b>

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

The details of this item are as follows:

	June 30, 2017	December 31, 2016
	USD '000	USD '000
Quoted shares	257 148	258 920
Un-quoted shares	220 408	211 992
<b>Total</b>	<b>477 556</b>	<b>470 912</b>

\* Cash dividends from investments above amounted to USD 6 million for the six months period ended June 30, 2017 (USD 6.3 million for the six months period ended June 30, 2016).

- Realized losses that were transferred from investments revaluation reserve to retained earnings amounted to USD (1.5) million for the six months period ended June 30, 2017, The non-controlling interests share of these losses was USD (153) thousands for the six months period ended June 30, 2017. (The realized losses that were transferred from investments revaluation reserve to retained earnings amounted to USD (0.8) million for the six months period ended June 30, 2016 and the Non-controlling interests share of these realized losses was USD (0.4) million for the six months period ended June 30, 2016).

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

The details of this item are as follows:

	June 30, 2017					Total
	Consumer Banking	Corporates		Banks and Financial Institutions	Government and Public Sector	
		Small and Medium	Large			
	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
Discounted bills *	82 254	135 012	535 851	69 042	1 587	823 746
Overdrafts *	92 795	1 167 631	3 237 898	7 484	281 622	4 787 430
Loans and advances *	2 992 024	1 657 583	11 020 756	65 499	880 011	16 615 873
Real-estate loans	2 071 137	136 049	68 878	-	-	2 276 064
Credit cards	149 291	-	-	-	-	149 291
<b>Total</b>	<b>5 387 501</b>	<b>3 096 275</b>	<b>14 863 383</b>	<b>142 025</b>	<b>1 163 220</b>	<b>24 652 404</b>
Less: Interest and commission in suspense	85 365	93 755	311 074	5 973	-	496 167
Provision for impairment - direct credit facilities at amortized cost	155 633	134 610	1 064 230	405	2 409	1 357 287
<b>Total</b>	<b>240 998</b>	<b>228 365</b>	<b>1 375 304</b>	<b>6 378</b>	<b>2 409</b>	<b>1 853 454</b>
<b>Net Direct Credit Facilities At Amortized Cost</b>	<b>5 146 503</b>	<b>2 867 910</b>	<b>13 488 079</b>	<b>135 647</b>	<b>1 160 811</b>	<b>22 798 950</b>

\* Net of interest and commission received in advance which amounted to USD 124.1 million as of June 30, 2017.

- Rescheduled loans during the six months period ended June 30, 2017 amounted to USD 487.6 million .

- Restructured loans (transferred from non performing to watch list loans) during the six months period ended June 30, 2017 amounted to USD 8 million.

\* Direct credit facilities granted to and guaranteed by the Government of Jordan amounted to USD 53 million, or 0.21% of total direct credit facilities as of June 30, 2017.

- Non-performing direct credit facilities amounted to USD 1670.7 million, or 6.8% of total direct credit facilities as of June 30, 2017.

- Non-performing direct credit facilities net of interest and commission in suspense amounted to USD 1188.4 million, or 4.9% of direct credit facilities after deducting interest and commission in suspense as of June 30, 2017.

December 31, 2016

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

\* Net of interest and commission received in advance which amounted to USD 117.4 million as of December 31, 2016.

- Rescheduled loans during the year ended December 31, 2016 amounted to USD 490 million .

- Restructured loans (transferred from non performing to watch list loans) during the year ended December 31, 2016 amounted to USD 3.2 million .

- Direct credit facilities granted to and guaranteed by the Government of Jordan amounted to USD 46.7 million, or 0.2% of total direct credit facilities as of December 31, 2016.

- Non-performing direct credit facilities amounted to USD 1575.7 million, or 6.7% of total direct credit facilities as of December 31, 2016.

- Non-performing direct credit facilities net of interest and commission in suspense amounted to USD 1127.3 million, or 4.9% of direct credit facilities after deducting interest and commission in suspense as of December 31, 2016 .

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

June 30, 2017

	June 30, 2017					Total	The total includes movement on the real-estate loans provision as follows:
	Consumer Banking	Corporates		Banks and Financial Institutions	Government and Public Sector		
		Small and Medium	Large				
	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
Balance at the beginning of the year	157 567	129 123	1 019 270	398	2 141	1 308 499	12 374
Impairment losses charged to income	7 004	12 674	48 828	-	620	69 126	1 048
Used from provision (written off or transferred to off Condensed consolidated interim statement of financial position)	( 612)	( 1 626)	( 5 963)	-	-	( 8 201)	( 402)
Recoveries	( 6 082)	( 5 759)	( 10 224)	-	( 364)	( 22 429)	( 1 985)
Adjustments during the period	( 429)	1 807	6 646	-	-	8 024	80
Translation adjustments	( 1 815)	( 1 609)	5 673	7	12	2 268	46
<b>Balance at the End of the Period</b>	<b>155 633</b>	<b>134 610</b>	<b>1 064 230</b>	<b>405</b>	<b>2 409</b>	<b>1 357 287</b>	<b>11 161</b>

December 31, 2016

	December 31, 2016					Total	The total includes movement on the real-estate loans provision as follows:
	Consumer Banking	Corporates		Banks and Financial Institutions	Government and Public Sector		
		Small and Medium	Large				
	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
Balance at the beginning of the year	171 143	134 135	902 901	1 353	2 751	1 212 283	16 847
Impairment losses charged to income	18 412	22 179	210 904	-	1 878	253 373	2 507
Used from provision (written off or transferred to off consolidated statement of financial position)	( 5 617)	( 6 173)	( 31 216)	-	-	( 43 006)	( 88)
Recoveries	( 15 176)	( 9 932)	( 47 077)	( 950)	( 1 182)	( 74 317)	( 4 932)
Adjustments during the year	1 624	( 4 306)	12 623	-	( 94)	9 847	( 1 947)
Translation adjustments	( 12 819)	( 6 780)	( 28 865)	( 5)	( 1 212)	( 49 681)	( 13)
<b>Balance at the End of the Year</b>	<b>157 567</b>	<b>129 123</b>	<b>1 019 270</b>	<b>398</b>	<b>2 141</b>	<b>1 308 499</b>	<b>12 374</b>

- There are no provisions no longer required as a result of settlement or repayment, transferred to other non-performing direct credit facilities as of June 30, 2017 and December 31, 2016.

- Impairment is assessed based on individual customer accounts.

\* Non-performing loans transferred to off condensed consolidated interim statement of financial position amounted to USD 0.9 million as of June 30, 2017 ( USD 6.6 million as of December 31, 2016) noting that these loans were fully provided for.

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

June 30, 2017							
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 & Medium	Large					
USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	
<b>Balance at the beginning of the year</b>	<b>80 012</b>	<b>93 649</b>	<b>283 236</b>	<b>5 460</b>	<b>-</b>	<b>462 357</b>	<b>11 196</b>
Interest and commissions suspended during the period	8 378	7 332	28 890	513	-	45 113	1 592
Interest and commissions in suspense settled / written off or transferred to off the condensed consolidated interim statement of financial position	( 567)	( 6 886)	(48)	-	-	( 7 501)	( 244)
Recoveries	( 1 276)	( 530)	( 1 202)	-	-	( 3 008)	( 553)
Adjustments during the period	(603)	484	119	-	-	-	-
Translation adjustments	( 579)	( 294)	79	-	-	( 794)	5
<b>Balance at the End of the Period</b>	<b>85 365</b>	<b>93 755</b>	<b>311 074</b>	<b>5 973</b>	<b>-</b>	<b>496 167</b>	<b>11 996</b>

December 31, 2016							
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 & Medium	Large					
USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	
Balance at the beginning of the year	69 626	91 491	253 632	4 499	-	419 248	11 557
Interest and commissions suspended during the year	16 906	14 532	57 839	961	-	90 238	3 816
Interest and commissions in suspense settled / written off or transferred to off consolidated statement of financial position	( 938)	( 9 091)	( 17 738)	-	-	( 27 767)	( 492)
Recoveries	( 5 366)	( 2 798)	( 2 267)	-	-	( 10 431)	( 3 683)
Adjustment during the year	947	751	835	-	-	2 533	-
Translation adjustments	( 1 163)	( 1 236)	( 9 065)	-	-	( 11 464)	( 2)
<b>Balance at the End of the Year</b>	<b>80 012</b>	<b>93 649</b>	<b>283 236</b>	<b>5 460</b>	<b>-</b>	<b>462 357</b>	<b>11 196</b>

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

Economic Sector	Inside Jordan	Outside Jordan	June 30, 2017	December 31, 2016
	USD '000	USD '000	USD '000	USD '000
Consumer Banking	2 582 434	2 564 069	5 146 503	4 955 001
Industry and mining	1 206 519	3 233 671	4 440 190	4 035 843
Constructions	396 357	1 864 939	2 261 296	1 982 613
Real - Estates	336 632	1 467 379	1 804 011	1 723 634
Trade	1 086 656	2 844 211	3 930 867	3 708 816
Agriculture	157 275	127 151	284 426	159 907
Tourism and Hotels	202 749	304 337	507 086	619 000
Transportations	102 803	496 817	599 620	667 094
Shares	2 628	545	3 173	5 758
General Services	539 648	1 985 672	2 525 320	2 727 912
Banks and Financial Institutions	1 342	134 305	135 647	107 400
Government and Public Sector	114 791	1 046 020	1 160 811	1 205 143
<b>Net Direct Credit Facilities at amortized Cost</b>	<b>6 729 834</b>	<b>16 069 116</b>	<b>22 798 950</b>	<b>21 898 121</b>

**10- OTHER FINANCIAL ASSETS AT AMOTIZED COST**

The details of this item are as follows:

	June 30, 2017	December 31, 2016
	USD '000	USD '000
Treasury bills	2 250 162	2 089 708
Governmental bonds and bonds guaranteed by the government	4 385 560	3 932 816
Corporate bonds	1 646 106	1 645 573
<u>Less: Provision for impairment</u>	<u>( 27 653 )</u>	<u>( 27 142 )</u>
<b>Total</b>	<b><u>8 254 175</u></b>	<b><u>7 640 955</u></b>

Analysis of bonds based on interest nature:

	June 30, 2017	December 31, 2016
	USD '000	USD '000
Floating interest rate	589 844	777 918
Fixed interest rate	7 664 331	6 863 037
<b>Total</b>	<b><u>8 254 175</u></b>	<b><u>7 640 955</u></b>

Analysis of financial assets based on market quotation:

	June 30, 2017	December 31, 2016
	USD '000	USD '000
<b>Financial assets quoted in the market:</b>		
Treasury bills	524 486	250 536
Governmental bonds and bonds guaranteed by the government	1 077 627	1 019 559
Corporate bonds	1 400 441	1 410 604
<b>Total</b>	<b><u>3 002 554</u></b>	<b><u>2 680 699</u></b>

	June 30, 2017	December 31, 2016
	USD '000	USD '000
<b>Financial assets unquoted in the market:</b>		
Treasury bills	1 725 676	1 839 172
Governmental bonds and bonds guaranteed by the government	3 307 933	2 913 257
Corporate bonds	218 012	207 827
<b>Total</b>	<b><u>5 251 621</u></b>	<b><u>4 960 256</u></b>
<b>Grand Total</b>	<b><u>8 254 175</u></b>	<b><u>7 640 955</u></b>

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

	June 30, 2017	December 31, 2016
	USD '000	USD '000
Balance at the beginning of the Year	27 142	28 967
Translation adjustments	511	( 1 825 )
<b>Balance at the End of the Period / Year</b>	<b><u>27 653</u></b>	<b><u>27 142</u></b>

During the six months period ended June 30, 2017 certain financial assets at amortized cost with a total amount of USD 34.6 million ( USD 424.5 million during the year ended December 31, 2016).



**11- FIXED ASSETS**

The additions to and disposals of fixed assets during the six months period ended June 30, 2017 amounted to USD 22.3 million and USD 16.6 million, respectively ( USD 17.8 million and USD 11.7 million for the six months period ended June 30, 2016).

The cost of fully depreciated fixed assets amounted to USD 232.6 million as of June 30, 2017 (USD 242.5 million as of December 31, 2016)

**12- OTHER ASSETS**

The details of this item are as follows:

	<b>June 30, 2017</b>	<b>December 31, 2016</b>
	<b>USD '000</b>	<b>USD '000</b>
Accrued interest receivable	191 803	184 568
Prepaid expenses	135 827	93 572
Foreclosed assets *	57 856	50 041
Intangible assets	17 841	20 442
Other miscellaneous assets	147 690	123 580
<b>Total</b>	<b>551 017</b>	<b>472 203</b>

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

### 13- CUSTOMER'S DEPOSITS

The details of this item are as follows:

	<b>June 30, 2017</b>				
	Consumer Banking	Corporates		Government and Public Sector	Total
		Small & Medium	Large		
	USD '000	USD '000	USD '000	USD '000	USD '000
Current and demand	7 758 569	2 218 286	2 142 476	402 996	12 522 327
Savings	3 049 502	164 768	19 906	185	3 234 361
Time and notice	7 760 592	954 484	3 989 320	2 028 813	14 733 209
Certificates of deposit	197 250	15 472	32 166	35 341	280 229
<b>Total</b>	<b>18 765 913</b>	<b>3 353 010</b>	<b>6 183 868</b>	<b>2 467 335</b>	<b>30 770 126</b>

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

- Total Government of Jordan and Jordanian public sector deposits amounted to USD 418.5 million, or 1.4% of total customer's deposits as of June 30, 2017 (USD 679 million, or 2.2% of total customer's deposits as of December 31, 2016).
- Non-interest bearing deposits amounted to USD 11247.5 million, or 36.6% of total customer's deposits as of June 30, 2017 (USD 11086.7 million, or 35.7% of total customer's deposits as of December 31, 2016).
- Blocked deposits amounted to USD 123.8 million, or 0.4 % of total customer's deposits as of June 30, 2017 (USD 136.7 million or 0.4% of total customer's deposits as of December 31, 2016).
- Dormant deposits amounted to USD 414.9 million, or 1.3% of total customer's deposits as of June 30, 2017 (USD 345.4 million, or 1.1% of total customer's deposits as of December 31, 2016).

#### 14- BORROWED FUNDS

The details of this item are as follows:

	June 30, 2017	December 31, 2016
	USD '000	USD '000
From Central Banks *	48 572	30 434
From banks and financial institutions **	161 495	240 751
<b>Total</b>	<b>210 067</b>	<b>271 185</b>

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

	June 30, 2017	December 31, 2016
	USD '000	USD '000
Floating interest rate	85 693	83 437
Fixed interest rate	124 374	187 748
<b>Total</b>	<b>210 067</b>	<b>271 185</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 with an interest rate of (2.5%) for the year 2013 and a floating interest rate of (1.8%+LIBOR 6 months) for the years after 2013. The agreement aims to support SMEs and Extra Small Companies. The loan is repaid semi-annually, with installments in March and September of each year. The Balance of the loan as of June 30, 2017 amounted to USD 5.6 million (USD 5.6 million as of December 31, 2016).

\* During 2014, Arab Bank (Jordan branches) signed a loan agreement with the Central Bank of Jordan amounting to USD 3.9 million, for the duration of 10 years of which 3 years are grace period and with a fixed interest rate of 2.5%. The agreement aims to support SMEs and Extra Small Companies. The loan is repaid semi-annually, with installments in March and September of each year. The Balance of the loan as of June 30, 2017 amounted to USD 3.9 million (USD 3.9 Million as of December 31, 2016).

\* Arab Bank (Jordan branches) granted loans against medium term advances from the Central Bank of Jordan with fixed interest rate equal to the discount rate disclosed on the grant day after deducting 2%. The advances are repaid in accordance with customers monthly installments which starts on July 2017 and ends on September 2026, these advances amounted USD 33.8 million as of June 30, 2017 (USD 18 million as of December 31, 2016)

\* During 2016, Arab Bank (Jordan branches) signed a loan agreement with the Central Bank of Jordan amounting to USD 5.1 million, for the duration of 15 years of which 5 years are grace period with a floating interest rate of (1.85%+LIBOR 6 months). The agreement aims to support SMEs and Extra Small Companies. The loan is repaid semi-annually, with installments in March and September of each year. The Balance of the loan as of June 30, 2017 amounted to USD 5.1 million (USD 2.8 million as of December 31, 2016).

\*\* During 2016, Arab Bank (Jordan Branches) signed a loan agreement with National Bank of Abu Dhabi amounting to USD 75 million, for the duration of 2 years with a floating interest rate of (2% + LIBOR 3 months). The interest will be paid in four installments during the year and the loan will be paid at the end of the term. As of June 30, 2017 the balance of the loan amounted to USD 75 million ( USD 75 million as of December 31, 2016).

\*\* During 2017, Arab Bank (Jordan Branches) signed loans agreements with Sumitomo Mitsui Banking Corporation in Dubai with fixed interest rate ranging between (0.873% - 0.892%), the balance as of June 30, 2017 amounted to USD 19.9 million and the first contract matures in July 4, 2017 and the last one matures in December 11, 2017.

\*\* During 2016, Arab Bank, Bahrain branches borrowed amounts from banks and financial institutions with fixed interest rate of (2.85%), the last contract matured in March 9, 2017 and the balance now as of June 30, 2017 is 0 (USD 102.7 million as of December 31, 2016)

\*\* Arab Tunisian Bank borrowed amounts from banks and financial institutions, as well issued syndicated term loans, the balance amounted to USD 66.7 million as of June 30, 2017 (USD 63.1 million as of December 31, 2016) whereas the lowest interest rate is (0.25%) and the highest is (6.00%) and the last maturity date is on May 19, 2032, as per the following details :

	June 30, 2017	December 31, 2016
	USD '000	USD '000
Loans maturing within one year	9 347	8 124
Loans maturing after 1 year and less than 3 years	14 798	16 655
Loans maturing after 3 years	42 514	38 340
<b>Total</b>	<b>66 659</b>	<b>63 119</b>

#### 15- PROVISION FOR INCOME TAX

The details of this item are as follows:

	June 30, 2017	December 31, 2016
	USD '000	USD '000
Balance at the beginning of the year	242 377	235 918
Income tax expense	137 191	275 951
Income tax paid	( 161 112)	( 269 492)
<b>Balance at the End of the Period / Year</b>	<b>218 456</b>	<b>242 377</b>

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

	For the six months period ended	
	June 30, 2017	June 30, 2016
	USD '000	USD '000
Income tax expense for the period	137 191	144 398
Effect of deferred tax	( 5 582)	( 8 171)
<b>Total</b>	<b>131 609</b>	<b>136 227</b>

- The income tax rate in Jordan is 35%, while the income tax rate in the countries where the Group has investments and branches ranges from zero to 37% as of June 30, 2017 and December 31, 2016.

- The subsidiaries and branches of Arab Bank Group have reached recent tax settlements ranging between 2016 as Arab Bank United Arab Emirates and Arab Sudanese Bank and 2010 as Arab Bank Egypt.

**16- OTHER LIABILITIES**

The details of this item are as follows:

	June 30, 2017	December 31, 2016
	USD '000	USD '000
Accrued interest payable	142 713	122 806
Notes payable	284 664	185 334
Interest and commission received in advance	83 787	68 860
Accrued expenses	59 480	59 864
Dividends payable to shareholders	17 805	13 343
Other miscellaneous liabilities *	654 486	621 921
<b>Total</b>	<b>1 242 935</b>	<b>1 072 128</b>

This items represents mainly legal contingencies ( Note 33)

**17- SHARE CAPITAL AND RESERVES**

- A. Share Capital amounted to USD 926.6 million distributed to 640.8 million shares as of June 30, 2017 and December 31, 2016
- B. Share premium amounted to USD 1225.7 million as of June 30, 2017 and December 31, 2016.
- C. The Group did not make any appropriation to the legal reserves, in accordance with companies law, in the interim financial information as such appropriations are performed at year end.

**18- RETAINED EARNINGS**

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

	June 30, 2017	December 31, 2016
	USD '000	USD '000
<b>Balance at the beginning of the Year</b>	<b>1 738 225</b>	<b>1 502 867</b>
Profit for the period/year attributable to the shareholders of the bank	409 852	522 187
Transferred from investment revaluation reserve to retained earnings	( 1 543)	( 680)
Dividends paid	( 278 182)	( 231 277)
Transferred to statutory reserve	-	( 45 378)
Transferred to general banking risk reserve	( 14 100)	-
Adjustment during the period/ year	( 5 036)	( 9 494)
<b>Balance at the End of the Period / Year *</b>	<b>1 849 216</b>	<b>1 738 225</b>

\* The General Assembly of the Arab Bank plc in its meeting held on March 30, 2017 approved the recommendation of the Bank's Board of Directors to distribute 30% of par value as cash dividends for the year 2016 equivalent to USD 271.1 million (The General Assembly of Arab Bank plc in its meeting held on March 31, 2016 approved the recommendation of the Bank's Board of Directors to distribute 25% of par value as cash dividends for the year 2015 equivalent to USD 225.9 million).

\* The retained earnings include restricted deferred tax assets in the amount of USD 80.1 million, as well as, unrealized gains from financial assets at fair value through profit or loss in the amount of USD 2 million. Restricted retained earning that cannot be distributed or otherwise utilized except only under certain circumstances as a result of the adoption of certain Accounting Standards amounted to USD 2.7 million as of June 30, 2017.

\* Retained earnings include an unrealized loss in the amount of USD (109.1) million as of June 30, 2017 due to the effect of the adoption of IFRS (9)

\* The Bank cannot use a restricted amounts of USD (267.4) million which represents the negative investments revaluation reserve in accordance with the instructions of the Jordan Securities Commission and Central Bank of Jordan as of June 30, 2017.

19- **INTEREST INCOME**

The details of this item are as follows:

	June 30, 2017	June 30, 2016
	USD '000	USD '000
Direct credit facilities at amortized cost *	686 181	637 772
Balances with central banks	20 936	39 128
Balances and deposits with banks and financial institutions	16 939	3 699
Financial assets at fair value through profit or loss	7 514	7 151
Other financial assets at amortized cost	203 411	240 825
<b>Total</b>	<b>934 981</b>	<b>928 575</b>

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

	June 30, 2017					
	Consumer Banking	Corporates		Banks and Financial Institutions	Government and Public Sector	Total
	USD '000	Small & Medium USD '000	Large USD '000	USD '000	USD '000	USD '000
Discounted bills	2 168	5 878	13 342	1 691	32	23 111
Overdrafts	3 580	37 095	113 218	170	8 206	162 269
Loans and advances	109 894	44 799	244 899	1 896	23 576	425 064
Real-estate loans	62 534	3 740	2 370	-	-	68 644
Credit cards	7 093	-	-	-	-	7 093
<b>Total</b>	<b>185 269</b>	<b>91 512</b>	<b>373 829</b>	<b>3 757</b>	<b>31 814</b>	<b>686 181</b>

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

20- **INTEREST EXPENSE**

The details of this item are as follows:

	June 30, 2017	June 30, 2016
	USD '000	USD '000
Customer deposits *	302 152	318 370
Banks and financial institutions deposits	30 468	22 817
Cash margins	19 079	17 325
Borrowed funds	3 367	2 594
Deposit insurance fees	13 012	12 700
<b>Total</b>	<b>368 078</b>	<b>373 806</b>

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

	June 30, 2017				
	Consumer Banking	Corporates		Government and Public Sector	Total
	USD '000	Small & Medium	Large Corporates	USD '000	USD '000
Current and demand	4 673	845	6 394	2 388	14 300
Savings	16 074	1 542	103	-	17 719
Time and notice	126 112	14 221	75 304	39 681	255 318
Certificates of deposit	10 552	464	1 710	2 089	14 815
<b>Total</b>	<b>157 411</b>	<b>17 072</b>	<b>83 511</b>	<b>44 158</b>	<b>302 152</b>

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

21- **NET COMMISSION INCOME**

The details of this item are as follows:

	June 30, 2017	June 30, 2016
	USD '000	USD '000
Commission income:		
Direct credit facilities at amortized cost	43 819	51 929
Indirect credit facilities	72 174	71 464
Assets Under Management	6 762	6 576
Other	46 683	49 946
Less: commission expense	( 15 357)	( 14 768)
<b>Net Commission Income</b>	<b>154 081</b>	<b>165 147</b>

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

The details of this item are as follows:

	June 30, 2017				June 30, 2016	
	Realized	Unrealized	Dividends	Total	Total	
	Gains	Gains				USD '000
Treasury bills and bonds	2 112	2 100	-	4 212	1 546	
Corporate shares	-	( 785)	1 234	449	( 181)	
Mutual funds	-	664	-	664	( 362)	
<b>Total</b>	<b>2 112</b>	<b>1 979</b>	<b>1 234</b>	<b>5 325</b>	<b>1 003</b>	

**23- OTHER REVENUE**

The details of this item are as follows:

	June 30, 2017	June 30, 2016
	USD '000	USD '000
Revenue from customer services	11 024	9 565
Safe box rent	2 083	2 756
Gain from derivatives	169	( 1 198)
Miscellaneous revenue	12 861	16 781
<b>Total</b>	<b>26 137</b>	<b>27 904</b>

## **24. BUSINESS SEGMENTS**

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

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

### **1. Corporate and Institutional Banking**

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

### **2. Treasury**

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

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

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

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

### **3. Consumer Banking**

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



**Information about the Group's Business Segments**

	June 30, 2017					June 30, 2016	
	Corporate and Institutional Banking	Treasury	Consumer Banking		Other	Total	Total
			Elite	Retail Banking			
			USD '000	USD '000			
Total income	457 856	240 323	(1 182)	115 881	212 814	986 692	971 755
Net inter-segment interest income	(84 209)	(1 125)	103 756	57 776	-	-	-
Provision for impairment - direct credit facilities at amortized cost	45 775	-	239	683	-	46 697	30 213
Other provisions	3 784	1 693	1 086	3 460	-	10 023	10 112
Direct administrative expenses	71 201	9 119	13 759	72 409	3 819	170 307	160 878
<b>Result of Operations of Segments</b>	<b>252 887</b>	<b>152 188</b>	<b>48 490</b>	<b>97 105</b>	<b>208 995</b>	<b>759 665</b>	<b>770 552</b>
Indirect expenses on segments	89 373	29 650	22 219	70 339	1 257	212 838	209 410
<b>Profit for the period before Income Tax</b>	<b>163 514</b>	<b>122 538</b>	<b>26 271</b>	<b>26 766</b>	<b>207 738</b>	<b>546 827</b>	<b>561 142</b>
Income tax expense	32 060	27 358	8 550	10 034	53 607	131 609	136 227
<b>Profit for the Period</b>	<b>131 454</b>	<b>95 180</b>	<b>17 721</b>	<b>16 732</b>	<b>154 131</b>	<b>415 218</b>	<b>424 915</b>
Depreciation and Amortization	8 394	2 386	1 480	14 975	-	27 235	27 294

Other Information	June 30, 2017					December 31, 2016	
	Corporate and Institutional Banking	Treasury	Consumer Banking		Other	Total	Total
			Elite	Retail Banking			
			USD '000	USD '000			
Segment assets	18 082 170	17 802 117	2 868 426	4 340 660	1 420 168	44 513 541	44 383 383
Inter-segment assets	-	-	10 235 320	3 206 491	4 981 808	-	-
Investments in associates	-	-	-	-	3 161 656	3 161 656	3 077 008
<b>Total Assets</b>	<b>18 082 170</b>	<b>17 802 117</b>	<b>13 103 746</b>	<b>7 547 151</b>	<b>9 563 632</b>	<b>47 675 197</b>	<b>47 460 391</b>
Segment liabilities	14 703 225	2 757 443	13 103 746	7 547 151	1 215 861	39 327 426	39 295 855
Owner's equity	-	-	-	-	8 347 771	8 347 771	8 164 536
Inter-segment liabilities	3 378 945	15 044 674	-	-	-	-	-
<b>Total Liabilities and Owners' Equity</b>	<b>18 082 170</b>	<b>17 802 117</b>	<b>13 103 746</b>	<b>7 547 151</b>	<b>9 563 632</b>	<b>47 675 197</b>	<b>47 460 391</b>

## 25- CONTRACTUAL MATURITY OF THE CONTINGENT LIABILITIES AND COMMITMENTS

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

June 30, 2017				
	Within 1 Year	From 1 Year and up to 5 Years	More than 5 Years	Total
	USD '000	USD '000	USD '000	USD '000
Letters of credit	2 254 329	22 729	-	2 277 058
Acceptances	738 088	16 990	-	755 078
Letters of guarantees:				
- Payment guarantees	816 326	229 423	19 141	1 064 890
- Performance guarantees	4 042 929	1 845 344	367 993	6 256 266
- Other guarantees	3 009 640	908 187	81 246	3 999 073
Unutilized credit facilities	4 616 146	408 188	79 389	5 103 723
<b>Total</b>	<b>15 477 458</b>	<b>3 430 861</b>	<b>547 769</b>	<b>19 456 088</b>
Construction projects contracts	2 242	18 271	-	20 513
Procurement contracts	6 332	2 030	763	9 125
Operating lease contracts	4 881	14 681	21 226	40 788
<b>Total</b>	<b>13 455</b>	<b>34 982</b>	<b>21 989</b>	<b>70 426</b>
December 31, 2016				
	Within 1 Year	From 1 Year and up to 5 Years	More than 5 Years	Total
	USD '000	USD '000	USD '000	USD '000
Letters of credit	2 132 727	23 432	-	2 156 159
Acceptances	639 065	14 093	-	653 158
Letters of guarantees:				
- Payment guarantees	680 695	209 290	31 689	921 674
- Performance guarantees	3 809 591	1 838 842	1 128 180	6 776 613
- Other guarantees	2 799 246	857 231	558 173	4 214 650
Unutilized credit facilities	4 437 406	444 920	57 680	4 940 006
<b>Total</b>	<b>14 498 730</b>	<b>3 387 808</b>	<b>1 775 722</b>	<b>19 662 260</b>
Construction projects contracts	2 108	17 805	-	19 913
Procurement contracts	8 535	2 134	954	11 623
Operating lease contracts	4 712	9 958	22 361	37 031
<b>Total</b>	<b>15 355</b>	<b>29 897</b>	<b>23 315</b>	<b>68 567</b>

**26. CREDIT EXPOSURE FOR ASSETS CATEGORIZED BY GEOGRAPHICAL REGION:**

The details for this items are as follows:

	June 30, 2017						
	Jordan	Other Arab Countries	Asia *	Europe	America	Rest of the World	Total
	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
Balances with central banks	2 467 648	2 111 806	3 631	1 902 433	-	3,746	6 489 264
Balances and deposits with banks and financial institutions	333 277	1 452 328	253 395	1 501 452	773 421	50 068	4 383 941
Financial assets at fair value through profit or loss	-	178 285	45 021	239 121	-	-	462 427
Direct credit facilities at amortized cost	6 729 834	14 247 953	249 876	868 707	33 480	669 100	22 798 950
Consumer Banking	2 582 434	2 211 530	105	75 479	90	276 865	5 146 503
Small and Medium Corporates	829 578	1 586 118	35 778	263 219	23 787	129 430	2 867 910
Large Corporates	3 201 689	9 283 424	212 356	518 202	9 603	262 805	13 488 079
Banks and Financial Institutions	1 342	120 967	1,637	11 701	-	-	135 647
Government and public Sector	114 791	1 045 914	-	106	-	-	1 160 811
Other financial assets at amortized cost	3 122 832	4 082 059	129 198	517 702	149 224	253 160	8 254 175
Other assets and financial derivatives - positive fair value	92 064	185 166	2 568	83 731	679	2 911	367 119
<b>Total</b>	<b>12 765 655</b>	<b>22 257 597</b>	<b>683 689</b>	<b>5 113 146</b>	<b>956 804</b>	<b>978 985</b>	<b>42 755 876</b>
<b>Total as of December 31, 2016</b>	<b>13 090 292</b>	<b>21 232 892</b>	<b>945 125</b>	<b>5 511 260</b>	<b>1 060 254</b>	<b>882 484</b>	<b>42 722 307</b>

\* Excluding Arab Countries.

**Z1. CREDIT EXPOSURE FOR ASSETS CATEGORIZED BY ECONOMIC SECTOR**

The details for this item are as follows:

June 30, 2017

Consumer Banking	Corporations										Banks and Financial Institutions		Government and Public Sector		Total
	USD '000	Industry and Mining	Construction	Real Estate	Trade	Agriculture	Tourism and Hotels	Transportation	Shares	General Services	USD '000	USD '000	USD '000	USD '000	
-	-	-	-	-	-	-	-	-	-	-	-	-	6 489 264	-	6 489 264
-	-	-	-	-	-	-	-	-	-	-	4 383 941	-	-	-	4 383 941
-	-	-	-	-	-	-	-	29 624	-	-	318 867	-	113 936	-	462 427
5 146 503	4 440 190	2 261 296	1 804 011	3 930 867	264 426	507 066	599 620	3 173	2 525 320	135 647	1 160 811	1 160 811	22 798 950	-	22 798 950
-	92 092	-	14 100	40 131	-	-	-	-	138 722	1 333 408	6 635 722	-	8 254 175	-	8 254 175
24 537	28 311	10 123	8 817	38 187	1 113	3 333	6 911	-	43 040	49 640	153 107	-	367 119	-	367 119
5 171 040	4 568 993	2 271 419	1 826 928	4 099 185	285 539	510 419	636 155	3 173	2 707 082	6 221 503	14 552 840	-	42 755 876	-	42 755 876

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  
 Other financial assets at amortized cost  
 Other assets and financial derivatives - positive fair value  
 Total

December 31, 2016

Consumer Banking	Corporations										Banks and Financial Institutions		Government and Public Sector		Total
	USD '000	Industry and Mining	Construction	Real Estate	Trade	Agriculture	Tourism and Hotels	Transportation	Shares	General Services	USD '000	USD '000	USD '000	USD '000	
-	-	-	-	-	-	-	-	-	-	-	-	-	7 392 469	-	7 392 469
-	-	-	-	-	-	-	-	-	-	-	4 798 299	-	-	-	4 798 299
-	-	-	-	-	-	-	-	29 624	-	-	274 404	-	552 344	-	606 312
4 955 001	4 035 843	1 982 613	1 723 634	3 708 816	159 907	619 000	667 094	5 758	2 727 912	107 400	1 205 143	1 205 143	21 898 121	-	21 898 121
-	93 220	15 918	28 200	40 247	-	-	-	-	147 682	1 297 164	6 022 324	-	7 640 955	-	7 640 955
18 087	25 353	17 930	8 239	24 192	1 212	3 691	7 409	15	40 910	72 542	121 551	-	336 151	-	336 151
4 973 088	4 154 416	2 011 461	1 760 893	3 773 255	161 119	622 691	704 127	5 773	3 912 504	6 540 809	15 093 971	-	42 732 307	-	42 732 307

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  
 Other financial assets at amortized cost  
 Other assets and financial derivatives - positive fair value  
 Total

## 28- CAPITAL MANAGEMENT

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

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

	<b>June 30, 2017</b>	<b>December 31, 2016</b>
	<b>USD '000</b>	<b>USD '000</b>
Common Equity Tier 1	7 767 635	7 456 710
Regulatory Adjustments (Deductions from Common Equity Tier 1)	(2 568 427)	(1 455 681)
Additional Tier 1	9 852	10 515
Supplementary Capital	397 447	386 022
Regulatory Adjustments (Deductions from Supplementary Capital)	-	(956 826)
<b>Regulatory Capital</b>	<b>5 606 507</b>	<b>5 440 740</b>
<b>Risk-weighted assets (RWA)</b>	<b>35 950 250</b>	<b>34 688 682</b>
<b>Common Equity Tier 1 Ratio</b>	<b>%14.46</b>	<b>%15.68</b>
<b>Tier 1 Capital Ratio</b>	<b>%14.49</b>	<b>%15.68</b>
<b>Capital Adequacy Ratio</b>	<b>%15.60</b>	<b>%15.68</b>

- 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.

## 29. Fair Value Hierarchy

### Financial instruments include financial assets and financial liabilities.

The Group uses the following methods and alternatives of valuing and presenting the fair value of financial instruments:

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

### A. Fair Value of the Group financial assets and financial liabilities measured at fair value on a recurring basis.

Some financial assets and financial liabilities are measured at fair value at the end of each reporting period, the following note illustrates how the fair value is determined (Valuation techniques and key inputs)

	Fair Value as at		Fair Value Hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
	June 30, 2017	December 31, 2016				
Financial Assets /Financial Liabilities	USD '000	USD '000				
<b>Financial Assets at Fair Value</b>						
Financial assets at fair value through profit or loss:						
Treasury bills and Bonds	113,936	352,284	Level 1	Quoted Shares	Not Applicable	Not Applicable
Corporate Bonds	318,867	274,404	Level 1	Quoted Shares	Not Applicable	Not Applicable
Loans and Advances	29,624	29,624	Level 2	Through Comparison of similar financial instruments	Not Applicable	Not Applicable
Shares and mutual funds	40,345	42,204	Level 1	Quoted Shares	Not Applicable	Not Applicable
<b>Total Financial Assets at Fair Value through Profit or Loss</b>	<b>502,772</b>	<b>698,516</b>				
Financial derivatives - positive fair value	39,489	58,011	Level 2	Through Comparison of similar financial instruments	Not Applicable	Not Applicable
Financial assets at fair value through other comprehensive income:						
Quoted shares	257,148	258,920	Level 1	Quoted Shares	Not Applicable	Not Applicable
Unquoted shares	220,408	211,992	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>477,556</b>	<b>470,912</b>				
<b>Total Financial Assets at Fair Value</b>	<b>1,019,817</b>	<b>1,227,439</b>				
<b>Financial Liabilities at Fair Value</b>						
Financial derivatives - negative fair value	67,818	52,517	Level 2	Through Comparison of similar financial instruments	Not Applicable	Not Applicable
<b>Total Financial Liabilities at Fair Value</b>	<b>67,818</b>	<b>52,517</b>				

There were no transfers between Level 1 and 2 during the six months of 2017 and the year 2016.

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

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

	June 30, 2017		December 31, 2016		Fair Value Hierarchy
	Book value	Fair value	Book value	Fair value	
	USD '000	USD '000	USD '000	USD '000	
<b>Financial assets not calculated at fair value</b>					
Mandatory reserve with Central Banks	1,449,960	1,449,960	1,362,777	1,362,777	Level 2
Time and notice balances with Central Banks	2,269,332	2,270,221	3,256,190	3,257,336	Level 2
Certificates of deposit with central banks	480,599	481,249	652,697	653,016	Level 2
Balances and Deposits with banks and financial institutions	4,383,941	4,387,293	4,798,299	4,800,563	Level 2
Direct credit facilities at amortized cost	22,798,950	22,902,392	21,898,121	21,993,672	Level 2
Other Financial assets at amortized cost	8,254,175	8,326,185	7,640,955	7,715,969	Level 1 & 2
<b>Total financial assets not calculated at fair value</b>	<b>39,636,957</b>	<b>39,817,300</b>	<b>39,609,039</b>	<b>39,783,333</b>	
<b>Financial liabilities not calculated at fair value</b>					
Banks' and financial institutions' deposits	3,868,660	3,882,459	3,752,999	3,762,201	Level 2
Customer deposits	30,770,126	30,876,551	31,082,152	31,172,506	Level 2
Cash margin	2,682,693	2,690,414	2,561,426	2,569,114	Level 2
Borrowed funds	210,067	210,989	271,185	275,415	Level 2
<b>Total financial liabilities not calculated at fair value</b>	<b>37,531,546</b>	<b>37,660,413</b>	<b>37,667,762</b>	<b>37,779,236</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.

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

The details of this item are as follows:

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
	USD '000	USD '000
Profit for the period attributable to the Bank's shareholders	409 852	418 735
	<b>Thousand / Shares</b>	
Average number of shares	640 800	640 800
	<b>USD / Share</b>	
Earnings Per Share for the period (Basic and diluted)	<u>0.64</u>	<u>0.65</u>

**31- CASH AND CASH EQUIVALENT**

The details of this item are as follows:

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
	USD '000	USD '000
Cash and balances with central banks maturing within 3 months	6 825 327	7 732 215
<u>Add:</u> Balances with banks and financial institutions maturing within 3 months	3 356 112	2 855 993
<u>Less:</u> Banks and financial institutions deposits maturing within 3 months	3 172 016	3 275 329
<b>Total</b>	<u>7 009 423</u>	<u>7 312 879</u>

## 32. RELATED PARTIES TRANSACTIONS

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

<b>June 30, 2017</b>				
	Deposits owed from Related Parties	Direct Credit Facilities at Amortized Cost	Deposits owed to Related Parties	LCs, LGs, Unutilized Credit Facilities and Acceptances
	USD '000	USD '000	USD '000	USD '000
Associated Companies	227 109	-	86 013	94 931
Major Shareholders and Members of the Board of Directors	-	183 245	394 985	105 423
<b>Total</b>	<b>227 109</b>	<b>183 245</b>	<b>480 998</b>	<b>200 354</b>

  

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

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

The details of transactions with related parties are as follows:

<b>June 30, 2017</b>		
	Interest Income USD '000	Interest Expense USD '000
Associated Companies	693	183

  

<b>June 30, 2016</b>		
	Interest Income USD '000	Interest Expense USD '000
Associated Companies	717	1 170

- Direct credit facilities granted to top management personnel amounted to USD 1.5 million and indirect credit facilities amounted to USD 8.5 thousand as of June 30, 2017. (USD 1.6 million direct credit facilities and USD 8.5 thousand indirect credit facilities as of December 31, 2016).

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

- Deposits of key management personnel amounted to USD 3.2 million as of June 30, 2017 (USD 3 million as of December 31, 2016).

- The salaries and other fringe benefits of the Group's top management personnel, inside and outside Jordan, amounted to USD 30.2 million for the six months period ended June 30, 2017 (USD 28.4 million for the six months period ended June 30, 2016).



### **33. Legal Cases**

- A. In 2004, a number of civil lawsuits were filed against Arab Bank plc in the Eastern District of New York by U.S. plaintiffs and non-U.S. plaintiffs alleging that the Bank provided financial services to individuals and entities who were alleged to have some affiliation with individual "terrorists" or "terrorist organizations" operating in the Palestinian Territories. The plaintiffs claimed damages from the Bank alleging that these financial services constituted material support for terrorist activities.

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

Following the liability trial, the District Court scheduled a trial date for damages on August 17, 2015, to determine the amount of damages suffered by the plaintiffs (a "bellwether" damages trial). On August 14, 2015, a settlement agreement was reached by the parties and upon the request of the plaintiffs and the Bank, the Judge postponed the damages trial to implement said agreement.

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

The settlement agreement has been entered into upon acceptable terms and without admission by the Bank of liability of any wrongdoing. This settlement agreement will put an end to this litigation, which has been outstanding since July 2004, and it has provided a framework limiting the financial liability of the Bank deriving from it. The Bank has sufficient provisions to cover the expected financial obligations under this agreement. In the opinion of management and counsel representing the Bank in the above-referred matter, this agreement is deemed to be in the best interest of the Bank.

The claims filed by non-U.S. citizens by virtue of the Alien Tort Statute (ATS) were dismissed by the court in August 2013. Following the appeal filed by said plaintiffs, a panel of the Second Circuit Court of Appeals affirmed the district court's 2013 decision to dismiss the foreign plaintiffs' claims on December 8, 2015 and on May 9, 2016 the Court of Appeals en banc ruled in favor of the Bank and affirmed the decision of the Court of Appeals, dismissing all claims against it. The plaintiffs have petitioned the U.S. Supreme Court to review the decision. On April 3, 2017, the Supreme Court agreed to hear the case. The ATS Plaintiffs' brief was filed on June 20, 2017, the Bank's opposing brief is to be filed on August 21, 2017 and the ATS Plaintiffs' reply brief is to be filed on September 18, 2017. The U.S. Supreme Court will hear oral argument in the case on October 11, 2017. The Bank and its U.S. Counsel are confident that, based on its own precedents, the Supreme Court will concur with the decisions of the lower courts and rule in favor of the Bank.

- B. There are other lawsuits filed against the Group totaling USD 146.8 million as of June 30, 2017, (USD 143.6 million as of December 31, 2016).

In the opinion of the management and the lawyers representing the Group in the litigation at issue, the Group will not be held liable for any amount in excess of the amount of provisions taken in connection with the lawsuits totaling USD 18.4 million as of June 30, 2017, ( USD 18.3 million as of December 31, 2016).

### **34. Comparative Figures**

Some of the comparative figures for the year 2016 have been reclassified to correspond with the period ended June 30, 2017, presentation and it did not result in any change to the last year's operating results.