

ARAB BANK GROUP
CONDENSED CONSOLIDATED INTERIM
FINANCIAL INFORMATION
FOR THE THREE-MONTHS PERIOD ENDED
March 31, 2016
TOGETHER WITH REVIEW REPORT ON
INTERIM FINANCIAL INFORMATION

ARAB BANK GROUP
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2016

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Review Report on Interim Financial Information

AM/ 218

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

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of Arab Bank Group as of March 31, 2016, and the related condensed consolidated interim statements of income, comprehensive income, changes in owners' equity and cash flows for the three-months period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of this condensed consolidated interim financial information in accordance with International Accounting Standard IAS (34) relating to Interim Financial Reporting. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagement 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 information is not prepared, in all material respects, in accordance with International Accounting Standard (34) relating to interim financial reporting.

Additional Statement

We refer to disclosure number (32) 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 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 Listing Securities on Amman Stock Exchange, for Management purposes and for the purposes of Companies Control Department only, and do not require the approval of Central Bank of Jordan.

Amman – Jordan
April 28, 2016


Deloitte & Touche (M.E.) - Jordan

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

ARAB BANK GROUP
CONDENSED CONSOLIDATED INTERIM
STATEMENT OF FINANCIAL POSITION

		March 31, 2016	December 31, 2015
	Note	(Reviewed not Audited)	
		USD '000	USD '000
ASSETS			
Cash and balances with central banks	4	8 649 905	9 472 381
Balances with banks and financial institutions	5	3 494 618	2 992 403
Deposits with banks and financial institutions	6	194 800	99 018
Financial assets at fair value through profit or loss	7	570 322	831 980
Financial derivatives - positive fair value		43 261	58 235
Direct credit facilities at amortized cost	9	22 726 607	22 180 987
Financial assets at fair value through other comprehensive income	8	505 463	479 038
Other financial assets at amortized cost	10	9 135 244	9 003 709
Investments in associates		2 981 354	2 916 290
Fixed assets	11	457 687	461 135
Other assets	12	548 520	490 788
Deferred tax assets		63 630	58 629
Total Assets		49 371 411	49 044 593
LIABILITIES AND OWNERS' EQUITY			
Banks and financial institutions' deposits		3 448 460	3 636 734
Customer deposits	13	32 868 375	32 799 228
Cash margin		2 518 046	2 443 090
Financial derivatives - negative fair value		89 617	53 705
Borrowed funds	14	222 485	75 745
Provision for income tax	15	251 344	235 918
Other provisions		145 391	145 235
Other liabilities	16	1 800 425	1 627 254
Deferred tax liabilities		4 837	12 103
Total Liabilities		41 348 980	41 029 012
Share capital	17	926 615	926 615
Share premium	17	1 225 747	1 225 747
Statutory reserve	17	753 065	753 065
Voluntary reserve	17	977 315	977 315
General reserve		1 141 824	1 141 824
General banking risks reserve		363 458	363 458
Reserves with associates		1 540 896	1 540 896
Foreign currency translation reserve		(243 639)	(284 609)
Investment revaluation reserve		(284 208)	(260 621)
Retained earnings	18	1 486 634	1 502 867
Total Equity Attributable to the Shareholders of the Bank		7 887 707	7 886 557
Non-controlling interests		134 724	129 024
Total Owners' Equity		8 022 431	8 015 581
Total Liabilities and Owners' Equity		49 371 411	49 044 593

The accompanying notes from (1) to (33) are an integral part of these condensed consolidated interim financial information and should be read with them and with the accompanying independent auditor review report.

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

	Note	For the Three-Months	
		Period Ended March 31,	
		2016	2015
		USD '000	USD '000
REVENUE			
Interest income	19	471 914	448 024
<u>Less:</u> interest expense	20	191 655	180 571
Net Interest Income		280 259	267 453
Net commission income	21	86 068	80 446
Net Interest and Commission Income		366 327	347 899
Foreign exchange differences		14 875	15 714
Gain from financial assets at fair value through profit or loss	22	(265)	3 871
Dividends on financial assets at fair value through other comprehensive income		3 218	1 065
Group's share of profits of associates		88 068	92 559
Other revenue	23	8 984	13 448
Total Income		481 207	474 556
EXPENSES			
Employees' expenses		111 290	108 075
Other expenses		61 100	61 927
Depreciation and amortization		12 717	13 211
Provision for impairment - direct credit facilities at amortized cost	9	8 654	6 755
Other provisions		5 249	2 853
Total Expenses		199 010	192 821
Profit for the Period before Income Tax		282 197	281 735
<u>Less:</u> Income tax expense	15	63 849	64 519
Profit for the Period		218 348	217 216
<u>Attributable to :</u>			
- Bank's shareholders		215 635	215 452
- Non-controlling interests		2 713	1 764
Total		218 348	217 216
Earnings per share attributable to the Bank's shareholders			
- Basic and Diluted (US Dollars)	29	0.34	0.34

The accompanying notes from (1) to (33) are an integral part of these condensed consolidated interim financial information and should be read with them and with the accompanying independent auditor review report.

ARAB BANK GROUP

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

(REVIEWED NOT AUDITED)

	For the Three-Months	
	Period Ended March 31,	
	2016	2015
	USD '000	USD '000
Profit for the period	218 348	217 216
Add: Other comprehensive income items - after tax		
<u>Items that will be subsequently transferred to the statement of Income</u>		
Exchange differences arising on the translation of foreign operations	44 402	(107 149)
<u>Items that will not be subsequently transferred to the statement of Income</u>		
Net change in fair value of financial assets at fair value through other comprehensive income	(23 614)	2 820
Change in fair value of financial assets at fair value through other comprehensive income	(23 614)	2 804
Gain from sale of financial assets at fair value through the statement of comprehensive income	-	16
Total Other Comprehensive Income Items - after Tax	20 788	(104 329)
Total Comprehensive Income for the Period	239 136	112 887
Attributable to :		
- Bank's shareholders	233 018	115 044
- Non-controlling interests	6 118	(2 157)
Total	239 136	112 887

The accompanying notes from (1) to (33) are an integral part of these condensed consolidated interim financial information and should be read with them and with the accompanying independent auditor review report.

ARAB BANK GROUP

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN OWNERS' EQUITY

(REVIEWED NOT AUDITED)

Note	Share Capital	Share Premium	Statutory Reserve	Voluntary Reserve	General Reserve	General Banking Risks Reserve	Reserves with Associates	Foreign Currency Translation Reserve	Investment revaluation reserve	Retained Earnings	Total Equity Attributable to the Shareholders of the Bank	Non-controlling Interests	Total Owners' Equity
For the Three-Months Period Ended March 31, 2016													
	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
Balance at the beginning of the year	-	-	-	-	-	-	1 540 896	-	-	215 635	215 635	2 713	218 348
Profit for the period	-	-	-	-	-	-	-	40 970	(23 587)	-	17 383	3 405	20 788
Other comprehensive income for the period	-	-	-	-	-	-	-	40 970	(23 587)	215 635	233 018	6 118	239 136
Total Comprehensive Income for the Period	-	-	-	-	-	-	-	40 970	(23 587)	215 635	233 018	6 118	239 136
Transferred from investment revaluation reserve to retained earnings	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	-	-	-	-	-
Adjustments during the period	-	-	-	-	-	-	-	-	(231 277)	(231 277)	(231 277)	-	(231 277)
Increase in share capital (Stock Dividends)	-	-	-	-	-	-	-	-	-	(591)	(591)	(418)	(1 009)
Balance at the End of the Period	926 615	1 225 747	753 065	977 315	1 141 824	363 458	1 540 896	(243 639)	(284 208)	1 486 634	7 887 707	134 724	8 022 431
For the Three-Months Period Ended March 31, 2015													
	826 223	1 225 747	712 722	977 315	1 141 824	363 458	1 540 896	(122 751)	(219 278)	1 315 525	7 761 681	127 060	7 888 741
Balance at the beginning of the year (Represented)	-	-	-	-	-	-	-	-	-	215 452	215 452	1 764	217 216
Profit for the period	-	-	-	-	-	-	-	(103 885)	3 477	-	(100 408)	(3 921)	(104 329)
Other comprehensive income for the period	-	-	-	-	-	-	-	(103 885)	3 477	-	115 044	(2 157)	112 887
Total Comprehensive Income for the Period	-	-	-	-	-	-	-	(103 885)	3 477	215 452	115 044	(2 157)	112 887
Transferred from investment revaluation reserve to retained earnings	-	-	-	-	-	-	-	-	(16)	16	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	-	-	-	-	-
Adjustments during the period	-	-	-	-	-	-	-	-	-	(101 772)	(101 772)	-	(101 772)
Increase in share capital (Stock Dividends)	-	-	-	-	-	-	-	-	-	(2 626)	(2 626)	-	(2 626)
Balance at the End of the Period	926 615	1 225 747	712 722	977 315	1 141 824	363 458	1 540 896	(226 636)	(215 817)	1 326 203	7 772 327	124 903	7 897 230

- The retained earnings include restricted deferred tax assets in the amount of USD 63.6 million, as well as, unrealized losses from financial assets at fair value through profit or loss in the amount of USD (1.9) million. Restricted retained earnings that cannot be distributed or otherwise utilized except only under certain circumstances caused by the adoption of certain Accounting Standards amounted to USD 2.6 million as of March 31, 2016.

- Retained earnings include an unrealized loss in the amount of USD (109.1) million as of March 31, 2016 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 use of an amount of USD (284.2) million which represents the investment revaluation reserve negative balance is restricted according to the instructions of the Jordan Securities Commission as of March 31, 2016.

The accompanying notes from (1) to (33) are an integral part of these condensed consolidated interim financial information and should be read with them and with the accompanying independent auditor review report.

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

	Note	For the Three-Months Period Ended March 31,	
		2016 USD '000	2015 USD '000
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit for the period before tax		282 197	281 735
Adjustments for:			
Group's share from associates profits		(88 068)	(92 559)
Depreciation and amortization		12 717	13 211
Provision for impairment - direct credit facilities at amortized cost		8 654	6 755
Net interest income		2 193	3 541
Dividends on financial assets at fair value through other comprehensive income		(3 218)	(1 065)
Losses (Gains) from revaluation of financial assets at fair value through profit or loss		1 853	(339)
Other provisions		5 249	2 853
Total		221 577	214 132
<u>(Increase) Decrease in Assets:</u>			
Balances with central banks (maturing after 3 months)		(230 052)	62 606
Deposits with banks and financial institutions (maturing after 3 months)		(95 782)	57 376
Direct credit facilities at amortized cost		(554 274)	(90 851)
Financial assets at fair value through profit or loss		259 805	(61 410)
Other assets and financial derivatives		(47 759)	(74 125)
<u>Increase (Decrease) in Liabilities:</u>			
Banks' and financial institutions' deposits (maturing after 3 months)		(435 374)	(238 047)
Customer deposits		69 147	(239 003)
Cash margin		74 956	(72 135)
Other liabilities and financial derivatives		(39 469)	104 897
Net Cash Flows (Used in) Operating Activities before Income Tax		(777 225)	(336 560)
Income tax paid		(53 566)	(45 278)
Net Cash Flows (Used in) Operating Activities		(830 791)	(381 838)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
(Purchase) of financial assets at fair value through other comprehensive income		(34 618)	(4 856)
(Purchase) maturity of other financial asset at amortized cost		(131 535)	207 586
Dividends received from associates		14 759	15 596
Dividends received from financial assets at fair value through other comprehensive income		3 218	1 065
(Increase) in fixed assets - net		(9 269)	(4 518)
Net Cash Flows (Used in) Generated by Investing Activities		(157 445)	214 873
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in (Paid) borrowed funds		146 740	(6 996)
Dividends paid to shareholders		(319)	(15 562)
Net Cash Flows Generated by (Used in) Financing Activities		146 421	(22 558)
Net (Decrease) in cash and cash equivalent		(841 815)	(189 523)
Exchange differences - change in foreign exchange rates		44 402	(107 149)
Cash and cash equivalent at the beginning of the Year		9 514 915	8 129 224
Cash and Cash Equivalent at the End of the Period	30	8 717 502	7 832 552

The accompanying notes from (1) to (33) are an integral part of these condensed consolidated interim financial information and should be read with them and with the accompanying independent auditor review report.

ARAB BANK GROUP
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
FOR THE THREE-MONTHS PERIOD ENDED March 31, 2016
(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 75 branches in Jordan and 120 branches abroad. Also 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 (3) on April 28, 2016.

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
	March 31, 2016	December 31, 2015				
Europe Arab Bank plc	100.00	100.00	2006	Banking	United Kingdom	€ 610m
Arab Bank Australia Limited	100.00	100.00	1994	Banking	Australia	AUD 62.5m
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

- Subsidiaries are entities under the effective control of Arab Bank plc. Control is achieved when the Bank has the power to direct the relevant activities of the subsidiaries 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 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. 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 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 the International Accounting Standard (IAS) 34 "Interim Financial Reporting", as well as, the effective local regulations and Central Bank of Jordan (CBJ) instructions.
- 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, 2015. In addition, the results of the Group's operations for the three months ended March 31, 2016 do not necessarily represent indications of the expected results for the year ending December 31, 2016, 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, 2015 except for the following :-
 - IFRS 14 : Regulatory Deferral Accounts.
 - Amendments to IAS 1 Presentation of Financial Statements relating to Disclosure initiative
 - Amendments to IFRS 11 Joint arrangements relating to accounting for acquisitions of interests in joint operations.

- Amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets relating to clarification of acceptable methods of depreciation and amortization.
- Amendments to IAS 16 Property, Plant and Equipment and IAS 41 Agriculture relating to bearer plants.
- Amendments to IAS 27 Separate Financial Statements relating to accounting investments in subsidiaries, joint ventures and associates to be optionally accounted for either by cost method using IFRS 9 or the equity method in separate financial statements.
- Amendments to IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investment in Associates and Joint Ventures relating to applying the consolidation exception for investment entities
- Annual Improvements to IFRSs 2012 - 2014 Cycle covering amendments to IFRS 5, IFRS 7, IAS 19 and IAS 34.

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 in consistent with those adopted for the year ended December 31, 2015.

4. CASH AND BALANCES WITH CENTRAL BANKS

The details of this item are as follows:

	<u>March 31,</u> <u>2016</u>	<u>December 31,</u> <u>2015</u>
	USD '000	USD '000
Cash in vaults	440 690	455 445
Balances with central banks:		
Current accounts	1 961 407	2 173 468
Time and notice	4 043 319	4 392 724
Mandatory cash reserve	1 728 570	1 835 107
Certificates of deposit	475 919	615 637
Total	<u><u>8 649 905</u></u>	<u><u>9 472 381</u></u>

- 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 230.1 million as of March 31, 2016 (There are no balances and certificates of deposit maturing after three months as of December 31, 2015).

5. BALANCES WITH BANKS AND FINANCIAL INSTITUTIONS

The details of this item are as follows:

Local banks and financial institutions

	<u>March 31,</u> <u>2016</u>	<u>December 31,</u> <u>2015</u>
	USD '000	USD '000
Time deposits maturing within 3 months	42 300	57 810
Total	<u><u>42 300</u></u>	<u><u>57 810</u></u>

Banks and financial institutions abroad

	<u>March 31,</u> <u>2016</u>	<u>December 31,</u> <u>2015</u>
	USD '000	USD '000
Current accounts	1 702 638	1 452 094
Time deposits maturing within 3 months	1 749 680	1 482 499
Total	<u><u>3 452 318</u></u>	<u><u>2 934 593</u></u>
Total balances with banks and financial institutions Local and abroad	<u><u>3 494 618</u></u>	<u><u>2 992 403</u></u>

- There are no non-interest bearing balances as of March 31, 2016 and December 31, 2015.

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

6. DEPOSITS WITH BANKS AND FINANCIAL INSTITUTIONS

The details of this item are as follows:

	<u>March 31,</u> <u>2016</u>	<u>December 31,</u> <u>2015</u>
	USD '000	USD '000
Deposits with Banks and Financial Institutions Abroad:		
Time deposits maturing after 3 months and before 6 months	152 717	88 176
Time deposits maturing after 6 months and before 9 months	9 537	4 594
Time deposits maturing after 9 months and before a year	32 546	6 248
Total	<u><u>194 800</u></u>	<u><u>99 018</u></u>

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

- There are no deposits with local banks as of March 31, 2016 and December 31, 2015.

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

The details of this item are as follows:

	March 31, 2016	December 31, 2015
	USD '000	USD '000
Treasury bills and Governmental bonds	180 132	423 445
Corporate bonds	311 791	331 131
Loans and advances	29 624	29 624
Corporate shares	16 776	19 918
Mutual funds	31 999	27 862
Total	570 322	831 980

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

The details of this item are as follows:

	March 31, 2016	December 31, 2015
	USD '000	USD '000
Quoted shares	263 139	256 776
Un-quoted shares	242 324	222 262
Total	505 463	479 038

- Cash dividends from investments above amounted to USD 3.2 million for the three months period ended March 31, 2016 (USD 1.1 million for the three months period ended March 31, 2015).
- There were no realized gains transferred from investment revaluation reserve to retained earnings for the three months period ended March 31, 2016 (USD 16 thousand for the three months period ended March 31, 2015).

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

The details of this item are as follows:

	March 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 *	85 020	136 761	525 970	64 382	194	812 327
Overdrafts *	103 119	1 108 636	3 176 425	2 991	407 493	4 798 664
Loans and advances *	2 803 805	1 476 753	11 125 401	55 295	929 152	16 390 406
Real-estate loans	1 960 231	138 856	143 161	-	-	2 242 248
Credit cards	123 211	-	-	-	-	123 211
Total	5 075 386	2 861 006	14 970 957	122 668	1 336 839	24 366 856
Less: Interest and commission in suspense	72 197	91 035	261 971	4 777	-	429 980
Provision for impairment - direct credit facilities at amortized cost	171 178	134 963	899 490	1 363	3 275	1 210 269
Total	243 375	225 998	1 161 461	6 140	3 275	1 640 249
Net Direct Credit Facilities At Amortized Cost	4 832 011	2 635 008	13 809 496	116 528	1 333 564	22 726 607

* Net of interest and commission received in advance which amounted to USD 109.4 million as of March 31, 2016.

- Rescheduled loans during the three months period ended March 31, 2016 amounted to USD 194.1 million.
- Restructured loans (transferred from non performing to watch list loans) during the three months period ended March 31, 2016 amounted to USD 6 million.
- Direct credit facilities granted to and guaranteed by the Government of Jordan amounted to USD 74.5 million, or 0.3 % of total direct credit facilities as of March 31, 2016.
- Non-performing direct credit facilities amounted to USD 1533.4 million, or 6.3% of total direct credit facilities as of March 31, 2016.
- Non-performing direct credit facilities net of interest and commission in suspense amounted to USD 1115.5 million, or 4.7 % of direct credit facilities after deducting interest and commission in suspense as of March 31, 2016.

December 31, 2015

	Consumer Banking	Corporates		Banks and Financial Institutions	Government and Public Sector	Total
		Small and Medium	Large			
	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
Discounted bills *	86 882	147 558	555 538	141 361	351	931 690
Overdrafts *	95 959	1 033 049	3 088 698	3 104	386 229	4 607 039
Loans and advances *	2 714 627	1 468 078	10 915 453	52 769	820 139	15 971 066
Real-estate loans	1 899 032	137 311	144 100	-	-	2 180 443
Credit cards	122 280	-	-	-	-	122 280
Total	4 918 780	2 785 996	14 703 789	197 234	1 206 719	23 812 518
Less: Interest and commission in suspense	69 626	91 491	253 632	4 499	-	419 248
Provision for impairment - direct credit facilities at amortized cost	171 143	134 135	902 901	1 353	2 751	1 212 283
Total	240 769	225 626	1 156 533	5 852	2 751	1 631 531
Net Direct Credit Facilities at Amortized Cost	4 678 011	2 560 370	13 547 256	191 382	1 203 968	22 180 987

* Net of interest and commission received in advance which amounted to USD 105.8 million as of December 31, 2015.

- Rescheduled loans during the year ended December 31, 2015 amounted to USD 339.6 million .

- Restructured loans (transferred from non performing to watch list loans) during the year ended December 31, 2015 amounted to USD 39.7 million .

- Direct credit facilities granted to and guaranteed by the Government of Jordan amounted to USD 81.9 million, or 0.3% of total direct credit facilities as of December 31, 2015.

- Non-performing direct credit facilities amounted to USD 1523.8 million, or 6.4% of total direct credit facilities as of December 31, 2015.

- Non-performing direct credit facilities net of interest and commission in suspense amounted to USD 1116.5 million, or 4.8% of direct credit facilities after deducting interest and commission in suspense s of December 31, 2015 .

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

March 31, 2016

	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				
	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	3 829	4 682	18 831	7	964	28 313	591
Used from provision (written off or transferred to off Condensed consolidated interim statement of financial position)*	(110)	(1 042)	(5 572)	-	-	(6 724)	(2)
Recoveries	(2 737)	(3 006)	(13 646)	-	(270)	(19 659)	(3 651)
Adjustments during the period	110	(32)	2 153	-	-	2 231	(111)
Translation adjustments	(1 057)	226	(5 177)	3	(170)	(6 175)	32
Balance at the End of the Period	171 178	134 963	899 490	1 363	3 275	1 210 269	13 706

December 31, 2015

	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				
	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
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)
Recoveries	(9 089)	(8 607)	(39 557)	(22)	(160)	(57 435)	(2 219)
Adjustments during the year	3 776	10 483	(8 275)	-	20	6 004	(939)
Translation adjustments	(3 921)	(4 600)	(35 251)	(35)	(102)	(43 909)	(88)
Balance at the End of the Year	171 143	134 135	902 901	1 353	2 751	1 212 283	16 847

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

- Impairment is assessed based on individual customer accounts.

* Non-performing loans transferred to off condensed consolidated interim statement of financial position amounted to USD 5.7 million as of March 31, 2016 (USD 2.1 million as of December 31, 2015) noting that these loans are fully covered by set provisions and suspended interests.

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

	March 31, 2016						The total includes interest and commission in suspense movement on real-estate loans as follows:	
	Consumer Banking		Corporates		Banks and Financial Institutions	Government and Public Sector		Total
	USD '000	USD '000	Small & Medium	Large				
Balance at the beginning of the year	69 626	91 491	253 632	4 499	-	-	11 557	
Interest and commissions suspended during the period	4 066	3 440	16 131	278	-	-	23 915	
Interest and commissions in suspense settled / written off or transferred to off the condensed consolidated interim statement of financial position	(360)	(3 417)	(1 606)	-	-	-	(5 383)	
Recoveries	(1 225)	(553)	(1 291)	-	-	-	(3 069)	
Adjustments during the period	-	-	17	-	-	-	(922)	
Translation adjustments	90	74	(4 912)	-	-	-	(4 748)	
Balance at the End of the Period	72 197	91 035	261 971	4 777	-	-	10 519	

	December 31, 2015						The total includes interest and commission in suspense movement on real-estate loans as follows:	
	Consumer Banking		Corporates		Banks and Financial Institutions	Government and Public Sector		Total
	USD '000	USD '000	Small & Medium	Large				
Balance at the beginning of the year	60 515	93 016	237 177	3 739	-	-	12 849	
Interest and commissions suspended during the year	13 226	10 725	55 589	760	-	-	2 975	
Interest and commissions in suspense settled / written off or transferred to off consolidated statement of financial position	(1 302)	(9 514)	(21 992)	-	-	-	(2 999)	
Recoveries	(3 907)	(3 137)	(5 219)	-	-	-	(1 805)	
Adjustment during the year	1 755	1 242	(3 482)	-	-	-	(2 142)	
Translation adjustments	(661)	(841)	(8 441)	-	-	-	(9 943)	
Balance at the End of the Year	69 626	91 491	253 632	4 499	-	-	11 557	

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

	Inside Jordan		March 31, 2016		December 31, 2015	
	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
Economic Sector						
Consumer Banking	2 230 576	2 601 435	4 832 011	4 678 011		
Industry and mining	951 666	3 492 817	4 444 483	4 438 773		
Constructions	221 017	1 833 991	2 055 008	1 861 483		
Real - Estates	333 874	1 498 833	1 832 707	1 710 773		
Trade	982 263	2 752 350	3 734 613	3 621 191		
Agriculture	61 922	116 662	178 584	164 038		
Tourism and Hotels	262 094	363 753	625 847	626 032		
Transportations	175 837	590 553	766 390	752 236		
Shares	2 955	65 736	68 691	67 046		
General Services	384 558	2 353 623	2 738 181	2 866 054		
Banks and Financial Institutions	10 910	105 618	116 528	191 382		
Government and Public Sector	104 741	1 228 823	1 333 564	1 203 968		
Net Direct Credit Facilities at amortized Cost	5 722 413	17 004 194	22 726 607	22 180 987		

10- OTHER FINANCIAL ASSETS AT AMOTIZED COST

The details of this item are as follows:

	March 31, 2016	December 31, 2015
	USD '000	USD '000
Treasury bills	2 805 521	2 731 740
Governmental bonds and bonds guaranteed by the government	4 499 882	4 492 258
Corporate bonds	1 858 400	1 808 678
<u>Less: Provision for impairment</u>	<u>(28 559)</u>	<u>(28 967)</u>
Total	<u>9 135 244</u>	<u>9 003 709</u>

Analysis of bonds based on interest nature:

	March 31, 2016	December 31, 2015
	USD '000	USD '000
Floating interest rate	607 889	602 196
Fixed interest rate	8 527 355	8 401 513
Total	<u>9 135 244</u>	<u>9 003 709</u>

Analysis of financial assets based on market quotation:

	March 31, 2016	December 31, 2015
	USD '000	USD '000
Financial assets quoted in the market:		
Treasury bills	734 789	753 022
Governmental bonds and bonds guaranteed by the government	1 244 910	1 318 234
Corporate bonds	1 652 681	1 660 382
Total	<u>3 632 380</u>	<u>3 731 638</u>

	March 31, 2016	December 31, 2015
	USD '000	USD '000
Financial assets unquoted in the market:		
Treasury bills	2 070 732	1 978 718
Governmental bonds and bonds guaranteed by the government	3 254 972	3 174 024
Corporate bonds	177 160	119 329
Total	<u>5 502 864</u>	<u>5 272 071</u>
Grand Total	<u>9 135 244</u>	<u>9 003 709</u>

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

	March 31, 2016	December 31, 2015
	USD '000	USD '000
Balance at the beginning of the Year	28 967	29 520
Impairment losses charged to income	-	-
Used from provision	-	-
Translation adjustments	(408)	(553)
Balance at the End of the Period / Year	<u>28 559</u>	<u>28 967</u>

During the three months period ended march 31, 2016 certain financial assets at amortized cost in the amount of USD 138.8 million were sold due to their close maturities (USD 268.7 million during the year ended December 31, 2015).

11- FIXED ASSETS

The additions to and disposals of fixed assets during the three months period ended March 31, 2016 amounted to USD 11.4 million and USD 4.4 million, respectively (USD 11.5 million and USD 4.7 million for the three months period ended March 31, 2015).

The cost of fully depreciated fixed assets amounted to USD 222.6 million as of March 31, 2016 (USD 212.4 million as of December 31, 2015)

12- OTHER ASSETS

The details of this item are as follows:

	March 31, 2016	December 31, 2015
	USD '000	USD '000
Accrued interest receivable	194 367	187 227
Prepaid expenses	177 829	122 408
Foreclosed assets *	55 571	58 518
Items in transit	19 634	24 611
Intangible Assets	16 143	16 055
Other miscellaneous assets	84 976	81 969
Total	548 520	490 788

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

13- CUSTOMER DEPOSITS

The details of this item are as follows:

March 31, 2016

	Consumer Banking	Corporates		Government and Public Sector	Total
		Small & Medium	Large		
	USD '000	USD '000	USD '000	USD '000	USD '000
Current and demand	7 448 882	2 154 333	2 491 622	669 491	12 764 328
Savings	2 984 995	166 088	33 961	131	3 185 175
Time and notice	7 993 571	911 299	4 933 423	2 532 579	16 370 872
Certificates of deposit	355 863	6 232	124 702	61 203	548 000
Total	18 783 311	3 237 952	7 583 708	3 263 404	32 868 375

December 31, 2015

	Consumer Banking	Corporates		Government and Public Sector	Total
		Small & Medium	Large		
	USD '000	USD '000	USD '000	USD '000	USD '000
Current and demand	7 229 262	2 334 822	2 363 187	429 173	12 356 444
Savings	2 859 535	159 172	46 224	131	3 065 062
Time and notice	8 097 330	1 097 434	5 018 935	2 587 298	16 800 997
Certificates of deposit	408 399	15 139	61 454	91 733	576 725
Total	18 594 526	3 606 567	7 489 800	3 108 335	32 799 228

- The Government of Jordan and Jordanian public sector deposits amounted to USD 986.1 million, or 3.0% of total customer deposits as of March 31, 2016 (USD 719.5 million, or 2.2% of total customer deposits as of December 31, 2015).
- Non-interest bearing deposits amounted to USD 11255.2 million, or 34.2 % of total customer deposits as of March 31, 2016 (USD 11016.5 million, or 33.6% of total customer deposits as of December 31, 2015).
- Blocked deposits amounted to USD 161.1 million, or 0.5 % of total customer deposits as of March 31, 2016 (USD 153.2 million or 0.5% of total customer deposits as of December 31, 2015).
- Dormant deposits amounted to USD 413.7 million, or 1.3% of total customer deposits as of March 31, 2016 (USD 440.2 million, or 1.3% of total customer deposits as of December 31, 2015).

14- BORROWED FUNDS

The details of this item are as follows:

	March 31, 2016	December 31, 2015
	USD '000	USD '000
From Central Banks *	18 300	11 285
From banks and financial institutions **	204 185	64 460
Total	222 485	75 745

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

	March 31, 2016	December 31, 2015
	USD '000	USD '000
Floating interest rate	78 531	70 099
Fixed interest rate	143 954	5 646
Total	222 485	75 745

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

* During 2014, Arab Bank (Jordan branches) signed a loan agreement with the Central Bank of Jordan amounting to USD 3.9 million, for the duration of 10 years of which 3 years are grace period 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 March 31, 2016 amounted to USD 3.9 million (USD 3.9 Million as of December 31, 2015).

* During 2015, Arab Bank (Jordan branches) granted loans against medium term advances from the Central Bank of Jordan in the amount of USD 5.9 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.

* During 2016, Arab Bank (Jordan branches) signed a loan agreement with the Central Bank of Jordan amounting to USD 5.1 million, for the duration of 15 years of which 5 years are grace period and with a floating interest rate of (1.85% +Labor 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 March 31, 2016 amounted to USD 2.8 million.

** During 2016, Arab Bank Bahrain branches borrowed amounts form banks and financial institutions in the amount of USD 134.1 million with a fixed interest rates whereas the lowest interest rate is (1.20 %) and the highest is (2.85 %), the first contract matures on April 8, 2016 and the last contract matures on September 3, 2017.

** The Group borrowed amounts from banks and financial institutions, as well as issued syndicated term loans through Arab Tunisian Bank, the balance amounted to USD 70.1 million as of March 31, 2016 (USD 64.5 million as of December 31, 2015) whereas the lowest interest rate is (0.25%) and the highest is (6.94%) and the last maturity date is on May 19, 2032 as per the following table:

	March 31, 2016	December 31, 2015
	USD '000	USD '000
Loans maturing within one year	9 194	10 009
Loans maturing after 1 year and less than 3 years	17 467	17 078
Loans maturing after 3 years	43 410	37 373
Total	70 071	64 460

15- PROVISION FOR INCOME TAX

The details of this item are as follows:

	March 31, 2016	December 31, 2015
	USD '000	USD '000
Balance at the beginning of the year	235 918	235 248
Income tax expense	68 992	279 841
Income tax paid	(53 566)	(279 171)
Balance at the End of the Period / Year	251 344	235 918

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

	For the three months period ended	
	March 31, 2016	March 31, 2015
	USD '000	USD '000
Income tax expense for the period	68 992	65 231
Effect of deferred tax	(5 143)	(712)
Total	63 849	64 519

- 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 March 31, 2016.
- The companies and branches of Arab Bank Group have reached recent tax settlements ranging between 2010 for Arab Bank Egypt and 2014 for Arab Bank United Arab Emirates and Arab Sudanese Bank.

16- OTHER LIABILITIES

The details of this item are as follows:

	March 31, 2016	December 31, 2015
	USD '000	USD '000
Accrued interest payable	142 894	133 561
Notes payable	222 731	171 873
Interest and commission received in advance	98 594	101 387
Accrued expenses	61 869	78 277
Other miscellaneous liabilities	1 274 337	1 142 156
Total	1 800 425	1 627 254

17- SHARE CAPITAL AND RESERVES

- A. Share Capital amounted to USD 926.6 million distributed to 640.8 million shares as of March 31, 2016 (Arab Bank Plc General Assembly in its extraordinary meeting held on March 26 2015 approved to increase the Group capital by USD 100.4 million to become USD 926.6 million distributed over 640.8 million shares, 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).
- B. Share premium amounted to USD 1225.7 million as of March 31, 2016 and December 31, 2015.
- 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:

	March 31, 2016	December 31, 2015
	USD '000	USD '000
Balance at the beginning of the Year		
Profit for the period/year attributable to the shareholders of the bank	1 502 867	1 315 525
Transferred from investment revaluation reserve to retained earnings	215 635	430 830
Dividends paid	-	31
Transferred to statutory reserve	(231 277)	(101 772)
Adjustment during the period/ year	-	(40 343)
Increase in share capital (Stock Dividends)	(591)	(1 012)
Balance at the End of the Period / Year *	1 486 634	1 502 867

- * The General Assembly of the Arab Bank plc in its extraordinary meeting held on March 31, 2016 approved the recommendation of the Bank's Board of Directors to distribute 25% of par value as cash dividends for the year 2015 equivalent to USD 225.9 million (The General Assembly of Arab Bank plc in its extraordinary meeting held on March 26, 2015 approved the recommendation of the Bank's Board of Directors to distribute 12% of par value as cash dividends for the year 2014 equivalent to USD 96.4 million, and two bonus share for every sixteen shares amounting to 71.2 million shares). The General Assembly of Arab Bank Switzerland approved to distribute 20% of par value as cash dividends equivalent to USD 5.4 million for the year 2015 (20% of par value equivalent to USD 5.4 million for the year 2014).
- * The retained earnings include restricted deferred tax assets in the amount of USD 63.6 million, as well as, unrealized Losses from financial assets at fair value through profit or loss in the amount of USD (1.9) million. Restricted retained earning that cannot be distributed or otherwise utilized except only under certain circumstances caused by the adoption of certain Accounting Standards amounted to USD 2.6 million as of March 31, 2016.
- * Retained earnings include an unrealized loss in the amount of USD (109.1) million as of March 31, 2016 due to the effect of the adoption of IFRS (9)
- * The use of an amount of USD (284.2) million which represents the investment revaluation reserve negative balance is restricted according to the instructions of the Jordan Securities Commission as of March 31, 2016.

19- INTEREST INCOME

The details of this item are as follows:

	March 31, 2016	March 31, 2015
	USD '000	USD '000
Direct credit facilities at amortized cost *	315 945	288 444
Balances with central banks	24 234	16 733
Balances and deposits with banks and financial institutions	2 140	507
Financial assets at fair value through profit or loss	4 180	8 947
Other financial assets at amortized cost	125 415	133 393
Total	471 914	448 024

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

March 31, 2016						
Consumer Banking	Corporates		Banks and Financial Institutions	Government and Public Sector	Total	
	Small & Medium	Large				
USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	
Discounted bills	1 232	3 280	5 947	684	8	11 151
Overdrafts	2 306	16 950	47 636	47	4 332	71 271
Loans and advances	51 924	21 045	111 041	880	11 023	195 913
Real-estate loans	30 307	1 538	1 736	-	-	33 581
Credit cards	4 029	-	-	-	-	4 029
Total	89 798	42 813	166 360	1 611	15 363	315 945

March 31, 2015						
Consumer Banking	Corporates		Banks and Financial Institutions	Government and Public Sector	Total	
	Small & Medium	Large				
USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	
Discounted bills	1 900	3 401	4 548	1 044	6	10 899
Overdrafts	2 811	13 792	45 285	128	3 895	65 911
Loans and advances	49 705	20 572	100 764	955	8 298	180 294
Real-estate loans	24 520	1 920	791	-	-	27 231
Credit cards	4 109	-	-	-	-	4 109
Total	83 045	39 685	151 388	2 127	12 199	288 444

20- **INTEREST EXPENSE**

The details of this item are as follows:

	March 31, 2016	March 31, 2015
	USD '000	USD '000
Customer deposits *	164 656	153 520
Banks and financial institutions deposits	10 922	10 089
Cash margins	8 703	10 093
Borrowed funds	1 004	844
Deposit insurance fees	6 370	6 025
Total	191 655	180 571

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

March 31, 2016					
Consumer Banking	Corporates		Government and Public Sector	Total	
	Small & Medium	Large Corporates			
USD '000	USD '000	USD '000	USD '000	USD '000	
Current and demand	6 570	673	2 795	1 888	11 926
Savings	8 797	907	180	26	9 910
Time and notice	63 432	6 903	39 463	21 216	131 014
Certificates of deposit	9 395	170	710	1 531	11 806
Total	88 194	8 653	43 148	24 661	164 656

March 31, 2015					
Consumer Banking	Corporates		Government and Public Sector	Total	
	Small & Medium	Large Corporates			
USD '000	USD '000	USD '000	USD '000	USD '000	
Current and demand	2 239	1 483	3 019	1 096	7 837
Savings	9 164	674	188	-	10 026
Time and notice	66 586	7 700	30 954	17 790	123 030
Certificates of deposit	10 794	165	814	854	12 627
Total	88 783	10 022	34 975	19 740	153 520

21- **NET COMMISSION INCOME**

The details of this item are as follows:

	March 31, 2016	March 31, 2015
	USD '000	USD '000
Commission income:		
Direct credit facilities at amortized cost	28 460	25 533
Indirect credit facilities	36 002	37 572
Assets Under Management	3 143	3 175
Other	25 765	20 397
Less: commission expense	(7 302)	(6 231)
Net Commission Income	86 068	80 446

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

The details of this item are as follows:

	March 31, 2016			March 31, 2015	
	Realized (Losses) Gains	Unrealized (Losses)	Dividends	Total	Total
	USD '000	USD '000	USD '000	USD '000	USD '000
Treasury bills and bonds	(121)	(7)	-	(128)	3 130
Corporate shares	-	(1 054)	1 269	215	(44)
Mutual funds	440	(792)	-	(352)	785
Total	319	(1 853)	1 269	(265)	3 871

23- OTHER REVENUE

The details of this item are as follows:

	March 31, 2016	March 31, 2015
	USD '000	USD '000
Revenue from customer services	4 596	4 689
Safe box rent	393	333
Gain from derivatives	73	331
Miscellaneous revenue	3 922	8 095
Total	8 984	13 448

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 the following: corporate sector, private projects, foreign trading, small and medium sized projects, and banks and financial institutions.

2. Treasury

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 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 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, ATMs, the internet and text messaging via cellular phones.

Information about the Group's Business Segments

	March 31, 2016					March 31, 2015	
	Corporate and Institutional Banking	Treasury	Consumer Banking		Other	Total	Total
			Elite	Retail Banking			
	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
Total income	205 490	149 860	(23 583)	50 936	98 504	481 207	474 556
Net inter-segment interest income	(9 595)	(85 181)	52 918	41 858	-	-	-
Provision for impairment - direct credit facilities at amortized cost	7 662	-	(223)	1 215	-	8 654	6 755
Other provisions	2 616	696	475	1 462	-	5 249	2 853
Direct administrative expenses	31 862	4 536	6 790	35 768	2 188	81 144	79 951
Result of Operations of Segments	153 755	59 447	22 293	54 349	96 316	386 160	384 997
Indirect expenses on segments	46 113	13 458	9 803	33 988	601	103 963	103 262
Profit for the period before Income Tax	107 642	45 989	12 490	20 361	95 715	282 197	281 735
Income tax expense	18 986	13 194	4 546	5 642	21 481	63 849	64 519
Profit for the Period	88 656	32 795	7 944	14 719	74 234	218 348	217 216
Depreciation and Amortization	3 754	1 079	544	7 340	-	12 717	13 211

Other Information	March 31, 2016					December 31, 2015	
	Corporate and Institutional Banking	Treasury	Consumer Banking		Other	Total	Total
			Elite	Retail Banking			
	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
Segment assets	18 603 959	19 622 573	2 735 473	4 072 662	1 355 390	46 390 057	46 128 303
Inter-segment assets	-	-	10 246 341	3 738 690	5 608 045	-	-
Investments in associates	-	-	-	-	2 981 354	2 981 354	2 916 290
Total Assets	18 603 959	19 622 573	12 981 814	7 811 352	9 944 789	49 371 411	49 044 593
Segment liabilities	16 714 531	1 918 925	12 981 814	7 811 352	1 922 358	41 348 980	41 029 012
Owner's equity	-	-	-	-	8 022 431	8 022 431	8 015 581
Inter-segment liabilities	1 889 428	17 703 648	-	-	-	-	-
Total Liabilities and Owners' Equity	18 603 959	19 622 573	12 981 814	7 811 352	9 944 789	49 371 411	49 044 593

25- CONTRACTUAL MATURITY OF THE CONTINGENT ACCOUNTS

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

March 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	1 636 488	641 526	-	2 278 014
Acceptances	638 662	2 980	-	641 642
Letters of guarantees:				
- Payment guarantees	749 633	50 019	24 569	824 221
- Performance guarantees	4 289 142	1 942 722	1 007 796	7 239 660
- Other guarantees	2 797 728	1 137 744	792 610	4 728 082
Unutilized credit facilities	4 297 084	702 799	38 404	5 038 287
Total	14 408 737	4 477 790	1 863 379	20 749 906
Constructions projects contracts	942	18 178	-	19 120
Procurement contracts	11 019	3 827	1 145	15 991
Operating lease contracts	5 062	12 806	13 370	31 238
Total	17 023	34 811	14 515	66 349

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

26. CREDIT EXPOSURE FOR ASSETS CATEGORIZED BY GEOGRAPHICAL REGION:

The details for this items are as follows:

March 31, 2016

	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	4 571 773	2 434 856	23 687	1 178 899	-	-	8 209 215
Balances and deposits with banks and financial institutions	86 939	1 290 551	246 622	1 379 090	583 505	102 711	3 689 418
Financial assets at fair value through profit or loss	-	211 808	49 447	260 292	-	-	521 547
Direct credit facilities at amortized cost	5 722 413	14 753 851	334 490	1 057 073	33 775	825 005	22 726 607
Consumer Banking	2 230 576	2 228 993	1 642	61 812	4 557	304 431	4 832 011
Small and Medium Corporates	608 508	1 447 912	27 575	345 372	29 215	176 426	2 635 008
Large Corporates	2 767 678	9 778 506	300 773	623 151	3	339 385	13 809 496
Banks and Financial Institutions	10 910	74 117	-	26 738	-	4 763	116 528
Government and public Sector	104 741	1 224 323	4 500	-	-	-	1 333 564
Other financial assets at amortized cost	3 052 830	4 534 538	172 741	624 757	556 111	194 267	9 135 244
Other assets and financial derivatives - positive fair value	71 768	268 673	5 305	61 367	641	7 703	415 457
Total	13 505 723	23 494 277	832 292	4 561 478	1 174 032	1 129 686	44 697 488
Total as of December 31, 2015	12 966 718	23 763 011	900 610	4 780 693	919 825	1 114 266	44 445 123

* Excluding Arab Countries.

27. CREDIT EXPOSURE FOR ASSETS CATEGORIZED BY ECONOMIC SECTOR

The details for this items are as follows:

March 31, 2016

	Corporations											Government and Public Sector	Total	
	Consumer Banking	Industry and Mining	Constructions		Real Estate	Trade	Agriculture	Tourism and Hotels	Transportation	Shares	General Services			Banks and Financial Institutions
			USD '000	USD '000										
Balances with Central Banks	-	-	-	-	-	-	-	-	-	-	-	-	8 209 215	8 209 215
Balances and deposits with banks and financial institutions	-	-	-	-	-	-	-	-	-	-	-	3 689 418	-	3 689 418
Financial assets at fair value through profit or loss	-	-	-	-	-	-	-	-	29 624	-	-	311 791	180 132	521 547
Direct credit facilities at amortized cost	4 832 011	4 444 483	2 055 008	1 832 707	3 734 613	178 584	625 847	766 390	68 691	2 738 181	116 528	1 333 564	1 333 564	22 726 607
Other financial assets at amortized cost	-	82 167	17 776	14 537	40 829	-	-	25 110	-	193 742	1 455 680	7 305 403	7 305 403	9 135 244
Other assets and financial derivatives - positive fair value	24 675	32 280	11 733	8 636	19 624	1 312	3 078	11 326	-	50 608	74 178	178 007	178 007	415 457
Total	4 856 686	4 558 930	2 084 517	1 855 880	3 795 066	179 896	628 925	832 450	68 691	2 982 531	5 647 595	17 206 321	17 206 321	44 697 488

December 31, 2015

	Corporations											Government and Public Sector	Total	
	Consumer Banking	Industry and Mining	Constructions		Real Estate	Trade	Agriculture	Tourism and Hotels	Transportation	Shares	General Services			Banks and Financial Institutions
			USD '000	USD '000										
Balances with Central Banks	-	-	-	-	-	-	-	-	-	-	-	-	9 016 936	9 016 936
Balances and deposits with banks and financial institutions	-	-	-	-	-	-	-	-	-	-	-	3 091 421	-	3 091 421
Financial assets at fair value through profit or loss	-	-	-	-	-	-	-	-	29 624	-	-	331 131	423 445	784 200
Direct credit facilities at amortized cost	4 678 011	4 438 773	1 861 483	1 710 773	3 621 191	164 038	626 032	752 236	67 046	2 866 054	191 382	1 203 968	1 203 968	22 180 987
Other financial assets at amortized cost	-	80 608	17 199	14 756	41 156	-	-	25 265	-	190 330	1 410 397	7 223 998	7 223 998	9 003 709
Other assets and financial derivatives - positive fair value	16 124	25 631	10 090	7 676	16 097	1 382	3 485	9 748	-	35 712	86 253	1 556 672	1 556 672	367 870
Total	4 694 135	4 545 012	1 888 772	1 733 205	3 678 444	165 420	629 517	816 873	67 046	3 092 096	5 110 584	18 024 019	18 024 019	44 445 123

28- CAPITAL MANAGEMENT

The Group manages its capital to safeguard its ability to continue as a going concern while maximizing the return to owner's equity. The composition of the regulatory capital, as defined by the Basel Committee, is as follows:

	March 31, 2016	December 31, 2015
	USD '000	USD '000
A- CORE CAPITAL		
Share capital	926 615	926 615
Statutory reserve	753 065	753 065
Voluntary reserve	977 315	977 315
Share premium	1 225 747	1 225 747
General reserve	1 141 824	1 141 824
Retained earnings*	1 188 963	1 194 643
Non controlling interest	98 340	93 980
Total Core Capital	6 311 869	6 313 189
B- Supplementary Capital		
Foreign currency translation reserve	(243 639)	(284 609)
Investments revaluation reserve	(284 208)	(260 621)
Subordinated loans	14 048	13 867
General banking risk reserve	363 458	363 458
Total Supplementary Capital	(150 341)	(167 905)
C- Deductible items	1 519 659	1 454 595
Regulatory capital (A+B-C)	4 641 869	4 690 689
Risk-Weighted Assets (RWA)	33 279 100	33 026 774
Regulatory Capital / Risk-Weighted Assets	13.95%	14.20%
Core Capital / Risk-Weighted Assets	13.95%	14.20%

* Includes deferred tax and intangible assets

- The Board of Directors performs an overall review of the capital structure of the Group on quarterly basis. As part of such review, the Board takes into consideration matters such as cost and risks of capital as integral factors in managing capital through setting dividends 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 Central Bank of Jordan's instructions, while this ratio amounted to 13.95 % as of March 31, 2016 (14.20% as of December 31, 2015).

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

The details of this item are as follows:

	March 31, 2016	March 31, 2015
	USD '000	USD '000
Profit for the period attributable to the Bank's shareholders	215 635	215 452
	Thousand / Shares	
Average number of shares	640 800	640 800
	USD / Share	
Earnings Per Share for the period (Basic and diluted)	0.34	0.34

30- **CASH AND CASH EQUIVALENT**

The details of this item are as follows:

	March 31, 2016	March 31, 2015
	USD '000	USD '000
Cash and balances with central banks maturing within 3 months	8 419 853	8 189 847
<u>Add:</u> Balances with banks and financial institutions maturing within 3 months	3 494 618	3 421 831
<u>Less:</u> Banks and financial institutions deposits maturing within 3 months	3 196 969	3 779 126
Total	8 717 502	7 832 552

31. RELATED PARTIES TRANSACTIONS

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

	March 31, 2016			
	Deposits owed from Related Parties	Direct Credit Facilities at Amortized Cost	Deposits owed to Related Parties	LCs, LGs, Unutilized Credit Facilities and Acceptances
	USD '000	USD '000	USD '000	USD '000
Associated Companies	134 857	-	320 240	96 149
Major Shareholders and Members of the Board of Directors	-	514 534	776 165	102 617
Total	134 857	514 534	1 096 405	198 766

	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
	USD '000	USD '000	USD '000	USD '000
Associated Companies	110 246	-	111 949	90 068
Major Shareholders and Members of the Board of Directors	-	534 053	566 682	66 907
Total	110 246	534 053	678 631	156 975

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:

	March 31, 2016	
	Interest Income	Interest Expense
	USD '000	USD '000
Associated Companies	234	520

	March 31, 2015	
	Interest Income	Interest Expense
	USD '000	USD '000
Associated Companies	147	10

- Direct credit facilities granted to top management personnel amounted to USD 1.9 million and indirect credit facilities amounted to USD 5.6 thousand as of March 31, 2016. (USD 1.9 million direct credit facilities and USD 8.5 thousand indirect credit facilities as of December 31, 2015).

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

- Deposits of key management personnel amounted to USD 2.8 million as of March 31, 2016 (USD 2.2 million as of December 31, 2015).

- The salaries and other fringe benefits of the Group's top management personnel, inside and outside Jordan, amounted to USD 14.6 million for the three months period ended March 31, 2016 (USD 14.3 million for the three months period ended March 31, 2015).

32. 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 137.4 million as of March 31, 2016 (USD 135.7 million as of December 31, 2015).

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

33. Comparative Figures

Some of the comparative figures for the year 2015 have been reclassified to correspond with the period ended March 31, 2016 presentation and it did not result in any change to the last year's operating results.