

Arab Bank Group

Annual Report 2010



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Distinguished Shareholders,

The year 2010 witnessed a continuation of challenges brought on by the global financial crisis, which started more than two years ago at an unprecedented scale, with its prolonged negative repercussions deeply impacting all the world's economies, affecting countries, institutions and individuals alike. Many countries

around the world are still experiencing difficult economic conditions and the work and investment environments still need more time before emerging out of the current status. The consequences of the global financial crisis continue to have a negative impact on the various aspects of economic and financial environments in most parts of the world. In addition, the reach of the crisis continues to expand carrying increased losses for countries and institutions and threaten to further poverty and unemployment at an international level.

Perhaps the most important, yet common, adverse effects that have emerged in 2010 among the various countries of the world include slowing economic growth rates, low purchasing powers of individuals, declining financial markets, worsening unemployment rates in addition to a noticeable slowdown in the flow of world trade, the decrease in global demand, shrinking investments and the growing financial burden for countries. Moreover, the sovereign debt crisis emerged during 2010 affecting a number of the European countries, in particular Ireland and Greece, reflecting the complexity and severity of the global crisis and its effects and consequences on all levels.

The degree of seriousness and resolve with which the world has dealt with one of the toughest financial crises in economic history was clear and evident all throughout 2010. The global efforts put forward by governing bodies, institutions and governments at all levels combined together in order to find suitable solutions to this crisis in order to stimulate the global economy and reset it on the right track. Efforts were also advanced to implement corrective measures and address any deficiencies and imbalances to ensure the prevention of such a crisis in the future.

Based on the important role that banks play in boosting business activities and pushing forward economic development, the banking industry has been at the core of the global corrective efforts with the aim of enhancing regulatory control, transparency, supervision and control over this sector. From another perspective, this crisis has forced the banks to return back to the fundamentals of the financial industry that are based on extending credit to customers in accordance with prudent lending policies and assessment methods suitable for measuring and managing risk. The banks have begun conducting extensive cleaning of their balance sheets by putting aside sufficient provisions against unforeseen risks and potential losses and hedging against them. In addition, banks have started to concentrate on enhancing their liquidity levels, maintaining a convenient capital adequacy ratio, undertaking a conservative approach to granting high-risk financing as well as to focus on corporate governance, disclosure and transparency in their dealings. It is also expected that banks behave differently

in regard to competitive strategies, relying more on their capabilities and core banking operations and avoiding high-risk activities.

Arab Bank, which operates in 30 countries represents the largest Arab banking network in the world, was affected by the global financial crisis as a reflection of those countries' reaction to the crisis. Despite the difficult challenges and changes experienced by the world as a result of that crisis, Arab Bank has continued to march, with confidence, down the path of outstanding work that it began more than eighty years ago. The Bank was also able to continue growing under very difficult circumstances, supported by a commitment to its values and historical principles, which enabled the Bank to excel and succeed. Arab Bank has continued to work within conservative policies that have been formulated based on the following:

- Maintaining a high level of liquidity to support the Bank's operations and to protect its shareholders and customers in all regions of presence, noting that the liquidity ratio at year-end 2010 reached 49%. In addition, the ratio of loans to deposits amounted to 63%, reflecting the high level of liquidity at the Bank, which is an important and vital element, especially in light of the prevailing global economic conditions, notwithstanding the high cost it entails.
- Commitment to maintaining a high and comfortable capital adequacy ratio, which reached 15.1% by the year-end 2010, exceeding the limits required by the Committee on Basel II of 8% and the Central Bank of Jordan of 12% and the rest of the regulatory authorities.
- Continuing to improve and streamline the processes and procedures for managing and measuring risk and developing appropriate lending and investment policies as well as advanced credit assessment methods.
- Continuing to focus on the Bank's stakeholders and enhance their level of satisfaction by providing customers with the best banking products and services, while improving rates of return to shareholders and continue to enhance operational efficiency.

Moreover, and within the framework of the Bank's conservative policy, the Board of Directors decided to set aside additional provisions against non-performing loans and those classified under 'watch-list', in amounts that exceed provisioning requirements of the regulatory authorities, which is a strategic decision aimed at maintaining the quality of the loans portfolio and hedging against unfavorable circumstances or economic changes that may materialize in the future. This step will contribute to maintaining a sound structure of the Bank's loan portfolio in line with international best practices and consistent with the Bank's principles of prudence. Nevertheless, the Bank will continue to vigorously pursue these loans in accordance with its prudent policies and legal actions needed to safeguard its rights and the rights of its shareholders. This move is the main reason for the decline in the Bank's net profit for the year 2010 by approximately 46% compared to the previous year. This decline in net profit was mainly due to the fact that a limited number of the Bank's affiliates have taken additional provisions more than required by the regulatory authorities of the countries in which they operate. However, it is worth noting that the net operating income for the Arab Bank Group, excluding the Bank's share from its affiliates' net profit, has grown by 3% in year 2010 to reach USD 1,525 million.

Despite the negative consequences of the global financial crisis, and albeit its clear impact on the Bank's net profit, the provisioning decision has contributed to maintaining the Bank's high credit rating. During December 2010, Standard & Poor's reaffirmed its credit rating for Arab Bank Group at the level of A- with a stable outlook. This reaffirmation was based, among many other criteria, on the Bank's distinguished reputation on both the local and regional levels, in addition to its conservative risk management policies, the high quality of its assets distribution of the loan portfolio among various economic sectors, the efficiency in managing its balance sheet, strong capital base and the comfortable level of liquidity.

The broad geographical spread of Arab Bank's network, activities and diverse sources of income, in addition to the conservative strategies adopted by the Bank and the sound management of business risks, have all had the greatest influence in reducing the exposure of the Bank to the wide economic adversities that have affected various countries around the world as a result of the recent global financial crisis.

Total assets of the bank increased during the year 2010 up to USD 51.1 billion, compared with USD 50.5 billion by the end of 2009, while customer deposits remained the most important source of funding, elevated up to USD 35.7 billion compared with USD 34.9 billion by the end of the year 2009, reflecting the high confidence in Arab Bank and the Group in the various regions and countries in which it operates.

Similarly, the volume of shareholders' equity went up from USD 8 billion by the end of 2009 to approximately USD 8.3 billion by the end of 2010, accounting for 16% of the Bank's total assets.

On the other hand, Arab Bank continued working effectively in 2010 and received a number of different international awards and recognitions, such as Global Finance magazine's "Best Trade Finance Provider in the Middle East, Jordan and Yemen" awards. In addition, the bank received "Best Bank in Jordan and Yemen", "Best Foreign Exchange Provider in Jordan", "Best Investment Bank in Jordan", and "Best Internet Bank in Jordan" awards from Global Finance. The Bank also received "Best Bank in Jordan" from Euromoney magazine and "Best Retail Bank in Jordan" from The Asian Banker magazine.

At the same time we continue to face all the challenges and transformations in all the markets we operate in with diligence, efficiency and perseverance. We remain keen on managing our activities in the best manner as to safeguard the interests of our shareholders and our customers. We would like to renew the vows we have taken upon ourselves in the past and continue working to achieve the best results and perform our role as a safe haven for your investments, maximize your returns and earn your trust.

Finally, I would like to extend my sincere gratitude to all our shareholders and our loyal customers for their continued confidence. Also, I extend my sincere appreciation to all our employees for their efforts and hard work put forward to raise the reputation of Arab Bank, emphasizing our eagerness to continue realizing the best results and achievements.

Abdel Hamid A. M. Shoman
Chairman of the Board of Directors







Corporate and Institutional Banking Group

Catering to the financing needs of a diverse group of banking customers and providing trusted advice have been Arab Bank's strength for over 80 years. From tapping capital markets to providing funds for business expansion, the Corporate and Institutional Banking Group (CIB) has worked with clients to achieve their financial objectives year over year. CIB's streamlined structure provides prompt decisions on customer requests from cash management services to trade finance solutions specifically suited to meet their needs. Furthermore, our institutional clients are well attended to, on both a global and regional level. That said, our loan structuring, underwriting and distribution capabilities, unmatched MENA regional coverage and thorough knowledge of Arab world markets make us the preferred choice and trusted partner for clients (both corporate and institutional) doing business in the Middle East and the rest of the world. Our presence in Europe, Australia, and East Asia ensures that our multinational clients are served globally.

In attaining our goals, we have continued with our cohesive over-arching strategy for CIB globally by leveraging and maximizing the synergies within the Arab Bank Group. Differentiating the Bank from others, our global CIB strategy is unified and aligned to serving our clients with all their MENA banking requirements. We are focused on products and relationships that are right for the long term health of the portfolio and those that will deliver a total shareholder return in excess of the minimum hurdle returns. We have systems in place to ensure that each relationship adds value to our shareholders and fit within the overall strategy of the Bank.

In order to meet the needs of and better manage our corporate relationships across our extensive global network, the Global and Regional Client Coverage Unit (GRCC) was re-launched in 2010 as a strategic business function within global CIB, ensuring that the complete range of sophisticated and evolving financial needs of multi-national and regional corporations are met swiftly, efficiently and with the highest standards of service excellence across the entire network of Arab Bank Group. The increasing role played by the GRCC's relationship team throughout our global business in offering clients an integrated multi-product and multi-geographical offering is evidence of the significance which Arab Bank places on its core corporate client network.

On the project and structured financing side, Arab Bank has continued to actively pursue leading roles in financing throughout the MENA region and across a range of sectors, including infrastructure, industrial and transportation. Notably, these include the commercial bank facility arranged in part to finance the construction of the SATORP oil refinery in the Kingdom of Saudi Arabia, a joint venture between Saudi Aramco and Total. In addition, the Bank has been mandated to structure



and arrange financing on a number of projects which include debt structuring and arranging mandates for Al Samra Waste Water Treatment Plant Expansion Project in Jordan and the Greenfield steel complex in Bahrain. In the power generation sector, Arab Bank along with other international banks were mandated to arrange the financing for the Barka 3 and Sohar 2 independent power projects being developed in the Sultanate of Oman and managed to complete the transaction over 15 weeks, an impressive timetable for a transaction entailing two separate projects.

At the end of 2010, the Bank was involved in many other project financing and structured finance transactions. We are currently working with sponsors and clients to structure and close these transactions in the coming months.

In order to meet the future financing requirements of our clients, CIB continuously enhances its capabilities to remain the top choice for banking services for years to come. CIB has launched some strategic initiatives and projects in 2010 which focus on standardization of systems and policies, optimizing efficiency and improving customer service as well as ensuring that each relationship adds value to our shareholders and fits within the overall strategy of the Bank. These initiatives will ensure that CIB maintains its competitive edge in the corporate and institutional banking marketplace while aligning our capacity to meeting the dynamic requirements of our clients.

Consumer Banking Group:

Despite the challenges imposed by the financial crisis on the global banking environment, Arab Bank Consumer Banking Group sustained business growth in 2010 and maintained its focus on developing banking services which meet the needs of consumers in markets less affected by the crisis as well as strengthening efforts to consolidate its position as a market leader in our main markets.

The Bank has maintained its leadership position through the continuous improvement towards customer experience, expansion of its branch network, increased services and flexibility added to its alternative distribution channels and ongoing innovation of its products and services suite.

The Bank continued to promote electronic channels to customers as a service point of choice. This was reinforced during 2010 with the enhancement of the new and improved internet banking portal and the rollout of ATMs powered with the online cash deposit facility.

Arabi Online, Arab Bank's internet banking service benefitted from the addition of new value adding services and as a result in 2010 was named "Best Consumer Internet Bank in Jordan" by Global Finance magazine for the second consecutive



year. The service was also successfully rolled-out in Palestine, Egypt and UAE markets during 2010. In addition to the improvements made to Arabi Online, other notable developments included the launch of an SMS Express service in Bahrain, Lebanon and Yemen, the launch of a new Bunch Note Acceptor (BNA) service in Qatar and Palestine, the introduction of a new ATM Corporate Deposit Card for SME customers in UAE and, finally, the Bank's enabling of MasterCard ATM acquiring in UAE, Qatar and Bahrain.

Various products and campaigns were launched throughout the year to satisfy the diverse needs of our consumers, such as the restructured credit cards offering ranging from a free for life Silver Credit Card to a range of feature packed cards such as Gold, Black and Platinum which benefit from a differentiated pricing structure as well as a tiered scale of features. Enhancements were also made in other areas, including the new account packages, Payroll Extra and Payroll Plus, which were launched in Jordan, Palestine and Egypt and the launch of a revised mortgage offering which was expanded to include a range of sub-products to give more choice and flexibility to its customers. In Jordan, Easy and Flexi mortgage products were launched to suit the needs of customers with different income profiles while home improvement and debt consolidation offers were launched in Jordan, Palestine, Lebanon and Bahrain.

The Gulf markets further benefitted from product enhancements with the introduction of the non-resident mortgage targeted at Jordanians living in the Gulf and Non Resident Arabs living in Australia. It is also noteworthy that 'SaverMortgage' – Arab Bank's unique mortgage loan which allows for an interest offset against balances held in deposit accounts, leading to interest savings for the customer, was awarded Best Home Finance product at the Banker Middle East Awards 2010.

The development of all the Bank's lending products was supported by a revised and well structured lending policy which is designed to meet the consumer credit needs responsibly and maintain a healthy and quality portfolio across all product groups and in all markets.

The Elite affluent banking segment was also considered in 2010 with the reassessment of the eligibility criteria. As a result, the qualification criteria now considers customer profile rather than relationship value alone. In addition, a re-segmentation exercise was conducted based on the new eligibility criteria with customers in Jordan and Egypt being invited to subscribe to the new Elite services. This service was further augmented with the rollout of Platinum debit cards in our main markets and the Gulf.

All of the initiatives above were supported by creative marketing campaigns designed to appeal to new and existing bank customers. Other campaigns rolled out during the year included the AB Rewards loyalty program on credit cards

launched in Jordan, a variety of exclusive auto loan promotions in conjunction with car dealerships in Jordan and Egypt, a campaign to promote internet banking with laptops as prizes and a World Cup themed campaign covering accounts, cards and lending products.

In addition, stronger cross sell efforts to the existing deposit base were initiated focusing on the Arab expatriate residents by offering value adding products such as non-resident mortgages, free remittances (when sending money between Arab Bank accounts across Arab Bank plc network), home country design credit card plastics and cobranded credit cards with Royal Jordanian airlines in Qatar and Bahrain.

TREASURY:

Arab Bank's Treasury manages the Bank's exposures to liquidity risk as well as foreign exchange and interest rate risks. In 2010 it not only continued to meet Arab Bank's very high standards, but also exceeded the standards set by its regulators. In addition to this, Arab Bank's Treasury played an increasingly important role in serving Arab Bank's clients' needs by offering Treasury products and services to Arab Bank's corporate and consumer customers.

The Bank's Treasury products fall into the following broad categories:

- Money market transactions
- Fixed income securities
- Spot and forward foreign exchange
- Foreign exchange derivatives
- Interest rate derivatives
- Commodities and precious metals trading services
- Structured products and complex hedging solutions

2010 proved to be a year of continued volatility and uncertainty for the world's financial markets and economies and Arab Bank's Treasury not only successfully managed and strengthened the liquidity position of the Bank, but also delivered consistently profitable products, services and results both for Arab Bank and its customers. Furthermore, Arab Bank has participated within a consortium of major international investment banks as an underwriter and lead manager of the five year USD 750 million Eurobond issued by the Hashemite Kingdom of Jordan. This issue was a success for all concerned, most importantly for the Kingdom itself.

Arab Bank Treasury's product offerings and execution capabilities grew significantly in 2010 and will continue to do so in 2011, particularly in the areas of fixed income securities and in providing hedging solutions for customers.



The following list contains basic information of Arab Bank plc's branch network and geographical coverage as of the end of 2010.

Country	Number of Branches	Operating Since	No. of Employees
Jordan	80	1934	2776
Algeria	5	2001	179
Bahrain	5	1960	195
China (Representative Office)	1	1985	4
Egypt	24	1947	1004
Lebanon	13	1944	307
Morocco	10	1962	212
Palestine	22	1930	753
Qatar	4	1957	147
South Korea (Representative Office)	1	1989	3
Singapore	1	1984	43
UAE	8	1963	380
USA (New York Agency)	1	1982	23
Yemen	10	1972	274
Kazakhstan (Representative Office)		2004	
Total	185		6300

Branches & Staff Distribution According to Governorates

Governorate	Number of Branches	No. of Employees
Amman	54 (Including Head Office)	2577
Irbid	5	40
Zarqa	6	62
Aqaba	2	19
Balqa'a	5	27
Karak	1	9
Mafrq	1	9
Ma'adaba	1	8
Jarash	1	4
Ma'an	2	11
Tafeila	1	6
Ajloun	1	4
Total	80	2776

Country	Operating Since	No. of Branches
Algeria	2001	5
Bahrain	1960	5
China (Representative Office)	1985	1
Egypt	1947	24
Lebanon	1944	13
Morocco	1962	10
Palestine	1930	22

Address	No. of Employees
PO Box 537, Yousef Bin Kheda Avenue N46 Sidi Yahia, Algeria 16036 Tel. 00213 (21) 480002/3 Fax. 00213 (21) 480001	179
PO Box 813 Building No. 540 Road 1706 - Block 317 Diplomatic Area , Bahrain Tel. 00973 17549000 Fax. 00973 17541116	195
Shanghai Representative Office Unit 1803, Shanghai Trade Square, 188 Si Ping Road, Shanghai 200086 China Tel. 0086 (21) 65077737/38 Fax. 0086 (21) 65072776	4
PO Box 68 Al-Mohandesseen Geziret El Arab St, Building no. 50 Cairo, Egypt Tel. 0020 (2) 33029069/71 Fax. 0020 (2) 33029068	1004
PO Box 11-1015 Riad El Solh Sq. Banks Street Commercial Buildings Co. Bldg. Beirut 1107-2070 Lebanon Tel. 00961 (1) 980246/9 Fax. 00961 (1) 980803/299	307
PO Box 13810 174 Mohamed V Street, Casablanca Tel. 00212 (5) 2222 3152 Fax. 00212 (5) 2220 0233	212
PO Box 1476 - Grand Park Hotel Street Al Masyoon – Ramallah - Palestine Tel. 00970 (2) 2978100 Fax. 00970 (2) 2982444	753

Country	Operating Since	No. of Branches
Qatar		
	1957	4
South Korea (Representative Office)		
	1989	1
Singapore		
	1984	1
United Arab Emirates		
Abu Dhabi Branch		
	1963	8
Dubai Branch		
United States of America (New York Agency)		
	1982	1
Yemen		
	1972	10
Total		105

Address	No. of Employees
PO Box 172 Grand Hammed Area 119 Avenue Doha – Qatar Tel. 00974 44387777 Fax. 00974 44410774	147
Samwha Building, 4th Floor, 21 Sogong-Dong Chung-ku, Seoul 100-070 Korea Tel. 0082 (2) 775 4290 Fax. 0082 (2) 775 4294	3
80 Raffles Place –UOB Plaza 2 # 32-20 Singapore 048624 Tel. 0065 65330055 Fax. 0065 65322150	43
Abu Dhabi: PO Box 875 Al-Naser St. Sh. Tahnoun Bin Mohammad Building, Tel. 00971 (2) 6392225 Fax. 00971 (2) 6212370	380
Dubai: PO Box 11364 – Al-Ittihad St., Sa'id Port Area Tel. 00971 (4) 2950845 Fax. 00971 (4) 2955974	
520 Madison Avenue New York, NY 10022-4237 Tel. 001 (212) 715 9700 Fax. 001 (212) 593 4632	23
PO Box 475 & 1301 Zubairi Road – Sana'a Tel. 00967 (1) 276585/93 Fax. 00967 (1) 276583	274
	3524



Entity	No. of Employees
Arab Bank plc	6300
Europe Arab Bank plc	180
Arab Bank (Switzerland) Limited	94
Arab Bank Australia Limited	125
Islamic International Arab Bank	540
Arab Sudanese Bank	47
Arab Investment Bank	4
Arab Tunisian Bank	791
Arab Bank – Syria	375
Al Wahda Bank	3218
Al Arabi Investment Group (AB Invest)	44
Al Arabi Investment Group / Palestine	9
Al Arabi Capital Co. (AB Capital)	11
Al Nisr Al Arabi Insurance Company	196
Arab Company for Shared Services	125
Arab Gulf Tech for IT Services	44
Arabella for IT Services	24
Arab National Leasing Company	25
Total	12152



Photography by: Jessica Latos

The capital investment of Arab Bank plc amounted to JOD 220.7 million, representing net fixed assets of the Bank as of the end of year 2010 in comparison to JOD 199.8 million as of the end of year 2009.



The following is a brief description of Arab Bank subsidiaries and sister company and their results for 2010 .

Arab Bank (Switzerland) Limited:

Founded in 1962 in accordance with Swiss law, Arab Bank (Switzerland) is an independent bank that is owned by the very same shareholders of Arab Bank plc. It has two main areas of activity through a network of two branches: private banking, which covers asset and investment management for both private and institutional clients in addition to trade financing .

The following table lists the main financial highlights of 2010 compared to 2009:

In CHF (thousands)	2010	2009
Capital	26 700	26 700
Total shareholders' equity	496 296	497 376
Total assets	2 272 092	2 726 611
Cash and quasi cash	1 616 162	2 152 141
Direct credit facilities	583 308	496 228
Total external sources of funds (customers' & banks' deposits)	1 738 362	2 158 922
Total revenues	45 688	48 717
Net profit / (loss) before tax	5 770	6 725
Net profit / (loss) after tax	4 260	5 936



Arab Bank Australia Limited:

Founded in 1994, Arab Bank Australia Limited is a wholly-owned subsidiary of Arab Bank plc. Through a network of 10 branches, the Bank provides all commercial and retail banking products and services to its customers.

The following table lists the main financial highlights of 2010 compared to 2009:

In AUD (thousands)	2010	2009
Capital	55 000	55 000
Total shareholders' equity	114 135	107 407
Percentage ownership	100%	100%
Bank share of net income / (loss)	5 653	(404)
Total assets	1 345 858	1 214 251
Cash and quasi cash	369 483	313 546
Direct credit facilities	954 356	884 745
Total external sources of funds (customers' & banks' deposits)	1 088 893	1 091 294
Total revenues	40 022	35 966
Net profit /(loss) before tax	8 018	(552)
Net profit / (loss) after tax	5 653	(404)



Europe Arab Bank plc:

Europe Arab Bank plc is a limited liability company established in 2006 with a paid-up capital of EUR 500 million and it is a wholly-owned subsidiary of Arab Bank plc, with its headquarters in London. EAB has a European passport that enables it to open branches anywhere in the European Union. Through a network of seven branches operating in UK, Austria, France, Germany, Italy and Spain, EAB provides all types of banking products and services, including private banking and treasury services, to its customers.

The following table lists the main financial highlights of 2010 compared to 2009:

In EUR (thousands)	2010	2009
Capital	499 998	499 998
Total shareholders' equity	298 904	395 084
Percentage ownership	100%	100%
Bank share of net income / (loss)	(95 896)	(38 688)
Total assets	4 408 430	4 536 843
Cash and quasi cash	2 626 737	2 551 130
Direct credit facilities	1 725 011	1 923 693
Total external sources of funds (customers' & banks' deposits)	4 033 470	4 068 412
Total revenues	57 813	58 186
Net profit / (loss) before tax	(95 379)	(37 900)
Net profit / (loss) after tax	(95 896)	(38 688)

Islamic International Arab Bank plc:

A wholly-owned subsidiary of Arab Bank plc was established in Jordan in 1997 and started its operations in the year 1998. The Bank offers a full range of banking products and services which are in accordance with Islamic Sharia rules through a network of 27 branches spread in Jordan.

The following table lists the main financial highlights of 2010 compared to 2009:

In JOD (thousands)	2010	2009
Capital	100 000	100 000
Total shareholders' equity	124 346	117 600
Percentage ownership	100%	100%
Bank share of net income / (loss)	7 010	2 596
Total assets	1 133 939	1 038 592
Cash and quasi cash	120 493	135 383
Direct credit facilities *	974 909	881 464
Total external sources of funds (customers' & banks' deposits)	992 458	903 744
Total revenues	23 240	15 278
Net profit / (loss) before tax	10 014	4 402
Net profit / (loss) after tax	7 010	2 596

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

Arab Sudanese Bank:

On 13/8/2008, Arab Bank plc obtained the license to establish and operate a fully-owned subsidiary in Khartoum – Sudan, under the name “Arab Sudanese Bank”, which offers a full range of banking products and services that are Islamic Sharia – compliant through a network of two branches .

The Bank’s paid up capital is USD 50 million and started its operational activities in 11/6/2009 .

The following table lists the main financial highlights of 2010 compared to 2009:

In SGD (thousands)	2010	2009
Capital	117 515	117 515
Total shareholders’ equity	127 489	118 178
Percentage ownership	100%	100%
Bank share of net income / (loss)	10 038	870
Total assets	435 411	252 652
Cash and quasi cash	301 154	215 771
Direct credit facilities	91 445	20 696
Total external sources of funds (customers’ & banks’ deposits)	268 931	118 483
Total revenues	24 441	7 520
Net profit / (loss) before tax	12 986	2 000
Net profit / (loss) after tax	10 038	870

Arab Investment Bank S.A.L.:

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

The following table lists the main financial highlights of 2010 compared to 2009:

In LBP (millions)	2010	2009
Capital	15 000	15 000
Total shareholders' equity	20 451	20 476
Percentage ownership	66.68%	66.68%
Bank share of net income / (loss)	520	667
Total assets	52 167	56 688
Cash and quasi cash	47 255	51 267
Direct credit facilities	1 958	2 106
Total external sources of funds (customers' & banks' deposits)	31 061	35 470
Total revenues	1 378	1 580
Net profit / (loss) before tax	829	1 074
Net profit / (loss) after tax	780	1 000



Arab Tunisian Bank:

Arab Tunisian Bank (ATB) was incorporated in Tunisia in 1982 and is a majority-owned subsidiary of Arab Bank plc with a 64.24% share of its capital. Arab Tunisian Bank provides all banking products and services to its customers through a network of 111 branches, spread in Tunisia.

During 2010, the Bank increased its capital from TND 80 million to TND 100 million through capitalization of TND 5 million / shares in addition to issuing shares of a private placement of TND 15 million shares at a price of TND 4.5 per share, this price includes the nominal value of the share of TND 1 and premium of TND 3.5 .

The following table lists the main financial highlights of 2010 compared to 2009:

In TND (thousands)	2010	2009
Capital	100 000	80 000
Total shareholders' equity	432 572	340 062
Percentage ownership	64.24%	64.24%
Bank share of net income / (loss)	38 690	29 990
Total assets	4 031 636	3 863 804
Cash and quasi cash	1 589 340	2 057 616
Direct credit facilities	2 319 667	1 670 936
Total external sources of funds (customers' & banks' deposits)	3 354 905	3 276 403
Total revenues	150 828	129 662
Net profit / (loss) before tax	66 837	51 233
Net profit / (loss) after tax	60 228	46 685



Arab Bank – Syria:

Established in 2005, Arab Bank – Syria is licensed to carry out all commercial banking activities through a network of 20 branches spread in Syria. Arab Bank plc owns 49% of its capital and controls technical management of the Bank.

During 2010, the Bank adopted a capital increase from SYP 3 billion to SYP 5.05 billion through capitalization of SYP 180 million in addition to approving the issuance of shares of a private placement to existing shareholders by SYP 1.87 billion, noting that the procedures of private placement is expected to be completed during the first quarter of 2011, and the share price will be issued on the nominal value of the share which is SYP 500.

The following table lists the main financial highlights of 2010 compared to 2009:

In SYP (millions)	2010	2009
Capital	3 180	3 000
Total shareholders' equity	3 635	3 332
Percentage ownership	49%	49%
Bank share of net income / (loss)	174	103
Total assets	41 507	34 705
Cash and quasi cash	16 125	15 129
Direct credit facilities	23 451	17 540
Total external sources of funds (customers' & banks' deposits)	36 905	30 533
Total revenues	1 320	1 004
Net profit / (loss) before tax	515	290
Net profit / (loss) after tax	356	211



Al Wahda Bank:

Al Wahda Bank is Libya's fifth largest bank with total assets of USD 6.32 billion and 78 branches across the country. The Bank is licensed to carry out all commercial banking activities.

During early 2008, Arab Bank plc acquired 19% of Al Wahda Bank with the right to increase its share to 51% within a period of 3 – 5 years. Arab Bank plc has the majority in the Board of Directors and controls the management of Al Wahda Bank, including the appointment of the CEO.

During 2010, the Bank increased its capital from LYD 108 million to LYD 432 million through the capitalization of LYD 108 million and the issuance of shares of a private placement by LYD 216 million. The share price of the private placement was issued in nominal value of the share of LYD 10 .

The following table lists the main financial highlights of 2010 compared to 2009:

In LYD (thousands)	2010	2009
Capital	432 000	108 000
Total shareholders' equity	546 568	273 679
Percentage ownership	19%	19%
Bank share of net income / (loss)	10 920	9 385
Total assets	7 941 590	8 298 033
Cash and quasi cash	5 954 317	6 274 431
Direct credit facilities	1 796 815	1 614 296
Total external sources of funds (customers' & banks' deposits)	6 396 131	7 138 009
Total revenues	169 270	167 989
Net profit / (loss) before tax	59 868	91 397
Net profit / (loss) after tax	57 473	49 264

Al Arabi Investment Group (AB Invest):

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

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

The following table lists the main financial highlights of 2010 compared to 2009:

In JOD (thousands)	2010	2009
Capital	14 000	14 000
Total shareholders' equity	19 216	22 014
Percentage ownership	100%	100%
Bank share of net income / (loss)	1 182	1 693
Total assets	26 951	26 644
Cash and quasi cash	22 134	22 935
Direct credit facilities	-	-
Total external sources of funds (customers' & banks' deposits)	-	-
Total revenues	4 044	4 286
Net profit / (loss) before tax	1 744	2 258
Net profit / (loss) after tax	1 182	1 693



Al Arabi Capital Limited (AB Capital):

AB Capital was founded in 2006 as an Arab Bank plc Investment Banking arm that offers investment banking, private equity and asset management services throughout the Arabian Gulf and Middle East region.

AB Capital, which was a majority-owned subsidiary of Arab Bank plc by 80.18% until the end of 2009, the ownership became 100% in January 2010. The company has one branch based in the Dubai International Financial Center .

During 2010, AB Capital decreased its capital from USD 40 million to USD 20 million.

The following table lists the main financial highlights of 2010 compared to 2009 :

In USD (thousands)	2010	2009
Capital	20 000	000 40
Total shareholders' equity	1 964	395 27
Percentage ownership	100%	80.18%
Bank share of net income / (loss)	(5 431)	(193 4)
Total assets	2 585	719 28
Cash and quasi cash	1 749	040 6
Direct credit facilities	-	-
Total external sources of funds (customers' & banks' deposits)	-	-
Total revenues	886	861
Net profit / (loss) before tax	(5 431)	(230 5)
Net profit / (loss) after tax	(5 431)	(230 5)

Arab National Leasing Company:

Arab National Leasing Co., was established in 1996 as a limited liability company and wholly-owned non-banking subsidiary of Arab Bank plc, offers financial leasing services that cover a wide range of assets and products through one branch operating in Jordan.

The following table lists the main financial highlights of 2010 compared to 2009:

In JOD (thousands)	2010	2009
Capital	25 000	25 000
Total shareholders' equity / (loss)	66 830	64 403
Percentage ownership	100%	100%
Bank share of net income	6 062	6 040
Total assets	83 713	75 058
Cash and quasi cash	681	2 659
Investment in leasing contracts	68 633	65 783
Total external sources of funds (customers' & banks' deposits)	-	-
Total revenues	9 867	9 403
Net profit / (loss) before tax	8 175	8 355
Net profit / (loss) after tax	6 062	6 040

Al Nisr Al Arabi Insurance Company:

Al Nisr Al Arabi Insurance Co. is part of Arab Bank Group. It is a majority-owned subsidiary of the Bank that offers a full range of insurance products. The company was founded in 1976 and has developed into one of the leading insurance companies in Jordan. The company has two branches operating in Jordan.

In May 2006, Arab Bank acquired 50% in addition to two shares of the total shares representing the company's capital.

The following table lists the main financial highlights of 2010 compared to 2009:

In JOD (thousands)	2010	2009
Capital	10 000	10 000
Total shareholders' equity	19 685	18 688
Percentage ownership	%50+2 Shares	%50+2 Shares
Bank share of net income / (loss)	883	783
Total assets	38 852	32 918
Cash and quasi cash	9 861	5 482
Total Investments	19 131	20 558
Total external sources of funds (customers' & banks' deposits)	-	-
Total revenues	12 899	10 919
Net profit / (loss) before tax	2 326	1 853
Net profit / (loss) after tax	1 765	1 566

Al Arabi Investment Group Company:

Al Arabi Investment Group Company is a financial company, established in Palestine in 19/8/2009 and launched its operational activities by the start of year 2010. The company's paid up capital is JOD 1.5 million, and Arab Bank Plc. owns 99% of its capital.

During 2010 ,the company increased its capital from JOD 1.5 million to JOD 1.6 million in order to enable the company to obtain a license manager version of IPO in addition to the practiced by the brokerage business to the detriment of others .

The following table lists the main financial highlights of 2010 compared to 2009:

In JOD (thousands)	2010	2009
Capital	1 600	1 500
Total shareholders' equity	1 707	1 446
Percentage ownership	99.1%	99%
Bank share of net income / (loss)	161	(54)
Total assets	1 816	1 917
Cash and quasi cash	1 555	1 840
Total Investments	-	-
Total external sources of funds (customers' & banks' deposits)	-	-
Total revenues	521	14
Net profit / (loss) before tax (including establishment exp. and registration fees)	161	(54)
Net profit / (loss) after tax (including establishment exp. and registration fees)	157	(54)

First : Jordanian Companies:

Entity	Type	Address	Type of Activity	Capital	No. of Employees
Arab National Leasing Co.	Limited Liability	Amman, Madina Monawwara St., Arab Bank Bldg. no. 255, PO Box 940638 Amman 11194 Jordan Tel. 00962 6 5531640/49/50 Fax. 00962 6 5529891 E-Mail : anl@arabbank.com.jo	Financial leasing	JOD 25 Million	25
Al Arabi Investment Group (AB Invest)	Limited Liability	Rabia, Abdalla Bin Rowaha St., Bldg. 1, PO Box 143156 Amman 11814 Jordan Tel. 00962 6 5522239 Fax. 00962 6 5519064 E-Mail : mail@ab-invest.net	Investment & Financial services	JOD 14 Million	44
Al Nisr Al Arabi Insurance Co.	Public Shareholding	Abdali, Amman Commercial Center, Fth Floor , PO Box 9194 Amman 11191 Jordan Tel. 00962 6 5685171 Fax. 00962 6 5685890 E-Mail : al-nisr@al-nisr.com	Insurance services	JOD 10 Million	196
Islamic International Arab Bank	Public Shareholding	H.O Management, Wasfi Al Tal St., PO Box 925802 Amman 11190 Jordan Tel. 00962 6 5694901 Fax. 00962 6 5694914	Islamic banking	JOD 100 Million	540

Second : Arab & Foreign Companies:

Al Arabi Investment Group / Palestine	Private Shareholding	Rammallah, Palestine, PO Box 1476 Tel. 00970 2 2980240 Fax. 00970 2 2980249	Investment & Financial services	JOD 1.6 Million	9
Arab Investment Bank	Public Shareholding	Commercial Buildings Co. Bldg., Riad Al Solh Sq., PO Box 11-7000, Riad Al Solh, 1107-2230, Beirut, Lebanon	Investment Banking specialized in medium and long term	LBP 15 Billion	4
Arab Tunisian Bank	Public Shareholding	9 Nahj Al Hadi Nweira, 1001 Tunis Tel. 00216 71 351 155 Fax. 00216 71 349 278 E-Mail : atbbank@atb.com.tn Website: www.atb.com.tn	Commercial banking	TND 100 Million	791
Arab Bank – Syria	Public Shareholding	Damascus, Abu Rummana, Mahdi Bin Baraka St., PO Box 38 Damascus, Syria Tel. 00963 11 9421 Fax. 00963 11 49844 www.arabbank.syria.com	Commercial banking	SYP 3.18 Billion	375

No. of Branches	Major Shareholders (5% or more of capital)				
	Name	No. of Shares in 31/12/2009	%	No. of Shares in 31/12/2010	%
1	Arab Bank	25 000 000 JD/Share	100.00%	25 000 000 JD/Share	100.00%
2	Arab Bank	14 000 000 JD/Share	100.00%	14 000 000 JD/Share	100.00%
2	Arab Bank	5 000 002	50.00%	5 000 002	50.00%
	Allianz Mena Holding	1 801 264	18.00%	1 801 264	18.01%
	Yacoub Sabella	605 561	6.10%	677 644	6.78%
	Zaid Sabella	576 624	5.80%	643 694	6.44%
	Jordan Investment & Finance Bank	557 326	5.60%	556 750	5.57%
27	Arab Bank	100 000 000	100.00%	100 000 000	100.00%
1	Arab Bank	1 485 000	99%	1 585 500	99.10%
1	Arab Bank	49 995	66.66%	49 995	66.66%
	Al Arabi Finance Co.	24 990	33.32%	24 990	33.32%
111	Arab Bank	51 390 027	64.24%	64 237 531	64.24%
	Zarzari Complex	4 431 152	5.54%	5 547 708	5.55%
20	Arab Bank	2 940 000	49.00%	3 116 400	49.00%
	Basma Talal Zain	300 000	5.00%	318 000	5.00%
	Alia Talal Zain	300 000	5.00%	318 000	5.00%
	Samer Salah Danial	300 000	5.00%	318 000	5.00%
	Moh'd S. Sharabati	300 000	5.00%	318 000	5.00%
	Moh'd M. Dandashi	300 000	5.00%	318 000	5.00%

Entity	Type	Address	Type of Activity	Capital	No. of Employees
Al Wahda Bank (despite Arab Bank's ownership of 19%, Al Wahda Bank is considered a subsidiary due to Arab Bank's management control).	Public Shareholding	Libya , Benghazi , Al Baraka, Al Fodhail Bo Omar Square, PO Box 452 Tel.00218 91 2224256 Fax.00218 91 2224122	Commercial banking	LYD 432 Million	3 218
Arab Sudanese Bank	Private Shareholding	Sudan, Khartoum, Al-Baladieh Str., PO Box 955, Tel.002491 1 556550001 Fax.002491 1 56550004	Islamic banking	USD 50 Million	47
Al Arabi Capital Limited	Limited Liability	Dubai International Financial Centre The Gate Village Building 10, Level 5 P.O Box 506582 , Dubai - United Arab Emirates	Investment & Financial services	USD 20 Million (Capital decreased from USD 40 M to USD 20M in 2010)	11
Arab Gulf Tech for IT Services	Limited Liability	Building No.8, Office No.202 P.O Box ; 500524 Dubai Tel.00971 4 3621288 Fax.00971 4 3621299	IT services for Arab Bank branches	USD 1.5 Million	44
Arab Company for Shared Services	Limited Liability	Office No.G01, Build.No 4, Ground Floor, Dubai Outsource Zone Dubai -UAE	Financial services for Arab Bank branches	AED 40 370 000	125
Arabella for IT Services Ltd.	Limited Liability	13-15 Moorgate.London EC2R 6AD Tel. +44 (0) 20 7315 8500 Fax. +44 (0) 20 7796 4696 E-mail@arabella-it.com www.arabella.it.com	IT services for branches of Europe Arab Bank	GBP 0.5 Million (Capital decreased from 24 GBP 2 M to GBP 0.5 M in 2010)	
Arab Bank Australia Ltd.	Public Shareholding	Level 9,200 George Street Sydney NSW Australia 2000 Tel.+61 2 9377 8900	Commercial banking	AUD 55 Million	125
Europe Arab Bank plc	Public Shareholding	13-15 Moorgate London EC2R 6AD	Commercial banking	EUR 500 Million	180
Third : Sister Company:					
Arab Bank (Switzerland) Ltd.	Public shareholding	Claridenstrasse 26, P.O Box 2023 CH-8022, Zurich Switzerland Tel.41442657111, Fax.41 44 2657330	Commercial banking	CHF 26.7 Million	94

No. of Branches	Major Shareholders (5% or more of capital)				
	Name	No. of Shares in 31/12/2009	%	No. of Shares in 31/12/2010	%
78	Economic and Social Development Fund	5 832 000	54.05%	23 349 600	54.05%
	Arab Bank	2 052 000	19.00%	8 208 000	19.00%
	Retirement Fund	0	0%	3 523 639	8.16%
2	Arab Bank	4 999 999	100%	4 999 999	100.00%
1	Arab Bank	32 073 000	80.18%	20 000 000	100.00%
1	Arab Bank	5 509 Shares	100.00%	5 509 Shares	100.00%
1	Arab Bank	40 370 000 Shares	100.00%	40 370 000 Shares	100.00%
1	Arab Bank	2 000 000	100.00%	500 000	100.00%
10	Arab Bank	55 000 000	100.00%	55 000 000	100.00%
7	Arab Bank	50 000 deferred shares of £1 and 499 925 540 ordinary shares of €1	99.90%	50 000 deferred shares of £1 and 499 925 540 ordinary shares of €1	99.90%
2	Shareholders of Arab Bank (Switzerland) Ltd. are the same shareholders of Arab Bank plc, with an identical ownership structure.				

Arab Bank Plc Investments in the Subsidiaries Companies as at 31/12/2010

Name Of Company	Nature of Business	Ownership %	Ownership Type	Country
Europe Arab Bank Plc.	Commercial Banking	100%	Subsidiary	UK
Arab Bank Australia Limited	Commercial Banking	100%	Subsidiary	Australia
Islamic International Arab Bank Plc.	Islamic Banking	100%	Subsidiary	Jordan
Arab National Leasing Company	Financial Leasing	100%	Subsidiary	Jordan
Al- Arabi Investment Group Co. (AB Invest)	Investment & Financia Services	100%	Subsidiary	Jordan
Arab Sudanese Bank Limited	Islamic Banking	100%	Subsidiary	Sudan
Al – Arabi Investment Group / Palestine	Investment & Financial Services	100%	Subsidiary	Palestine
Al-Arabi Capital Limited	Investment & Financial Services	100%	Subsidiary	UAE
Arab Investment Bank S.A.L	Investment Banking Specializes in Medium and Long Term Lending & Deposits	100%	Subsidiary	Lebanon
Arab Tunisian Bank	Commercial Banking	64.24%	Subsidiary	Tunisia
Al – Nisr Al – Arabi Co . LTD	Insurance Services	50% + 2 Shares	Subsidiary	Jordan
Arab Bank - Syria	Commercial Banking	49%	Subsidiary	Syria
Wahda Bank	Commercial Banking	19%	Subsidiary	Libya

Arab Bank Plc Investments in Affiliated Companies As at 31/12/2010

Name Of Company	Nature of Business	Ownership %	Ownership Type	Country
Turkland Bank	Commercial Banking	50%	Affiliated	Turkey
Oman Arab Bank	Commercial Banking	49%	Affiliated	Oman
Arab National Bank	Commercial Banking	40%	Affiliated	Saudi Arabia
Arabian Insurance Co. LTD.	Insurance Services	36.79%	Affiliated	Lebanon
Commercial Building Co. S.A.L	Real Estate / Leasing	35.24%	Affiliated	Lebanon



Name	Mr. Abdel Hamid A. M. Shoman
Title	Executive Chairman
Date of membership	28/9/1976
Date of birth	1/1/1947
Academic qualifications	B.S.c in Business Administration, American University of Beirut, Lebanon 1970
Experiences	<ul style="list-style-type: none"> - Assumed the position of Executive Chairman since 17/1/2010. - Assumed the position of Chairman / Chief Executive Officer (7/2005 – 1/2010). - Assumed the position of Deputy Chairman/Chief Executive Officer of Arab Bank plc (5/2001 – 7/2005). - Worked for 25 years as the Assistant General Manager of Arab Bank, chairing the Higher Credit Committee in addition to several other senior committees of the Bank. - Regional Executive Manager of the Arab Bank branches in the GCC countries (1972 – 1976). - Board Member of the Central Bank of Jordan (2001 – 2005). - Member of the Upper House of the Parliament (since November 2005). - Member of the Board of Trustees, King Hussein Institute for Cancer and Biotechnology, Jordan. - Chairman of Arab Bank (Switzerland) (since 18/4/2002) - Chairman of Europe Arab Bank (since 28/6/2005) - Chairman of Abdul Hameed Shoman Foundation (since 26/4/2007) - Chairman / CEO of Arab Investment Bank S.A.L (31/5/2001) - Chairman / CEO of Al Arabi for Finance (Holding Co.) S.A.L (31/5/2001) - Chairman of Al Arabi Investment Group Co. (since 2004) - Deputy Chairman of Oman Arab Bank (since 25/6/2001) - Board Member of The Arab National Bank -Saudi Arabia (since 25/6/2001)



Name	Mr. Sabih Taher Darwish Al-Masri
Title	Deputy Chairman
Date of membership	27/3/1998
Date of birth	2/12/1937
Academic qualifications	BSc in Chemical Engineering, University of Texas , Austin , USA 1963
Experiences	<ul style="list-style-type: none"> - More than 40 years experience in managing private businesses in various areas of investment, finance , industry and commerce. - Founder of Astra Group since 1966. - Chairman of the Board of Directors of ASTRA Industrial Group , KSA (since 2007) - Chairman of the Board of Directors of ZARA Holding Co., Jordan (since 5/1999) - Chairman of the Board of Directors of Palestine Telecommunication Corp., Palestine (since 1998) - Member of the Board of Directors of Palestine Development & Investment Co. (Padico), Palestine (since 1994) - Chairman of the Board of Directors of Arab Supply & Trading Co. KSA (since 1979) - Chairman of the Board of Directors of Sikon for Building Materials Co. UAE (since 1968) - Member of the Board of Director of Arab Bank (Switzerland) (Since 16/4/2010)



Name Mr. Samir Farhan Khalil Kawar

Title Member of the Board of Directors

Date of membership 29/3/2002

Date of birth 29/10/1934

Academic qualifications

- M.Sc. in Agricultural Mechanical Engineering, Kansas State University, USA 1961
- B.Sc. in Agricultural Engineering, University of Arizona, USA 1959

Experiences

- Managing private businesses (since 1965)
- Head of the Natural, Mineral and Industrial Resources Section, Jordanian National Construction Council (1962 – 1965)
- Formerly, Minister of several ministries and member of the Senate, House of Representatives, the National Consultative Council and many of its committees.
- Chairman of the Board of Directors of Arab Bank Australia Ltd., Australia.
- Chairman of the Board of Directors of the Middle East Insurance Company, Jordan
- Member of the Board of Directors of Bilmound University, Lebanon
- Deputy Chairman of the Board of Trustees of the University of Jordan.
- Member of the Board of Trustees of Balqa Applied University
- Founding Member of the Jordanian Businessmen Association, Jordan.
- Founding Member of the Salt Construction Establishment, Jordan
- Member of the Queen Alia Social Development Fund, Jordan.
- Member of Amman Chamber of Commerce, Jordan
- Member of Amman Chamber of Industry, Jordan
- Chairman and Board member in many private companies in Jordan



Name Mrs. Nazik Odah Al-Hariri

Title Member of the Board of Directors

Date of membership 29/8/1996

Date of birth 10/5/1948

Academic qualifications University Degree

Experiences

- Member of the Board of Directors of Bank Med, Lebanon (since July/2005)
- Member of the Board of Directors of GroupMed Holding, Lebanon (since July/2005)
- President of various humanitarian and educational institutions.
- Vice President of the Continuous Care Centre, Lebanon
- Member of the Board of Trustees of the Children's Cancer Center, Lebanon
- Member of Al-Nahda Philanthropic Society for Women , Saudi Arabia
- President of Rafik Al Hariri Foundation, Lebanon
- Member of the Board of Trustees of the Welfare Association



Name	Ministry of Finance, Saudi Arabia Represented by Mr. Saleh Saad A. Al-Muhanna
Title	Member of the Board of Directors
Date of Membership Since	- Legal Entity : 29/4/1966 - Legal Entity's Representative : 31/3/2006
Date of birth	11/1/1959
Academic qualifications	- M.S.c in Economics, Ohio State University , USA 1993 - B.S.c in Industrial Management, King Fahd University of Petroleum and Minerals, Saudi Arabia 1982
Experiences	- Currently holds the position of Assistant Deputy Minister for Budget Affairs, Ministry of Finance, Saudi Arabia - Member of the committee responsible for the sovereign rating of the Kingdom of Saudi Arabia (since 2001) - Member of the team that negotiated The Natural Gas Initiative with international oil companies, Saudi Arabia (2000-2004) - Member of the Board of Directors of the General Corporation for Technical & Vocational Training Saudi Arabia (since 2007) - Member of the Board of Directors of the Saline Water Conversion Corporation, Saudi Arabia (since 2005) - Member of the Board of Directors of the Saudi Moroccan Developmental Investment Co. (2000-2006) - Member of the Board of Directors of Saudi Electricity Company (since 2009)

**Name****Mr. Mohammed Ahmad Mokhtar Hariri****Title****Member of the Board of Directors****Member Since**

6/11/2005

Date of birth

9/11/1958

**Academic
Qualifications**

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

Experience

- Over 30 years experience in the management of Saudi Oger Ltd., Saudi Arabia
- Chairman of the Board of Directors of Saudi Med Investment Co. (2007)
- Chairman of the Board of Directors of AVEA Illetisim Hizmetleri A.S., Turkey (since 9/2006)
- Chairman of the Board of Directors of Oger Telecom Ltd., Dubai (since 8/2005)
- Member of the Board of Directors of Ojer Telekomunikasyon A.S., Turkey (since 8/2005).
- Chairman of the Board of Directors of Group Med (Holding), Lebanon (since 7/2005)
- Chairman of the Board of Directors and General Manager of Bankmed sal and all of its subsidiaries (since 7/2005).
- Member of the Board of Directors of MedGulf Insurance and Reinsurance (MedGulf Bahrain), Bahrain (since 6/2005).
- Member of the Board of Directors of MedGulf Holding, Lebanon (since 5/2005)
- Chairman of the Board of Directors of Turk Telekom A.S., Turkey (2005)
- Member of the Board of Directors of Entreprise des Travaux Internationaux (ETI), France (since 6/2003)
- Member of the Board of Directors of Oger Interational France (since 5/2003)
- First Deputy Chairman and Member of the Board of Directors of Saudi Oger Ltd., Saudi Arabia (since 3/2003)
- Member of the Board of Directors of MedGulf Insurance and Reinsurance (MedGulf Saudi Arabia), Saudi Arabia (since 7/1999)
- Member of the Board of Directors of 3C Telecommunications (PTY), South Africa (since 6/1999)
- Chairman of the Board of Directors of IRAD Investment (Holding), Lebanon
- Chairman of the Board of Directors of Al Mal Investment (Holding), Lebanon
- Member of the Board of Director of Association des Banques du Liban



Name	Ms. Dina "Mohammad Abdel Hamid" A. M. Shoman
Title	Member of the Board
Date of membership	26/3/2010
Date of birth	24/5/1980
Academic qualifications	<ul style="list-style-type: none"> - BS, Finance, Bentley College, Waltham, MA – USA, 2002. - MBA, Change Management, McCallum Graduate School of Business, Bentley College, Waltham, MA – USA, 2006.
Experiences	<ul style="list-style-type: none"> - Executive Vice President / Branding, Arab Bank plc – Amman (since 2008). - Executive Vice President / Office of the CEO, Arab Bank plc – Amman (8/2006-10/2008). - Project Intern, State Street Corporation, Boston, MA – USA, (1-5/2006). - Assistant Treasurer & Financial Analyst, Arab Bank plc, New York – USA, (2/2003 – 6/2004). - Rotational Trainee, HSBC Bank USA, New York – USA, (2–12/2002). - Intern, Merrill Lynch, Burlington, MA – USA, (6 – 9/2001). - Intern, First Investors Corporation, Waltham, MA – USA, (9–11/2000). - Member of the Board of Directors of Al Nisr Al Arabi Insurance Company – Jordan (2/2008-5/2009). - Member of the Board of Directors of Arab Tunisian Bank – Tunisia. - Member of the Board of Directors of Arab Bank Australia Ltd. – Australia. - Member of the Board of Trustees of Injaz. - Member of the Board of Directors of Raneen.

**Name**

**Social Security Corporation , Amman , Jordan
(Represented by Mr. Ibrahim Yusuf Ibrahim Izziddin)**

Title

Member of the Board of Directors

Member Since

- Legal Entity : 20/9/2001
- Legal Entity's Representative : 31/3/2006

Date of birth

3/12/1934

**Academic
Qualifications**

BA in Political Science, American University of Beirut, 1955

Experiences

- President of the Higher Media Council, Jordan (2002-2006).
- Director General of the A.H. Shoman Foundation, Jordan (1997 – 2002).
- Minister of State for Prime Ministry's Affairs 1989, 1991, 1995 .
Minister of information (1989 – 1993).
- Member of the upper house of the Parliament (1989-1993)
- President of the Bureau of Civil Service, (1986 – 1989).
- Ambassador of H.K. of Jordan to Switzerland, Germany, UK and USA, in addition to serving as a non-resident Ambassador to Austria, Sweden, Norway, Denmark, Luxembourg, and Holland (1975 – 1985).
- Under Secretary General, Ministry of Information, Jordan (1971 – 1975).
- Head of the foreign media Department, Ministry of Information, Jordan (1965 – 1968).
- Press Secretary, The Royal Hashemite Court (1968 – 1971).
- Worked in the field of Publishing in Beirut - Lebanon (1958 – 1965).
- Officer in the Foreign Affairs Department, Ministry of communication. Officer in the Prime Ministry and press. Officer in the Press and Publication Department, Ministry of Foreign Affairs, Jordan (1955 – 1958) .
- Member of the Board of Directors of the Central Bank of Jordan (since 3/2007)
- Member of the Board of Trustees of King Abdullah II Ibn AL Hussein Creativity Award, Jordan.
- Member of the Board of Trustees of the National Centre for Human Rights, Jordan.
- Deputy Chairman of the Board of Directors of A.H. Shoman Foundation, Jordan.
- Member of the Board of Directors of the Centre for Strategic Studies at the University of Jordan.



Name	Abdul Hameed Shoman Foundation Represented by Mr. Khaled Anis Moh'd (Zand Irani) (from 27/12/2010) Represented by Al-SHARIF Faris Abdel Hameed Sharaf Sharaf (till 25/11/2010)
Title	Member of the Board of Directors
Date of Membership Since	- Legal Entity : 31/3/2006 - Legal Entity's Representative : 27/12/2010
Date of birth	21/8/1964
Academic qualifications	- M.S.c. Degree in national parks management and tourism, New Mexico University - Jordan University 1989, M.S.c. Degree in Arid Land Use - Jordan University 1986, B.Sc. Degree in Soils
Experiences	- Minister of Energy and Mineral Resources (14/12/2009 - 23/11/2010) - Minister of Environment (7/4/2005 - 09/12/2009) - Director General for the Royal Society for the Conservation of Nature.(RSCN) (Oct 1996 - 4/6/2005) - Manager of the Protected Areas Dept. (Jan. 1986 - Jan. 1989) - Research Assistant / Jordan University (Oct.1986- Jan 1989) - Member of International Environmental Committees - Member of Royal Energy Committee - Member of Royal Water committee - Former Member of the Nuclear Energy Committee



Name Mr. Riad Burhan Taher Kamal

Title Member of the Board of Directors

Date of membership 9/7/2005

Date of birth 6/12/1943

Academic qualifications

- M.S.c in Construction Engineering, University of London, 1966
- B.S.c in Civil Engineering, University of London, 1965

Experiences

- General Manager of Arabtec Holding, Dubai (since 2005)
- Founder and General Manager of Arabtec Construction Co., Dubai (since 1974)
- Worked for Sir Robert McAlpine Engineering Co., London (1970-1974)
- Civil Engineer at Shaheen Engineering & Contracting Co. (1966-1970)
- Founder and Member of the Board of Directors of Arabtec Holding, Dubai
- Co-Founder and Member of the Board of Directors of Depa United Co. Dubai
- Co-Founder and Member of the Board of Director of Gulf Capital Co., Abu Dhabi
- Member of the Board of Directors of Turkland Bank, Istanbul, Turkey
- Member of the Board of Directors of Arab Bank – Syria, Damascus
- Member of the Board of Directors of Arabia Insurance Co., Beirut, Lebanon
- Member of the Board of Directors Rotana Hotels Co., Abu Dhabi
- Member of the Advisory Board for Deutsche Bank (Swiss) for MENA Region.
- Member of the Board of Trustees of the American University of Beirut, Lebanon.
- Deputy Chairman, Welfare Association, Geneva.



Name Mr. Wahbe Abdallah Wahbe Tamari

Title Member of the Board

Date of membership 31/3/2006

Date of birth 14/5/1963

Academic qualifications BA in Management and Finance, Webster University, Geneva , Switzerland 1984

Experiences

- Founder & Chairman of the Board of Directors of Watamar & Partners S.A. Geneva (since 2003).
- Executive Director Sucafina S.A. – Geneva (1999 – 2002).
- Adviser to The Chairman of the Board of the Consolidated Contractors International Co., Athens (1991 – 1999)
- Chief Trader, Sucafina S.A., Geneva (1983 – 1991)
- Trader, Merrill Lynch, London (1982 – 1983)
- Member of the Board of Consolidated Contractor Co., Athens (since 9/2010)
- Chairman of the Board of Directors of Commercial Building Co. SAL, Lebanon (since 25/5/2009)
- Member of the Board of Directors of Arab Investment Bank , Lebanon (since 5/2007)
- Member of the Board of Directors of Al-Arabi for Finance SAL (Holding) , Lebanon (since 5/2007)
- Member of the Board of Directors of Arab Bank (Switzerland) Ltd., Zurich (since 4/2007)
- Chairman of the Board of Immo fina Holding SAL, Lebanon (since 7/2006)
- Chairman of the Board of Directors of Arabia Insurance Co, Lebanon (since 6/2006)
- Member, Welfare Association, (since 2006)
- Member, Act For Lebanon , (since 2005)
- Chairman of Watamar & Partners S.A., Geneva (since establishment in 1/2003)
- Chairman of the Board of Immo fina S.A., Geneva (since establishment in 3/2001)
- Member, Young Presidents Organization (YPO) (since 1999)
- Deputy Chairman of Sucafina S.A., Geneva (since 8/1998)
- Member of the Board of directors of Sucafina S.A., Geneva (since 11/1990)

Mr. Nemeh Elias Sabbagh
Chief Executive Officer

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

Academic Qualifications:

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

Experience:

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

Ms. Randa Muhammad Sadik
Deputy Chief Executive Officer

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

Academic Qualifications:

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

Experience:

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

Dr. "Mohammad Ghaith" Ali Mohammad Mismar
Legal Counsel - Secretary General of the Board of Directors

Date of Appointment : 1/9/1999
Date of birth : 24/11/1961

Academic Qualifications:

- L .L.B. in Law, Jordan University, 1984
- L .L.M. in Commercial Law, University of London, UK, 1992
- P h.D. in Law, University of London, UK, 1998

Experience:

- Legal Counsel / Secretary General of the Board of Directors, Arab Bank (since 1/9/1999)
- Judge, Amman Court of First Instance, (1/9/1989 – 30/8/1999)
- Military Judge, Amman (28/3/1984 – 19/6/1989)

- Member of the Board of Directors of Securities Depository Center

Mr. Ghassan Hanna Suleiman Tarazi**EVP - Chief Financial Officer**

Date of Appointment : 1/8/2003

Date of birth : 8/1/1964

Academic Qualifications:

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

Experience:

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

- Member of the Board of Directors of Arab Tunisian Bank - Tunisia
- Member of the Board of Directors of Arab National Bank – Saudi Arabia
- Member of the Board of Directors of Arabella for IT Services Co. London

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

Date of Appointment : 1/2/2007

Date of birth : 6/1/1953

Academic Qualifications:

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

Experience:

- EVP - Head of Credit, Arab Bank plc – Head Office, Jordan (since 4/2010)
- Executive Vice President / Global Head of Corporate & Investment Banking, Arab Bank plc – Head Office, Jordan (2007 –2010)
- Head of Corporate & Investment Banking Banque Saudi Fransi - Riyadh / Saudi Arabia (1999 – 2007)
- Head of Corporate & Investment Banking United Saudi Bank / USCB - Riyadh / Saudi Arabia (1995 – 1999)
- Assistant General Manager / Head of Corporate - Retail Banking Groups Cairo Amman Bank – Jordan (1990 –1995)
- Vice President / Head of Saudi Corporate Marketing Unit Gulf International Bank – Bahrain (1989 –1990)
- Manager International Corporate - Credit Division Arab Bank plc – General Management Jordan (1987–1989)
- Head of Corporate Banking / Central Region Saudi American Bank / Citibank - Riyadh / Saudi Arabia (1976 –1987)
- Chairman of the Supervisory Board of Arab National Leasing Company, Amman - Jordan
- Deputy of the Supervisory Board of AB Invest , Amman – Jordan
- Member of the Board of Directors of Al – Hussein Fund for Excellence, Amman – Jordan
- Member of the Board of Directors of Arab National Bank, Riyadh – Saudi Arabia

Mr. Samer S. Tamimi**EVP - Head of Corporate & Investment Banking**

Date of Appointment : 18/4/2005

Date of birth : 30/10/1966

Academic Qualifications:

- Accounting, University of Illinois, Chicago, 1990
- Walsh College of Accountancy and Business Administration - Master of Science in Professional Accountancy, 1991
- University of Jordan - Bachelor of Science and Business Administration with focus on Finance and Accounting, 1988

Experience:

- Executive Vice President /Head of Corporate & Investment Banking, Arab Bank plc – Amman (since 1/9/2010)
- Senior Vice President – (Credit - GIS) Arab Bank – General Management (8/2005-31/8/2010)
- Credit and Portfolio Manager, Arab Bank Plc – New York (1998 – 8/2005)
- Vice President, Credit and Portfolio Manager – Arab Bank New York (1998–8/2005)
- Assistant Vice President and Credit Risk Manager – Arab Bank New York (1993 – 1998)
- Senior Auditor, Global Audit Group (1991 – 1993)
- Auditor, Deloitte & Touche, Amman – Jordan (1990 -1991)

- Member of the Board of Directors of Europe Arab Bank -UK
- Member of the Board of Directors of Arab Bank Australia Ltd. – Australia
- Member of the Board of Directors of the Saraya Holding Ltd. - Dubai
- Member of the Board of Directors of AB Invest

Mr. Mohammad Musa Dawood "Moh'd Issa"**EVP - Corporate and Investment Banking Jordan & Palestine**

Date of Appointment : 1/10/1983

Date of birth : 1/2/1956

Academic Qualifications:

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

Experience:

- Executive Vice President – Head of Corporate and Investment Banking/ Jordan & Palestine (since April, 2009)
- Senior Vice President – Head of Credit/ Jordan & Palestine (10/2006– 3/2009)
- Head of Corporate Finance/ Jordan & Palestine (08/2004 – 09/2006)
- Other senior posts within Arab Bank plc, Jordan including: Head of Commercial Lending, Head of Syndicated Loans Unit (10/1983 – 07/2004)

- Board Member Association of Banks in Jordan (1/4/2009-14/12/2010)
- Board Member of Arab Bank – Syria
- Arab National Leasing Company
- Deputy Chairman of International Islamic Arab Bank
- Board member of Jordan Mortgage Finance Company
- Board member of Jordan Hotels and Tourism Company

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

Date of Appointment : 1/6/2008.

Date of birth : 2/5/1966.

Academic Qualifications:

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

Experience:

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

Mr. Muntaser I. Abu Dawwas
EVP - Head of Consumer Banking

Date of appointment : 1/6/2008
 Date of birth : 13/5/1972

Academic Qualifications:

- B.Sc., Accounting & Financial Management, Buckingham University – UK, 1994
- Certified Public Accountant – USA, 2000

Experience:

- Head of Consumer Banking Group, Arab Bank plc – Jordan (6/2008)
- Group Chief Marketing Officer Consumer Banking – Standard Chartered Bank – Singapore (8/2007-6/2008)
- Regional Head of Consumer Banking Northern Gulf & Levant – Standard Chartered Bank – Bahrain (9/2005-8/2007)
- Head of Consumer Banking Jordan – Standard Chartered Bank – Jordan (1/2002-9/2005)
- Chief Financial Officer – Jordan Group – Standard Chartered Bank – Jordan (5/2001-1/2002)
- Chief Financial Officer – Jordan Group – Citibank N.A. (1996-2001)

- Member of the Board of Directors of Al Nisr Al Arabi Insurance Company – Jordan.
- Member of the Board of Director of Visa Jordan – Jordan
- Member of the Board of Director of Arab Bank Syria

Ms. Dina Abdel Hamid A. M. Shoman**EVP - Branding Group**

Date of Appointment : 1/8/2006
 Date of Birth : 24/5/1980

Academic Qualifications:

- BS, Finance, Bentley College, Waltham, MA – USA, 2002
- MBA, Change Management, McCallum Graduate School of Business, Bentley College, Waltham, MA – USA, 2006

Experience:

- Executive Vice President / Branding, Arab Bank plc – Amman (since 2008).
- Executive Vice President / Office of the CEO, Arab Bank plc – Amman (on8/2006 – 10/2008)
- Assistant Treasurer & Financial Analyst, Arab Bank plc, New York – USA, (2/2003 – 6/2004)
- Project Intern, State Street Corporation, Boston, MA – USA, (1-5/2006)
- Rotational Trainee, HSBC Bank USA, New York – USA, (2–12/2002)
- Intern, Merrill Lynch, Burlington, MA – USA, (6 – 9/2001)
- Intern, First Investors Corporation, Waltham, MA – USA, (9–11/2000)

- Member of the Board of Directors of Al Nisr Al Arabi Insurance Company – Jordan (2/2008-5/2009)
- Member of the board of directors of Arab Bank plc
- Member of the Board of Directors of Arab Tunisian Bank – Tunisia
- Member of the Board of Directors of Arab Bank Australia Ltd. – Australia
- Member of the Board of Trustees – INJAZ
- Member of the Board – Raneen

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

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

Academic Qualifications:

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

Experience:

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

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

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

Academic Qualifications:

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

Experience:

- Executive Vice President, Group Risk Management- Arab Bank plc – Amman, (since 2002)
- Manager, Group Risk Management- TD Bank Financial Group- Toronto – Canada, (1996-2002)
- Senior Analyst, Finance, TD Bank Financial Group- Toronto – Canada, (1993-1996)
- Senior Relationship Manager, Commercial Banking, TD Bank Financial Group- Toronto – Canada, (1987-1993)
- Project Engineer, National Petroleum Construction Company, Abu Dhabi – UAE, (1982-1985)
- Member of the Board of Directors of Commercial Building Company SAL– Lebanon

Mr. Michael Matossian**EVP - Group Regulatory Compliance**

Date of appointment : 28/11/2005

Date of birth : 23/2/1956

Academic Qualifications:

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

Experience:

- Executive Vice President/Group Regulatory Compliance, Arab Bank plc – (since 11/2005)
- Chief Compliance Officer, Fifth Third Bank – USA (2003 - 2005)
- Senior Vice President and Director of Regulatory Risk Management, Director Anti-Money Laundering, Director Operational Risk Governance – Wachovia Corporation (formerly First Union) – USA, (1995 – 2003)
- Vice President and Director of Management Internal Control, First Fidelity Bancorporation (acquired by First Union) - USA, (1993 - 1995)
- Senior Vice President and Internal Chief Auditor, National Community Banks, Inc. – USA, (1989 – 1993)
- Senior Audit Manager, Arthur Andersen, LLP – USA, (1979 - 1989)
- Regulatory inspector, U.S. Treasury Department, Office of the Comptroller of the Currency Examiner – USA (1976 – 1979)
- Member of the MENA-Organization for Economic Co-Operation and Development (OECD) Working Group in Improving Corporate Governance in the Middle East and North Africa
- Member Compliance Directors Roundtable, a group comprised of Compliance Executives from the top financial institutions in North America
- Active involvement with the Union of Arab Banks, and a speaker on compliance and risk across the MENA region

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

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

Academic Qualifications:

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

Experience:

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

- Member of the Institute of Internal Auditors

Mrs. Eman Al- Sahhar
VP - Head of Secretariat

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

Academic Qualifications:

- High School, 1972.

Experience:

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

No.	Shareholder's Name	No. of Shares		No. of Shares	
		As of 31/12/2010	Percentage %	As of 31/12/2009	Percentage %
1.	Social Security Corporation	81,645,600	15.289	80,374,620	15.051
2.	Saudi Oger Ltd.	51,686,340	9.679	48,026,490	8.994
3.	Oger Middle East Holding	37,982,055	7.113	38,283,480	7.169



Arab Bank continues on its path of achievements, which began 80 years ago, underlining a success story unfolding year after year. Arab Bank holds a leading position as one of the most important banks in the Middle East and North Africa in addition to being one of the most competitive and diverse. Arab Bank enjoys a strong reputation and credibility, making it a pillar of trust for its customers and shareholders under all circumstances. Reinforcing this unique position; Arab Bank Group boasts the widest Arab banking branch network in the world with over 500 branches.

Despite the challenges arising from the global financial crisis, Arab Bank has continued to enhance the level of competitiveness based on its values of protection for its customers, shareholders, employees and capital. The Bank continues to implement a balanced strategy based on abundant liquidity and high capital adequacy ratios that allowed it to work effectively and efficiently under difficult and volatile conditions, while continuing to make profits and enhance its strong financial performance.

Despite the negative repercussions of the global financial crisis, the Bank's policies toward risk management, diverse credit facilities distribution and effective budget management maintained its excellent credit ratings in 2010, as opposed to many other global banks. The credit rating agency, Fitch, in May 2010 reaffirmed the (A-) long term rating and a stable outlook. While Standard & Poor's, in December 2010, reaffirmed Arab Bank Group credit rating of (A-). The Bank also received a rating of (A3) Moody's. The ratings reflect Arab Bank's reputation locally and regionally, financial strength, high asset quality and robust capitalization as represented by its high capital adequacy ratios.

2010 witnessed Arab Bank receiving a number of different international awards and recognitions such as Global Finance magazine's "Best Trade Finance Provider in the Middle East" award. In addition, the Bank also received "Best Emerging Market Bank in Jordan and Yemen", "Best Foreign Exchange Provider in Jordan", "Best Investment Bank in Jordan" and "Best Internet Bank in Jordan" awards. The Bank also received "Best Bank in Jordan" from Euromoney magazine and "Best Retail Bank in Jordan" from The Asian Banker magazine.

Euromoney praised the Shoman family for their contributions to the financial services industry, noting that Arab Bank, as the first private financial institution in the Middle East, has been one of the Arab world's greatest success stories. Since its establishment in 1930 and under the leadership of the late Abdul Hameed Shoman, the late Abdul Majeed Shoman and with the current Executive Chairman, Abdel Hamid Shoman, Arab Bank continued to grow, perform and innovate to become a leading global bank. This recognition was awarded to the Shoman family during



the Middle East Euromoney Awards for Excellence 2010 Dinner that was held in Beirut and attended by leading international bankers, media representatives and members of the awards jury, which comprised elite experts and consultants.

During the Union of Arab Banks Annual Conference, Executive Chairman of Arab Bank, Mr. Abdel Hamid Shoman, was recognized for his outstanding achievements in the field of banking and for his significant contribution to the industry in the region.

Market shares in specific Locations:

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

Country	Total Assets %	Deposits %	Direct Credit Facilities %
Bahrain	3.4%	5.6%	5.8%
Egypt	1.74%	1.88%	2.65%
Jordan	23.89%	23.73%	17.32%
Lebanon	1.22%	1.3%	1.27%
Palestine	32.54%	34.64%	34.72%
Qatar	1.04%	0.96%	0.73%
UAE	0.73%	0.88%	0.69%
Yemen	10.5%	11.55%	5.54%

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

It is worth mentioning that Arab Bank ranks first among banks operating in Jordan and Palestine in terms of total assets, deposits and credit facilities.

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

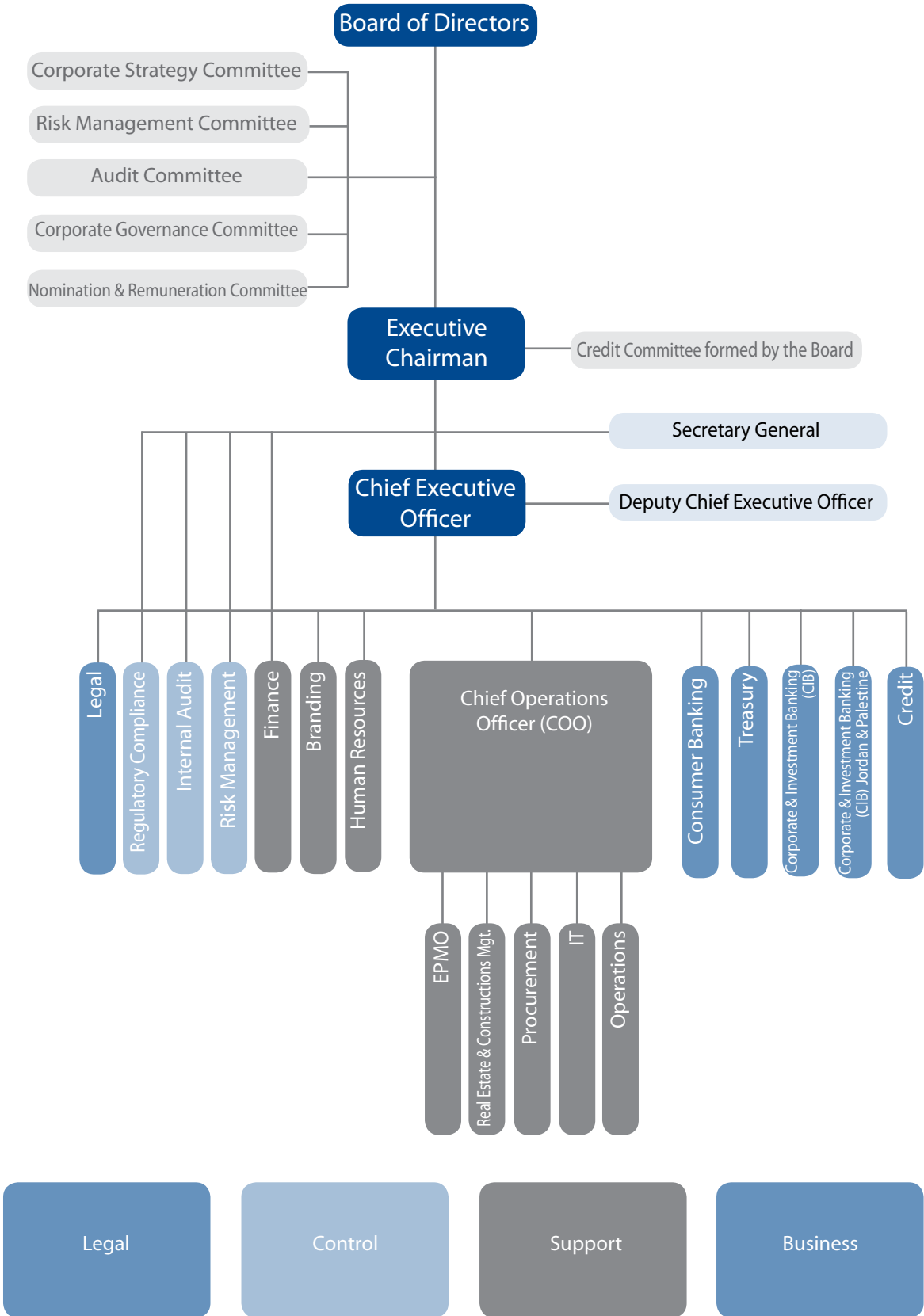
MAJOR SUPPLIERS AND CLIENTS

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

No decrees, laws or regulations were issued by any governmental bodies or international organizations or others that would have material impact on the Bank, any of its products or competitive capabilities. In addition, the international quality standards are not applicable as far as the Bank is concerned.

It is worth mentioning that Arab Bank plc has obtained notable ratings by several international rating agencies such as Fitch which affirmed Arab Bank's rating at "A-" with stable indicator, Standard & Poor's which affirmed Arab Bank's rating at "A-" with stable indicator and Moody's which affirmed Arab Bank's rating of "A3" with stable indicator.

ARAB BANK ORGANIZATION CHART / HEAD OFFICE





NUMBER OF STAFF AND ACADEMIC QUALIFICATIONS

Academic Qualifications	Arab Bank	Europe Arab Bank plc	Arab Bank (Switzerland) Ltd.	Arab Bank Australia Ltd.	Islamic International Arab Bank	Arab Sudanese Bank	Arab Investment Bank	Al-Arabi Investment Group (AB Invest)
PhD	8	0	5	1	4	0	1	0
Master's degree	467	31	15	7	40	20	1	7
Advanced diplomas	47	10	15	6	3	2	0	2
Bachelor's degree	3729	55	12	59	352	24	1	29
Junior college	695	29	10	48	73	1	0	2
High school	787	55	34	4	27	0	1	4
Sub high school	567	0	3	0	41	0	0	0
Total Employees	6300	180	94	125	540	47	4	44

Al-Arabi Capital (AB Capital)	Arab Tunisian Bank	Arab Bank - Syria	Al-Wahda Bank	Al Nisr Al Arabi Insurance Company	Arab Company for Shared Services	Arab Gulf Tech for IT Services	Arabella for IT Services	Arab National Leasing Company	Al-Arabi Investment Group / Palestine	Total
1	4	0	2	0	0	0	0	1	0	27
4	136	18	34	23	7	4	1	3	2	820
0	128	5	373	0	0	0	0	0	1	592
5	5	257	768	132	81	31	13	15	5	5573
1	30	52	631	28	21	4	2	4	0	1631
0	157	34	364	10	14	5	8	1	1	1506
0	331	9	1046	3	2	0	0	1	0	2003
11	791	375	3218	196	125	44	24	25	9	12152

Area	Training Agenda		Unscheduled Programs		Middle Management Programs		External Courses	
	Courses	Trainees	Courses	Trainees	Courses	Trainees	Courses	Trainees
Jordan	179	3330	35	643	105	2045	169	1186
Palestine	64	746	7	80	0	0	29	78
Egypt	62	1396	7	170	0	0	15	45
Morocco	9	432	2	39	0	0	7	17
Algeria	5	61	0	0	0	0	1	7
Lebanon	12	229	27	488	0	0	55	151
Yemen	26	63	22	118	0	0	8	23
Bahrain	74	269	7	15	0	0	9	10
UAE	101	300	6	162	0	0	7	23
Qatar	12	271	1	3	0	0	0	0
Total	544	7097	114	1718	105	2045	300	1540



Internet Courses		Courses Attended at H.O.		English & Computer Courses		Certification Programs		Grand Total Per Area	
Courses	Trainees	Courses	Trainees	Courses	Trainees	Courses	Trainees	Courses	Trainees
2	2	6	75	27	128	10	13	533	7422
0	0	1	2	1	2	0	0	102	908
0	0	3	56	0	0	3	9	90	1676
0	0	2	3	2	14	0	0	22	505
0	0	0	0	0	0	0	0	6	68
0	0	4	5	3	14	1	1	102	888
0	0	1	1	6	23	0	0	63	228
2	2	0	0	12	21	1	1	105	318
1	13	3	47	9	12	0	0	127	557
0	0	1	1	0	0	0	0	14	275
5	17	21	190	60	214	15	24	1164	12845



OVERVIEW

Arab Bank Group addresses the challenge of banking risks comprehensively through an enterprise-wide risk management framework applying leading practices and supported by a governance structure consisting of board level and executive management committees and three levels of control as follows:

Committees:

- Audit committee (Board level)
- Risk Management Committee (Board level)
- Higher Asset and Liability Management Committee
- Executive Management Committee
- Senior Credit Committee

Three Levels of Control:

- Business Line and Country Control Units
- Group Risk Management and Group Regulatory Compliance
- Group Internal Audit
- The Board of Directors reviews and affirms the Bank's overall risk appetite and oversees, through its various committees that comprehensive risk management policies and procedures are in place.
- The Group Chief Financial Officer is in charge of defining financial risks, middle office controls, safeguarding the quality of financial data and ensuring the accuracy and reliability of the Bank's Financial Statements.
- The Heads of Strategic Business Units identify and manage risks within their specific business lines. They operate within formally delegated risk limits, whether credit or operational. The Global Treasurer is responsible for management of liquidity risk and market risk.
- The Chief Risk Officer (CRO), who reports to the Board's Risk Committee and the CEO, is responsible for ensuring that the Bank has a robust system for the identification and management of risk and for establishing appropriate risk frameworks consistent with the Bank's overall business strategy and risk appetite.

- The Head of Group Regulatory Compliance ensures that the Bank is in compliance with applicable related laws, rules and regulations, especially those issued by banking regulatory authorities.
- Group Internal Audit which enjoys administrative independence from executive management ensures that all units in the Bank and in different areas work on the implementation of policies and procedures to affirm the commitment of all parties to achieve an effective and efficient internal control environment within the adopted frameworks and methodologies. Group Internal Audit thereafter provides the Board of Directors, Chief Executive Officer and all business units in the different related areas with results and output of the audit operations to address any particular issues.

GROUP RISK MANAGEMENT:

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

- Establish risk management policies and procedures for all types of risks
- Develop and implement various risk management frameworks
- Develop appropriate risk measurement tools and models
- Assess risk positions against established limits, with timely monitoring and reporting to senior management and the Board
- Advise and promote awareness on best practices

Each of the following departments at Group Risk Management has specific goals and responsibilities in continuing to develop the Bank's risk management capabilities based on best practice, international guidelines and regulations of the Central Bank of Jordan.

- The Credit Risk Management Department is responsible for the centralized reporting of Credit Risk and the internal corporate risk rating system and the retail credit scoring system. These rating systems are designed to improve "probability of default" measurements and lead to the implementation of the Bank's risk-adjusted return-on-capital model. The department is also responsible for the implementation of the Basel II requirements and any changes thereof.



- The Business Risk Review Department conducts comprehensive individual, portfolio and business risk reviews. It ensures that the Bank's various portfolios are aligned to their economic perspective, business strategy and target market and recommends corrective action where necessary. The department also assesses the quality of the loan portfolio, lending policies and processes and the capabilities of the credit staff, in addition to regular reviews. Additional reviews are undertaken based on market conditions and the size and sectoral nature of portfolios. In specific instances such reviews are supplemented by targeted stress testing scenarios.
- The Market and Liquidity Risk Management Department structures risk limits monitoring requirements and adherence, establishes related policies and procedures, and monitors compliance thereto. The department is also responsible for the value-at-risk (VaR) measurement framework. Other risk measurement reporting tools are introduced together with Global Treasury to ensure that risk management is accurate and comprehensive.
- The Operational Risk Management Department, which also covers strategic and reputation risks, leads the implementation of a Bank-wide enterprise risk management framework, as part of the overall strengthening and continuous improvement of the controls within the Bank. The framework consists of policies and procedures supported by a formal methodology of risk-control and self-assessment for the identification, assessment, mitigation, control and reporting of operational risk in all business activities.
- The Information Security Department is implementing a Bank-wide information security framework which aims to minimize information and technology risks, maximize security compliance and enhance the Bank's competitive advantage through the safe use of advanced technology. The department has initiated several projects aimed to improve security assessments, strengthen controls and monitoring and promote good practices.
- The Business Continuity Department ensures proper planning and preparations for managing the continuation of critical business operations during and after disruptive events and crises. Potential impacts and resumption requirements have been identified and quantified resulting in tailored business continuity

plans supported by dedicated Business Alternate Sites in all countries. In that regard, the Bank uses a web-based centralized database for storing and managing the business continuity plans throughout the Bank.

- The Insurance Department's mandate is to oversee all insurance policies through a centralized database whether these are global or local. It ensures that insurable risks are appropriately mitigated and establishes minimum insurance criteria at the Group and country level.
- The Policy Center Department, established in 2010 within the Group Risk Management, is responsible for centrally managing all Bank policies from development phase until final approvals according to a standard framework in line with industry best practice.

CREDIT RISK:

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

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

- Clear tolerance limits and risk appetite set at the Board level, well communicated to the business units and periodically reviewed and monitored to adjust as appropriate.
- Credit Committee Structure that ensures credit approvals are made with consensus by a committee and not individuals with high level of independency.
- Authorities are delegated based on risk-differentiated grids for each committee at country and Head Office levels.
- Well-defined target market and risk asset acceptance criteria.

- Rigorous financial, credit and overall risk analysis for each customer/transaction.
- Portfolio quality examined on regular basis according to key performance indicators mechanism and periodic stress testing based on conservative scenarios.
- Concentrations together with mitigation strategies are continuously assessed.
- Early warning system is continually validated and modified to ensure proper functioning for risk identification.
- Systematic and objective credit risk rating methodologies that are based on quantitative, qualitative and expert judgment.
- Systematic credit limits management enabling the Bank to monitor its credit exposure on daily basis at country, borrower, industry, credit risk rating and credit facility type levels.
- Solid documentation and collateral management process with proper coverage and top-up triggers and follow-ups.
- Annual and interim individual credit reviews to ensure detecting any weakness signs or warning signals and considering proper remedies in case of need.

Our rigorous credit processes are supplemented by sectoral portfolio reviews focused on countries, regions or specific industries as well as multiple stress testing scenarios.

These are intended to identify any inherent risks in the portfolios resulting from changes in market conditions and are supplemented by independent reviews by the Business Risk Review team in Group Risk Management and Credit Teams from our Group Internal Audit.

The Bank continues to upgrade and fine-tune the above in line with the developments in the financial services industry environment and technology.

Additionally, the Bank pays great attention to skills development and enhancement through enrolling its credit staff at various levels into well selected and designed credit training programs and courses to be well equipped to efficiently conduct their roles and responsibilities.



LIQUIDITY RISK:

Liquidity continues to be an area of great focus for Arab Bank. The Bank has a highly diversified funding footprint, and in order to boost liquidity it additionally maintains a large portfolio of highly liquid assets, which acts as a contingent funding source. Arab Bank's long-standing emphasis on maintaining a broad and stable liquidity base has largely protected the Bank from the effects of the market volatility and funding stress experienced by many other financial institutions since the beginning of the financial market crisis.

Arab Bank's liquidity management strategy is determined by the High ALCO. The operations of the country level Treasury teams are centrally controlled, monitored and coordinated. In coordination with local asset and liability management committees, the various countries Treasury teams across Arab Bank act as a community, mandated to work together to meet local and Group-wide needs. The asset and liability management committees analyze cash flows and market risk exposures and take action where appropriate to adjust the pricing and product mix, in order to ensure an optimal balance sheet structure and risk profile.

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

The Global Treasurer receives daily and weekly information on actual, forecast and modelled liquidity. Such information is received at country level, legal entity level and at Group level. This enables the Treasurer to provide the High ALCO with comprehensive management information on liquidity across the Group. This reporting is supported by stress testing, which applies various stress scenarios to existing forecast results. The process of stress testing is owned and managed by the Head of Group Risk Management. The establishment of liquidity limits (Arab Bank's tolerance for liquidity risk), as with other forms of risk, is managed by the Head of Group Risk Management and the High ALCO.



Arab Bank's comprehensive approach to measuring and managing liquidity gives the Group a great deal of confidence in its ability to endure all unforeseen market events or crisis while still being able to meet all of its obligations to its customers and regulators. After all, Arab Bank's funding model has shown itself to be extremely resilient for many years and hence remains fundamentally unchanged.

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

MARKET RISK:

Market risk is the potential for loss from changes in the value of the Bank's portfolios due to movements in interest rates, or in foreign exchange, equity or commodity prices. The Bank is exposed to market risk in the trading book and banking book.

Market risk is governed by the Global Treasurer, the Head of Group Risk Management and the Group Financial Officer. The High ALCO provides market risk oversight and guidance on risk appetite and policy setting. The High ALCO also approves the global limits which are then allocated to the various entities through the Global Treasurer. The Global Treasury's Policies and Procedures clearly define the rules that exist for the active management of all the Group's portfolios subject to market risk. Group Risk Management in coordination with Global Treasury will ensure that the policies and procedures are updated on a regular basis and/or when the need arises. The market risk limits are monitored by an independent Middle Office and reviewed on a regular basis by Global Treasury and Group Risk Management, and are approved by High ALCO depending on the Group's risk appetite and strategy.

The three main activities that expose us to market risk are: Money Markets Trading, Foreign Exchange Trading and Capital Markets Trading. Managing market risk is a key part of our business planning process, and as per our policies, is kept at a minimal level. Our main tools used for measuring and managing market risk are the following:

Basis Point Value (BPV)

Measurement of interest rate risk is based on the non-statistical basis point value method. It calculates the amount of interest gained or lost in a one basis point parallel shift of market interest rates with no consideration as to the likelihood of the shift. The method does however consider the sensitivity of a position to interest rate movements as it moves along the yield curve. BPV is calculated at the following levels in order to monitor compliance within the specified limits:

- Total BPV at a portfolio level
- BPV per currency
- BPV per broad time band
- BPV per time bucket

All interest rate activities form part of the BPV calculation, meaning that all money market books, all securities books and all interest rate trading books are to be included in the BPV calculation; this includes both on-balance and off-balance sheet products in trading book and banking book.

Value at Risk (VaR)

VaR is currently used as an internal measure of market risk to estimate the maximum loss that may be experienced by the Group over a one day holding period with 99% confidence level using the Historical Simulation approach. The Group's VaR calculation is run at the consolidated and unit levels and covers both interest rate and foreign exchange risk.

Stress Testing

The Stress Testing model aims to complement the Group's Value at Risk calculations by identifying and quantifying the effects of extreme, but plausible events on the Group's portfolio. The methodologies used range from single factor to multi-factor stress tests. The single factor stress tests incorporate a number of standard shocks in addition to worst historical movements for each risk factor. The multi-factor tests consist of hypothetical and historical tests as well as a hybrid of the two. All scenarios are tailored to account for the special characteristics of the Group's portfolio.

**INTEREST RATE RISK:**

Interest rate risk in the Group is limited, well managed, continuously supervised and contained. A large proportion of the interest rate exposure is concentrated in the short end of the yield curve, with durations of up to one year. Exposure of more than one year is particularly well contained. In general, the Group has no significant long-term or complex interest rate positions.

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

In general, the Group has limited appetite for interest rate risk and for impairing economic value for the sake of enhanced earnings.

CAPITAL MARKETS EXPOSURE:

Investments in capital market instruments are subject to market risk stemming from changes in their prices. Arab Bank Group's exposure to this kind of risk is limited due to its strong control over interest rate risk. Most of the debt instruments in the portfolio have floating rate coupons. Risk arising from fixed-rate coupons is usually hedged by simple interest rate swaps.

The equities investment portfolio represents a small percent of the Bank's overall investments. In general it consists of direct investments in strategic alliances as well as seed investment in mutual funds originated by the Group. Oversight is provided by a dedicated Investment Committee

FOREIGN EXCHANGE RISK:

Income from foreign exchange is generated mainly from customer transactions. Strict foreign exchange risk limits are set which define volume limits and sensitivity limits for proprietary trading in foreign exchange. The Group hedges itself appropriately against potential currency fluctuations in order to minimize foreign exchange exposure.

In Treasury, positions are held open only for small risk equivalents. The majority of positions arising from customers are covered on a daily basis. Positions are measured and supervised by local management daily and by global management weekly. Foreign exchange exposure resulting from participations is well contained and strictly managed.

OTHER RISKS:

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

COMPLIANCE RISK:

At its core, Arab Bank has always and continues to maintain an unwavering commitment to integrity and exercises the highest ethical standards across its operations. Evolving to meet the needs of rapidly changing business environments, Arab Bank ensures that its internal processes are consistent with applicable regulatory requirements, are risk-based, promote efficiency, foster effectiveness and meet or exceed customer expectations. This requires Arab Bank to balance risk and reward and to ensure that its activities are aligned with the institution's risk appetite and risk tolerance.

All Bank staff are accountable for compliance. Group Regulatory Compliance (GRC), reporting directly to the Arab Bank Executive Chairman, is responsible for the oversight of compliance with requirements impacting business lines including, but not limited to, Know Your Customer (KYC), Anti-Money Laundering (AML) and Combating Terrorist Financing (CTF).

With the steadfast support and commitment of the Arab Bank Board of Directors and senior management, coupled with the dedication of Bank staff, Arab Bank is resolved to sustain and further strengthen its sound compliance program.

No known compliance matters exist that expose the Bank to significant financial liability, material loss or associated adverse publicity.

STRATEGIC RISK:

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

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

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



Despite the difficult conditions experienced by the banking industry in 2010, Arab Bank was able to accomplish much in a variety of fields. The Bank in 2010 focused on prudent balance sheet management in order to maintain a high and comfortable level of liquidity. The broad geographical spread, diverse lines of business which allowed for multiple sources of income combined with a conservative strategic direction and prudent risk management helped minimize the impact of the economic volatility which occurred due to the global financial crisis.

According to Arab Bank Group's financial statements for the year ended 31/12/2010, Arab Bank Group's net pretax and after provisions income amounted to \$486.8 million during the year 2010, while operational revenues amounted to \$1,765 million compared with \$1,774 million for the year ended 31 December 2009.

Net interest income amounted to \$1,021 million and forming 58% of total revenues, whilst commission income have increased by \$37.9 million to reach \$ 320.6 million for the year ended 31/12/2010 as compared to \$ 282.6 million at the end of 2009 and forming 18% of total revenues. Gains from financial assets amounts to \$ 58.8 million compared to \$ 21.9 million in 2009, whilst income from associated companies has decreased by \$52 million to reach \$ 239.2 million as compared to \$ 291.2 million for the year ended 31/12/2009, provision for doubtful loans amounted to \$473 million as compared to \$204 million at the end of 2009.

On the other hand, total assets reached \$51.1 billion, compared with \$50.5 billion at the end of 2009, meanwhile, customer deposits accounted for 70% of the Bank's total sources of funds to reach \$35.7 billion, compared with \$34.9 billion at the end of 2009. In addition, total banks deposits amounted to \$5.8 billion compared with \$6.3 billion at the end of 2009. Credit facilities grew by \$464 million to reach \$ 22.5 billion compared with \$ 22 billion at the end of 2009 and forming 44% of total assets, whilst investment portfolio amounted to \$ 8 billion at the end of 2010 and forming 16% of total assets.

Shareholders' equity stood at \$ 8.3 billion, whilst total capital adequacy ratio is at 15.1% exceeding the requirements of both Basel II of 8% and the Central Bank of Jordan of 12%. Further, liquidity ratio as represented by cash and quasi cash reached 49%, whilst loans to deposits ratio stood at 63%.



The Bank's profits were generated from the core operational income of the Bank both locally and internationally, where the drop in net income as compared with 2009 is mainly attributable to the conservative policy of the Bank, based on which an additional provisioning for the amount of USD 473 million was booked during the year against "watch-list" and "non-performing" loans.

Our solid financial position was recognized by renowned international rating agencies who have affirmed our ratings. In December 2010, Standard and Poor's affirmed the Bank's "A-" rating. Also in its May 2010 report on Arab Bank, Fitch affirmed the Bank's "A-" long-term with "Stable" outlook. Moody's affirmed the Bank's "A3" rating. The affirmation of Arab Bank's ratings reflects the franchise value both locally and international, geographically diversified assets quality, in addition to the distinctive ratios maintained by the Bank and in particular liquidity and capital.

In order to foster relationships in the commercial sector through our world-wide operations we have launched Global Relationship Client Coverage (GRCC) in 2010 to play a strategic role within Corporate and Institutional Banking Group to better meet all the financial requirements of regional and multinational companies efficiently and according to the highest standards of excellence in service across the entire Group network.

When it comes to project and structured financing, Arab Bank continues to perform its leading role in the Middle East and North Africa in a variety of economic sectors, including infrastructure, manufacturing and transport. A recent example includes the providing of facilities to finance the construction of (SATORP) oil refinery in Saudi Arabia, a joint venture between Saudi Aramco and Total. In addition to that, the Bank was involved in the financing for a number of projects including the expansion of Samra wastewater treatment station in Jordan and also Greenfield complex steel factory in Bahrain. As for the power generation sector, Arab Bank, along with a number of international banks, financed "Baraka 3" and "Sohar 2" renewable energy projects which were developed in the Sultanate of Oman. The transactions for the renewable energy projects were completed within 15 weeks, a special feat for a deal that includes two separate projects.

Mortgages for non residents have been launched with a focus on Jordanians living in the Gulf region as well as non resident Arabs in Australia. It is worth mentioning that the product (SaverMortgage) from Arab Bank represents a unique mortgage with a built-in mechanism for offsetting interest with the customer's deposits



against the mortgage balance which translates to increased savings. This product has been named as the best housing finance product in the Middle East during the Banker Middle East awards ceremony in 2010.

For affluent customers, the Bank's Elite service eligibility criteria has been redesigned in 2010 to incorporate customers' overall situation and relationship. Accordingly, the reclassified and newly qualified customers in Jordan and Egypt were invited to join Elite. To improve the Elite offering, a Platinum ATM Debit card was launched in our main and Gulf markets.

It is worth mentioning the role played by the Bank in conjunction with a group of major global investment banks in the management of the Kingdom of Jordan's USD 750 million five-year Eurobond issuance. This achievement marked a success for all the parties involved, especially the Kingdom.

Arab Bank continued receiving international awards during 2010 in recognition of its achievements and leading performance at different levels. These awards entailed: Global Finance magazine's "Best Trade Finance Provider in the Middle East" award. In addition, the Bank also received "Best Emerging Market Bank in Jordan and Yemen", "Best Foreign Exchange Provider in Jordan", "Best Investment Bank in Jordan" and "Best Internet Bank in Jordan" awards. The Bank also received "Best Bank in Jordan" from Euromoney magazine and "Best Retail Bank in Jordan" from The Asian Banker magazine.

Euromoney praised the Shoman family for their contributions to the financial services industry, noting that Arab Bank, as the first private financial institution in the Middle East, has been one of the Arab world's greatest success stories. Since its establishment in 1930 and under the leadership of the late Abdul Hameed Shoman, the late Abdul Majeed Shoman and with the current Executive Chairman, Abdel Hamid Shoman, Arab Bank continued to grow, perform and innovate to become a leading global bank. This recognition was awarded to the Shoman family during the Middle East Euromoney Awards for Excellence 2010 Dinner that was held in Beirut and attended by leading international bankers, media representatives and members of the awards jury, which comprised elite experts and consultants.

During the Union of Arab Banks Annual Conference, Executive Chairman of Arab Bank, Mr. Abdel Hamid Shoman, was recognized for his outstanding achievements in the field of banking and for his significant contribution to the industry in the region.

In 2010, there has been no non-recurring operations that had a material effect on the Bank's financial position.

Time Series Data for Major Financial Indicators (2006 – 2010)

	Value in JOD Millions for the Bank & in USD Millions for the Group				
	2010	2009	2008	2007	2006
Arab Bank Plc: Net Profit After Tax	145.1	250.0	360.2	334.7	263.3
Arab Bank Group: Net Profit After Tax	307.9	575.5	839.8	774.9	624.6
Arab Bank Plc: Shareholders' Equity	3 786.6	3 801.2	3 580.0	3 548.0	3 093.9
Arab Bank Group: Owners' Equity	8 274.9	8 021.4	7 508.4	6 857.3	5 884.6
Distributed Dividends					
Total Dividends (JOD in millions)	106.8	106.8	133.5	106.8	89.0
Dividends (%)	20%	20%	25%	30%	25%
Number of Issued Shares (in thousands)	534 000	534 000	534 000	356 000	356 000
Share Price on Last Working Day (JOD)	9.98	12.15	15.2	29.3	21.4

This section of the Board of Directors report highlights relevant financial data which is included in the financial statements of Arab Bank plc and Arab Bank Group for the year 2010. The financial statements were prepared in accordance with International Financial Reporting Standards (IFRS), the interpretations issued by the Committee of the IFRS Board and the prevailing rules of the countries where the Group operates and the Central Bank of Jordan requirements. The accompanying notes are an integral part of the financial statements.

The financial statements of Arab Bank Group consolidate the statements of Arab Bank plc, its sister company, Arab Bank (Switzerland), and the following subsidiaries:

Percentage of ownership as of 31 December 2010	
Arab Bank Australia Limited	100.00%
Europe Arab Bank plc	100.00%
Islamic International Arab Bank plc	100.00%
Arab National Leasing Company	100.00%
Al-Arabi Investment Group Limited	100.00%
Arab Sudanese Bank Limited	100.00%
AB Capital Limited	100.00%
Arab Investment Bank S.A.L.	100.00%
Al-Arabi Group for Investment Co.	100.00%
Arab Tunisian Bank	64.24%
Al Nisr Al Arabi Insurance Company	50.00% + 2 Shares
Arab Bank – Syria	49.00%
Wahda Bank	19.00%

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

Arab Bank Group

Statement of Income

Arab Bank Group's net income for the year ended 31 December 2010 amounts to USD 307.9 million compared to USD 575.5 million in 2009. Total revenues of the Group stood at USD 1,765 million compared to USD 1,774 million in 2009, recording a drop of 1%. Expenses were well managed with employees and other operating expenses recording an increase. Net provision for doubtful debts amounts to USD 473 million represents the provisions booked during the year against 'watch-list' and 'non-performing' loans.

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

In USD (thousands)	2010	2009	Variance	%
Revenue				
Net interest income	1 020 836	1 048 741	(27 905)	(3%)
Net commission income	320 578	282 631	37 947	13%
Other	423 295	442 839	(19 544)	(4%)
Net revenue	1 764 709	1 774 211	(9 502)	(1%)
Expenses				
Employees expenses	431 476	405 682	25 794	6%
Other operating expenses	374 339	381 300	(6 961)	(2%)
Provision for doubtful debts	473 391	204 419	268 972	132%
Provision for impairment - HTM	(1 298)	-	(1 298)	-
Total expenses	1 277 908	991 401	286 507	29%
Profit for the year before tax	486 801	782 810	(296 009)	(38%)
Income tax	178 924	207 268	(28 344)	(14%)
Profit for the year	307 877	575 542	(267 665)	(47%)

Arab Bank Group's comprehensive income for the year ended 31 December 2010 amounts to USD 317.5 million compared to USD 780.7 million in 2009. The following schedule shows the principal components of the Group's comprehensive income statement:

In USD (thousands)	2010	2009
Profit for the year	307 877	575 542
Add:		
Foreign operations translation adjustments	(10 655)	71 006
Net change in fair value	20 299	134 154
Total comprehensive income for the year	317 521	780 702

Financial Position

Arab Bank Group assets reached USD 51.1 billion as at 31 December 2010. Customer deposits have over the year increased by over USD 783 million to reach almost USD 35.7 billion. Investment portfolio has reached USD 8 billion. Credit facilities amount to USD 22.5 billion forming 44% of total assets while owners' equity reached USD 8.3 billion.

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

In USD (thousands)	2010	2009	Variance	%
Assets				
Cash and due from banks	17 039 519	16 241 589	797 930	5%
Investment portfolio	7 987 682	8 787 624	(799 942)	(9%)
Loans	22 489 729	22 025 925	463 804	2%
Other	3 580 943	3 470 074	110 869	3%
Total Assets	51 097 873	50 525 212	572 661	1%
Liabilities				
Due to banks	5 766 110	6 298 356	(532 246)	(8%)
Due to customers	35 668 812	34 885 136	783 676	2%
Other	1 388 028	1 320 289	67 739	5%
Owners' equity	8 274 923	8 021 431	253 492	3%
Total liabilities and owners' equity	51 097 873	50 525 212	572 661	1%

Arab Bank plc

Statement of Income

Arab Bank plc's net income for the year ended 31 December 2010 amounts to JOD 145.1 million compared to JOD 250 million in 2009. Total revenues of the plc stood at JOD 797.5 million compared to JOD 764.1 million in 2009, recording an increase of 4%. Expenses were well managed with employees expenses recording a drop. Net provision for doubtful debts amounts to JOD 224.8 million represents the provisions booked during the year against 'watch-list' and 'non-performing' loans. The following schedule compares the principal components of the plc's income statement:

In JOD (thousands)	2010	2009	Variance	%
Revenue				
Net interest income	490 515	518 372	(27 857)	(5%)
Net commission income	141 438	133 204	8 234	6%
Other	165 502	112 528	52 974	47%
Net revenue	797 455	764 104	33 351	4%
Expenses				
Employees expenses	165 029	168 761	(3 732)	(2%)
Other operating expenses	186 066	189 830	(3 764)	(2%)
Provision for doubtful debts	224 769	80 850	143 919	178%
Provision for impairment - HTM	2 832	-	2 832	-
Total expenses	578 696	439 441	139 255	32%
Profit for the year before tax	218 759	324 663	(105 904)	(33%)
Income tax	73 674	74 624	(950)	(1%)
Profit for the year	145 085	250 039	(104 954)	(42%)

Arab Bank plc's comprehensive income for the year ended 31 December 2010 amounts to JOD 111.6 million compared to JOD 353.5 million in 2009. The following schedule shows the principal components of the Bank's comprehensive income statement:

In JOD (thousands)	2010	2009
Profit for the year	145 085	250 039
Add:		
Foreign operations translation adjustments	(46 643)	21 511
Net change in fair value	13 197	81 959
Total comprehensive income for the year	111 639	353 509

Financial Position

Arab Bank plc assets reached JOD 23.3 billion as at 31 December 2010. Customer deposits have over the year increased by over JOD 980 million to reach almost JOD 16.2 billion. Investment portfolio has reached JOD 3.9 billion. Credit facilities amount to JOD 10.1 billion forming 43% of total assets while shareholders' equity reached JOD 3.8 billion.

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

In JOD (thousands)	2010	2009	Variance	%
Assets				
Cash and due from banks	7 641 915	7 023 657	618 258	9%
Investment portfolio	3 884 630	4 148 866	(264 236)	(6%)
Loans	10 061 711	10 138 208	(76 497)	(1%)
Other	1 731 152	1 788 760	(57 608)	(3%)
Total Assets	23 319 408	23 099 491	219 917	1%
Liabilities				
Due to banks	2 891 784	3 586 052	(694 268)	(19%)
Due to customers	16 159 848	15 179 401	980 447	6%
Other	481 181	532 832	(51 651)	(10%)
Shareholders' equity	3 786 595	3 801 206	(14 611)	(0.4%)
Total liabilities and shareholders' equity	23 319 408	23 099 491	219 917	1%

INCOME APPROPRIATION

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

Arab Bank plc Dividend Distribution:

The Board of Directors' recommends the distribution of cash dividends of 20% of the shares' par value, or JOD 106.8 million for the year 2010 compared to 20% or JOD 106.8 million for the year 2009.

The following table shows the income appropriation for Arab Bank plc:

In JOD (millions)	2010	2009
Income available for appropriation	145	250
Proposed appropriation:		
Statutory reserve	21.8	32.4
Voluntary reserve	-	64.9
General reserve	-	-
General banking risk reserve	-	45.4
Retained earnings	16.4	0.5
Proposed cash dividends	106.8	106.8
Total appropriation	145	250

Arab Bank (Switzerland) Limited Dividend Distribution:

The shareholders of Arab Bank Group receive annual dividends from Arab Bank plc as well as from Arab Bank (Switzerland). The Board of Directors of Arab Bank (Switzerland) decided to recommend to the General Assembly the distribution of 20% of the shares' par value to shareholders.

The following table shows the proposed income appropriation of the Arab Bank (Switzerland) Ltd:

In CHF (thousands)	2010	2009
Profit after tax	4 260	5 936
Retained earnings from previous year	869	2 173
Transfer from other reserves	211	-
Total available for appropriation	5 340	8 109
Proposed dividends	5 340	5 340
Legal reserve	-	400
Other reserves	-	1 500
Retained earnings carried forward	-	869
Total appropriation	5 340	8 109

CAPITAL ADEQUACY

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

The following table presents a summary of the capital adequacy calculations in accordance with Basel II regulations for 2010 and 2009:

Arab Bank Group

In USD (thousands)	2010	2009
Risk-weighted assets	34 329 752	27 955 389
Core capital	5 168 563	4 988 790
Supplementary capital	564 473	445 790
Regulatory capital	5 173 728	4 998 763
Core capital / risk-weighted assets	14.2%	17.1%
Regulatory capital / risk-weighted assets	15.1%	17.9%

Arab Bank plc

In JOD (thousands)	2010	2009
Risk-weighted assets	14 910 467	12 230 830
Core capital	3 399 740	3 360 004
Supplementary capital	226 379	225 860
Regulatory capital	2 147 377	2 076 330
Core capital / risk-weighted assets	14.40%	16.98%
Regulatory capital / risk-weighted assets	14.40%	16.98%

Financial ratios related to Arab Bank Group:

	2010	2009
Owners' equity / Total assets	16.2%	15.9%
Loan / Deposit	63.1%	63.1%
Liquidity ratio (cash and quasi cash)	49%	49%
Cost / Income	72.4%	55.9%
Cost / Income (excluding provision for doubtful debts)	45.6%	44.4%
Core Capital	14.2%	17.1%
Regulatory Capital	15.1%	17.9%
Return on Equity	3.7%	7.2%
Return on Assets	0.6%	1.1%
Net interest and commission income/ total assets	2.6%	2.6%
EPS (USD)	0.47	0.99

Financial ratios related to Arab Bank plc:

	2010	2009
Shareholders' equity / Total assets	16.2%	16.5%
Loan / Deposit	62.3%	66.8%
Liquidity ratio (cash and quasi cash)	49.4%	48.4%
Cost / Income	72.6%	57.5%
Cost / Income (excluding provision for doubtful debts)	44.4%	46.9%
Core Capital	14.40%	16.98%
Regulatory Capital	14.40%	16.98%
Return on Equity	3.8%	6.6%
Return on Assets	0.6%	1.1%
Net interest and commission income/ total assets	2.7%	2.8%

Number	Year	Closing Price JD
1.	30/12/2001	200.000
2.	30/12/2002	184.000
3.	30/12/2003	305.000
4.	29/12/2004	237.800
5.	28/12/2005	63.300
6.	27/12/2006	21.360
7.	30/12/2007	29.340
8.	30/12/2008	15.160
9.	30/12/2009	12.150
10.	29/12/2010	9.980



Our plans for 2011 and beyond have been developed whilst taking into consideration the prevailing and expected market conditions locally and internationally. Though we expect the global economy to recover slowly, we expect to still be indirectly affected along with the world's markets at large.

We have been closely monitoring the evolving global and regional situation, regularly simulating their impact and taking the necessary measures to preserve our historical values and principles relating to:

- **Liquidity:**

We strongly believe in maintaining an ample amount of liquidity to support our operations and protect our shareholders and customers in the regions in which we operate. This has always been and will continue to be one of the pillars on which Arab Bank is built.

- **Capital Adequacy:**

We are committed to maintaining a high capital adequacy ratio that exceeds limits set by Basel II, the Central Bank of Jordan and other regulatory bodies in the countries where we operate at all times.

- **Risk Management:**

We believe in taking calculated risk. We have not and will not enter into any business which we do not understand, cannot calculate and whose risks we cannot mitigate.

- **Excellence:**

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

Our corporate objectives for 2011 focus on further strengthening our financial position in terms of capitalization and liquidity, improving our customer service and business processes in addition to further strengthening our credit policies and enhancing our risk management platform.



When it comes to the commercial sector and project finance, Arab Bank has prepared an effective mechanism to target viable investment opportunities, expand trade finance and diversify the different sources of revenue through:

- Maintaining relationships with customers and focusing on high net-worth customers.
- Reviewing existing portfolio and identifying potential growth especially for customers who operate in promising sectors.
- Continue leading the market in financing large strategic projects in light of the comfortable regulatory capital in addition to the experience in structured finance management which has distinguished Arab Bank. Meanwhile the Bank is targeting many projects in infrastructure, water, energy and transport in addition to tourism and commercial projects with close cooperation with international banks, donors and local banks.

In addition, the constant attention we provide to our clients will foster a suitable environment and improve the level of service which will enable us to build strong relationships in order to meet their financing needs.

It is worth mentioning that this would be done in the framework of maintaining profit margins, enhancing operational efficiency and controlling costs. This is in addition to maintaining a high quality credit portfolio, where we will continue controlled and focused growth through effective budget management and in compliance with the requirements of Basel II. We will continue to exert all efforts necessary to maintain our competitive advantage through the launch of a range of initiatives and marketing strategies while continuously evaluating various business sectors. Given our expertise and leading position, we will continue with financing infrastructure projects in the Middle East and North Africa in addition to focusing on strengthening and consolidating relations with our clients.

Consumer Banking at Arab Bank over the next year plans to achieve further growth by focusing on the implementation of specific projects within the Bank's strategy in the retail sector.

The Bank will maintain its commitment to strengthening and growing its branch and ATM network in addition to the further development of electronic banking services, in particular, online banking services and ATM services. The Bank aims to achieve a high level of quality service through the development of advanced technological solutions to manage customer service while maintaining a full commitment to information security and financial services provided to customers.

In 2011, the Bank will pay more attention to providing a variety of products and services that meet the demands of customers according to the adopted segmentation standards in order to better meet their financial needs and to ensure the best possible service. The Bank will also focus on developing the affluent, Elite, customer segment through the enhancement of the current products and services provided to them. In addition, the Bank will strengthen its presence in the Gulf markets through the development of products catering to the Arab expatriates community living in the Gulf. On the products side, the Bank will continue to give priority to providing innovative services in the areas of deposit accounts, mortgages and credit cards.

As part of the Bank's commitment to protecting the environment, the Bank will work to promote the use of processes and products that are paperless in addition to providing E-statements as an alternative to printed bank statements.

Arab Bank Treasury's product offerings and execution capabilities grew significantly in 2010 and will continue to do so in 2011, particularly in the areas of fixed income securities and in providing hedging solutions for customers. We expect that Treasury's capabilities will continue to grow during 2011 in order to meet clients' growing requirements while maintaining the Bank's strong liquidity base.

Treasury will continue to strengthen the Bank's ability to measure, model and analyze liquidity to ensure continued adherence to both regulatory and our own high internal standards. Furthermore, Arab Bank has invested significantly in its capabilities and product range. We expect increased opportunities to support our customers with the sale of Treasury products, including foreign exchange, derivatives, and tailor-made hedging solutions.



Geographically, our focus remains in the MENA region where we plan to further deepen our presence, as long as it fits our strategy and business model in the respective location.

In terms of mergers and acquisitions, Arab Bank is selective. All options that will be considered should fit with our strategy and make business sense, especially in light of the prevailing and future market conditions. With MENA as our focus, we are open to consider opportunities to further our purpose, should they be available at the right time and at the right price.

In terms of strategic projects, we continue to balance the needs of developing the range of core services, meeting our regulatory and industry driven mandates and renewing and improving our existing services. Over the next three years we have a rolling plan that will focus on the following areas:

- Further improvements to our corporate banking services offering that will include amongst other enhancements the launch and roll out of our new cash management platform (Corporate Lending, Collateral Management, Discounted Bills and Cash Management).
- An ongoing focus on our Consumer Banking business development including branch and ATM expansions in our key markets, refurbishment of existing key locations as well as further enhancement and roll out of the services provided to customers both in our branches and across other channels.
- While developing new products and services we still maintain a focus on the optimization of our core systems to improve service management, internal effectiveness and the management of risk and regulatory requirements (These core systems include human resource management system, IT Disaster Recovery, Payment Card Industry Mandates, Information Security and IT infrastructure renewal).

In JOD Thousands	2010	2009
Fees for annual, semi annual and quarterly audits and reviews	1 056	1 090
Fees for consultancies and advice	3 081	4 802
Total	4 137	5 892

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

	Name	Position	Nationality
1	Mr. Abdel Hamid A.M. Shoman	Executive Chairman	Jordanian
2	Mr. Sabih Taher D. Masri	Deputy Chairman	Jordanian
3	Ministry of Finance & Economy – Saudi Arabia Represented by: Mr. Saleh Saad A. Al Muhanna	Member of the Board	Saudi
4	Mrs. Nazik Odah Al Hariri	Member of the Board	Saudi
5	Social Security Corporation Represented by: Mr. Ibrahim Yousuf Ibrahim Izziddin	Member of the Board	Jordanian
6	Mr. Samir Farhan Kawar	Member of the Board	Jordanian
7	Mr. Riad Burhan Taher Kamal	Member of the Board	Jordanian
8	Mr. Mohammed M. Hariri	Member of the Board	Lebanese / Canadian
9	Abdul Hameed Shoman Foundation Represented by: AL-SHARIF Faris Abdel Hameed Sharaf Sharaf (till 25/11/2010) Represented by: Mr. Khaled Anis Moh'd (Zand Irani) (from 27/12/2010)	Member of the Board	Jordanian
10	Mr. Wahbe A. Tamari	Member of the Board	Lebanese
11	Ms. Dina Abdel Hamid A. M. Shoman	Member of the Board	Jordanian

Number of Shares		Holdings of Controlled Companies	
31.12.2010	31.12.2009	31.12.2010	31.12.2009
11 663 700	11 663 700	-	-
7 017 120	7 017 120	-	-
24 000 000	24 000 000	-	-
-	-	-	-
60 120	60 120	-	-
81 645 600	80 374 620	-	-
-	-	-	-
183 300	183 300	Middle East Insurance Co.	
		513 975	521 250
15 000	15 000	Al Gazal Foundation	
		1 833 510	1 166 310
68 700	68 700	-	-
13 211 400	12 837 330	-	-
-	-	-	-
15 000	15 000	-	-
24 000	24 000	-	-

Number of Arab Bank Shares Owned by Senior Executives:

Name	Position
1 Mr. Nemeah Elias Sabbagh	Chief Executive Officer
2 Ms. Randa Muhammad Sadik	Deputy Chief Executive Officer
3 Dr. "Mohammad Ghaith" Ali Mohammad Mismar	Legal Counsel - Secretary General of the Board of Directors
4 Ms. Dina Abdel Hamid A. M. Shoman	EVP – Branding Group
5 Mr. Ghassan Hanna Suleiman Tarazi	EVP – Chief Financial Officer
6 Mr. Marwan Nasha'at R. Riyal	EVP – Head of Human Resources Division
7 Mr. Mohamed A. Hamad Ghanameh	EVP – Head of Credit
8 Mr. Samer S. Tamimi	EVP - Corporate & Investment Banking
9 Mr. Mohammad Musa Dawood "Moh'd Issa"	EVP - Head of Corporate & Investment Banking (Jordan & Palestine)
10 Mr. George Fouad El-Hage	EVP – Chief Risk Officer
11 Mr. Michael Matossian	EVP–Head of Group Regulatory Compliance
12 Mr. Muntaser I. Dawwas	EVP – Consumer Banking
13 Mr. Fadi J. Zouein	EVP – Internal Audit
14 Mr. Antonio Mancuso-Marcello ("Tony Marcello")	EVP – Head of Treasury
15 Mrs. Eman Al-Sahhar	VP – Head of Secretariat

Nationality	Number of Shares		Holdings of Controlled Companies	
	31.12.2010	31.12.2009	31.12.2010	31.12.2009
Lebanese	2 850	2 850	-	-
British	-	-	-	-
Jordanian	-	-	-	-
Jordanian	24 000	24 000	-	-
Jordanian	5 010	-	-	-
Jordanian	195	195	-	-
Jordanian	-	-	-	-
Jordanian	4 455	4 455	-	-
Jordanian	7 005	7 005	-	-
Canadian	-	-	-	-
American	1 200	-	-	-
Jordanian	4 020	2 010	-	-
Lebanese	-	-	-	-
British	-	-	-	-
Jordanian	5 250	5 250	-	-

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

	Name	Relationship	Nationality
1.	Mr. Abdel Hamid A.M. Shoman Executive Chairman		
	Mrs. S. Shoman	Spouse	Jordanian
		Minors	-
2.	Mr. Sabih Taher D. Masri Deputy Chairman		
	Mrs. N. Masri	Spouse	Jordanian
		Minors	-
3.	Mr. Saleh Saad A. Al Muhanna Member of the Board – Representing Ministry of Finance & Economy – Saudi Arabia		
		Spouse	-
		Minors	-
4.	Mrs. Nazik Odah Al Hariri Member of the Board		
		-	-
		Minors	-
5.	Mr. Ibrahim Yousuf Ibrahim Izziddin Member of the Board – Representing Social Security Corpo- ration		
		Spouse	-
		Minors	-
6.	Mr. Samir Farhan Kawar Member of the Board		
	Mrs. R. Kawar	Spouse	Jordanian
		Minors	-

Number of Shares		Holdings of Controlled Companies	
31.12.2010	31.12.2009	31.12.2010	31.12.2009
24 000	24 000	-	-
-	-	-	-
3 172 800	3 172 800	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
105 000	105 000	-	-
-	-	-	-

	Name	Relationship	Nationality
7.	Mr. Riad Burhan Taher Kamal Member of the Board	Spouse	-
		Minors	-
8.	Mr. Mohammed M. Hariri Member of the Board	Spouse	-
		Minors	-
9.	Messrs Abdul Hameed Shoman Foundation Member of the Board Represented by: AL-SHARIF Faris Abdel Hameed Sharaf Sharaf (till 25/11/2010) Represented by: Mr. Khaled Anis Moh'd (Zand Irani) (from 27/12/2010)	Spouse	-
		Minors	-
10.	Mr. Wahbe A. Tamari Member of the Board	Spouse	-
		Minors	-
11.	Ms. Dina "Mohammad Abdel Hamid" Shoman Member of the Board		-
			-

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

Name	Relationship	Nationality
1. Mr. Neme Elias Sabbagh Chief Executive Officer	Spouse	Lebanese
	Minors	
2. Ms. Randa Muhammad Sadik Deputy Chief Executive Officer	---	British

3. Dr. "Mohammad Ghaith" Ali Mohammad Mismar Legal Counsel - Secretary General of the Board of Directors	Spouse	Jordanian
	Minors	
4. Ms. Dina Abdel Hamid A. M. Shoman EVP - Branding Group	---	Jordanian

5. Mr. Ghassan Hanna Suleiman Tarazi Chief Financial Officer - Finance Mrs. N. Tarazi	Spouse	Jordanian
	Minors	--
6. Mr. Marwan Nasha'at R. Riyal EVP - Head of Human Resources Division	Spouse	Jordanian
	Minors	--
7. Mr. Mohammad A. Hamad Ghanameh EVP - Head of Credit	Spouse	Jordanian
	Minors	--

	Name	Relationship	Nationality
8.	Mr. Samer S. Tamimi EVP - Corporate & Investment Banking	Spouse	Jordanian
		Minors	--
9.	Mr. Mohammad Musa Dawood "Mohammad Issa" EVP - Head of Corporate & Investment Banking (Jordan & Palestine)	Spouse	Jordanian
		Minors	
10.	Mr. Muntaser I. Dawwas EVP – Head of Retail Banking	Spouse	Jordanian
		Minors	
11.	Mr. Michael Matossian EVP – Head of Group Regulatory Compliance	Spouse	American
		Minors	
12.	Mr. George Fouad El-Hage EVP – Chief Risk Officer	Spouse	Canadian
		Minors	
13.	Mr. Fadi Joseph zwein EVP - Head of Audit	Spouse	Lebanese
		Minors	--
14.	Mr. Anotonio Marcello EVP - Head of Treasury	Spouse	British
		Minors	--
15.	Mr. Iman Jamal Omar Al-Sahar VP - Head of Secretariat Mr. Jamal A. Al-Hajj Ahmad	Spouse	Jordanian
		Minors	--

Board Compensation and Benefits in 2010:

Name		
1.	Mr. Abdel Hamid A.M. Shoman	Executive Chairman
2.	Mr. Sabih Taher D. Masri	Deputy Chairman
3.	Ministry of Finance & Economy – Saudi Arabia Represented by: Mr. Saleh S. A. Al-Muhanna	Member of the Board
4.	Mrs. Nazik Odah Al Hariri	Member of the Board
5.	Social Security Corporation Represented by: Mr. Ibrahim Y. I. Izziddin	Member of the Board
6.	Mr. Samir Farhan Kawar	Member of the Board
7.	Mr. Riad Burhan Taher Kamal	Member of the Board
8.	Mr. Mohammed Ahmad M. Hariri	Member of the Board
9.	Mr. Wahbe A. Tamari	Member of the Board
10.	Abdul Hameed Shoman Foundation Represented by: AL-SHARIF Faris Abdel Hameed Sharaf Sharaf (Till 25/11/2010)	Member of the Board
	Mr. Khaled A. M. "Zind Al-Irani" (Since 27/12/2010)	Member of the Board
11.	Mr. "Mohammed Thabet" Abdulraouf S. Taher (Till 26/3/2010)	Member of the Board
	Ms. Dina A. H. Shoman (Since 26/3/2010)	Member of the Board

(In JOD)

	Annual Salary	Annual transportation allowance	Board remuneration	Total
	480 000	18 000	5 000	503 000
	-	18 000	5 000	23 000
	-	18 000	5 000	23 000
	-	18 000	5 000	23 000
	-	18 000	5 000	23 000
	-	18 000	5 000	23 000
	-	18 000	5 000	23 000
	-	18 000	5 000	23 000
	-	18 000	5 000	23 000
	-	16 500	5 000	21 500
	-	-----	-----	-----
	-	4 500	1 250	5 750
	-	13 500	3 750	17 250

Executive Management Compensation and Benefits in 2010:

	Name	Position
1.	Mr. Nemeah Elias Sabbagh (Appointment date 312010/1/)	Chief Executive Officer
2.	Ms. Randa Muhammad Sadik (Appointment date 12010/7/)	Deputy Chief Executive Officer
3.	Dr. "Mohammad Ghaith" Ali Mohammad Mismar	Legal Counsel - Secretary General of the Board of Directors
4.	Ms. Dina Abdel Hamid A. M. Shoman	EVP – Branding Group
5.	Mr. Marwan Nasha'at R. Riyal	EVP – Head of Human Resources Division
6.	Mr. Mohamed A. Hamad Ghanameh	EVP – Head of Credit
7.	Mr. Samer S. Tamimi	EVP - Corporate & Investment Banking
8.	Mr. Mohammad Musa Dawood "Moh'd Issa"	EVP - Head of Corporate & Investment Banking (Jordan & Palestine)
9.	Mr. George Fouad El-Hage	EVP – Chief Risk Officer
10.	Mr. Michael Matossian	EVP – Head of Group Regulatory Compliance
11.	Mr. Muntaser I. Dawwas	EVP – Consumer Banking
12.	Mr. Fadi J. Zouein	EVP - Internal Audit
13.	Mr. Antonio Mancuso-Marcello ("Tony Marcello")	EVP - Head of Treasury
14.	Mrs. Eman Al-Sahhar	VP - Head of Secretariat

*** Records at Finance Accountancy and Mohasabeh – Geneva showed the following:**

	Name	Position
1.	Mr. Ghassan Hanna Suleiman Tarazi	EVP - Chief Financial Officer

(In JOD)

Annual Salary	Annual transportation allowance	Travel expenses (not include accommodation and tickets)	Total
396 871	---	---	396 871
200 000	---	---	200 000
128 972	---	---	128 972
155 936	---	---	155 936
135 517	---	---	135 517
192 368	---	---	192 368
164 393	---	---	164 393
132 733	---	---	132 733
98 416	---	---	98 416
291 176	---	---	291 176
201 660	---	---	201 660
160 000	---	---	160 000
260 810	---	---	260 810
28 907	---	---	28 907

(In CHF)

Annual Salary	Annual transportation allowance	Travel expenses (not include accommodation and tickets)	Total
300 000	---	---	300 000



Project / Entity	JOD
1. Initiative of His Majesty to support the pockets of poverty in Jordan	2 000 000
2. King Hussein Cancer Foundation	100 000
3. Teaching staff children in Jordanian universities	60 162
4. The Jordanian Hashemite Fund for Human Development	50 000
5. Takeiat Umm Ali hospice volunteer and charitable work	33 500
6. Scientific institutions and Research Councils	30 000
7. Enjaz Implementation program	28 205
8. Friendship Association of Jordan	10 021
9. Support King Hussein Club	10 000
10. Public Institution for Social Security	6 511
11. The Royal Force Ladies Club	5 000
12. Support Kings Academy	5 000
13. Abdul Hameed Shoman Foundation	4 487 169
Total	6 825 568

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

	In JOD (thousands)			
	31 December 2010			
	Dues from related parties	Direct Credit Facilities	Deposits from related parties	Guarantees, acceptances, letters of credit and unused credit facilities
Subsidiaries & Sister Company	1 534 962	230 765	939 578	140 827
Affiliates	28 736	-	25 341	33 664
Major shareholders and members of the Board of Directors	-	351 645	241 532	107 528
	1 563 698	582 410	1 206 451	282 019

	In JOD (thousands)			
	31 December 2009			
	Dues from related parties	Direct Credit Facilities	Deposits from related parties	Guarantees, acceptances, letters of credit and unused credit facilities
Subsidiaries & Sister Company	1 730,988	238 051	1 128 627	116 217
Affiliates	138 801	-	165 502	2 207
Major shareholders and members of the Board of Directors	-	214 924	79 351	89 911
	1 869 789	452 975	1 373 480	208 335

In JOD (thousands)

31 December 2010

	Interest Income	Interest expense
Subsidiaries & Sister Company	15 687	15 592
Affiliates	198	248
	15 885	15 840

In JOD (thousands)

31 December 2009

	Interest Income	Interest expense
Subsidiaries & Sister Company	29 214	20 889
Affiliates	745	553
	29 959	21 442

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



Arab Bank believes that a vibrant and sustainable environment is essential for the welfare of the current and future generations including employees, their families and the general community. Accordingly, the Bank continuously ascribes to, and effectively participates in both internal and external activities and programs which affect the environment.

From an internal point of view, the Bank adopted several programs over the years to reduce the consumption of water, energy and electricity, which in turn contributed to the protection of natural resources and the enhancement of internal operations. The Bank has chosen to follow a strategic approach to minimize its direct impacts on the environment through establishing its first corporate social responsibility strategy that considers environmental protection and sustainability as one of the main pillars. Such a strategic approach has widely contributed to reduce the Bank's power and water consumption over the years.

In terms of the external environment, Arab Bank adheres to a number of standards while considering potential projects and investment opportunities, ensuring that these projects have a minimal impact on natural resources.

Moreover, Arab Bank supports participation in environmentally-friendly projects in both Jordan and other countries, such as the first Independent Power Generation Plants (IPP) at Al Manakher area, Amman East Power Plant and Al-Qatrana Plant South Amman. Both projects were structured on a Build Own and Operate (BOO) basis. Each plant adds 370MW to the national generation capacity using two natural gas fired turbines and a third combined cycle-steam turbine, which is considered a source of 'green' fuel that reduces emissions. This project's structure allows it to receive Carbon Credit revenue through its use of a cleaner fuel and the use of steam in generation under the KYOTO Protocol.

In addition, Arab Bank is currently arranging to finance the Samra Waste Water Treatment Plant Expansion Project that entails adding two treatment lines (water lines) and four Sludge Digesters, as they were designed to increase the hydraulic capacity of the existing waste water treatment plant and its ability to handle suspended solids and biological materials, among other critical treatment requirements. Moreover, the project received US\$ 89.9 million grant from the Millennium Challenge Corporation (MCC) as part of the compact agreement signed between MCC and the Ministry of Water and Irrigation in October 2010.

In light of the bank's continuous support for environmentally-friendly projects, it is pursuing several green investment opportunities, including: Kamshah



Wind Farm, Fujeij Wind Farms and Shams Ma'an Solar Power Generation Plant, as those will assist in increasing the contribution of renewable energy to the total electricity generated.

Furthermore, Arab Bank participates in and sponsors various workshops and events organized by different ministries, non-governmental and private agencies. Examples of these workshops include: Utility Scale Solar Power Project and Millennium Energy Industries, Instituting Water Demand Management in Jordan-IDARA and Shams Ma'an Power Generation Plant.

Under the Bank's corporate social responsibility (CSR) program, Together, and in collaboration with the Royal Society for the Conservation of Nature (RSCN), Arab Bank adopted the Azraq Wetland Reserve, where employees made considerable efforts to support the conservation of the area and helped to rehabilitate it after most of it was destroyed by a fire. Employees spent several days to prime and repaint the boardwalk, plant trees, clean the water channels and pull and cut dry reeds growing in the water around the wooden trails to prevent them from covering the water surface.

Arab Bank employees also took part in many other volunteering activities, such as celebrating Earth Hour, adopting a tree on Earth Day, the Do Not Mess with Nature's Jerash clean up campaign, environmental film screening and Clean up the World campaign.



Corporate social responsibility (CSR) is not a new subject to Arab Bank; since its establishment in 1930, the Bank embarked on a mission to play a significant and essential role in developing local communities and their economies. Initially, CSR initiatives were largely philanthropic and focused on donations based on community needs. Recently, Arab Bank is recognizing the strategic importance of CSR and is adopting initiatives that are in line with its principles and business objectives. Accordingly, the Bank is developing a comprehensive CSR strategy that seeks to translate its values and beliefs into effective and sustainable programs and initiatives that identify the needs of a wide range of stakeholders. Emerging from this strategy, the Bank is issuing a yearly Sustainability Report in compliance with the Global Reporting Initiative (GRI) guidelines, which comes to enhance transparency and open wide communication channels with stakeholders. The first report is covering our achievements for the year 2010.

By adopting such a strategic approach, it contributes to the sustainability of our business and fosters relations with employees, customers, shareholders, suppliers and the general community.

Arab Bank's CSR strategy defines CSR as a set of policies and practices that contribute to the well-being of the environment, economy and society in which we operate, with a vision "to be the leading socially responsible financial institution in the region" and a mission "to continuously support, participate in, and contribute to the advancement and well-being of our community" This initiative began in 2009 with the launching of the Bank's pilot CSR program, Together.

Together is a large-scale program that focuses on a range of areas that are critical to the community. These are: health, orphans, poverty, education, and the environment. It brings under its umbrella the most reputed non-profit organizations within each focus area, to work jointly towards a common goal to achieve sustainable development. These include: the King Hussein Cancer Foundation (KHCF), Al Aman Fund, Tkiyet Um Ali, Madrasati and the Royal Society for the Conservation of Nature (RSCN).

Arab Bank's role in the success of this program was through providing sponsorships and financial donations (from the Bank and customers), establishing a volunteering program and building up the NGOs' capacities.

1. Sponsorships

In addition to the Bank's direct donations, pilot programs and initiatives implemented by other organizations were sponsored such as the Traffic Department, Nakhweh Initiative, Jordan Inbound Tour Operators Association, Injaz and Raneen.



Donation Channels

Providing simple ways for people to participate in their communities is a fundamental pillar of the Together program; the Bank provided its customers with the opportunity for direct donations to the previously mentioned five organizations through various banking channels: ATMs, online banking (Arabi Online), phone banking (Hala Arabi) and direct donations through our network of branches. Additionally, a platinum credit card was also launched in 2009 (Together Credit Card) which is the first of its kind in the Middle East, Africa and Central Europe and has widely contributed to support these organizations. In addition to the special benefits of this card, it provides a unique built-in mechanism allowing cardholders to donate a small percentage (0.5%) of their purchase amounts to the non-profit organizations and is matched by an equal amount by the Bank. Moreover, 50% of the annual membership fee is allocated to support these organizations.

2. Volunteering

Arab Bank's CSR program does not only focus on philanthropy and donations; another important component of Together is engaging employees through volunteering initiatives which aim at enhancing employees' sense of responsibility and increasing their sense of belonging towards the community and loyalty for their organization.

In 2010, more than 840 employees volunteered in 28 activities, many of them were completed over the course of several phases. In addition, the Bank sponsored the highest number of participants in both the Dead Sea Ultra Marathon and the Amman International Marathon with a large number of staff participating, along with their family and friends.

Below is a further description of main initiatives implemented under each aspect of the Together focus areas:

- **Environment:** In collaboration with the Royal Society for the Conservation of Nature (RSCN), Arab Bank adopted the Azraq Wetland Reserve, where employees made considerable efforts to support the conservation of the area and helped to rehabilitate it after most of it was destroyed by a fire. They spent several days to prime and repaint the boardwalk, plant trees, clean the water channel and pull and cut dry reeds growing in the water around the wooden trails to prevent them from covering the water surface. Arab Bank employees also took part in many other volunteering activities such as celebrating Earth Hour, adopting a tree on Earth Day, the Do Not Mess with Nature's Jerash clean up campaign, environmental film screening, and Clean up the World campaign.



- **Health:** In collaboration with the King Hussein Cancer Foundation (KHCF), Arab Bank employees participated in the Breast Cancer Train the Trainer initiative, where employees took the responsibility upon themselves to be trained by KHCF through sessions that included important information on cancer status, diagnosis, signs, symptoms and treatment to join the fight against breast cancer and raise awareness by holding internal sessions for interested female employees. Furthermore, employees held a survey regarding levels of awareness on Breast Cancer in Ein Al Basha area, which helped KHCF in creating their national awareness campaign.

A state-of-the-art ambulance was donated to KHCF to be utilized by the King Hussein Cancer Center, which is the foundation's medical arm. The ambulance is equipped with the latest technology designed to meet the needs of cancer patients in Jordan and will provide great assistance for the center's efforts to care for critically ill patients. The Bank was also a platinum sponsor of the Hope Gala dinner.

Arab Bank employees also took part in several volunteering activities that aimed to promote a healthy lifestyle including the Amman International Marathon, the Dead Sea Ultra Marathon, blood drives and anti-smoking sessions.

- **Poverty and hunger:** During the entire holy month of Ramadan, Arab Bank employees, in coordination with Tkiyet Um Ali, toured by bus cities where underprivileged families live, handing out Iftar meals to those in need. The bus made its way across Jordan's main cities of Irbid, Amman and Karak. The Bank's employees and Tkiyet Um Ali staff handed out 200 meals a day, totaling 6,000 meals throughout the month. Arab Bank employees also helped Tkiyet Um Ali staff for two weeks at their kitchens in packaging around 5,000 meals. Also the Bank adopted 17 needy families living in Al Ruwashed area to provide them with food packages on a monthly basis for a year.
- **Education:** Arab Bank adopted Jabal Al Naser area which comprises four schools. Around 100 employees participated and were able to enlighten and inspire more than 250 young students that were yearning for education through four main educational programs. One of the main programs is the School Course Program, which looks at engaging employees with students through weekly sessions on topics that would develop their personalities, planning and decision-making skills. Job Shadowing and Career Month are other programs that aim at raising students' awareness of career options in the banking sector. Throughout a whole month, students were able to engage internally with our employees during the course of a regular business day. The Company Course is another effective program, where one



employee mentored 15 university students to establish their own company including its functions and internal operations. Due to the extensive guidance and support, the Bank-sponsored team managed to win the national competition of the Best Student Company in Jordan.

Kitabi program is another educational focused initiative in collaboration with the Abdul Hameed Shoman Foundation, which involved employees through donating books and establishing libraries at underprivileged schools.

As for Al Sewaniyeh School, which was adopted by the Bank under the Madrasati initiative, relationships were built between employees and students through providing English and Math remedial classes and working together to beautify their school through drawing murals, cleaning and planting gardens with flowers and trees.

- **Orphans:** In collaboration with Al Aman Fund, Arab Bank employees accompanied orphans from Al Hanan house to Jordan's historical sites of Al Harraneh and Amra castles and Al Azraq Wetland Reserve for a day filled with educational activities and games in an effort to connect with orphans and increase their awareness of environmental issues. Sponsoring a number of orphans' education is another initiative where the Bank participated. On another note, Arab Bank employees helped in organizing a summer camp, in collaboration with the Orphan Welfare Association, through preparing its facilities (painting the walls, planting trees and priming the playing areas), which hosted 350 orphans coming from Syria, Palestine and Jordan. To empower orphans and encourage education, the Bank sponsored four orphans to complete their education at one of the universities in Jordan, providing them with the tools to be independent and pursue promising careers for a fruitful future.

3. Capacity Building

The Bank believes that such close collaboration with civil organizations should entail building up their capacities and ensuring their growth and sustainability by providing them with the opportunity to attend relevant courses that identify their needs and meet their requirements. Accordingly, the Bank has sponsored one employee from each organization to attend two effective courses held by Sustainability and Survival Solutions (SSS). The courses included social marketing and fund raising skills. Such courses reflected positively on the planning processes of these organizations and enriched their knowledge in raising funds.



Abdul Hameed Shoman Foundation (AHSF)

Arab Bank's effective contribution to social development through the activities performed by the Abdul Hameed Shoman Foundation (AHSF) constitutes a unique input into the role shouldered by the Bank in the field of corporate social responsibility.

In 2010, AHSF's activities consisted of signing several agreements with important scientific and cultural institutions in the Arab world such as the National Council for Scientific Research in Lebanon and the Sultan Ben Ali Al Oweis Cultural Foundation-Dubai.

As part of AHSF's connection with society and as far as the cultural arena is concerned, the Foundation has signed an agreement of cooperation with the Central Traffic Department in Jordan aimed at establishing a library within the Department to better serve visitors. In parallel to AHSF's connection to Jordanian universities, an agreement was signed between Mu'tah University and AHSF to set up a computer laboratory as a "Center for Improving Teaching Staff Performance" at the University. Another agreement was signed between Al Albayt University and AHSF designed to set up a similar computer laboratory which will reflect positively on the University's level of contribution to the labor market.

Moreover, a seminar entitled, "Arab Culture... The Future and the Challenges" was organized in cooperation with Sultan Ben Ali Al Oweis Cultural Foundation – Dubai on the basis of the agreement signed between the two Foundations. This seminar managed to attract intellectuals and scientists from the region and made valuable contributions to the Arab Cultural Summit slated to be held in the middle of 2011. Preparations are currently underway for this event by the League of Arab States in cooperation with the Arab League Education, Culture and Scientific Organization and the Arab Thought Foundation headed by His Royal Highness Prince Khaled Al Faisal.

In cooperation with Arab intellectual institutions across the region, AHSF has organized in cooperation with the Arab Intellectual Forum and Petra University, a wide-scale seminar on the water issues at regional and international levels in which a number of experts from Arab countries took part.

In addition to these agreements, cooperation with Assilah Cultural Foundation in Morocco, a "Special Corner" at Prince Bandar Bin Sultan Library in Assilah was set up featuring the publications issued by AHSF. These activities were held in light of AHSF's belief in the importance of scientific research and cultural activity in terms of serving the community.

There was also a cooperation agreement between the Ministry of Culture and AHSF was signed laying the groundwork for the cooperation through exchanging views on the objectives of the two parties.

One of the important activities in which AHSF has participated in this year was the celebration organized to mark signing the Mobile Library Agreement with the Ministry of Culture and the Haya Cultural Center. AHSF has regularly participated in this project for which AHSF's support has also been extended due in part by the benefits yielded to Jordanian citizens.



AHSF opened in 2010 the Social Work Library within the Hashemite University Library with subsidies by AHSF which provided the library with a large number of scientific references and books relevant to sociology and community issues.

The AHSF Forum has hosted a number of distinguished intellectuals and presenters from Jordan and other Arab countries who spoke on issues of interest to the community covering various topics ranging from cultural, social, economic, oil, financial to medical matters in addition to education, media, youth and food security.

AHSF participated in the Princess Salma Center for Cultural Innovation Competition at the King Abdulla II Center celebration in 2010. The event was sponsored by AHSF under the title, "Zarqa; City of Jordanian Culture for the Year 2010".

AHSF has also organized a workshop through the activities of the Abdul Hameed Shoman Public Library on 'Cataloguing and Classification' in which 20 librarians participated representing libraries from municipalities and governorates under the patronage of the Abdul Hameed Shoman Foundation. AHSF also held through the Abdul Hameed Shoman Public Library a training course in the field of computerized libraries that are using the WINISIS Software which was attended by 22 participants from 12 municipalities. All the participants were employees of governorates' libraries that are continually supported by the Foundation. The Abdul Hameed Shoman Public Library organized another course on "Indexing and Use of Thesaurus" attended by ten participants from the Municipal Libraries of Palestine sponsored by the Shoman Foundation. AHSF participated in a workshop held by the General Secretariat of the League of Arab States in order to discuss the subject of "Arab Strategy for Scientific and Technical Research and Innovation". The workshop was prepared by the General Secretariat of the League of Arab States, the Arab League Education, Culture and Scientific Organization and the Federation of Arab Scientific Research Councils in implementation of the decision made by the Arab Summit held in 2010 in Sirte-The Libyan Arab Jamahiriya.

It is worth noting that supporting scientific research and scientists constitutes one of the main objectives of the Abdul Hameed Shoman Foundation. On 18/9/2010, a ceremony was held for the Abdul Hameed Shoman awards for Young Arab Researchers (2009 Session). The same ceremony witnessed the Abdul Hameed Shoman award for Children's Literature (2009 Session), and the Abdul Hameed Shoman's award for Teachers of Science at Jordanian basic and secondary schools (2009/2010 Session). The first award was received by 12 individuals from Algeria, Jordan, Lebanon, Egypt, Saudi Arabia and the United Arab Emirates. The second award was received by 44 participants from Syria and Iraq. The third award was received by two participants from Jordan.

AHSF has published the following books during 2010: "Arab Food Security, Present and Future" by Dr. Subhi Al Qase in addition to two books featuring intellectual work by Dr. Mohammad Adnan Al Bakheet and Dr. Ali Mahaftha and a fourth book entitled "Questions on Arab Culture and Freedom of Expression" which includes a series of lectures delivered at the Abdul Hameed Shoman Cultural Forum.

Abdul Hameed Shoman Foundation's initiatives have yielded a positive impact on the community and highlights Arab Bank's commitment to social responsibility aimed at serving the interests of the different communities.

Arab Bank Group

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ARAB BANK GROUP

USD '000	Note	December 31,			
		2010	2009		
Cash and balances with central banks	5	12 137 615	11 731 550	ASSETS	
Balances with banks and financial institutions	6	4 676 055	4 200 505		
Deposits with banks and financial institutions	7	225 849	309 534		
Financial assets at fair value through P&L - held for trading	8	397 989	312 563		
Financial assets at fair value through P&L - designated	9	224 927	169 947		
Financial derivatives - positive fair value	41	69 025	179 458		
Direct credit facilities	10	22 489 729	22 025 925		
Financial assets - available for sale	11	6 088 626	6 414 381		
Financial assets - held to maturity	12	1 276 140	1 890 733		
Investment in associates	13	2 077 809	1 955 106		
Fixed assets	14	667 996	577 667		
Intangible assets	15	199 393	219 126		
Other assets	16	532 983	503 876		
Deferred tax assets	17	33 737	34 841		
TOTAL ASSETS		51 097 873	50 525 212		
Banks and financial institutions' deposits	18	4 948 672	5 684 355		LIABILITIES AND OWNERS' EQUITY
Customer deposits	19	32 110 473	31 472 526		
Cash margin	20	3 558 339	3 412 610		
Financial derivatives - negative fair value	41	93 431	185 873		
Borrowed funds	21	817 438	614 001		
Provision for income tax	22	236 167	258 596		
Other provisions	23	137 701	127 654		
Other liabilities	24	903 302	726 692		
Deferred tax liabilities	25	17 427	21 474		
Total Liabilities		42 822 950	42 503 781		
Share capital	26	776 027	776 027		
Share premium	26	1 225 747	1 226 185		
Treasury shares	26	-	(1 500)		
Statutory reserve	27	482 547	451 702		
Voluntary reserve	28	977 315	977 315		
General reserve		1 822 824	1 823 321		
General banking risks reserve	29	363 458	391 964		
Reserves with associates		1 540 896	1 540 896		
Foreign currency translation reserve		179 638	177 728		
Available-for-sale financial assets revaluation reserve	30	(13 576)	(38 708)		
Retained earnings	31	123 316	59 376		
Proposed dividends		156 251	162 952		
Total Equity Attributable to Shareholders of the Bank		7 634 443	7 547 258		
Non-controlling interests		640 480	474 173		
Total Owners' Equity		8 274 923	8 021 431		
TOTAL LIABILITIES AND OWNERS' EQUITY		51 097 873	50 525 212		

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

ARAB BANK GROUP

	USD '000	Note	2010	2009
REVENUE	Interest income	32	1 659 180	1 796 006
	Less: interest expense	33	638 344	747 265
	Net interest income		1 020 836	1 048 741
	Net commissions income	34	320 578	282 631
	Net interest and commissions income		1 341 414	1 331 372
	Foreign exchange differences		77 536	76 253
	(Loss) from financial assets at fair value through P&L - held for trading	35	(3 846)	(2 800)
	(Loss) from financial assets at fair value through P&L - designated	36	(9 118)	(1 029)
	Gain from financial assets - available for sale	37	71 764	25 707
	Group's share of profits of associates	13	239 208	291 239
	Other revenue	38	47 751	53 469
NET REVENUE			1 764 709	1 774 211
EXPENSES	Employees' expenses	39	431 476	405 682
	Other expenses	40	300 740	320 710
	Depreciation and amortization	14	58 011	52 015
	Provision for impairment - direct credit facilities	10	473 391	204 419
	Provision for impairment - held-to-maturity financial assets	12	(1 298)	-
	Other provisions	23	15 588	8 575
	TOTAL EXPENSES			1 277 908
PROFIT FOR THE YEAR	Profit before Income Tax		486 801	782 810
	Less: Income tax expense	22	178 924	207 268
	Profit for the Year		307 877	575 542
	Attributable to :			
	- Bank shareholders		251 016	528 336
- Non-controlling interests		56 861	47 206	
Earnings per share attributable to Bank Shareholders				
	- Basic and Diluted (US Dollars)	53	0.47	0.99

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

ARAB BANK GROUP

USD'000	2010	2009
Profit for the Year	307 877	575 542
Add: Other comprehensive income items, after tax		
Exchange differences arising on the translation of foreign operations	(10 655)	71 006
Net change in fair value	20 299	134 154
Total other comprehensive income items, after tax	9 644	205 160
Total Comprehensive Income for the Year	317 521	780 702
Attributable to :		
- Bank shareholders	278 058	733 496
- Non-controlling interests	39 463	47 206
Total	317 521	780 702

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

	Note	Share Capital	Share Premium	Treasury shares	Statutory reserve	Voluntary reserve
2010	Balance at the beginning of the year	776 027	1 226 185	(1 500)	451 702	977 315
	Profit for the year	-	-	-	-	-
	Exchange differences arising on the translation of foreign operations	-	-	-	-	-
	Net change in fair value	-	-	-	-	-
	Total comprehensive income	-	-	-	-	-
	Sale of treasury shares	-	(438)	1 500	-	-
	Appropriation to reserves	-	-	-	30 845	-
	Paid dividends	-	-	-	-	-
	Proposed dividends	-	-	-	-	-
	Effect of increase in ownership in subsidiary	-	-	-	-	-
	Effect of increase in capital in subsidiary	-	-	-	-	-
	Adjustments	10	-	-	-	-
Balance at the end of the Year		776 027	1 225 747	-	482 547	977 315
2009	Balance at the beginning of the year	776 027	1 226 205	(3 346)	403 305	882 179
	Adjustments	58	-	-	-	-
	Beginning balance after adjustments	776 027	1 226 205	(3 346)	403 305	882 179
	Profit for the year	-	-	-	-	-
	Exchange differences arising on the translation of foreign operations	-	-	-	-	-
	Net change in fair value	-	-	-	-	-
	Total comprehensive income	-	-	-	-	-
	Sale of treasury shares	-	(20)	1 846	-	-
	Appropriation to reserves	-	-	-	48 397	95 136
	Paid dividends	-	-	-	-	-
	Proposed dividends	-	-	-	-	-
	Non-controlling interests adjustments	-	-	-	-	-
Balance at the end of the Year		776 027	1 226 185	(1 500)	451 702	977 315

- The reserves and retained earnings include restricted deferred tax assets in the amount of USD 33.7 million, and cumulative change in fair value of USD (13.6) million as of December 31, 2010. Moreover, restricted retained earnings that cannot be distributed or otherwise utilized except only under certain circumstances, as a result of the adoption of certain International Financial Reporting Standards, amounted to USD 1.3 million as of December 31, 2010 (USD 3.5 million as of December 31, 2009). The accompanying notes from (1) to (58) are an integral part of these consolidated financial statements and should be read with them.

USD '000

General reserve	General banking risks reserve	Reserves with associates	Foreign currency translation reserve	Available-for-sale financial assets revaluation reserve	Retained earnings	Proposed dividends	Total equity attributable to shareholders of the Bank	Non-controlling interests	Total
1 823 321	391 964	1 540 896	177 728	(38 708)	59 376	162 952	7 547 258	474 173	8 021 431
-	-	-	-	-	251 016	-	251 016	56 861	307 877
-	-	-	1 910	-	-	-	1 910	(12 565)	(10 655)
-	-	-	-	25 132	-	-	25 132	(4 833)	20 299
-	-	-	1 910	25 132	251 016	-	278 058	39 463	317 521
-	-	-	-	-	20	-	1 082	-	1 082
-	-	-	-	-	(30 845)	-	-	-	-
-	-	-	-	-	-	(162 952)	(162 952)	(24 099)	(187 051)
-	-	-	-	-	(156 251)	156 251	-	-	-
(497)	-	-	-	-	-	-	(497)	(5 430)	(5 927)
-	-	-	-	-	-	-	-	156 373	156 373
-	(28 506)	-	-	-	-	-	(28 506)	-	(28 506)
1 822 824	363 458	1 540 896	179 638	(13 576)	123 316	156 251	7 634 443	640 480	8 274 923
1 811 065	327 039	1 357 120	107 448	(172 862)	112 088	213 645	7 039 913	468 465	7 508 378
-	-	-	-	-	(14 332)	-	(14 332)	(61 045)	(75 377)
1 811 065	327 039	1 357 120	107 448	(172 862)	97 756	213 645	7 025 581	407 420	7 433 001
-	-	-	-	-	528 336	-	528 336	47 206	575 542
-	726	-	70 280	-	-	-	71 006	-	71 006
-	-	-	-	134 154	-	-	134 154	-	134 154
-	726	-	70 280	134 154	528 336	-	733 496	47 206	780 702
-	-	-	-	-	-	-	1 826	-	1 826
12 256	64 199	183 776	-	-	(403 764)	-	-	-	-
-	-	-	-	-	-	(213 645)	(213 645)	(16 301)	(229 946)
-	-	-	-	-	(162 952)	162 952	-	-	-
-	-	-	-	-	-	-	-	35 848	35 848
1 823 321	391 964	1 540 896	177 728	(38 708)	59 376	162 952	7 547 258	474 173	8 021 431

ARAB BANK GROUP

USD '000

	Note	2010	2009
Profit for the year before tax		486 801	782 810
Adjustments for:			
- Group's share from associates profits		(239 208)	(291 239)
- Depreciation and amortization		58 011	52 015
- Provision for impairment - direct credit facilities		473 391	204 419
- Bad debts written-off		-	65
- (Gain) from sale of fixed assets		(845)	(1 936)
- Loss from revaluation of financial assets at fair value through P&L - held for trading		6 261	4 258
- Loss from revaluation of financial assets at fair value through P&L - designated		9 172	7 099
- (Surplus) in provision for impairment – held-to-maturity financial assets		(1 298)	-
- Other provisions		15 588	8 575
Total		807 873	766 066
(Increase) decrease in assets:			
Balances with central banks (maturing after 3 months)		(26 017)	308 792
Deposits with banks and financial institutions (maturing after 3 months)		83 685	154 960
Direct credit facilities		(937 195)	280 531
Financial assets at fair value through P&L - held-for-trading		(91 687)	(148 030)
Financial assets at fair value through P&L - designated		(64 152)	54 092
Other assets		89 493	97 983
Increase (decrease) in liabilities:			
Bank and financial institutions deposits (maturing after 3 months)		19 590	284 825
Customer deposits		637 947	2 891 817
Cash margin		145 729	582 725
Other liabilities		62 845	(104 264)
Net Cash Generated by Operations before Income Tax		728 111	5 169 497
Income tax paid		(203 064)	(202 098)
Net Cash Generated by Operations		525 047	4 967 399
CASH FLOWS FROM INVESTING ACTIVITIES			
Sale (purchase) of financial assets - available for sale		350 887	(2 261 411)
Maturity of financial assets - held to maturity		615 673	696 257
(Purchase) of investments in associates and subsidiaries		(16 104)	(206 119)
Dividends received from associates		104 576	87 017
(Purchase) of fixed assets		(184 534)	(116 760)
Proceeds from sale of fixed assets		18 812	28 152
Net Cash Generated by (used in) Investing Activities		889 310	(1 772 864)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase (decrease) in borrowed funds		203 437	(35 250)
Dividends paid to shareholders		(162 972)	(213 645)
Dividends paid to non-controlling interests		(24 099)	(16 301)
Proceeds from sale of treasury shares		1 062	1 826
Net Cash Generated by (used in) Financing Activities		17 428	(263 370)
Net Increase in Cash and Cash Equivalents		1 431 785	2 931 165
Exchange differences - change in foreign exchange rates		179 086	290 658
Cash and cash equivalent at the beginning of the year		10 504 735	7 282 912
Cash and Cash Equivalent at the End of the Year	55	12 115 606	10 504 735

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

1. General

- Arab Bank was established in 1930, and is registered as a Jordanian public shareholding limited company. The Head Office of the Bank is domiciled in Amman, Jordan, and the Bank operates worldwide through its branches, subsidiaries and sister company, Arab Bank (Switzerland) Limited.
- Arab Bank shares are traded on Amman Stock Exchange.
- The accompanying consolidated financial statements were approved by the Board of Directors on January 27, 2011 and are subject to the approval of the General Assembly of Shareholders.

2. Basis of Consolidation

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

	Percentage of Ownership (%)	Principal Activity	Place of Incorporation
Europe Arab Bank plc	100.00	Banking	United Kingdom
Arab Bank Australia Limited	100.00	Banking	Australia
Islamic International Arab Bank plc	100.00	Banking	Jordan
Arab National Leasing Company Limited	100.00	Finance leasing	Jordan
Al-Arabi Investment Group Limited	100.00	Brokerage and financial services	Jordan
Arab Sudanese Bank Limited	100.00	Banking	Sudan
Arab Investment Bank S.A.L.	100.00	Banking	Lebanon
Al Arabi Capital Limited	100.00	Brokerage and financial services	U.A.E
Al-Arabi Investment Group Palestine	100.00	Brokerage and financial services	Palestine
Arab Tunisian Bank	64.24	Banking	Tunisia
Al Nisr Al Arabi Insurance	50.00	Insurance	Jordan
Arab Bank Syria	49.00	Banking	Syria
Al Wahda Bank *	19.00	Banking	Libya

* Although Arab Bank plc owns only 19% of the share capital of Al Wahda Bank in Libya, the financial statements of Al Wahda Bank are consolidated among the consolidated financial statements of the Group, because Arab Bank plc controls the strategic operating and financial policies of Al Wahda Bank through the control of key management personnel and majority of voting power of the Board of Directors.

- Subsidiaries are companies under the effective control of Arab Bank plc. Control is achieved when the Group has the power to govern the strategic financial and operating policies of the subsidiary so as to obtain benefits from its activities.
- The consolidated financial statements 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 financial statements of subsidiaries are prepared using uniform accounting policies of those used by other members of the Group. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.
- The results of operations of subsidiaries are included in the consolidated statement of income effective from the acquisition date, which is the date of transfer of control over the subsidiary by the Group. The results of operations of subsidiaries disposed of during the year are included in the consolidated statement of income up to the effective date of disposal, which is the date of loss of control over the subsidiary.
- Upon consolidation, inter-Group transactions and balances between Arab Bank plc, the sister company, Arab Bank (Switzerland) Limited and other subsidiaries are eliminated. Items in transit are stated within other assets or other liabilities, as appropriate. Non-controlling interests (the interest not owned by the Group in the equity of subsidiaries) are stated separately within owners' equity in the consolidated statement of financial position.

3. Significant Accounting Policies

Basis of preparation

- The accompanying consolidated financial statements are prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board and the Interpretations issued by the International Financial Reporting Interpretations Committee, the prevailing rules in the countries where the Group operates and the instructions of the Central Bank of Jordan.
- The financial statements are prepared using the historical cost principle, except for financial assets and financial liabilities which are stated at fair value as of the date of the consolidated financial statements.

- The accounting policies adopted in this year are consistent with those adopted in prior years except for the following:
Application of new and revised International Financial Reporting Standards (IFRSs)

A. New and revised IFRSs with material effect on the financial statements:

- The following new and revised IFRSs have been adopted in these financial statements, and have had effect on the amounts reported in the consolidated financial statements:
- IFRS 3 (Revised in 2008) – Business Combinations
- Comprehensive revision on applying the acquisition method and consequential amendments to IAS 27 Consolidated and Separate Financial Statements, IAS 28 Investments in Associates and IAS 31 Interests in Joint Ventures. This caused a change in the Group's policy regarding the change in ownership percentage in subsidiaries not leading to change in the control over the subsidiary.
- In prior years, the increase in the Group's interests in a subsidiary was treated as if it were a new acquisition in that subsidiary. Goodwill was recorded within assets, and negative goodwill was recorded in the consolidated statement of income as appropriate. For a decrease in the Group's participation in a subsidiary not leading to loss of control, the difference between the sale and carrying amount of disposed assets was recorded as gain or loss in the consolidated statement of income.
- Under IAS 27 (revised in 2008), all changes in the participation in subsidiaries are dealt with in equity, with no impact on goodwill or profit for the year.
- During the period, the Group acquired the non-controlling interest in Al Arabi Capital Limited so that the Group's ownership became 100% as of the date of the consolidated financial statements. The excess in the consideration paid for the non-controlling interest over the fair value of net assets acquired of USD 497 thousand has been recorded directly in owners' equity.

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

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

<ul style="list-style-type: none"> • Amendments to IFRS 1: First-time Adoption of International Financial Reporting Standards – Additional Exemptions for First-time Adopters 	<p>The amendments provide two exemptions when adopting IFRSs for the first time relating to oil and gas assets, and the determination as to whether an arrangement contains a lease.</p>
<ul style="list-style-type: none"> • Amendments to IFRS 2: Share-based Payment – Cash-settled Share-based Payment Transactions 	<p>The amendments clarify the scope of IFRS 2, as well as the accounting for cash-settled share-based payment transactions in the separate (or individual) financial statements of an entity receiving the goods or services when another entity or shareholder has the obligation to settle the award.</p>
<ul style="list-style-type: none"> • Amendments to IAS 39: Financial Instruments: Recognition and Measurement – Eligible Hedged Items 	<p>The amendments provide clarification on two aspects of hedge accounting: identifying inflation as a hedged risk or portion, and hedging with options.</p>
<ul style="list-style-type: none"> • Improvements to IFRSs issued in 2009 	<p>IAS 1, IAS 23, IAS 27, IAS 32 and IAS 39. SMEs IFRS, IFRS 2, IFRS 3, IFRS 5, IFRS 7, and IFRS 8.</p>
<ul style="list-style-type: none"> • IFRIC 17: Distributions of Non-cash Assets to Owners 	<p>The Interpretation provides guidance on the appropriate accounting treatment when an entity distributes assets other than cash as dividends to its shareholders.</p>
<ul style="list-style-type: none"> • IFRIC 18: Transfers of Assets from Customers 	<p>The Interpretation addresses the accounting by recipients for transfers of property, plant and equipment from ‘customers’ and concludes that when the item of property, plant and equipment transferred meets the definition of an asset from the perspective of the recipient, the recipient should recognise the asset at its fair value on the date of the transfer, with the credit being recognised as revenue in accordance with IAS 18 Revenue.</p>

C. New and revised IFRSs issued but not yet effective

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

	Effective for annual periods beginning on or after
• Amendments to IFRS 1: Limited Exemption from Comparative IFRS 7 Disclosure for First-time Adopters	1 July 2010
• Amendments to IFRS 7: Disclosures – Transfers of Financial Assets	1 July 2011
• IFRS 9 (as amended in 2010): Financial Instruments	1 July 2010
• Amendments to IFRS 3: Business Combinations	1 July 2010
• Amendments to IFRS 7: Financial Instruments Disclosures	1 July 2010
• Amendments to IFRS 9: Financial Instruments (as amended in 2010)	1 January 2013
• Amendments to IAS 1: Financial Statements Presentation	1 January 2011
• IAS 24 (revised in 2009) Related Party Disclosures	1 January 2011
• IAS 27 (revised in 2008) Consolidated and Separate Financial Statements	1 July 2010
• Amendments to IAS 32: Classification of Rights Issues	1 February 2010
• Amendments to IAS 34: Interim Financial Statements	1 January 2011
• Amendments to IFRS 13: Concession Service Arrangements	1 January 2011
• Amendments to IFRS 14: Prepayments of a Minimum Funding Requirement	1 January 2011
• IFRS 19: Extinguishing Financial Liabilities with Equity Instruments	1 July 2010

- The Group's management anticipates that each of the above standards and interpretations will be adopted in the consolidated financial statements by its date mentioned above. Moreover, these standards and interpretations will not have any material impact on the Group's consolidated financial statements except for the following:

IFRS 9 Financial Instruments

- IFRS 9 Financial Instruments issued in November 2009 and amended in October 2010 introduces new requirements for the classification and measurement of financial assets and financial liabilities and for derecognition.
- IFRS 9 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.
- The directors anticipate that IFRS 9 will be adopted in preparation of the consolidated financial statements for the financial year 2011 in accordance with the instructions of the Central Bank of Jordan. The directors also anticipate that the application of the new standard will have a significant impact on amounts reported in respect of the financial assets and financial liabilities in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.
- IFRS 9 requires all recognised financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

Date of recognition of financial assets

- Sales and purchase of financial assets are recognized on the trade date, which is the date the Group commits itself to purchase or sell the financial assets.

Fair value

- The closing price of quoted financial assets and derivatives in active markets represents their fair value. When no quoted prices are available or when no active markets exist for the financial instrument, the fair value is estimated by one of the following methods:
 - Comparing the fair value of another financial asset with similar terms and conditions;
 - Discounting future cash flows; or
 - Using options pricing models.
- The valuation methods aim at arriving at a fair value that reflects the expectations of market participants, expected risks and expected benefits. When the fair value cannot be measured reliably, financial assets are stated at cost / amortized cost.

Financial assets at fair value through profit or loss – held for trading

- Such financial assets are those assets that have been acquired principally for the purpose of selling them in the near term, or on initial recognition have been part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking.
- Financial assets held for trading are initially recognized at their fair value, while transaction costs are expensed in the consolidated statement of income; and are stated subsequently at fair value. Changes in fair value of these financial assets are included in the consolidated statement of income in the period in which the change occurs.
- Changes in fair value resulting from changes in foreign exchange rates are recorded in the consolidated statement of income as gain or loss on foreign exchange.
- Dividend revenue is recognized as income from financial assets held for trading in the consolidated statement of income, whereas earned interest revenue is recognized as interest income in the consolidated statement of income.

Financial assets at fair value through profit and loss – designated

- Such financial assets are those initially designated as at fair value through profit or loss if such designation eliminates or significantly reduces a measurement or recognition inconsistency (accounting mismatch) that would otherwise arise. Financial assets may be designated as at fair value through profit or loss if they make part of a group of financial assets or financial liabilities or both, that are managed and their performance is evaluated on a fair value basis in accordance with a documented risk management or investment strategy.
- Financial assets designated as at fair value through profit or loss are initially recognized at their fair value, while transaction costs are expensed in the consolidated statement of income; and are stated subsequently at fair value. Changes in fair value of these financial assets are included in the consolidated statement of income in the period in which the change occurs.
- Gains (losses) from the changes in the foreign exchange rates of monetary assets denominated in foreign currencies are recorded within gain (losses) from foreign currency translation. As for non-monetary assets they are recorded as part of the change in fair value.
- Dividends revenue is recognized as income from financial assets designated at fair value through profit and loss in the consolidated statement of income, where as interest earned is recognized as interest income in the consolidated statement of income.

Direct credit facilities

- Such financial assets are those with fixed or determinable payments that are not quoted in an active market.
- Direct credit facilities are stated at cost, and are stated in the consolidated statement of financial position net of impairment provisions and interest and commission in suspense.
- Provisions for impairment of direct credit facilities are recognized when it is apparent that the financial assets of the Group cannot be recovered, there is objective evidence of an event that adversely affects the future cash flows of the direct credit facilities and when the amount of impairment can be estimated.
- Impairment in value is determined using the present value of the future cash flows discounted at the original interest rate or according to the instructions of the regulatory authorities of the countries where the Group operates, whichever is higher. Impairment losses are recorded in the consolidated statement of income.

- Interest and commission on non-performing credit facilities are suspended in accordance with the instructions of the regulatory authorities in the countries where the Group operates.
- Specific provisions for impairment of direct credit facilities are written off when management is satisfied that no recovery of the amounts owing is possible. Any surplus in the general provisions or any recoveries of written-off debts is recognized in the consolidated statement of income.

Financial assets – Available-for-sale

- Such financial assets are those assets that have not been classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments.
- Available-for-sale financial assets are initially recognized at fair value, including transaction costs and are subsequently stated at fair value as of the date of the consolidated financial statements with changes in fair value recorded in a separate item in consolidated other comprehensive income.
- When such assets are fully or partially sold, disposed of, or judged to be impaired, the change in fair value is recorded in the consolidated statement of income, including the related amounts previously recorded in other comprehensive income.
- Impairment losses recognized in the consolidated statement of income on debt instruments are reversed only when it is objectively evident that the increase in fair value occurred after the losses have been recognized. Impairment losses recognized on equity instruments are not reversed.
- Changes in fair value resulting from changes in foreign exchange rates on monetary financial assets are recorded in the consolidated statement of income as gain or loss on foreign exchange with changes in foreign exchange rates on non-monetary items recorded in other comprehensive income.
- Interest income earned on available-for-sale financial assets is recorded in the consolidated statement of income using the effective interest method.
- Financial instruments for which fair value cannot be reliably determined are stated at cost, net of any accumulated impairment losses.

Financial assets – Held to maturity

- Such financial assets are those that have fixed or determinable payments and fixed maturity that an entity has the positive intention and ability to hold to maturity.

- Financial assets held to maturity are recorded at cost (fair value) plus acquisition costs, less any provision for impairment in value. Premiums and discounts are systematically amortized in the consolidated statement of income using the effective interest method.

Impairment in the value of the financial assets

- The Group reviews the values of the financial assets on the date of the consolidated financial statements in order to determine if there are any indications of impairment in their value, individually or in the form of a portfolio. If such indications exist, the recoverable value is estimated so as to determine the amount of impairment loss.

Impairment is determined as follows:

- Impairment in financial assets recorded at amortized cost is determined on the basis of the difference between the carrying amount and the present value of the cash flows discounted at the original interest rate.
- Impairment in the financial assets recorded at cost is determined on the basis of the difference between the carrying amount and the present value of the expected cash flows discounted at the market interest rate of similar instruments.
- Impairment in the available-for-sale financial assets recorded at fair value represents the difference between the carrying amount and the fair value.
- Impairment in value is recorded in the consolidated statement of income. Any surplus in the subsequent period, resulting from previous declines in the fair value of financial assets, is recognized in the consolidated statement of income, except for available-for-sale equity securities, which is recovered through other comprehensive income.

Investments in associates

- Associates are those in which the Group exerts significant influence over the financial and operating policy decisions, and in which the Group holds between 20% and 50% of the voting rights.
- Investments in associated companies are accounted for according to the equity method.
- In the separate financial statements of the Bank, investments in associates are stated at cost, net of any accumulated impairment losses.
- Transactions and balances between the Group and the associates are eliminated to the extent of the Group's ownership in the associate.

Financial derivatives

- Financial derivatives (e.g. currency forward contracts, forward rate agreements, swaps and option contracts) are recognized at fair value in the consolidated statement of financial position.

a) Financial derivatives held for hedge purposes

Hedges are classified as follows:

- **Fair value hedge:** Represents hedging for changes in the fair value of the Group's assets and liabilities. When the conditions for an effective fair value hedge are met, gains or losses from changes in the fair value of financial derivatives are recognized in the consolidated statement of income. Changes in the fair value of the hedged assets or liabilities are also recognized in the consolidated statement of income.
- **Cash flow hedge:** Represents hedging for changes in the current and expected cash flows of the Group's assets and liabilities that affects the consolidated statement of income. When the conditions for an effective cash flow hedge are met, gains or losses from changes in the fair value of financial derivatives are recognized in other comprehensive income and are reclassified to the statement of income statement in the period in which the hedge transaction has an impact on the consolidated statement of income.
- When the conditions for an effective hedge are not met, gains or losses from changes in the fair value of financial derivatives are recognized in the consolidated statement of income.

b) Financial derivatives for trading

- Financial derivatives held for trading are recognized at fair value in the consolidated statement of financial position among "other assets" or "other liabilities" with changes in fair value recognized in the consolidated statement of income.

Foreclosed assets

- Such assets are those that have been the subject of foreclosure by the Group, and are initially recognized among "other assets" at the foreclosure value.
- At the date of the consolidated financial statements, foreclosed assets are revalued individually; any decline in fair value is recognized in the consolidated statement of income. Any subsequent increase in value is recognized only to the extent that it does not exceed the previously recognized impairment losses.

Intangible assets

- Goodwill represents the excess of an amount paid to acquire or purchase an investment in an associate or subsidiary over the fair value of the net investment in that entity at the acquisition date. Goodwill arising from the acquisition of a subsidiary is recognized in a separate item among intangible assets. Goodwill resulting from the acquisition of an associate constitutes part of the investment in that associate. Goodwill is subsequently reduced by any impairment in the value of the investment.
- Goodwill is allocated over the cash-generating units for the purpose of testing the impairment in value.
- Goodwill is tested on the date of each financial statement and is reduced when there is evidence that its value has been impaired or that the recoverable value of the cash-generating units is lower than the carrying amount. Impairment losses are recorded in the consolidated statement of income.

Foreign currencies

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

Fixed assets

- Fixed assets are stated at cost, net of accumulated depreciation. Such assets (except for land) are depreciated according to the straight-line method.

- The useful lives of the fixed assets are reviewed at the end of each year. When the expected useful life differs from what was previously determined, the change in estimate will be recorded as such in the subsequent year.
- Fixed assets are derecognized when disposed of or when no future benefits are expected from their use or disposal.
- When the recoverable amount of fixed assets is less than the carrying amount, their value is reduced to the recoverable amount, and the impairment in value is recorded in the consolidated statement of income.

Offsetting

- Financial assets and financial liabilities are offset, and the net amount is presented in the consolidated statement of financial position only when there is a legal right to offset the recognized amounts, and the Group intends to either settle them on a net basis or to realize the assets and settle the liabilities simultaneously.

Income taxes

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

Treasury shares

- Treasury shares are stated at cost as a separate item in owners' equity, as a deduction from total owners' equity.
- Gains or losses from the sale of treasury shares are not recognized in the consolidated statement of income. Instead, they are recognized as a deduction or an addition to the share premium account in the consolidated statement of changes in owners' equity.
- Treasury shares have no voting power and no right to receive dividends.

Fiduciary deposits

- Fiduciary deposits resulting from holding or placing of assets on behalf of customers. These assets and the income arising from them are excluded from the consolidated financial statements of the Group. Commission and fees income for managing these accounts are recognized in the consolidated statement of income.
- Provision for the decline in fair value is recognized only when the fair value of a portfolio of guaranteed capital declines below the amount of guaranteed capital.

Provisions

- Provisions are recognized when the Group has an obligation as of the date of the consolidated financial statements as a result of past events, the obligation is likely to be settled, and a reliable estimate can be made of the amount of the obligation.
- Provision for employees' end-of-service indemnities is estimated in accordance with the prevailing rules and regulations in the countries in which the Group operates. The expense for the year is recognized in the consolidated statement of income.

Recognition of income and expenses

- Income and expense are recognized on the accrual basis, except for interest income and expense which are recognized on an effective-yield basis. Interest and commission on non-performing direct credit facilities are not recognized as revenue but recorded as interest and commission in a suspense account until received in cash.

- Commission income is recorded as revenue when the related services are provided. Dividends are recorded when realized.

Cash and cash equivalents

- Cash and cash equivalents comprise cash balances with central banks and balances with banks and financial institutions maturing within three months, less restricted funds and balances owing to banks and financial institutions maturing within three months.

4. Use of Estimates

- Preparation of the accompanying consolidated financial statements requires estimations and judgments in applying accounting policies relating to some of the consolidated financial statement items. Examples of such items include an estimation of the provision for impairment of non-performing direct credit facilities, the intention of management to hold the financial investment until maturity, and an estimation of the useful life of assets and impairment of their value. Management also uses estimates and judgments for some matters that are uncertain on the date of the consolidated financial statements and may require adjustments to the balances of the assets and liabilities stated in the consolidated financial statements of the following year. This includes estimation of the various provisions and contingent liabilities.

5. Cash and Balances with Central Banks

The details of this item are as follows:

USD '000

	December 31,	
	2010	2009
Cash in vaults	445 848	396 873
Balances with central banks:		
- Current accounts	906 002	621 697
- Time and notice	5 348 271	4 541 368
- Mandatory cash reserve	2 224 546	2 453 484
- Certificates of deposit	3 212 948	3 718 128
Total	12 137 615	11 731 550

- Except for the mandatory cash reserve, there are no restricted balances at Central Bank.
- Balances maturing after three months amounted to USD 202.9 million as at December 31, 2010 (USD 176.9 million as at December 31, 2009).

6. Balances with Banks and Financial Institutions

The details of this item are as follows:

USD '000

	December 31,	
	2010	2009
Current accounts	817 980	812 014
Time deposits maturing within 3 months	3 776 050	3 187 865
Certificates of deposit	82 025	200 626
Total	4 676 055	4 200 505

7. Deposits with Banks and Financial Institutions

The details of this item are as follows:

USD '000

	December 31,	
	2010	2009
Time deposits maturing after 3 months and before 6 months	102 447	232 157
Time deposits maturing after 6 months and before 9 months	40 240	12 490
Time deposits maturing after 9 months and before 12 months	32 683	8 965
Time deposits maturing after one year	50 479	55 922
Total	225 849	309 534

- There are no restricted balances as at December 31 2010 and 2009.

8. Financial Assets at Fair Value Through P&L - Held for Trading

The details of this item are as follows:

	USD '000	
	December 31,	
	2010	2009
Government bonds	83 415	18 246
Other bonds	257 099	279 643
Shares	57 475	14 674
Total	397 989	312 563

9. Financial Assets at Fair Value Through P&L - Designated

The details of this item are as follows:

	USD '000	
	December 31,	
	2010	2009
Government bonds	25 709	15 000
Other bonds and loans	199 218	154 947
Total	224 927	169 947

10. Direct Credit Facilities

USD '000

The details of this item are as follows:

	December 31, 2010					
	Retail	Corporates		Banks and Financial Institutions	Government and Public Sector	Total
		Small and Medium	Large			
Discounted bills *	59 318	238 452	390 942	32 111	6 034	726 857
Overdrafts *	144 626	741 181	2 585 576	698	303 726	3 775 807
Loans and advances *	2 451 912	1 738 027	11 820 457	363 528	1 412 789	17 786 713
Real-estate loans	1 252 114	300 259	128 033	-	-	1 680 406
Credit cards	71 853	-	-	-	-	71 853
Total	3 979 823	3 017 919	14 925 008	396 337	1 722 549	24 041 636
Less: Interest and commission in suspense	73 905	143 623	105 217	869	-	323 614
Provision for impairment - direct credit facilities	264 010	163 401	798 206	-	2 676	1 228 293
Total	337 915	307 024	903 423	869	2 676	1 551 907
Direct credit facilities	3 641 908	2 710 895	14 021 585	395 468	1 719 873	22 489 729

* Net of interest and commission received in advance, which amounted to USD 80.6 million as at December 31, 2010.

- Direct credit facilities granted to the government and public sector as at December 31, 2010 amounted to USD 1 722.5 million, or 7.2% of total direct credit facilities.
- Non-performing direct credit facilities as at December 31, 2010 amounted to USD 2 030.6 million, or 8.4% of total direct credit facilities.
- Non-performing direct credit facilities net of interest and commission in suspense as at December 31, 2010 amounted to USD 1 707 million, or 7.2% of net direct credit facilities.

USD '000

	December 31, 2009					Total
	Retail	Corporates		Banks and Financial Institutions	Government and Public Sector	
		Small and Medium	Large			
Discounted bills *	79 452	205 075	511 355	57 710	2 528	856 120
Overdrafts *	172 345	617 365	2 379 764	-	265 702	3 435 176
Loans and advances *	2 342 122	1 067 552	12 256 016	559 480	1 117 102	17 342 272
Real-estate loans	927 961	491 601	2 222	-	-	1 421 784
Credit cards	62 170	-	-	-	-	62 170
Total	3 584 050	2 381 593	15 149 357	617 190	1 385 332	23 117 522
Less: Interest and commission in suspense	62 789	133 055	66 205	242	-	262 291
Provision for impairment - direct credit facilities	261 509	167 779	375 599	24 090	329	829 306
Total	324 298	300 834	441 804	24 332	329	1 091 597
Direct credit facilities	3 259 752	2 080 759	14 707 553	592 858	1 385 003	22 025 925

* Net of interest and commission received in advance, which amounted to USD 78.4 million as at December 31, 2009.

- Direct credit facilities granted to the government and public sector as at December 31, 2009 amounted to USD 1 385.3 million, or 6% of total direct credit facilities.

- Non-performing direct credit facilities as at December 31, 2009 amounted to USD 1 911.9 million, or 8.3% of total direct credit facilities.

- Non-performing direct credit facilities net of interest and commission in suspense as at December 31, 2009 amounted to USD 1 649.6 million, or 7.2% of net direct credit facilities.

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

	2010					USD '000
	Retail	Corporates		Banks and Financial Institutions	Government and Public Sector	Total
		Small and Medium	Large			
Balance at the beginning of the year	62 789	133 055	66 205	242	-	262 291
Interest and commission suspended during the year	17 498	19 519	43 936	627	-	81 580
Interest and commission in suspense written off	(5 601)	(4 052)	(2 921)	-	-	(12 574)
Recoveries	(1 516)	(2 744)	(1 118)	-	-	(5 378)
Adjustments during the year	(511)	(1 152)	(1 569)	-	-	(3 232)
Translation adjustments	1 246	(1 003)	684	-	-	927
Balance at the end of the Year	73 905	143 623	105 217	869	-	323 614

	2009					USD '000
	Retail	Corporates		Banks and Financial Institutions	Government and Public Sector	Total
		Small and Medium	Large			
Balance at the beginning of the year	57 898	147 932	53 648	-	-	259 478
Interest and commission suspended during the year	12 265	11 589	39 884	242	-	63 980
Interest and commission in suspense written off	(1 180)	(19 491)	(3 558)	-	-	(24 229)
Recoveries	(1 683)	(21 329)	(5 422)	-	-	(28 434)
Adjustments during the year	(4 187)	(3 467)	(1 790)	-	-	(9 444)
Translation adjustments	(324)	17 821	(16 557)	-	-	940
Balance at the end of the Year	62 789	133 055	66 205	242	-	262 291

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

	2010					USD '000
	Retail	Corporates		Banks and Financial Institutions	Govern- ment and Public Sector	Total
		Small and Medium	Large			
Balance at the beginning of the year	261 509	167 779	375 599	24 090	329	829 306
Impairment losses charged to income	35 341	24 605	441 437	21 195	1 147	523 725
Direct credit facilities written off	(19 588)	(4 054)	(11 676)	(44 850)	-	(80 168)
Recoveries	(15 446)	(14 607)	(18 682)	(982)	(617)	(50 334)
Adjustments during the year*	4 213	(3 787)	26 261	-	1 819	28 506
Translation adjustments	(2 019)	(6 535)	(14 733)	547	(2)	(22 742)
Balance at the end of the Year	264 010	163 401	798 206	-	2 676	1 228 293

	2009					USD '000
	Retail	Corporates		Banks and Financial Institutions	Govern- ment and Public Sector	Total
		Small and Medium	Large			
Balance at the beginning of the year	238 469	171 711	237 020	-	327	647 527
Impairment losses charged to income	41 723	21 088	193 439	24 090	-	280 340
Direct credit facilities written off	(449)	(3 556)	(19 868)	-	-	(23 873)
Recoveries	(16 207)	(33 278)	(26 436)	-	-	(75 921)
Adjustments during the year	(4 463)	11 700	(5 064)	-	-	2 173
Translation adjustments	2 436	114	(3 492)	-	2	(940)
Balance at the end of the Year	261 509	167 779	375 599	24 090	329	829 306

* This item represents amounts reversed back from the general banking risk reserve due to the application of local laws in Egypt.

11. Financial Assets - Available for Sale

USD '000

The details of this item are as follows:

	December 31,	
	2010	2009
Treasury bills and bonds	2 409 229	2 440 305
Government bonds	1 369 385	1 495 684
Corporate bonds	1 751 286	1 905 576
Shares	558 726	572 816
Total	6 088 626	6 414 381

Available-for-sale financial assets include shares in the amount of USD 220.8 million and bills and bonds in the amount of USD 2 259 thousand accounted for at cost / amortized cost as their fair value cannot be estimated reliably.

Analysis of bonds based on interest payments:

Floating rate	1 650 114	1 909 380
Fixed rate	3 879 786	3 932 185
Total	5 529 900	5 841 565

Analysis of financial assets based on market quotation:

Financial assets quoted in the market

Treasury bills and bonds	736 939	433 551
Government bonds	442 142	602 391
Corporate bonds	1 574 537	1 862 050
Shares	330 777	357 198
Total	3 084 395	3 255 190

Financial assets unquoted in the market

Treasury bills and bonds	1 672 290	2 006 754
Government bonds	927 243	893 293
Corporate bonds	176 749	43 526
Shares	227 949	215 618
Total	3 004 231	3 159 191

12. Financial Assets - Held to Maturity

USD '000

The details of this item are as follows:

	December 31,	
	2010	2009
Treasury bills and bonds	509 161	668 899
Government bonds	176 912	158 748
Other bonds	613 831	1 088 930
Less: provision for impairment	(23 764)	(25 844)
Total	1 276 140	1 890 733

Analysis of bonds based on interest payments:

Floating rate	379 491	807 411
Fixed rate	896 649	1 083 322
Total	1 276 140	1 890 733

Analysis of financial assets based on market quotation:

Financial assets quoted in the market:

Treasury bills and bonds	436 743	493 637
Government bonds	172 656	153 748
Other bonds	539 460	1 020 275
Total	1 148 859	1 667 660

Financial assets unquoted in the market:

Treasury bills and bonds	72 418	175 262
Government bonds	4 256	5 000
Other bonds	50 607	42 811
Total	127 281	223 073

The details of movement on the provision for impairment of financial assets - Held to maturity are as follows:

Balance at the beginning of the year	25 844	25 864
Impairment losses charged to income	3 994	-
Transferred to income	(5 292)	-
Translation adjustments	(782)	(20)
Balance at the end of the Year	23 764	25 844

During the third quarter of the year 2008 and effective July 1, 2008, the Group has reclassified certain investment in debt instruments with a book value of approximately USD 755 million out of "financial assets at fair value through P&L - held for trading" to "financial assets - held to maturity".

The Group was able to apply the fair values as at July 1, 2008 to determine the carrying value at the date of reclassification. If the reclassification had not occurred, a positive fair value movement of USD 930 thousand would have been recognized for the year ended on December 31, 2010 (positive fair value movement of USD 2.8 million for the year ended on December 31, 2009). Interest income of USD 5.3 million has been recognized in the consolidated statement of income against these securities for the year ended on December 31, 2010 (USD 14.3 million for the year ended on December 31, 2009).

The Group expects to recover the full par value against the reclassified securities on maturity. The average effective interest rate of these securities when reclassified was 5.6%.

The fair value of the reclassified securities is shown in the below table:

	USD '000			
	December 31,			
	2010		2009	
	Fair Value	Book Value	Fair Value	Book Value
Financial assets held to maturity at initial recognition	969 837	1 041 411	1 178 890	1 229 448
Financial assets reclassified to held to maturity	232 390	234 729	661 283	661 285
Total	1 202 227	1 276 140	1 840 173	1 890 733

13. Investment in Associates

The details of this item are as follows:

	December 31,					
	2010		2009		Place of Incorporation	Principal Activity
	Ownership	Cost	Ownership	Cost		
The Group's investments in associates:	%	USD'000	%	USD'000		
Turkland Bank A.S.	50.00	162 346	50.00	161 492	Turkey	Banking
Oman Arab Bank S.A.O.	49.00	162 682	49.00	149 197	Oman	Banking
Arab National Bank	40.00	1 700 042	40.00	1 582 168	Saudi Arabia	Banking
Arabia Insurance Company	36.79	38 878	36.79	36 345	Lebanon	Insurance
Other	Various	13 861	Various	25 904	Various	Various
Total		2 077 809		1 955 106		

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

	USD '000	
	2010	2009
Balance at the beginning of the year	1 955 106	1 748 987
Purchase of additional investments	10 179	26 545
Group's share of profits for the year	239 208	291 239
Group's share of income taxes	(104 576)	(87 017)
Dividends received and other changes in equity	(22 108)	(24 648)
Balance at the end of the Year	2 077 809	1 955 106

* The closing price of the Arab National Bank's share as of December 31, 2010 was Saudi Riyal 37.7 as quoted on Saudi Arabia Stock Exchange (Saudi Riyal 42.4 as of December 31, 2009). However, due to matters relating to the ownership concentrations of the Arab National Bank, the closing price of the share may not necessarily represent its fair value.

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

	USD '000	
	2010	2009
Total Assets	14 206 188	13 366 499
Total Liabilities	12 225 015	11 539 727
Total Revenues	586 956	576 065

14. Fixed assets

USD '000

The details of this item are as follows:

	Land	Buildings	Furniture, Fixtures and Equipment	Computers and Com- munication Equipment	Motor Vehicles	Leasehold Improve- ments	Total
Historical Cost:							
Balance at January 1, 2009	59 672	346 110	163 635	82 666	18 480	106 670	777 233
Additions	9 827	46 709	23 203	12 589	4 443	19 989	116 760
Disposals	(1 849)	(19 801)	(2 739)	(3 355)	(1 154)	(6 399)	(35 297)
Translation Adjustments	(25)	(90)	(509)	(1 266)	(18)	(2)	(1 910)
Balance at December 31, 2009	67 625	372 928	183 590	90 634	21 751	120 258	856 786
Additions	8 947	94 937	22 543	30 069	2 963	25 075	184 534
Disposals	(843)	(4 202)	(4 058)	(4 017)	(3 910)	(16 844)	(33 874)
Adjustments during the year	(778)	4 217	4 779	15 657	2 299	(1 349)	24 825
Translation Adjustments	(1)	5 346	(703)	(945)	(114)	2 679	6 262
Balance at December 31, 2010	74 950	473 226	206 151	131 398	22 989	129 819	1 038 533
Accumulated Depreciation :							
Balance at January 1, 2009	-	62 316	96 554	49 440	9 789	18 197	236 296
Depreciation charge for the year	-	11 067	15 040	12 969	3 242	9 697	52 015
Disposals	-	(24)	(1 829)	(3 138)	(899)	(3 191)	(9 081)
Translation adjustments	-	(48)	(51)	(11)	(1)	-	(111)
Balance at December 31, 2009	-	73 311	109 714	59 260	12 131	24 703	279 119
Depreciation charge for the year	-	12 350	17 133	12 732	3 107	12 689	58 011
Disposals	-	(443)	(3 453)	(3 549)	(3 526)	(6 200)	(17 171)
Adjustments during the year	-	(3 165)	1 889	23 262	3 113	18 794	43 893
Translation adjustments	-	4 729	(133)	(479)	(60)	2 628	6 685
Balance at December 31, 2010	-	86 782	125 150	91 226	14 765	52 614	370 537
Net Book Value as of December 31, 2010	74 950	386 444	81 001	40 172	8 224	77 205	667 996
Net Book Value as of December 31, 2009	67 625	299 617	73 876	31 374	9 620	95 555	577 667

15. Intangible Assets

This item represents intangible assets resulting from the acquisition of the below subsidiaries:

	USD '000	
	December 31,	
	2010	2009
Al Wahda Bank - Libya	194 199	207 320
AL Arabi Capital Limited	-	6 612
Al Nisr Al Arabi Insurance Company plc	5 194	5 194
Total	199 393	219 126

16. Other Assets

The details of this item are as follows:

	USD '000	
	December 31,	
	2010	2009
Accrued interest receivable	204 962	191 287
Prepaid expenses	107 136	110 354
Foreclosed assets *	45 065	39 885
Items in transit	20 823	25 190
Miscellaneous assets	154 997	137 160
Total	532 983	503 876

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

	USD '000		
	2010		
	Land	Buildings	Total
Balance at the beginning of the year	6 170	33 715	39 885
Additions	44	8 990	9 034
Disposals	(1 892)	(2 061)	(3 953)
Impairment losses charged to income	-	(845)	(845)
Impairment loss – returned to profit	18	251	269
Translation adjustments	756	(81)	675
Balance at the end of the Year	5 096	39 969	45 065

	USD '000		
	2009		
	Land	Buildings	Total
Balance at the beginning of the year	12 549	30 856	43 405
Additions	215	6 250	6 465
Disposals	(6 602)	(3 244)	(9 846)
Impairment losses charged to income	-	(213)	(213)
Impairment loss – returned to profit	8	145	153
Translation adjustments	-	(79)	(79)
Balance at the end of the Year	6 170	33 715	39 885

17. Deferred Tax Assets

Items attributable to deferred tax assets are as follows:

	2010				USD '000
	Balance at the Beginning of the Year	Adjustments During the Year	Amounts Added	Amounts Released	Balance at the End of the Year
Provision for impairment - direct credit facilities	27 495	1 635	7 049	(1 002)	35 177
End-of-Service indemnity	37 428	-	12 002	(2 601)	46 829
Interest in suspense	6 516	-	2 989	(2 521)	6 984
Other provisions	57 686	1 011	9 616	(29 195)	39 118
Total	129 125	2 646	31 656	(35 319)	128 108

	2009				USD '000
	Balance at the Beginning of the Year	Adjustments During the Year	Amounts Added	Amounts Released	Balance at the End of the Year
Provision for impairment - direct credit facilities	7 475	7 481	12 539	-	27 495
End-of-Service indemnity	36 175	-	2 671	(1 418)	37 428
Interest in suspense	4 413	(677)	4 413	(1 633)	6 516
Other provisions	64 877	5 111	(2 139)	(10 163)	57 686
Total	112 940	11 915	17 484	(13 214)	129 125

Deferred tax balances are as follows:

	December 31,		USD '000
	2010	2009	
Provision for impairment - direct credit facilities	9 601	8 672	
End-of-Service indemnity	12 656	10 596	
Interest in suspense	1 593	1 557	
Other provisions	9 887	14 016	
Total	33 737	34 841	

* Deferred tax results from temporary timing differences of the provisions not deducted for tax purposes in the current year or previous years. This is calculated according to the regulations of the countries where the Group operates. The Group will benefit from these amounts in the near future.

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

	USD '000	
	2010	2009
Balance at the beginning of the year	34 841	30 799
Additions during the year	7 955	5 975
Adjustments during the year	(113)	3 596
Amortized during the year	(8 946)	(5 529)
Balance at the end of the Year	33 737	34 841

18. Banks and Financial Institutions Deposits

USD '000

The details of this item are as follows:

	December 31,	
	2010	2009
Current and demand	1 137 652	1 166 791
Time deposits maturing within 3 months	3 357 452	4 083 586
Time deposits maturing after 3 months and before 6 months	319 930	352 009
Time deposits maturing after 6 months and before 9 months	92 684	55 103
Time deposits maturing after 9 months and before one year	19 939	6 866
Time deposits maturing after one year	21 015	20 000
Total	4 948 672	5 684 355

19. Customer Deposits

The details of this item are as follows:

USD '000

	December 31, 2010				Total
	Retail	Corporates		Government and Public Sector	
		Small and Medium	Large		
Current and demand	6 355 571	2 189 811	1 782 470	2 386 286	12 714 138
Savings	2 064 357	20 476	12 097	-	2 096 930
Time and notice	8 525 129	887 005	4 676 480	2 686 738	16 775 352
Certificates of deposit	395 231	17 650	7 642	103 530	524 053
Total	17 340 288	3 114 942	6 478 689	5 176 554	32 110 473

- Government and public sector deposits amounted to USD 5 176.6 million, or 16.1% of total customer deposits at December 31, 2010.
- Non-interest bearing deposits amounted to USD 11 346.4 million, or 35.3% of total customer deposits at December 31, 2010.
- Blocked deposits amounted to USD 400.3 million, or 1.2% of total customer deposits at December 31, 2010.
- Dormant deposits amounted to USD 273.2 million, or 0.9% of total customer deposits as at 31 December 2010.

USD '000

	December 31, 2009				Total
	Retail	Corporates		Government and Public Sector	
		Small and Medium	Large		
Current and demand	5 713 207	2 209 404	2 103 902	3 011 588	13 038 101
Savings	2 031 922	39 937	25 548	329	2 097 736
Time and notice	8 923 620	988 055	4 485 060	1 505 588	15 902 323
Certificates of deposit	286 533	19 949	18 037	109 847	434 366
Total	16 955 282	3 257 345	6 632 547	4 627 352	31 472 526

- Government and public sector deposits amounted to USD 4 627.4 million, or 14.7% of total customer deposits at December 31, 2009.
- Non-interest bearing deposits amounted to USD 12 143.4 million, or 38.6% of total customer deposits at December 31, 2009.
- Blocked deposits amounted to USD 155.2 million, or 0.5% of total customer deposits at December 31, 2009.
- Dormant deposits amounted to USD 272.3 million, or 0.9% of total customer deposits as at 31 December 2009.

20. Cash Margin

USD '000

The details of this item are as follows:

	December 31,	
	2010	2009
Against direct credit facilities	2 679 845	2 683 616
Against indirect credit facilities	836 056	682 916
Against margin trading	1 089	14 861
Other cash margins	41 349	31 217
Total	3 558 339	3 412 610

21. Borrowed Funds

USD '000

The details of this item are as follows:

	December 31,	
	2010	2009
From banks and financial institutions *	817 438	614 001
Total	817 438	614 001

* In 2007, the Group issued a USD 500 million syndicated term loan to its favor through the external banking unit in Bahrain with a tenure of five years and paying LIBOR + 25 basis points.

The Group borrowed amounts from banks and financial institutions, as well issued syndicated term loans through the Arab Tunisian Bank for periods ranging from five years to thirteen years at different interest rate the lowest of which amounted to 2% and the highest to TMM plus 200 basis points (TMM + 200bp).

During the year, the Group issued through Arab Bank Australia Limited a syndicated term loan of AUD 200 million for a term of three years paying interest equivalent to BBSW plus 47 basis points (BBSW + 47 bp). These bonds are guaranteed by the Australian Government at a cost of 100 basis points.

During the year, the Group borrowed USD 5 million from the American Overseas Private Investment Corporation through the branches of Arab Bank plc in Jordan for a term of 25 years and paying fixed an interest of 5.051%.

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

USD '000

	December 31,	
	2010	2009
Floating rate	812 438	614 001
Fixed rate	5 000	-
Total	817 438	614 001

22. Provision for Income Tax

USD '000

The details of this item are as follows:

	2010	2009
Balance at the beginning of the year	258 596	251 176
Income tax expense for the year	180 635	209 518
Income tax paid	(203 064)	(202 098)
Balance at the end of the Year	236 167	258 596

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

	2010	2009
Income tax expense for the year	180 635	209 518
Effect of deferred tax assets	(1 711)	(2 250)
Total	178 924	207 268

23. Other Provisions

The details of this item are as follows:

USD '000

	2010					Balance at the End of the Year
	Balance at the Beginning of the Year	Addition during the Year	Utilized during the Year	Returned to Income	Translation Adjustments	
End-of-service indemnity	85 450	11 913	(7 096)	(92)	278	90 453
Legal cases	7 172	4 183	(294)	(994)	92	10 159
Other	35 032	831	(17 196)	(253)	18 675	37 089
Total	127 654	16 927	(24 586)	(1 339)	19 045	137 701

	2009					Balance at the End of the Year
	Balance at the Beginning of the Year	Addition during the Year	Utilized during the Year	Returned to Income	Translation Adjustments	
End-of-service indemnity	88 202	7 319	(9 888)	(234)	51	85 450
Legal cases	5 655	1 916	(320)	(1 040)	961	7 172
Other	53 758	2 387	(22 988)	(974)	2 849	35 032
Total	147 615	11 622	(33 196)	(2 248)	3 861	127 654

24. Other Liabilities

USD '000

The details of this item are as follows:

	December 31,	
	2010	2009
Accrued interest payable	123 279	116 598
Notes payable	423 517	237 804
Interest and commission received in advance	111 160	138 404
Accrued expenses	62 309	58 256
Other miscellaneous liabilities	183 037	175 630
Total	903 302	726 692

25. Deferred Tax Liabilities

Items attributable to deferred tax assets are as follows:

USD '000

	2010				
	Balance at the Beginning of the Year	Amounts Added	Amounts Released	Adjustments during the Year	Balance at the End of the Year
Cumulative change in fair value of available-for-sale financial assets	78 798	24 812	(48 415)	(4 099)	51 096
Retained earnings	65	-	(1 724)	2 250	591
Other	5 849	-	(526)	(485)	4 838
Total	84 712	24 812	(50 665)	(2 334)	56 525

	2009				
	Balance at the Beginning of the Year	Amounts Added	Amounts Released	Adjustments during the Year	Balance at the End of the Year
Cumulative change in fair value of available-for-sale financial assets	36 288	51 042	(16 378)	7 846	78 798
Retained earnings	-	53	-	12	65
Other	2 674	5 849	-	(2 674)	5 849
Total	38 962	56 944	(16 378)	5 184	84 712

USD '000

The balance of deferred tax liabilities is as follows:

December 31,

	December 31,	
	2010	2009
Cumulative change in fair value of available-for-sale financial assets	16 561	20 719
Retained earnings	130	11
Other	736	744
Total	17 427	21 474

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

	2010	2009
Balance at the beginning of the year	21 474	12 422
Additions during the year	1 960	13 337
Amortized during the year	(6 007)	(4 285)
Balance at the End of the Year	17 427	21 474

26. Share Capital

- A. The subscribed and paid-up capital amounted to USD 776.027 million as at 31 December 2010 and 2009.
- B. Share premium amounted to USD 1 225.747 million as at December 31, 2010 (USD 1 226.185 million as at 31 December 2009).
- C. There are no treasury shares as at December 31, 2010 (69 015 shares at USD 1.5 million as at 31 December 2009). These shares are deducted from owners' equity, and have no voting power or the right to earn dividends.

27. Statutory Reserve

- Statutory reserve amounted to USD 482.547 million as at end of December 2010 (USD 451.702 million as at 31 December 2009) and cannot be distributed to shareholders

28. Voluntary Reserve

- The voluntary reserve amounted to USD 977.315 million as at December 31, 2010 (USD 977.315 million as at December 31, 2009). This reserve is used for purposes determined by the Board of Directors and the General Assembly has the right to distribute it in whole or part thereof to shareholders as dividends.

29. General Banking Risks Reserve

- The general banking risk reserve amounted to USD 363.458 million as at December 31, 2010 (USD 391.964 million as at December 31, 2009) and it is available for use in accordance with certain procedures, including the approval of the Central Bank of Jordan and the General Assembly, only when the amount of that reserve exceeds the minimum amount set or required according to the instructions of the relevant banking authorities.

30. Available-for-Sale Financial Assets Revaluation Reserve

USD '000

The details of this item are as follows:

	2010			Total
	Shares	Bonds	Derivatives	
Balance at the beginning of the year	56 733	(95 441)	-	(38 708)
Change in fair value during the year	19 631	921	(516)	20 036
Net realized (gains) losses	(40 292)	42 404	-	2 112
Impairment losses charged to income	936	-	-	936
Translation adjustments	1 236	812	-	2 048
Balance at the End of the Year	38 244	(51 304)	(516)	(13 576)

	2009			Total
	Shares	Bonds	Derivatives	
Balance at the beginning of the year	63 661	(235 205)	(1 318)	(172 862)
Change in fair value during the year	1 249	141 409	-	142 658
Net realized (gains) losses	(7 302)	(2 058)	1 318	(8 042)
Impairment losses charged to income	-	-	-	-
Translation adjustments	(875)	413	-	(462)
Balance at the End of the Year	56 733	(95 441)	-	(38 708)

* Cumulative change in fair value of available-for-sale financial assets is stated net of deferred tax liabilities in the amount of USD 16.6 million as at December 31, 2010 (USD 20.7 million as at December 31, 2009).

31. Retained Earnings

USD '000

The details of this item are as follows:

	December 31,	
	2010	2009
Balance at the beginning of the year	59 376	97 756
Add: income for the year	251 016	528 336
Total	310 392	626 092
Less:		
- Appropriated to reserves	30 825	403 764
- Proposed dividends	156 251	162 952
Balance at the End of the Year	123 316	59 376

* Restricted retained earnings that cannot be distributed or otherwise utilized except only under certain circumstances, amounted to USD 1.3 million as of December 31, 2010 as a result of the adoption of certain International Financial Reporting Standards (USD 3.5 million as of December 31, 2009).

32. Interest Income

USD '000

The details of this item are as follows:

	2010	2009
Direct credit facilities *	1 108 206	1 176 571
Central banks	114 998	144 714
Banks and financial institutions	48 254	62 093
Financial assets at fair value through P&L - held for trading	9 620	13 172
Financial assets at fair value through P&L - designated	11 517	7 425
Financial assets - available for sale	259 625	244 543
Financial assets - held to maturity	106 960	147 488
Total	1 659 180	1 796 006

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

	2010					USD '000
	Retail	Corporates		Banks and Financial Institutions	Government and Public Sector	Total
		Small and Medium	Large			
Discounted bills	7 213	15 202	28 945	1 121	504	52 985
Overdrafts	8 105	41 283	152 793	16	18 072	220 269
Loans and advances	157 771	100 052	414 923	13 350	54 573	740 669
Real estate loans	62 535	18 232	137	-	-	80 904
Credit cards	13 379	-	-	-	-	13 379
Total	249 003	174 769	596 798	14 487	73 149	1 108 206

	2009					
	Retail	Corporates		Banks and Financial Institutions	Government and Public Sector	Total
		Small and Medium	Large			
Discounted bills	7 009	16 939	40 044	3 258	277	67 527
Overdrafts	8 720	47 035	178 536	-	17 149	251 440
Loans and advances	145 758	84 267	448 653	37 504	56 814	772 996
Real estate loans	61 598	10 513	139	-	-	72 250
Credit cards	12 358	-	-	-	-	12 358
Total	235 443	158 754	667 372	40 762	74 240	1 176 571

33. Interest Expense

USD '000

The details of this item are as follows:

	2010	2009
Customer deposits *	486 173	574 015
Banks and financial institutions	83 802	88 048
Cash margins	45 870	63 681
Borrowed funds	8 050	8 855
Deposit insurance fees	14 449	12 666
Total	638 344	747 265

* Interest income charged to income on customers deposits is as follows:

USD '000

	2010				Total
	Retail	Corporates		Government and Public Sector	
		Small and Medium	Large		
Current and demand	3 899	2 542	10 920	1 212	18 573
Savings	40 466	125	127	-	40 718
Time and notice	220 578	31 529	99 181	38 720	390 008
Certificates of deposit	25 600	1 497	1 341	8 436	36 874
Total	290 543	35 693	111 569	48 368	486 173

	2009				Total
	Retail	Corporates		Government and Public Sector	
		Small and Medium	Large		
Current and demand	4 473	5 005	9 219	1 965	20 662
Savings	31 642	856	409	1	32 908
Time and notice	245 875	36 283	157 511	44 805	484 474
Certificates of deposit	21 034	1 828	2 670	10 439	35 971
Total	303 024	43 972	169 809	57 210	574 015

34. Net Commission Income

USD '000

The details of this item are as follows:

	2010	2009
Commission income:		
- Direct credit facilities	66 799	66 351
- Indirect credit facilities	166 417	137 251
- Fiduciary deposits	16 106	15 239
- Other	87 851	82 100
Less: commission expense	16 595	18 310
Net Commission Income	320 578	282 631

35. (Loss) From Financial Assets at Fair Value through P&L - Held For Trading

USD '000

The details of this item are as follows:

	2010			
	Realized Gains	Unrealized (Losses)	Dividends	Total
Treasury bills and bonds	1 382	(5 874)	-	(4 492)
Shares	25	(387)	1 008	646
Total	1 407	(6 261)	1 008	(3 846)

	2009			
	Realized Gains	Unrealized (Losses)	Dividends	Total
Treasury bills and bonds	620	2 486	-	3 106
Shares	675	(6 744)	163	(5 906)
Total	1 295	(4 258)	163	(2 800)

36. (Loss) From Financial Assets at Fair Value through P&L - Designated

USD '000

The details of this item are as follows:

	2010			
	Realized Gains	Unrealized (Losses)	Dividends	Total
Loans and Government and Corporate Bonds	54	(9 172)	-	(9 118)
Total	54	(9 172)	-	(9 118)

	2009			
	Realized Gains	Unrealized (Losses)	Dividends	Total
Loans and Government and Corporate Bonds	6 070	(7 099)	-	(1 029)
Total	6 070	(7 099)	-	(1 029)

37. Gain from Financial Assets - Available for Sale

USD '000

The details of this item are as follows:

	2010	2009
Gain from sale of financial assets	67 149	18 297
Dividend revenue	7 359	11 342
Less: Impairment losses	2 744	3 932
Total	71 764	25 707

38. Other Revenue

USD '000

The details of this item are as follows:

	2010	2009
Revenue from customer services	25 874	22 043
Safe box rent	2 533	2 631
(Loss) from derivatives	(1 409)	(4 469)
Miscellaneous revenue	20 753	33 264
Total	47 751	53 469

39. Employees Expenses

USD '000

The details of this item are as follows:

	2010	2009
Salaries, benefits and allowances	320 210	288 439
Social security	27 328	25 794
Savings fund	4 958	4 643
Indemnity compensation	4 686	14 859
Medical	12 107	11 762
Training	3 323	3 943
Allowances	43 125	39 329
Other	15 739	16 913
Total	431 476	405 682

40. Other Expenses

The details of this item are as follows:

USD '000

	2010	2009
Occupancy	62 143	54 439
Office	72 388	69 276
Services	80 248	67 272
Fees	17 724	20 765
Information technology	28 994	32 712
Other administrative expenses	39 243	76 246
Total	300 740	320 710

41. Financial Derivatives

The details of this item are as follows:

USD '000

	December 31,	
	2010	2009
Forward contracts	297 510	72 676
Interest rate swaps	2 601 395	3 782 509
Foreign currency forward contracts	7 895 846	6 901 153
Total	10 794 751	10 756 338

The details of financial derivatives are as follows:

USD '000

December 31, 2010

	Posi- tive Fair Value	Nega- tive Fair Value	Total Notional Amount	Notional amounts by maturity			
				Within 3 Months	From 3 to 12 Months	From 1 Year to 3 Years	More than 3 Years
Forward rate agreements	528	949	297 510	65 061	85 597	146 852	-
Interest rate swaps	49 934	56 298	1 907 929	358 878	278 483	989 607	280 961
Currency forward contracts	16 343	30 093	6 455 252	6 194 063	207 728	53 461	-
Derivatives held for trading	66 805	87 340	8 660 691	6 618 002	571 808	1 189 920	280 961
Interest rate swaps	(1 318)	1 764	265 094	71 384	-	193 710	-
Currency forward contracts	-	-	104 197	42 355	61 671	-	171
Derivatives held for fair value hedge	(1 318)	1 764	369 291	113 739	61 671	193 710	171
Interest rate swaps	149	1 111	428 372	240 860	49 798	103 709	34 005
Currency forward contracts	3 389	3 216	1 336 397	1 336 397	-	-	-
Derivatives held for cash flow hedge	3 538	4 327	1 764 769	1 577 257	49 798	103 709	34 005
Total	69 025	93 431	10 794 751	8 308 998	683 277	1 487 339	315 137

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

USD '000

	December 31, 2009						
	Positive Fair Value	Negative Fair Value	Total Notional Amount	Notional amounts by maturity			
				Within 3 Months	From 3 to 12 Months	From 1 Year to 3 Years	More than 3 Years
Forward rate agreements	838	822	72 676	72 676	-	-	-
Interest rate swaps	126 480	131 350	2 891 782	650 883	880 020	670 889	689 990
Currency forward contracts	50 210	46 130	5 165 080	4 994 269	144 958	25 853	-
Derivatives held for trading	177 528	178 302	8 129 538	5 717 828	1 024 978	696 742	689 990
Interest rate swaps	(1 684)	4 619	246 250	-	29 940	216 310	-
Currency forward contracts	-	-	123 006	52 124	70 882	-	-
Derivatives held for fair value hedge	(1 684)	4 619	369 256	52 124	100 822	216 310	-
Interest rate swaps	3 614	2 952	644 477	20 219	207 393	329 930	86 935
Currency forward contracts	-	-	1 613 067	1 158 946	454 121	-	-
Derivatives held for cash flow hedge	3 614	2 952	2 257 544	1 179 165	661 514	329 930	86 935
Total	179 458	185 873	10 756 338	6 949 117	1 787 314	1 242 982	776 925

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

42 - Business Segments

A- Description of Segments Activities

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

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

1. Corporate & Investment Banking

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

2. Treasury Group

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

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

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

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

3. The Elite

During the year 2009, the Group consolidated its services provided to high-networth customers with those provided to the Elite within the retail domain in order to enhance the Group's onshore services and products offered to customers in the countries where it operates. At the same time, the Group transfers ownership of the offshore activities to Arab Bank (Switzerland) Ltd.

The most significant objective of the ultimate work model is to reinforce the Group's ability to benefit from the distribution channels relating to the Elite and retail activities in a more efficient manner so as to fulfill the needs of all types of clients of the Bank.

This will be through transferring the Group's offshore activities to Arab Bank (Switzerland) Ltd as it is the arm dedicated to dealing with all requirements of the external activities of the Group's high-networth clients.

4. Retail Banking Group

This group provides banking services to individuals, and endeavors to meet their financial services needs using the best methods, through effective distribution channels, and a variety of product services. Moreover, this group is in direct and close contact with the customers in order to provide them with timely and continuous services through different electronic channels, such as direct phone calls, the internet, and text messaging via cellular phones. Expansion of the communication center to cover all locations for incoming and outgoing services will enable the Group to provide exceptional services to customers.

B- Information about the Group's Business Segments

	December 31, 2010						USD '000
	Corporate Banking	Treasury	Elite	Retail Banking	Other	Total	
Net revenue	836 455	461 396	(122 474)	233 626	355 706	1 764 709	
Net inter-segment interest expense	(93 091)	(177 992)	182 337	88 746	-	-	
Provision for impairment - direct credit facilities	446 243	-	7	27 141	-	473 391	
Other provisions	3 179	208	67	2 637	8 199	14 290	
Direct administrative expenses	196 025	29 377	16 836	174 050	-	416 288	
Result of operations of segments	97 917	253 819	42 953	118 544	347 507	860 740	
Indirect expenses on segments	153 289	51 149	24 835	111 594	33 072	373 939	
Profit for the year before income tax	(55 372)	202 670	18 118	6 950	314 435	486 801	
Income tax expense	53 162	40 963	12 973	5 008	66 818	178 924	
Profit for the Year	(108 534)	161 707	5 145	1 942	247 617	307 877	
Other information							
Segment assets	21 362 439	23 169 785	374 491	3 007 231	1 106 118	49 020 064	
Inter-segment assets	2 066 930	1 410 638	8 508 976	5 271 082	5 890 307	-	
Investment in associates	-	-	-	-	2 077 809	2 077 809	
TOTAL ASSETS	23 429 369	24 580 423	8 883 467	8 278 313	9 074 234	51 097 873	
Segment liabilities	21 224 059	3 637 800	8 883 467	8 278 313	799 311	42 822 950	
Capital and reserves	-	-	-	-	8 274 923	8 274 923	
Inter-segment liabilities	2 205 310	20 942 623	-	-	-	-	
TOTAL LIABILITIES	23 429 369	24 580 423	8 883 467	8 278 313	9 074 234	51 097 873	
Depreciation and amortization	12 303	2 839	1 107	41 762	-	58 011	

Information about the Group's Business Segments

	December 31, 2009					USD '000
	Corporate Banking	Treasury	Elite	Retail Banking	Other	Total
Net revenue	890 890	604 731	(142 303)	35 812	385 081	1 774 211
Net inter-segment interest expense	(188 921)	(282 215)	159 479	311 657	-	-
Provision for impairment - direct credit facilities	178 867	-	670	24 882	-	204 419
Other provisions	1 329	4 296	55	2 895	-	8 575
Direct administrative expenses	135 891	28 187	10 440	139 804	-	314 322
Result of operations of segments	385 882	290 033	6 011	179 888	385 081	1 246 895
Indirect expenses on segments	202 924	69 974	3 914	169 273	18 000	464 085
Profit for the year before income tax	182 958	220 059	2 097	10 615	367 081	782 810
Income tax expense	68 700	62 689	(599)	8 158	68 320	207 268
Profit (Loss) for the Year	114 258	157 370	2 696	2 457	298 761	575 542
Other information						
Segment assets	23 829 050	20 367 800	782 810	2 777 660	812 786	48 570 106
Inter-segment assets	-	5 225 761	4 180 608	9 824 430	5 125 388	-
Investment in associates	-	-	-	-	1 955 106	1 955 106
TOTAL ASSETS	23 829 050	25 593 561	4 963 418	12 602 090	7 893 280	50 525 212
Segment liabilities	18 603 289	6 463 135	4 963 418	12 602 090	(128 151)	42 503 781
Capital and reserves	-	-	-	-	8 021 431	8 021 431
Inter-segment liabilities	5 225 761	19 130 426	-	-	-	-
TOTAL LIABILITIES	23 829 050	25 593 561	4 963 418	12 602 090	7 893 280	50 525 212
Depreciation and amortization	13 715	3 137	1 120	34 043	-	52 015

43 - Banking Risk Management

The Group manages its various risks by methods within a comprehensive strategy that defines the risks and the related methods to meet them and mitigate them. Risk management is exercised at several levels including the Board of Directors, Chief Executive Officer, Asset and Liability Management Committee (ALCO), Group Chief Financial Officer, Global Treasury, Head of Departments, Group Risk Management, Group Internal Audit, the Strategic Business Units and other supporting units and committees at different managerial levels.

a. Credit Risk Management

Credit risk refers to the risk that the customer / counterparty will default on its contractual obligation resulting in financial insolvency or/and loss to the Group. Credit risks arise in the course of the normal activities of the Group.

In pursuit of improving the size of businesses and increasing the loans and facilities portfolio, the Group adopts the highest credit standards and best methods and techniques on credit management, thus maintaining the high quality and variety of the credit portfolio.

Moreover, the Group enforces the corporate framework that governs credit management through continuously developing and upgrading the related policies and procedures.

- Credit Concentration

The Group's credit concentration is subject to specific limits set by the Central Bank of Jordan which requires that credit concentration should not exceed 25% of regulatory capital.

- Criteria for Credit Ratings

- 1) Borrower's Strength

The borrowers' strength is measured based on the nature of the economic sector, competitiveness, operating performance, cash flow, financial position and management.

- 2) Credit Risk Classification

Credit risk classification is measured on the basis of guarantees, structure of the loan, duration and collateral.

- Risk Mitigation

The Group offers the appropriate facilities structure, monitors and follows up on the utilization of the facilities and obtains proper collaterals (as a second source of payment) to mitigate credit risks.

- **Credit Facilities Analysis**

The Group has independent managerial units in charge of studying, monitoring, and following up on credit utilization and repayment of facilities. These units are the credit relationships development unit, analysis unit, execution unit and monitoring unit.

- b. Geographic Concentration Risk**

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

Note (45 e) shows the details of the geographical distribution of assets.

- c. Interest Rate Risk**

Interest rate risk arises from potential changes in interest rates. The Group has several committees, with duties to mitigate these risks to a minimum. Note (47) shows the details of the interest gap sensitivity of the Group.

- d. Liquidity Risk**

Liquidity risk is defined as the inability to raise adequate funds to meet either the Group's short-term or long-term obligations. The Group has several managerial levels, with duties to review and manage assets, liabilities and liquidity. Note (48) shows the maturities of the assets and liabilities of the Group.

- e. Foreign Currency Risk**

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The major part of income from foreign currency exchange differences comes from dealing with the Group's customers. Moreover, the Group follows studied policies in managing its foreign currencies risks. Note (49) shows the net positions of foreign currencies.

- f. Market Risk**

Market risk is defined as the potential loss in the value of financial instruments. The Group manages this risk through several units that supervise, monitor, and manage these risks.

The Group continuously follows up on developments and changes in the global financial markets, and implements procedures designed to mitigate those risks through applying several methods, such as entering into hedges and swaps when needed. Note (46) shows the details of market risk sensitivity analysis.

- g. Operational Risk**

Operational risk is defined as the loss incurred by the Group due to disorder in work policies or procedures, personnel, automated systems, technological infrastructure, in addition to external accidents. Such risk is measured through statistical methodologies compatible with the Group's operations.

44. Concentration of Assets and Revenues According to Geographical Distribution

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

	USD '000	
	December 31,	
	2010	2009
Assets		
Inside Jordan	10 393 819	10 367 838
Outside Jordan	40 704 054	40 157 374
	51 097 873	50 525 212

	USD '000	
	December 31,	
	2010	2009
Revenues		
Inside Jordan	365 864	328 635
Outside Jordan	1 398 845	1 445 576
	1 764 709	1 774 211

45. Credit Risk

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

	USD '000	
	December 31,	
	2010	2009
Credit risk exposures relating to assets:		
Balances with central banks	11 691 767	11 334 677
Balances with banks and financial institutions	4 676 055	4 200 505
Deposits with banks and financial institutions	225 849	309 534
Financial assets at fair value through P&L - held for trading	340 514	297 889
Financial assets at fair value through P&L - designated	224 927	169 947
Financial derivatives - positive fair value	69 025	179 458
Direct credit facilities	22 489 729	22 025 925
Financial assets - available for sale	5 529 900	5 841 565
Financial assets - held to maturity	1 276 140	1 890 733
Other assets	312 098	301 641
Credit risk exposures relating to items off the consolidated statement of financial position:		
Letters of credit	12 555 132	6 426 685
Acceptances	587 213	592 557
Letters of guarantee	13 751 312	13 794 061
Unused credit facilities	3 528 178	3 618 147
Total	77 257 839	70 983 324

B. Classification of direct credit facilities based on credit risk:

The table below shows the amount of direct credit facilities for each internal credit scoring.

	December 31, 2010					USD '000
	Retail	Corporates		Banks and Financial Institutions	Government and Public Sector	Total
		Small and Medium	Large			
Low risk	1 650 708	1 599 219	2 015 130	31 000	1 441 639	6 737 696
Acceptable risk	2 010 006	932 937	11 087 490	365 227	262 987	14 658 647
Due:	30 514	45 785	66 870	-	16 408	159 577
- Up to 30 days	19 483	29 176	41 904	-	16 408	106 971
- 31 - 60 days	11 031	16 609	24 966	-	-	52 606
Watch list	56 107	67 718	474 584	-	16 247	614 656
Non-performing:	263 002	418 045	1 347 804	110	1 676	2 030 637
- Substandard	51 857	34 283	71 211	-	18	157 369
- Doubtful	32 865	28 054	686 311	-	26	747 256
- Problematic	178 280	355 708	590 282	110	1 632	1 126 012
Total	3 979 823	3 017 919	14 925 008	396 337	1 722 549	24 041 636
Less: interest in suspense	73 905	143 623	105 217	869	-	323 614
Less: provision for impairment	264 010	163 401	798 206	-	2 676	1 228 293
Total	3 641 908	2 710 895	14 021 585	395 468	1 719 873	22 489 729

	December 31, 2009					USD '000
	Retail	Corporates		Banks and Financial Institutions	Government and Public Sector	Total
		Small and Medium	Large			
Low risk	1 425 802	1 330 791	2 433 505	279 154	755 812	6 225 064
Acceptable risk	1 734 548	671 191	11 101 332	269 203	615 740	14 392 014
Due:	77 000	56 481	72 985	-	3 531	209 997
- Up to 30 days	66 057	30 558	53 248	-	3 531	153 394
- 31 - 60 days	10 943	25 923	19 737	-	-	56 603
Watch list	66 320	86 933	422 095	-	13 170	588 518
Non-performing:	357 380	292 678	1 192 425	68 833	610	1 911 926
- Substandard	56 130	11 533	814 371	67 699	-	949 733
- Doubtful	35 384	48 235	191 185	110	-	274 914
- Problematic	265 866	232 910	186 869	1 024	610	687 279
Total	3 584 050	2 381 593	15 149 357	617 190	1 385 332	23 117 522
Less: interest in suspense	62 789	133 055	66 205	242	-	262 291
Less: provision for impairment	261 509	167 779	375 599	24 090	329	829 306
Total	3 259 752	2 080 759	14 707 553	592 858	1 385 003	22 025 925

C. Fair value of collaterals obtained against direct credit facilities

USD '000

	December 31, 2010					Total
	Retail	Corporates		Banks and Financial Institutions	Government and Public Sector	
		Small and Medium	Large			
Collaterals against direct credit facilities of:						
Low risk	457 267	1 361 351	1 300 073	-	283 105	3 401 796
Acceptable risk	662 289	543 960	5 720 231	13 255	6 713	6 946 448
Past due	11 049	73 651	166 346	-	-	251 046
Watch list	14 629	40 830	100 440	-	3 002	158 901
Non-performing:	123 170	161 268	305 059	-	15	589 512
- Substandard	38 672	10 903	25 706	-	-	75 281
- Doubtful	17 847	6 265	55 763	-	-	79 875
- Problematic	66 651	144 100	223 590	-	15	434 356
Total	1 268 404	2 181 060	7 592 149	13 255	292 835	11 347 703
Of which:						
Cash margin	227 842	185 003	1 048 880	-	26 691	1 488 416
Accepted letters of guarantees	3 002	22 913	1 371 043	-	39 833	1 436 791
Real estate properties	158 375	936 122	3 301 280	12 076	88 856	4 496 709
Listed securities	21 380	42 002	481 086	1 179	1 923	547 570
Vehicles and equipment	74 684	29 201	775 057	-	-	878 942
Other	783 121	965 819	614 803	-	135 532	2 499 275
Total	1 268 404	2 181 060	7 592 149	13 255	292 835	11 347 703

USD '000

	December 31, 2009					Total
	Retail	Corporates		Banks and Financial Institutions	Government and Public Sector	
		Small and Medium	Large			
Collaterals against direct credit facilities of:						
Low risk	375 763	1 154 631	2 393 621	-	229 407	4 153 422
Acceptable risk	449 801	529 892	3 851 072	4 499	77 622	4 912 886
Past due	32 479	96 504	31 633	-	-	160 616
Watch list	12 487	18 300	292 393	-	2 657	325 837
Non-performing:	187 913	97 207	204 041	-	16	489 177
- Substandard	36 530	8 437	38 668	-	-	83 635
- Doubtful	17 214	14 009	78 258	-	-	109 481
- Problematic	134 169	74 761	87 115	-	16	296 061
Total	1 058 443	1 896 534	6 772 760	4 499	309 702	10 041 938
Of which:						
Cash margin	124 899	181 769	1 290 812	-	41 543	1 639 023
Accepted letters of guarantees	1 448	110 516	1 078 246	-	31 314	1 221 524
Real estate properties	228 399	404 575	2 518 173	4 499	91 066	3 246 712
Listed securities	1 489	7 921	564 387	-	-	573 797
Vehicles and equipment	88 653	17 761	466 961	-	-	573 375
Other	613 555	1 173 992	854 181	-	145 779	2 787 507
Total	1 058 443	1 896 534	6 772 760	4 499	309 702	10 041 938

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

The table below analyses the credit exposure of the debt securities using the rating by global credit rating agencies.

USD '000

December 31, 2010

Credit rating	Financial assets at fair value through P&L - Held for trading	Financial assets at fair value through P&L - Designated	Financial Assets - Available for Sale	Financial Assets - Held to Maturity	Total
Private sector:					
- AAA to A-	239 301	128 525	994 744	468 406	1 830 976
- BBB+ to B-	17 798	5 200	646 185	79 896	749 079
- Below B-	-	-	-	-	-
- Unrated	-	65 493	110 357	41 765	217 615
Governments and public sector	83 415	25 709	3 778 614	686 073	4 573 811
Total	340 514	224 927	5 529 900	1 276 140	7 371 481

USD '000

December 31, 2009

Credit rating	Financial assets at fair value through P&L - Held for trading	Financial assets at fair value through P&L - Designated	Financial Assets - Available for Sale	Financial Assets - Held to Maturity	Total
Private sector:					
- AAA to A-	279 228	52 432	1 126 005	946 575	2 404 240
- BBB+ to B-	-	14 394	478 051	55 155	547 600
- Below B-	-	-	-	-	-
- Unrated	415	87 708	199 616	51 359	339 098
Governments and public sector	18 246	15 413	4 037 893	837 644	4 909 195
Total	297 889	169 947	5 841 565	1 890 733	8 200 133

E. Credit exposure categorized by geographical region:

USD '000

	December 31, 2010						
	Jordan	Other Arab countries	Asia *	Europe	America	Rest of the World	Total
Balances with central banks	4 043 511	7 059 745	197	577 967	-	10 347	11 691 767
Balances and deposits at banks and financial institutions	10 502	233 274	71 394	4 373 878	67 917	144 939	4 901 904
Financial assets at fair value through P&L - held for trading	16 551	64 956	-	243 439	1 807	13 761	340 514
Financial assets at fair value through P&L - designated	-	93 049	41 440	65 493	-	24 945	224 927
Direct credit facilities	4 050 131	14 408 428	373 382	1 923 225	282 125	1 452 438	22 489 729
Financial assets - available for sale	1 287 643	2 468 589	96 498	776 903	579 502	320 765	5 529 900
Financial assets - held to maturity	88 955	586 282	5 825	455 030	19 533	120 515	1 276 140
Other assets	20 141	194 636	3 312	62 402	1 880	98 752	381 123
Total	9 517 434	25 108 959	592 048	8 478 337	952 764	2 186 462	46 836 004

	December 31, 2009						
	Jordan	Other Arab countries	Asia *	Europe	America	Rest of the World	Total
Balances with central banks	3 269 599	7 507 788	957	546 838	-	9 495	11 334 677
Balances and deposits at banks and financial institutions	105 539	1 359 556	67 409	2 795 218	153 879	28 438	4 510 039
Financial assets at fair value through P&L - held for trading	415	-	-	283 295	-	14 179	297 889
Financial assets at fair value through P&L - designated	-	-	71 102	77 127	-	21 718	169 947
Direct credit facilities	3 558 464	14 420 710	457 997	2 181 875	479 206	927 673	22 025 925
Financial assets - available for sale	1 257 774	3 086 951	134 668	679 227	524 513	158 432	5 841 565
Financial assets - held to maturity	207 179	670 783	5 344	829 574	67 878	109 975	1 890 733
Other assets	158 737	210 118	6 071	97 314	753	8 106	481 099
Total	8 557 707	27 255 906	743 548	7 490 468	1 226 229	1 278 016	46 551 874

* Excluding Arab Countries.

F. CREDIT EXPOSURE CATEGORIZED BY ECONOMIC SECTOR

	Corporates			
	Retail	Industry and Mining	Constructions	Real Estate
Balances at Central Banks	-	-	-	-
Balances and deposits at banks and financial institutions	-	-	-	-
Financial assets at fair value through P&L - held for trading	-	15 098	-	-
Financial assets at fair value through P&L - designated	-	7 822	-	45 406
Direct credit facilities	3 641 908	3 969 779	1 847 339	2 063 948
Financial assets - available for sale	-	671	-	14 579
Financial assets - held to maturity	-	34 600	-	12 883
Other Assets	31 825	35 574	16 315	18 872
Total	3 673 733	4 063 544	1 863 654	2 155 688

	Corporates			
	Retail	Industry and Mining	Constructions	Real Estate
Balances at Central Banks	-	-	-	-
Balances and deposits at banks and financial institutions	-	-	-	-
Financial assets at fair value through P&L - held for trading	-	-	-	415
Financial assets at fair value through P&L - designated	-	-	-	24 974
Direct credit facilities	3 259 759	5 141 213	1 735 825	1 958 527
Financial assets - available for sale	-	17 854	-	87 637
Financial assets - held to maturity	-	2 200	-	48 257
Other Assets	27 575	43 660	14 684	17 932
Total	3 287 334	5 204 927	1 750 509	2 137 742

USD '000

December 31, 2010

Corporates					Banks and Financial Institutions	Government and Public Sector	Total
Trade	Agriculture	Tour- ism and Hotels	Transportation	General Services			
-	-	-	-	-	11 691 767	-	11 691 767
-	-	-	-	-	4 901 904	-	4 901 904
-	-	-	-	9 029	232 971	83 416	340 514
-	-	20 087	-	56 424	69 479	25 709	224 927
3 772 352	175 192	770 625	1 147 889	2 985 356	395 468	1 719 873	22 489 729
16 223	-	-	5 074	166 792	1 547 947	3 778 614	5 529 900
-	-	-	-	80 633	461 951	686 073	1 276 140
33 460	1 547	6 983	10 183	29 131	197 233	-	381 123
3 822 035	176 739	797 695	1 163 146	3 327 365	19 498 720	6 293 685	46 836 004

USD '000

December 31, 2009

Corporates					Banks and Financial Institutions	Government and Public Sector	Total
Trade	Agriculture	Tourism & Hotels	Transportation	General Services			
-	-	-	-	-	11 334 677	-	11 334 677
-	-	-	-	-	4 510 039	-	4 510 039
-	-	-	-	-	279 228	18 246	297 889
-	-	77 127	-	30 715	21 718	15 413	169 947
4 275 351	104 837	677 490	843 124	2 137 894	506 902	1 385 003	22 025 925
16 063	-	-	17 376	30 676	1 634 067	4 037 892	5 841 565
41 074	-	-	-	27 660	933 898	837 644	1 890 733
36 649	887	6 383	7 279	18 838	307 212	-	481 099
4 369 137	105 724	761 000	867 779	2 245 783	19 527 741	6 294 198	46 551 874

46. MARKET RISK**Market Risk sensitivity**

Assuming market prices as at 31 December 2010 and 2009 change by 5%, the impact on the consolidated statement of income and owners' equity will be as follows:

	December 31, 2010			December 31, 2009		
	Statement of Income	Owners' Equity	Total	Statement of Income	Owners' Equity	Total
Interest rate sensitivity	29 772	5 261	35 033	32 715	5 511	38 226
Foreign exchange rate	6 749	19 676	26 425	22 186	11 004	33 190
Share prices	2 874	27 936	30 810	734	28 641	29 375
Total	39 395	52 873	92 268	55 635	45 156	100 791

47. Interest Rate Risk

A - Exposure to interest rate volatility as at December 31, 2010 (classification is based on interest rate repricing or maturity date, whichever is nearer).

USD '000

ASSETS	Within 3 Months	After 3 Months and before 6 Months	After 6 Months and before 12 Months	After 12 Months and before 36 Months	After 36 Months	Not Tied to Interest Rate Risk	Total
Cash at vaults	-	-	-	-	-	445 848	445 848
Mandatory cash reserve	-	-	-	-	-	2 224 546	2 224 546
Balances with central banks	8 515 623	29 238	16 358	-	-	906 002	9 467 221
Balances and deposits at banks and financial institutions	3 884 058	112 925	61 701	25 240	-	817 980	4 901 904
Financial assets at fair value through P&L - held for trading	221 305	73 804	31 035	14 370	-	57 475	397 989
Financial assets at fair value through P&L - designated	70 529	25 900	10 504	-	117 994	-	224 927
Direct credit facilities	10 473 353	2 061 980	3 085 897	2 817 148	4 051 351	-	22 489 729
Financial assets - available-for-sale	2 157 800	482 554	341 175	1 411 356	1 137 015	558 726	6 088 626
Financial assets - held-to-maturity	850 153	77 304	195 907	69 473	83 303	-	1 276 140
Investment in associates	-	-	-	-	-	2 077 809	2 077 809
Fixed assets	-	-	-	-	-	667 996	667 996
Other assets	43 049	2 668	1 873	740	29	753 042	801 401
Deferred tax assets	-	-	-	-	-	33 737	33 737
TOTAL ASSETS	26 215 870	2 866 373	3 744 450	4 338 327	5 389 692	8 543 161	51 097 873
LIABILITIES AND OWNERS' EQUITY							
Banks and financial institutions' deposits	3 516 401	226 784	66 819	1 016	-	1 137 652	4 948 672
Customer deposits	16 316 308	2 176 290	1 507 013	733 586	30 919	11 346 357	32 110 473
Cash margin	1 238 284	1 560 038	156 575	4 833	-	598 609	3 558 339
Borrowed funds	500 000	207 974	3 038	29 190	77 236	-	817 438
Provision for income tax	-	-	-	-	-	236 167	236 167
Other provisions	-	-	-	-	-	137 701	137 701
Other liabilities	-	-	-	-	-	996 733	996 733
Deferred tax liabilities	-	-	-	-	-	17 427	17 427
Owners' equity	-	-	-	-	-	8 274 923	8 274 923
Total liabilities and owners' equity	21 570 993	4 171 086	1 733 445	768 625	108 155	22 745 569	51 097 873
Gap	4 644 877	(1 304 713)	2 011 005	3 569 702	5 281 537	(14 202 408)	-
Accumulated gap	4 644 877	3 340 164	5 351 169	8 920 871	14 202 408	-	-

B - Exposure to interest rate volatility as at December 31, 2009 (classification is based on interest rate repricing or maturity date, whichever is nearer).

USD '000

ASSETS	Within 3 Months	After 3 Months and before 6 Months	After 6 Months and before 12 Months	After 12 Months and before 36 Months	After 36 Months	Not Tied to Interest Rate Risk	Total
Cash at vaults	-	-	-	-	-	396 873	396 873
Mandatory cash reserve	-	-	-	-	-	2 453 484	2 453 484
Balances with central banks	8 079 228	33 500	-	101 768	45 000	621 697	8 881 193
Balances and deposits with banks and financial institutions	3 151 250	420 352	124 171	2 252	-	812 014	4 510 039
Financial assets at fair value through P&L - held for trading	207 072	14 752	33 413	42 652	-	14 674	312 563
Financial assets at fair value through P&L - designated	52 828	54 973	10 846	-	21 718	29 582	169 947
Direct credit facilities	9 332 670	1 891 162	2 159 531	5 729 350	2 913 212	-	22 025 925
Financial assets - available-for-sale	2 285 857	1 175 054	648 570	782 299	949 785	572 816	6 414 381
Financial assets - held-to-maturity	1 213 079	136 775	198 103	278 107	64 669	-	1 890 733
Investment in associates	-	-	-	-	-	1 955 106	1 955 106
Fixed assets	-	-	-	-	-	577 667	577 667
Other assets	-	-	-	-	-	902 460	902 460
Deferred tax assets	-	-	-	-	-	34 841	34 841
TOTAL ASSETS	24 321 984	3 726 568	3 174 634	6 936 428	3 994 384	8 371 214	50 525 212
LIABILITIES AND OWNERS' EQUITY							
Banks and financial institutions' deposits	4 551 983	335 330	57 995	30 409	32 830	675 808	5 684 355
Customer deposits	16 119 183	1 643 068	1 267 402	266 812	32 651	12 143 410	31 472 526
Cash margin	2 781 473	183 669	116 360	197	-	330 911	3 412 610
Borrowed funds	614 001	-	-	-	-	-	614 001
Provision for income tax	-	-	-	-	-	258 596	258 596
Other Provisions	-	-	-	-	-	127 654	127 654
Other liabilities	-	-	-	-	-	912 565	912 565
Deferred tax liabilities	-	-	-	-	-	21 474	21 474
Owners' equity	-	-	-	-	-	8 021 431	8 021 431
Total liabilities and owners' equity	24 066 640	2 162 067	1 441 757	297 418	65 481	22 491 849	50 525 212
Gap	255 344	1 564 501	1 732 877	6 639 010	3 928 903	(14 120 635)	-
Accumulated gap	255 344	1 819 845	3 552 722	10 191 732	14 120 635	-	-

48. Liquidity Risk**A. The details of the maturity of assets and liabilities as at December 31, 2010:**

USD '000

ASSETS	Within 1 Month	After 1 Month and before 3 Months	After 3 Months and before 6 Months	After 6 Months and before 12 Months	After 12 Months and before 36 Months	After 36 Months	Not Tied to a Specific Maturity	Total
Cash at vaults	-	-	-	-	-	-	445 848	445 848
Mandatory cash reserve	-	-	-	-	-	-	2 224 546	2 224 546
Balances with central banks	5 577 781	2 780 478	25 738	16 358	160 864	-	906 002	9 467 221
Balances and deposits with banks and financial institutions	2 487 173	1 370 902	102 447	72 923	50 479	-	817 980	4 901 904
Financial assets at fair value through P&L - held for trading	82 368	66 335	405	-	121 891	69 515	57 475	397 989
Financial assets at fair value through P&L - designated	20 087	5 036	85 256	38 997	-	75 551	-	224 927
Direct credit facilities	4 979 326	3 720 068	2 400 624	2 899 113	2 889 146	5 601 452	-	22 489 729
Financial assets - available-for-sale	341 112	1 173 678	701 405	347 761	1 791 067	1 174 877	558 726	6 088 626
Financial assets - held-to-maturity	190 504	349 136	97 469	261 359	227 362	150 310	-	1 276 140
Investment in associates	-	-	-	-	-	-	2 077 809	2 077 809
Fixed assets	-	-	-	-	-	-	667 996	667 996
Other assets	22 799	11 989	13 010	1 632	15 158	7 938	728 875	801 401
Deferred tax assets	-	-	-	-	-	-	33 737	33 737
TOTAL ASSETS	13 701 150	9 477 622	3 426 354	3 638 143	5 255 967	7 079 643	8 518 994	51 097 873
LIABILITIES AND OWNERS' EQUITY								
Banks and financial institutions' deposits	1 367 260	1 990 192	319 930	112 623	21 015	-	1 137 652	4 948 672
Customer deposits	8 783 017	5 871 231	2 209 573	1 584 158	916 023	32 333	12 714 138	32 110 473
Cash margin	1 165 514	143 743	1 569 449	158 445	5 014	-	516 174	3 558 339
Borrowed funds	-	-	2 951	5 068	732 183	77 236	-	817 438
Provision for income tax	-	236 167	-	-	-	-	-	236 167
Other Provisions	23 015	-	-	-	-	88	114 598	137 701
Other liabilities	136 272	40 269	28 169	5 553	19 341	13 809	753 320	996 733
Deferred tax liabilities	-	-	-	-	-	-	17 427	17 427
Owners' equity	-	-	-	-	-	-	8 274 923	8 274 923
Total liabilities and owners' equity	11 475 078	8 281 602	4 130 072	1 865 847	1 693 576	123 466	23 528 232	51 097 873
Gap	2 226 072	1 196 020	(703 718)	1 772 296	3 562 391	6 956 177	(15 009 238)	-
Accumulated gap	2 226 072	3 422 092	2 718 374	4 490 670	8 053 061	15 009 238	-	-

B. The details of the maturity of assets and liabilities as at December 31, 2009:

USD '000

ASSETS	Within 1 Month	After 1 Month and before 3 Months	After 3 Months and before 6 Months	After 6 Months and before 12 Months	After 12 Months and before 36 Months	After 36 Months	Not Tied to a Specific Maturity	Total
Cash at vaults	-	-	-	-	-	-	396 873	396 873
Mandatory cash reserve	-	-	-	-	-	-	2 453 484	2 453 484
Balances with central banks	4 395 492	3 683 736	33 500	-	101 768	45 000	621 697	8 881 193
Balances and deposits with banks and financial institutions	1 941 484	1 447 007	232 157	21 455	55 922	-	812 014	4 510 039
Financial assets at fair value through P&L - held for trading	30 596	-	14 760	-	214 053	38 480	14 674	312 563
Financial assets at fair value through P&L - designated	-	-	10 581	49 097	41 007	69 262	-	169 947
Direct credit facilities	3 652 509	2 820 988	1 594 688	2 889 981	7 471 457	3 596 302	-	22 025 925
Financial assets - available-for-sale	251 356	389 338	719 613	932 678	1 869 398	1 679 182	572 816	6 414 381
Financial assets - held-to-maturity	226 193	342 837	261 326	418 379	531 128	110 870	-	1 890 733
Investment in associates	-	-	-	-	-	-	1 955 106	1 955 106
Fixed assets	-	-	-	-	-	-	577 667	577 667
Other assets	25 885	12 311	14 774	29 000	10 480	8 427	801 583	902 460
Deferred tax assets	-	-	-	-	-	-	34 841	34 841
TOTAL ASSETS	10 523 515	8 696 217	2 881 399	4 340 590	10 295 213	5 547 523	8 240 755	50 525 212
LIABILITIES AND OWNERS' EQUITY								
Banks and financial institutions' deposits	3 247 202	722 383	466 010	61 969	20 000	-	1 166 791	5 684 355
Customer deposits	10 698 014	4 239 760	1 624 008	1 296 971	541 227	34 445	13 038 101	31 472 526
Cash margin	1 208 426	1 571 435	184 083	117 559	197	-	330 910	3 412 610
Borrowed funds	-	-	-	-	614 001	-	-	614 001
Provision for income tax	-	258 596	-	-	-	-	-	258 596
Other provisions	-	-	-	-	-	-	127 654	127 654
Other liabilities	68 511	51 126	24 667	30 642	17 812	14 008	705 799	912 565
Deferred tax liabilities	-	-	-	-	-	-	21 474	21 474
Owners' equity	-	-	-	-	-	-	8 021 431	8 021 431
Total liabilities and owners' equity	15 222 153	6 843 300	2 298 768	1 507 141	1 193 237	48 453	23 412 160	50 525 212
Gap	(4 698 638)	1 852 917	582 631	2 833 449	9 101 976	5 499 070	(15 171 405)	-
Accumulated gap	(4 698 638)	(2 845 721)	(2 263 090)	570 359	9 672 335	15 171 405	-	-

49. Net Foreign Currency Positions

The details of this item are as follows:

USD '000

	December 31, 2010		December 31, 2009	
	Base currency in thousands	Equivalent in thousand US Dollars	Base currency in thousands	Equivalent in thousand US Dollars
USD	403 364	403 364	301 873	301 873
GBP	(13 736)	(21 305)	2 258	3 630
EUR	93 764	124 049	93 581	134 443
JPY	12 869 475	112 060	269 779	2 918
CHF	(20 099)	(21 316)	893	863
Other currencies *		(58 510)		(218 094)
Total		538 342		225 633

* Various foreign currencies translated to US dollars.

50. Fair Value of Financial Assets and Financial Liabilities**A. Financial assets and financial liabilities not stated at fair value:**

The details of this item are as follows:

USD '000

	December 31, 2010		December 31, 2009	
	Book Value	Fair Value	Book Value	Fair Value
ASSETS				
Cash and balances with central banks	12 137 615	12 139 089	11 731 550	11 732 524
Balances and deposits with banks and financial institutions	4 901 904	4 919 489	4 510 039	4 530 521
Financial assets - held to maturity	1 276 140	1 285 826	1 890 733	1 840 173
Direct credit facilities	22 489 729	22 566 483	22 025 925	22 089 458
LIABILITIES				
Banks' and financial institutions' deposits	4 948 672	4 967 458	5 684 355	5 698 577
Customer deposits	32 110 473	32 197 938	31 472 526	31 557 299
Cash margin	3 558 339	3 567 194	3 412 610	3 418 794
Borrowed funds	817 438	817 438	614 001	614 001

B. Financial assets and financial liabilities stated at fair value

The table below analyzes financial instruments carried at fair value by the valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The details of this item are as follows:

ASSETS	December 31, 2010			USD '000
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through P&L - held for trading	397 989	-	-	397 989
Financial assets at fair value through P&L - designated	159 434	20 087	45 406	224 927
Financial derivatives - positive fair value	-	69 025	-	69 025
Financial assets - available for sale	2 940 396	143 299	700	3 084 395
TOTAL ASSETS	3 497 819	232 411	46 106	3 776 336

LIABILITIES	Level 1	Level 2	Level 3	Total
Financial derivatives - negative fair value	-	93 431	-	93 431
TOTAL LIABILITIES	-	93 431	-	93 431

ASSETS	December 31, 2009			USD '000
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through P&L - held for trading	312 563	-	-	312 563
Financial assets at fair value through P&L - designated	92 820	29 584	47 543	169 947
Financial derivatives - positive fair value	-	179 458	-	179 458
Financial assets - available for sale	3 255 190	-	-	3 255 190
TOTAL ASSETS	3 660 573	209 042	47 543	3 917 158

LIABILITIES	Level 1	Level 2	Level 3	Total
Financial derivatives - negative fair value	-	185 873	-	185 873
TOTAL LIABILITIES	-	185 873	-	185 873

Reconciliation of Level 3 fair value measurements of financial assets:	USD '000	
	2010	2009
Financial assets at fair value through P&L – designated		
Balance at the beginning of the year	47 543	44 764
Net additions and settlements	(149)	326
Total fair value gain recognized in income	899	1 537
Translation adjustments	(2 187)	916
Balance at the end of the Year	46 106	47 543

51. Contractual Maturity of the Contingent Accounts

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

	December 31, 2010			USD '000
	Within 1 Year	After 1 Year and before 5 Years	After 5 Years	Total
Letters of credit	12 400 654	154 478	-	12 555 132
Acceptances	580 232	6 981	-	587 213
Letters of guarantee:				
- Payment guarantees	1 254 043	340 818	97 504	1 692 365
- Performance guarantees	2 493 627	2 009 984	152 540	4 656 151
- Other guarantees	5 134 420	2 184 779	83 597	7 402 796
Unutilized credit facilities	2 600 918	705 476	221 784	3 528 178
Total	24 463 894	5 402 516	555 425	30 421 835
Constructions projects contracts	2 468	-	-	2 468
Procurement contracts	3 900	1 546	-	5 446
Rent contracts	4 351	9 251	21 627	35 229
Total	10 719	10 797	21 627	43 143
	December 31, 2009			USD '000
	Within 1 Year	After 1 Year and before 5 Years	After 5 Years	Total
Letters of credit	6 400 143	13 346	13 196	6 426 685
Acceptances	589 271	3 286	-	592 557
Letters of guarantee:				
- Payment guarantees	1 119 272	237 825	192 954	1 550 051
- Performance guarantees	2 312 774	1 422 889	245 554	3 981 217
- Other guarantees	4 071 963	2 616 502	1 574 328	8 262 793
Unutilized credit facilities	2 471 102	1 018 087	128 958	3 618 147
Total	16 964 525	5 311 935	2 154 990	24 431 450
Constructions projects contracts	12 580	6 363	-	18 943
Procurement contracts	11 718	355	-	12 073
Rent contracts	1 863	4 494	19 253	25 610
Total	26 161	11 212	19 253	56 626

52. Capital Management

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

	USD '000	
	December 31,	
	2010	2009
A- CORE CAPITAL		
Share capital	776 027	776 027
Statutory reserve	482 547	451 702
Voluntary reserve	977 315	977 315
Share premium	1 225 747	1 226 185
General reserve	1 822 824	1 823 321
Retained earnings	122 006	(39 761)
Treasury shares	-	(1 500)
Intangible assets	(237 903)	(224 499)
Total core capital	5 168 563	4 988 790
B- SUPPLEMENTARY CAPITAL		
Foreign currency translation reserve	179 638	177 728
Available-for-sale financial assets revaluation reserve	(13 576)	(38 708)
Subordinated loans	34 953	-
General banking risk reserve	363 458	306 770
Total supplementary capital	564 473	445 790
C- INVESTMENTS IN BANKS AND FINANCIAL INSTITUTIONS	559 308	435 817
Regulatory capital (A+B-C)	5 173 728	4 998 763
Risk-weighted assets	34 329 752	27 955 389
Regulatory capital / risk-weighted assets	15.1%	17.9%
Core capital / risk-weighted assets	14.2%	17.1%

- The Board of Directors performs an overall review of the capital structure of the Group on a 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 dividend policies and capitalization of reserves.
- The minimum level of the capital adequacy ratio as defined by the Basel Committee is 8% and 12% as per the instructions of the Central Bank of Jordan. Capital adequacy ratio amounted to 15.1% as at December 31, 2010 (17.9% as at December 31, 2009).

53. Earnings Per Share

The details of this item are as follows:

	December 31,	
	2010	2009
	USD '000	
Profit for the year attributable to Shareholders of the Bank	251 016	528 336
	Thousand Shares	
Average number of shares	533 907	533 896
Earnings Per Share	USD / Share	
- Basic and Diluted	0.47	0.99

54. Fiduciary Deposits

Fiduciary deposits as at 31 December 2010 amounted to USD 970.7 million (USD 1 659 million as at 31 December 2009). These deposits are not included in the Group consolidated financial statements.

55. Cash and Cash Equivalent

USD '000

The details of this item are as follows:

	December 31,	
	2010	2009
Cash and balances with central banks maturing within 3 months	11 934 655	11 554 607
Add: balances with banks and financial institutions maturing within 3 months	4 676 055	4 200 505
Less: banks and financial institutions deposits maturing within 3 months	4 495 104	5 250 377
Total	12 115 606	10 504 735

56. Transactions with Related Parties

The details of this item are as follows:

	USD '000			
	December 31, 2010			
	Deposits owed from Related Parties	Direct Credit Facilities	Deposits owed to Related Parties	Guarantees, acceptances, letters of credit and unused credit facilities
Associates	40 739	-	56 103	54 791
Board of Directors and Major Shareholders	-	633 192	353 271	154 922
Total	40 739	633 192	409 374	209 713

	USD '000			
	December 31, 2009			
	Deposits owed from Related Parties	Direct Credit Facilities	Deposits owed to Related Parties	Guarantees, acceptances, letters of credit and unused credit facilities
Associates	223 153	-	333 981	9 773
Board of Directors and Major Shareholders	-	331 406	150 655	100 269
Total	223 153	331 406	484 636	110 042

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

The details of transactions with related parties are as follows:

	USD '000	
	December 31, 2010	
	Interest Income	Interest Expense
Associates	136	198

	USD '000	
	December 31, 2009	
	Interest Income	Interest Expense
Associates	977	467

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

The salaries and other fringe benefits of the Group's key management personnel, inside and outside Jordan, amounted to USD 42.3 million for the year ended on December 31, 2010 (USD 38.1 million for the year ended on December 31, 2009).

57. Legal Cases

- a. Lawsuits have been filed against Arab Bank Plc in which it was alleged that Arab Bank has, through its New York branch, channeled funds to parties described as "terrorists" and "terrorist organizations in Palestine", and has aided and abetted acts of terrorism which led to the death or the injury of family members of the claimants. The claimants in the said lawsuits are requesting compensation for the damages that have befallen them as a result of the alleged acts of the Bank. The lawsuits are currently in the pre-litigation phase and the appellate court is considering appeals submitted by the adversaries in the lawsuits in connection with procedural rulings.

Arab Bank, in the opinion of its management, has been and is still fully respectful of and compliant with all anti-terrorism legislation in all countries in which it operates.

- b. The Bank in New York has entered into an agreement with the Office of the controller of Currency pursuant to which the branch was converted into a Federal Agency with limited operations in compliance with the provisions of the US Federal Banking Act. It was also agreed that the Federal Agency shall be allowed to maintain financial assets in the amount of USD 420 million.
- c. There are other lawsuits filed against the Bank totaling USD 197.6 million as of 31 December 2010 (USD 73.2 million as of 31 December 2009). In the opinion of the management and the lawyers representing the Bank in the litigation at issue, the Bank will not be held liable for any amount in excess of the amount of provisions taken in connection with the lawsuits totaling USD 10.2 million as of 31 December 2010 in comparison to USD 32.2 million as of 31 December 2009.

58. Comparative Figures

The comparative figures of the year 2009 have been amended as per the requirements of International Financial Reporting Standards. The details of which are as follows:

			USD '000
Effect on Owners' Equity			
Description	Bank Shareholders	Non-Controlling Interests	Total
Decrease in Deferred Tax Assets related to Al Wahda Bank in Libya	14 332	61 045	75 377

INDEPENDENT AUDITOR'S REPORT

AM/218

To the Shareholders
Arab Bank plc
Amman – Jordan

We have audited the accompanying consolidated financial statements of Arab Bank Group, which comprise the consolidated statement of financial position as at December 31, 2010, and the consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Arab Bank Group as of December 31, 2010, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards. We recommend that the General Assembly of Shareholders approve these consolidated financial statements.

Amman – Jordan
January 27, 2011


Deloitte & Touche (M.E.) – Jordan

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

JD'000

ARAB BANK Plc

		December 31,	
	Note	2010	2009
Cash and balances with central banks	5	4 649 556	4 004 819
Balances with banks and financial institutions	6	2 613 031	2 782 746
Deposits with banks and financial institutions	7	379 328	236 092
Financial assets at fair value through P&L - held for trading	8	44 805	52 074
Financial assets at fair value through P&L - designated	9	95 382	50 427
Financial derivatives - positive fair value	42	21 426	82 335
Direct credit facilities	10	10 061 711	10 138 208
Financial assets - available for sale	11	3 300 875	3 476 702
Financial assets - held to maturity	12	443 568	569 663
Investments in subsidiaries and associates	13	1 259 555	1 284 181
Fixed assets	14	220 775	199 873
Other assets	15	211 977	205 789
Deferred tax assets	16	17 419	16 582
TOTAL ASSETS		23 319 408	23 099 491
Banks' and financial institutions' deposits	17	2 533 629	3 231 442
Customer deposits	18	13 997 658	12 985 348
Cash margin	19	2 162 190	2 194 053
Financial derivatives - negative fair value	42	24 736	88 746
Borrowed funds	20	358 155	354 610
Provision for income tax	21	101 846	96 322
Other provisions	22	70 045	65 584
Other liabilities	23	273 344	269 888
Deferred tax liabilities	24	11 210	12 292
Total Liabilities		19 532 813	19 298 285
Share capital	25	534 000	534 000
Share premium	25	859 626	859 937
Treasury shares	25	-	(1 064)
Statutory reserve	26	307 336	285 460
Voluntary reserve	27	614 920	614 920
General reserve		1 066 674	1 066 674
General banking risks reserve	28	200 468	220 685
Foreign currency translation reserve		79 549	126 192
Available-for-sale financial assets revaluation reserve	29	(18 310)	(31 507)
Retained earnings	30	35 532	19 109
Proposed dividends	31	106 800	106 800
Total Shareholders' Equity		3 786 595	3 801 206
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		23 319 408	23 099 491

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

STATEMENT OF FINANCIAL POSITION

ASSETS

LIABILITIES AND SHAREHOLDERS' EQUITY

ARAB BANK Plc

JD '000

	Note	2010	2009	
REVENUE	Interest income	32	806 546	916 739
	Less: interest expense	33	316 031	398 367
	Net interest income		490 515	518 372
	Net commission income	34	141 438	133 204
	Net interest and commissions income		631 953	651 576
	Foreign exchange differences		33 313	34 995
	(Loss) gain from financial assets at fair value through P&L - held for trading	35	(66)	1 469
	(Loss) gain from financial assets at fair value through P & L - designated	36	(442)	7 587
	Gain from financial assets - available for sale	37	42 384	13 774
	Dividends from subsidiaries and associates	38	60 216	37 965
	Other revenue	39	30 097	16 738
Net Revenue		797 455	764 104	
EXPENSES	Employees expenses	40	165 029	168 761
	Other expenses	41	151 638	161 934
	Depreciation and amortization	14	25 261	23 247
	Provision for impairment - direct credit facilities	10	224 769	80 850
	Provision for impairment - held-to-maturity financial assets		2 832	-
	Other provisions		9 167	4 649
	Total Expenses		578 696	439 441
PROFIT FOR THE YEAR	Profit before Income Tax		218 759	324 663
	Less: Income tax expense	21	73 674	74 624
	Profit for the Year		145 085	250 039

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

ARAB BANK Plc

	JD'000	
	For the Year Ended December 31,	
	2010	2009
Profit for the year	145 085	250 039
Add: Other comprehensive income items, after tax		
Exchange differences arising on the translation of foreign operations	(46 643)	21 511
Net change in fair value	13 197	81 959
Total Other Comprehensive Income Items, After Tax	(33 446)	103 470
Total Comprehensive Income for the Year	111 639	353 509

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

ARAB BANK Plc

	Share Capital	Share Premium	Treasury Shares	Statutory Reserve
For the year ended December 31, 2010				
Balance at the beginning of the year	534 000	859 937	(1 064)	285 460
Profit for the year	-	-	-	-
Exchange differences arising on the translation of foreign operations	-	-	-	-
Net change in fair value	-	-	-	-
Total comprehensive income	-	-	-	-
Sale of treasury shares	-	(311)	1 064	-
Appropriation to reserves	-	-	-	21 876
Paid dividends	-	-	-	-
Proposed dividends	-	-	-	-
Adjustments during the year	-	-	-	-
Balance at the end of the year	534 000	859 626	-	307 336
For the year ended December 31, 2009				
Balance at the beginning of the year	534 000	859 951	(2 373)	253 000
Profit for the year	-	-	-	-
Exchange differences arising on the translation of foreign operations	-	-	-	-
Net change in fair value	-	-	-	-
Total comprehensive income	-	-	-	-
Sale of treasury shares	-	(14)	1 309	-
Appropriation to reserves	-	-	-	32 460
Paid dividends	-	-	-	-
Proposed dividends	-	-	-	-
Adjustments during the year	-	-	-	-
Balance at the end of the year	534 000	859 937	(1 064)	285 460

- The reserves and retained earnings include restricted deferred tax assets of JD17.4 million, as well as retained earnings of JD 929 thousand, and cumulative change in fair value of JD (18.3) million as of December 31, 2010.
- The accompanying notes from (1) to (56) are an integral part of these financial statements and should be read with them.

JD'000

Voluntary Reserve	General Reserve	General Banking Risk Reserve	Foreign Currency Translation Reserve	Available -for-Sale Financial Assets Revaluation Reserve	Retained Earnings	Proposed Dividends	Total Shareholders' Equity
614 920	1 066 674	220 685	126 192	(31 507)	19 109	106 800	3 801 206
-	-	-	-	-	145 085	-	145 085
-	-	-	(46 643)	-	-	-	(46 643)
-	-	-	-	13 197	-	-	13 197
-	-	-	(46 643)	13 197	145 085	-	111 639
-	-	-	-	-	14	-	767
-	-	-	-	-	(21 876)	-	-
-	-	-	-	-	-	(106 800)	(106 800)
-	-	-	-	-	(106 800)	106 800	-
-	-	(20 217)	-	-	-	-	(20 217)
614 920	1 066 674	200 468	79 549	(18 310)	35 532	106 800	3 786 595
550 000	1 066 674	175 347	104 681	(113 466)	18 640	133 500	3 579 954
-	-	-	-	-	250 039	-	250 039
-	-	-	21 511	-	-	-	21 511
-	-	-	-	81 959	-	-	81 959
-	-	-	21 511	81 959	250 039	-	353 509
-	-	-	-	-	40	-	1 335
64 920	-	45 432	-	-	(142 812)	-	-
-	-	-	-	-	-	(133 500)	(133 500)
-	-	-	-	-	(106 800)	106 800	-
-	-	(94)	-	-	2	-	(92)
614 920	1 066 674	220 685	126 192	(31 507)	19 109	106 800	3 801 206

STATEMENT OF CASH FLOWS

JD '000

For the Year Ended
December 31,

	Note	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year before tax		218 759	324 663
Adjustments for:			
Depreciation and amortization		25 261	23 247
Provision for impairment - direct credit facilities		224 769	80 850
Provision for impairment - held-to-maturity financial assets		2 832	-
Bad debts written off		-	46
(Gain) from sale of fixed assets		(599)	(1 373)
Loss (gain) from revaluation of financial assets at fair value through P&L - held for trading		122	(499)
Loss (gain) from revaluation of financial assets at fair value through P&L - designated		480	(3 282)
Other provisions		9 167	4 649
Total		480 791	428 301
Decrease (increase) in assets:			
Balances with central banks (maturing after 3 months)		(18 173)	118 482
Deposits with banks and financial institutions (maturing after 3 months)		(143 236)	133 337
Direct credit facilities		(168 489)	620 568
Financial assets at fair value through P&L - held for trading		7 147	20 204
Financial assets at fair value through P&L - designated		(45 435)	61 795
Other assets		47 549	16 817
(Decrease) increase in liabilities:			
Bank and financial institutions deposits (maturing after 3 months)		(88 624)	242 625
Customer deposits		1 012 310	(266 895)
Cash margin		(31 863)	407 136
Other liabilities		(54 172)	(7 259)
Net Cash Generated by Operations before Income Tax		997 805	1 775 111
Income tax paid		(71 153)	(80 378)
Net Cash Generated by Operations		926 652	1 694 733
CASH FLOWS FROM INVESTING ACTIVITIES			
Sale (Purchase) of financial assets - available for sale		189 024	(1 010 538)
Maturity of financial assets - held to maturity		123 263	370 230
(Purchase) of investments in subsidiaries and associates		(40 426)	(42 535)
(Purchase) of fixed assets		(49 919)	(53 396)
Proceeds from sale of fixed assets		3 633	14 594
Net Cash (used in) Investing Activities		225 575	(721 645)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase (Decrease) in borrowed funds		3 545	(25 000)
Dividends paid to shareholders		(106 786)	(133 460)
Proceeds from sale of treasury shares		753	1 295
Net Cash (used in) Financing Activities		(102 488)	(157 165)
Exchange differences - change in foreign exchange rates		16 299	22 787
Net Increase in Cash and Cash Equivalent		1 049 739	815 923
Cash and cash equivalent at the beginning of the year		3 751 411	2 912 701
Cash and Cash Equivalent at the End of the Year	55	4 817 449	3 751 411

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

1. GENERAL

- Arab Bank was established in 1930, and is registered as a Jordanian public shareholding limited company. The Head Office of the Bank is domiciled in Amman - Jordan, and the Bank operates worldwide through its 80 branches in Jordan and 105 abroad.
- Arab Bank shares are traded on Amman Stock Exchange. The share of Arab Bank represents the Bank's share in all entities of the Group except for the sister company, Arab Bank (Switzerland) Limited shares that are stapled with Arab Bank shares and traded at the same time.
- The accompanying financial statements were approved by the Board of Directors on January 27, 2011 and are subject to the approval of the General Assembly of Shareholders.

2. BASIS OF PRESENTATION

- The accompanying financial statements include the financial statements of the Bank's branches in Jordan and abroad after eliminating inter-branch balances. Transactions in transit at year end are presented among other assets or other liabilities, as appropriate. The financial statements of the Bank's branches operating outside the Kingdom of Jordan are translated to Jordanian Dinars using the exchange rates prevailing as at the date of the financial statements.
- The Bank issues audited consolidated financial statements for the Bank and its subsidiaries, including the financial statements of its sister company, Arab Bank (Switzerland) Limited, to reflect the consolidated financial position and results of operations at the level of the consolidated economic ownership of the Group.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

- The accompanying financial statements are prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board and the Interpretations issued by the International Financial Reporting Interpretations Committee, the prevailing rules in the countries where the Bank operates and the instructions of the Central Bank of Jordan.
- The financial statements are prepared using the historical cost principle, except for financial assets and financial liabilities which are stated at fair value as of the date of the financial statements.

Adoption of new and revised International Financial Reporting Standards (IFRSs)

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

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

• Amendments to IFRS 1: First-time Adoption of International Financial Reporting Standards – Additional Exemptions for First-time Adopters	The amendments provide two exemptions for adoption of IFRSs for the first time relating to oil and gas assets, and the determination as to whether an arrangement contains a lease.
• Amendments to IFRS 2: Share-based Payment – Cash-settled Share-based Payment Transactions	The amendments clarify the scope of IFRS 2, as well as the accounting for cash-settled share-based payment transactions in the separate financial statements of an entity receiving the goods or services when another entity or shareholder has the obligation to settle the award.
• Amendments to IFRS 3: Business Combinations	The amendments provide comprehensive revision on applying the acquisition method and consequential amendments to IAS 27: Consolidated and Separate Financial Statements and IAS 28: Investments in Associates and IAS 31: Interests in Joint Ventures.
• Amendments to IAS 39: Financial Instruments: Recognition and Measurement – Eligible Hedged Items	The amendments provide clarification on two aspects of hedge accounting: identifying inflation as a hedged risk or portion, and hedging with options.
• Improvements to IFRSs issued in 2009:	IAS 1, IAS 23, IAS 27, IAS 32 and IAS 39. SMEs IFRS, IFRS 2, IFRS 3, IFRS 5, IFRS 7 and IFRS 8.
• IFRIC 17: Distributions of Non-cash Assets to Owners	The Interpretation provides guidance on the appropriate accounting treatment when an entity distributes assets other than cash as dividends to its shareholders.
• IFRIC 18: Transfers of Assets from Customers	The Interpretation addresses the accounting by recipients for transfers of property, plant and equipment from 'customers' and concludes that when the item of property, plant and equipment transferred meets the definition of an asset from the perspective of the recipient, the recipient should recognise the asset at its fair value on the date of the transfer, with the credit being recognised as revenue in accordance with IAS 18 Revenue.

b. New and revised IFRSs issued but not yet effective

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

	Effective for annual periods beginning on or after
• Amendments to IFRS 1: Limited Exemption from Comparative IFRS 7 Disclosure for First-time Adopters	1 July 2010.
• Amendments to IFRS 7: Disclosures – Transfers of Financial Assets	1 July 2010.
• IFRS 9 (as amended in 2010): Financial Instruments	1 July 2010.
• Amendments to IFRS 3: Business Combinations	1 July 2010.
• Amendments to IFRS 7: Financial Instruments: Disclosures	1 July 2010.
• Amendments to IFRS 9: Financial Instruments (as amended in 2010)	1 January 2013.
• Amendments to IAS 1: Financial statements presentation	1 January 2011.
• IAS 24 (revised in 2009): Related Party Disclosures	1 January 2011.
• IAS 27 (revised in 2008): Consolidated and Separate Financial Statement	1 July 2010.
• Amendments to IAS 32: Classification of Rights Issues	1 February 2010.
• Amendments to IAS 34: Interim Financial Statements	1 January 2011.
• Amendments to IFRIC 13: Concession Service Arrangements	1 January 2011.
Amendments to IFRIC 14: Prepayments of a Minimum Funding Requirement	1 January 2011.
• IFRIC 19: Extinguishing Financial Liabilities with Equity Instruments	1 July 2011.

The directors anticipate that each of the above standards and interpretations will be adopted in the financial statements by its date mentioned above. Moreover, these standards and interpretations will not have any material impact on the Bank's financial statements except for the following:

IFRS 9 Financial Instruments

IFRS 9 Financial Instruments issued in November 2009 and amended in October 2010 introduces new requirements for the classification and measurement of financial assets and financial liabilities and for derecognition.

IFRS 9 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors anticipate that IFRS 9 will be adopted in preparation of the Bank's financial statements for the financial year 2011 in accordance with the instructions of the Central Bank of Jordan. The directors also anticipate that the application of the new Standard will have a significant impact on amounts reported in respect of financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

IFRS 9 requires all recognised financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

Date of Recognition of Financial Assets

Sales and purchase of financial assets are recognized on the trade date, which is the date the Bank commits itself to purchase or sell the financial assets.

Fair Value

- The closing price of quoted financial assets and derivatives in active markets represents their fair value. When no quoted prices are available or when no active markets exist for the financial instrument, fair value is estimated by one of the following methods:
 - Comparing with the fair value of another financial asset with similar terms and conditions;
 - Discounting future cash flows; or
 - Using options pricing models.

- The valuation methods aim at arriving at a fair value that reflects the expectations of market participants, expected risks and expected benefits. When the fair value cannot be measured reliably, financial assets are stated at cost / amortized cost.

Financial Assets at Fair Value Through Profit and Loss – Held for Trading

- Such financial assets are those assets that have been acquired principally for the purpose of selling them in the near term, or on initial recognition, have been part of a portfolio of identified financial instruments that the Bank manages together and have a recent actual pattern of short-term profit-taking.
- Financial assets held for trading are initially recognized at their fair value, while transaction costs are expensed in the statement of income, and are stated subsequently at fair value. Changes in the fair value of these financial assets are included in the statement of income in the period in which the change occurs.
- Changes in fair value resulting from changes in foreign exchange rates are recorded in the statement of income as gain or loss on foreign exchange. For non-monetary assets, such changes are recorded as part of the change in fair value.
- Dividend revenue is recognized as income from financial assets held for trading in the statement of income, whereas earned interest revenue is recognized as interest income in the statement of income.

Financial Assets at Fair Value Through Profit and Loss – Designated

- Such financial assets are those initially designated at fair value through profit and loss if such designation eliminates or significantly reduces a measurement or recognition inconsistency (accounting mismatch) that would otherwise arise. Financial assets may be designated at fair value through profit and loss if they constitute part of a group of financial assets or financial liabilities or both, that are managed and their performance is evaluated on a fair value basis in accordance with a documented risk management or investment strategy.
- Financial assets designated at fair value through profit and loss are initially recognized at their fair value, while transaction costs are expensed in the statement of income; and are stated subsequently at fair value. Changes in the fair value of these financial assets are included in the statement of income in the period in which the change occurs.
- Gains (losses) from the changes in the foreign exchange rates of monetary assets denominated in foreign currencies are recorded within gains (losses) from foreign currency translation and as part of the change in fair value in the comprehensive income for non – monetary assets.

- Dividend revenue is recognized as income from financial assets designated at fair value through profit and loss in the statement of income, whereas interest earned is recognized as interest income in the statement of income.

Direct Credit Facilities

- Such financial assets are those with fixed or determinable payments that are not quoted in an active market.
- Direct credit facilities are stated at cost, and are stated in the statement of financial position net of impairment provisions and interest and commission in suspense.
- Provisions for impairment of direct credit facilities are recognized when it is apparent that the financial assets of the Bank cannot be recovered, there is objective evidence of an event that adversely affects the future cash flows of the direct credit facilities and when the amount of impairment can be estimated.
- Impairment in value is determined using the present value of the future cash flows discounted at the original interest rate or according to the Central Bank of Jordan and the instructions of the regulatory authorities of the countries where the Bank operates, whichever is higher. Impairment losses are recorded in the statement of income.
- Interest and commission on non-performing credit facilities are suspended in accordance with the Central Bank of Jordan instructions or the instructions of the regulatory authorities in the countries where the Bank operates, whichever is higher.
- Specific provisions for impairment of direct credit facilities are written off when management is satisfied that no recovery of the amounts owing is possible. Any surplus in the general provisions or any recoveries of written-off debts is recognized in the statement of income.

Financial Assets – Available for Sale

- Such financial assets are those assets that have not been classified as financial assets at fair value through the statement of income or as a direct credit facilities or as financial assets held to maturity.
- Available-for-sale financial assets are initially recognized at fair value, including transaction costs and are subsequently stated at fair value as of the date of the financial statements with changes in fair value recorded in a separate item in other comprehensive income.
- When such assets are fully or partially sold, disposed of, or judged to be impaired, the change in fair value is recorded in the statement of income, including the related amounts previously recorded in other comprehensive income.

- Impairment losses recognized in the statement of income on debt instruments are reversed only when there is objective evidence that the increase in fair value occurred after the losses have been recognized. Impairment losses recognized on equity instruments are not reversed.
- Changes in fair value resulting from changes in foreign exchange rates on monetary financial assets are recorded in the statement of income as gain or loss on foreign exchange with changes in foreign exchange rates on non-monetary items recorded in other comprehensive income.
- Interest income earned on available-for-sale financial assets is recorded in the statement of income using the effective interest method.
- Financial instruments for which fair value cannot be reliably determined are stated at cost.
- Dividend revenue is recorded within gains on the sale of available – for – sale financial assets whereas earned interest is recorded within interest income in the income statement.

Financial Assets – Held to Maturity

Such financial assets are those that have fixed or determinable payments and fixed maturity that an entity has the positive intention and ability to hold to maturity.

Financial assets held to maturity are recorded at cost (fair value) plus acquisition costs, less any provision for impairment in value. Premiums and discounts are systematically amortized in the statement of income using the effective interest method.

Impairment in the Value of the Financial Assets

- The Bank reviews the values of the financial assets on the date of the financial statements in order to determine if there are any indications of impairment in their value, individually or in the form of a portfolio. If such indications exist, the recoverable value is estimated so as to determine the amount of impairment loss.
- Impairment is determined as follows:
 - Impairment in financial assets recorded at amortized cost is determined on the basis of the difference between the carrying amount and the present value of the cash flows discounted at the original interest rate.
 - Impairment in the financial assets recorded at cost is determined on the basis of the difference between the carrying amount and the present value of the expected cash flows discounted at the market interest rate of similar instruments.
 - Impairment in the available-for-sale financial assets recorded at fair value represents the difference between the carrying amount and the fair value.

- Impairment in value is recorded in the statement of income. Any surplus in the subsequent period, resulting from previous declines in the fair value of financial assets, is recognized in the statement of income, except for available-for-sale equity securities whereby any such surplus is recovered through other comprehensive income.

Investments in Associates

- Associates are those whereby the Bank exerts significant influence over their financial and operating policy decisions, and holds between 20% and 50% of the voting rights.
- Investments in associates are recorded at cost.
- Transactions and balances between the Bank and the associates are eliminated to the extent of the Bank's ownership in the associate.

Recognition of Income and Expenses

- Income and expense are recognized on the accrual basis, except for interest income and expense which are recognized on an effective-yield basis. Interest and commission on non-performing direct credit facilities are not recognized as revenue but recorded as interest and commission in a suspense account until received in cash.
- Commission income is recorded as revenue when the related services are provided. Dividends are recorded when realized.

Financial Derivatives

Financial derivatives (e.g. currency forward contracts, forward rate agreements, swaps and option contracts) are recognized at fair value in the statement of financial position.

a. Financial derivatives held for hedge purposes

- **Hedges are classified as follows:**
 - Fair value hedge: Represents hedging for changes in the fair value of the Bank's assets and liabilities.
 - When the conditions for an effective fair value hedge are met, gains or losses from changes in the fair value of financial derivatives are recognized in the statement of income. Changes in the fair value of the hedged assets or liabilities are also recognized in the statement of income.
 - Cash flow hedge: Represents hedging for changes in the current and expected cash flows of the Bank's assets and liabilities that affects the statement of income.

When the conditions for an effective cash flow hedge are met, gains or losses from changes in the fair value of financial derivatives are recognized in statement of comprehensive income and are reclassified to the statement of income in the period in which the hedge transaction has an impact on the statement of income.

When the conditions for an effective hedge are not met, gains or losses from changes in the fair value of financial derivatives are recognized in the statement of income.

- **Net investment in foreign entities hedge**

When the conditions for net investment in foreign entities hedge are met, gains or losses from changes in the fair value of financial derivatives are recognized in the statement of comprehensive income, and are transferred to the income statement upon sale of the investment in the foreign entity.

When the conditions for an effective hedge are not met, gains or losses from changes in the fair value of financial derivative are recognized in the statement of income.

b. Financial derivatives for trading

Financial derivatives held for trading are recognized at fair value in the statement of financial position among "other assets" or "other liabilities" with changes in fair value recognized in the statement of income.

Foreclosed Assets

- Such assets are those that have been the subject of foreclosure by the Bank, and are initially recognized among "other assets" at the foreclosure value.
- At the date of the financial statements, foreclosed assets are revalued individually; any decline in fair value is recognized in the statement of income. Any subsequent increase in value is recognized only to the extent that it does not exceed the previously recognized impairment losses.

Intangible Assets

- Goodwill represents the excess of an amount paid to acquire or purchase an investment in an associate or subsidiary over the fair value of the net investment in that entity at the acquisition date. Goodwill arising from the acquisition of a subsidiary is recognized in a separate item among intangible assets. Goodwill resulting from the acquisition of an associate constitutes part of the investment in that associate. Goodwill is subsequently reduced by any impairment in the value of the investment.

- Goodwill is allocated over the cash-generating units for the purpose of testing the impairment in value.
- Goodwill is tested on the date of each financial statement and is reduced when there is evidence that its value has been impaired or that the recoverable value of the cash-generating units is lower than the carrying amount. Impairment losses are recorded in the statement of income.

Foreign Currencies

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

Fixed Assets

- Fixed assets are stated at cost, net of accumulated depreciation. Such assets (except for land) are depreciated according to the straight-line method over their expected productive lives or according to the prevailing regulations of the countries where the Bank operates.
- The useful lives of fixed assets are reviewed at the end of each year. When the expected useful life differs from what was previously determined, the change in estimate is recorded as such in the subsequent year.
- Fixed assets are derecognized when disposed of or when no future benefits are expected from their use or disposal.
- When the recoverable amount of a fixed asset is less than its carrying amount, its value is reduced to the recoverable amount, and the impairment in value is recorded in the statement of income.

Provisions

- Provisions are recognized when the Bank has an obligation as of the date of the financial statements as a result of past events, the obligation is likely to be settled, and a reliable estimate can be made of the amount of the obligation.

Provision for Employees' End-of-Service Indemnities

- Provision for employees' end-of-service indemnities is estimated in accordance with the prevailing rules and regulations in the countries in which the Bank operates. The expense for the year is recognized in the statement of income. The amounts paid for employees at the end of their service or when they leave work are recorded on the provision taken for that purpose.

Income Taxes

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

Treasury Shares

- Treasury shares are stated at cost as a separate item in shareholders' equity, and deducted from total shareholders' equity.
- Gains or losses from the sale of treasury shares are not recognized in the statement of income. Instead, they are recognized within the share premium account.

- Treasury shares have no voting power and no right to receive dividends.

Fiduciary Deposits

- Fiduciary deposits resulting from holding or placing assets on behalf of customers. These assets and the income arising from them are excluded from the financial statements of the Bank. Commission and fees income for managing these accounts are recognized in the statement of income.
- Provision for the decline in the fair value of capital – guaranteed portfolios managed on behalf of customers is recognized when such fair value goes below capital.

Offsetting

- Financial assets and financial liabilities are offset, and the net amount is presented in the statement of financial position only when there is a legal right to offset the recognized amounts, and the Bank intends to either settle them on a net basis or to realize the assets and settle the liabilities simultaneously.

Cash and Cash Equivalents

- Cash and cash equivalents comprise cash balances with central banks and balances with banks and financial institutions maturing within three months, less restricted funds and balances owed to banks and financial institutions, maturing within three months.

4. Use of Estimates

- Preparation of the accompanying financial statements requires estimations and judgments in applying accounting policies relating to some of the financial statement items. Examples of such items include an estimation of the provision for the impairment of non-performing direct credit facilities, the intention of management to hold the financial investment until maturity, and an estimation of the useful life of assets and the impairment of their value. Management also uses estimates and judgments for some matters that are uncertain on the date of the financial statements and may require adjustments to the balances of the assets and liabilities stated in the financial statements of the following year. This includes estimation of the various provisions and contingent liabilities.

5. Cash and Balances with Central Banks

JD '000

The details of this item are as follows:

	December 31,	
	2010	2009
Cash in vaults	211 718	197 002
Balances with central banks:		
- Current accounts	149 263	136 316
- Time and notice	3 320 237	2 756 430
- Mandatory cash reserve	753 638	837 851
Certificates of deposit	214 700	77 220
Total	4 649 556	4 004 819

Except for the mandatory cash reserve, there are no restricted balances at Central Banks. Balances maturing after three months amounted to JD 143.5 million as at December 31, 2010 (JD 125.4 million as at December 31, 2009).

6. Balances with Banks and Financial Institutions

JD '000

The details of this item are as follows:

	December 31,	
	2010	2009
Current accounts	337 434	294 820
Time deposits maturing within 3 months	2 275 597	2 432 245
Certificates of deposit	-	55 681
Total	2 613 031	2 782 746

7. Deposits with Banks and Financial Institutions

JD '000

The details of this item are as follows:

	December 31,	
	2010	2009
Time deposits maturing after 3 months and before 6 months	191 018	176 449
Time deposits maturing after 6 months and before 9 months	44 496	17 286
Time deposits maturing after 9 months and before one year	86 886	42 357
Time deposits maturing after one year	56 928	-
Total	379 328	236 092

There are no restricted balances as at December 31, 2010 and 2009.

8. Financial Assets at Fair Value Through P&L - Held for Trading

JD '000

The details of this item are as follows:

	December 31,	
	2010	2009
Other bonds	43 686	50 706
Shares	1 119	1 368
Total	44 805	52 074

9. Financial Assets at Fair Value Through P&L - Designated

JD '000

The details of this item are as follows:

	December 31,	
	2010	2009
Government bonds	18 233	10 638
Other bonds	77 149	39 789
Total	95 382	50 427

10. Direct Credit Facilities

The details of this item are as follows:

JD '000

	December 31, 2010					Total
	Retail	Corporates		Banks and Financial Institutions	Government and Public Sector	
		Small and Medium	Large			
Discounted bills *	41 273	56 447	159 275	19 362	-	276 357
Overdrafts *	23 539	313 816	1 661 995	35	163 077	2 162 462
Loans and advances *	817 668	334 261	5 448 166	477 167	616 457	7 693 719
Real-estate loans	500 298	2 763	1 277	-	-	504 339
Credit cards	49 864	-	-	-	-	49 864
Total	1 432 642	707 287	7 270 714	496 564	779 534	10 686 741
Less: Interest and commission in suspense	15 074	58 544	44 559	616	-	118 793
Provision for impairment - direct credit facilities	60 398	57 983	385 958	-	1 898	506 237
Total	75 472	116 527	430 517	616	1 898	625 030
Net Direct Credit Facilities	1 357 170	590 760	6 840 197	495 948	777 636	10 061 711

* Net of interest and commission received in advance, which amounted to JD 11.6 million as at December 31, 2010.

- Direct credit facilities granted to the government and public sector as at December 31, 2010 amounted to JD 779.5 million or 7.3% of total direct credit facilities.
- Non-performing direct credit facilities as at December 31, 2010 amounted to JD 834.4 million or 7.8% of total direct credit facilities.
- Non-performing direct credit facilities, net of interest and commission in suspense, as at December 31, 2010 amounted to JD 715.6 million or 6.8% of net direct credit facilities.

	December 31, 2009					JD '000
	Retail	Corporates		Banks and Financial Institutions	Government and Public Sector	Total
		Small and Medium	Large			
Discounted bills *	47 703	96 595	245 581	27 052	53	416 984
Overdrafts *	24 276	315 935	1 486 319	-	149 379	1 975 909
Loans and advances *	726 198	264 368	5 639 323	532 201	476 380	7 638 470
Real-estate loans	444 134	870	1 576	-	-	446 580
Credit cards	42 990	-	-	-	-	42 990
Total	1 285 301	677 768	7 372 799	559 253	625 812	10 520 933
Less: Interest and commission in suspense	8 486	55 366	23 184	172	-	87 208
Provision for impairment - direct credit facilities	48 084	67 209	169 729	10 262	233	295 517
Total	56 570	122 575	192 913	10 434	233	382 725
Net Direct Credit Facilities	1 228 731	555 193	7 179 886	548 819	625 579	10 138 208

* Net of interest and commission received in advance, which amounted to JD 13.3 million as at December 31, 2009.

- Direct credit facilities granted to the government and public sector as at December 31, 2009 amounted to JD 625.8 million or 5.9% of total direct credit facilities.
- Non-performing direct credit facilities as at December 31, 2009 amounted to JD 877.4 million or 8.3% of total direct credit facilities.
- Non-performing direct credit facilities, net of interest and commission in suspense, as at December 31, 2009 amounted to JD 790.2 million or 7.6% of net direct credit facilities.

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

	2010					JD '000
	Retail	Corporates		Banks and Financial Institutions	Government and Public Sector	Total
		Small and Medium	Large			
Balance at the beginning of the year	48 084	67 209	169 729	10 262	233	295 517
Impairment losses charged to income	20 454	6 909	210 924	15 032	813	254 132
Direct credit facilities written off	(917)	(2 484)	(2 837)	(25 294)	-	(31 532)
Recoveries	(10 760)	(10 263)	(7 902)	-	(438)	(29 363)
Adjustments during the year*	2 988	(2 686)	18 625	-	1 290	20 217
Translation adjustments	549	(702)	(2 581)	-	-	(2 734)
Balance at the end of the Year	60 398	57 983	385 958	-	1 898	506 237

	2009					JD '000
	Retail	Corporates		Banks and Financial Institutions	Government and Public Sector	Total
		Small and Medium	Large			
Balance at the beginning of the year	37 489	75 918	103 630	-	232	217 269
Impairment losses charged to income	22 460	11 320	147 112	10 262	-	191 154
Direct credit facilities written off	(309)	(1 661)	(3 611)	-	-	(5 581)
Recoveries	(11 504)	(23 419)	(75 381)	-	-	(110 304)
Adjustments during the year	115	(1 532)	1 417	-	-	-
Translation adjustments	(167)	6 583	(3 438)	-	1	2 979
Balance at the end of the Year	48 084	67 209	169 729	10 262	233	295 517

* This item represents amounts reversed back from the general banking risk reserve due to the application of local laws in Egypt.

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

	2010					JD '000
	Retail	Corporates		Banks and Financial Institutions	Government and Public Sector	Total
		Small and Medium	Large			
Balance at the beginning of the year	8 486	55 366	23 184	172	-	87 208
Interest and commission suspended during the year	7 704	8 464	22 390	445	-	39 003
Interest and commission in suspense written off	(73)	(2 874)	(1 288)	-	-	(4 235)
Recoveries	(1 023)	(1 821)	(3)	-	-	(2 847)
Adjustments during the year	(18)	120	(102)	-	-	-
Translation adjustments	(2)	(711)	378	(1)	-	(336)
Balance at the end of the Year	15 074	58 544	44 559	616	-	118 793

	2009					JD '000
	Retail	Corporates		Banks and Financial Institutions	Government and Public Sector	Total
		Small and Medium	Large			
Balance at the beginning of the year	1 861	63 542	20 129	-	-	85 532
Interest and commission suspended during the year	7 848	7 480	19 584	172	-	35 084
Interest and commission in suspense written off	(837)	(13 824)	(2 523)	-	-	(17 184)
Recoveries	(335)	(14 991)	(898)	-	-	(16 224)
Adjustments during the year	8	12 637	(12 645)	-	-	-
Translation adjustments	(59)	522	(463)	-	-	-
Balance at the end of the Year	8 486	55 366	23 184	172	-	87 208

11. Financial Assets - Available for Sale

The details of this item are as follows:

	December 31,		JD '000
	2010	2009	
Treasury bills and bonds	1 708 673	1 730 713	
Government bonds	611 309	598 044	
Corporate bonds	764 231	928 151	
Shares	216 662	219 794	
Total	3 300 875	3 476 702	

Financial assets include shares in the amount of JD 41.8 million and bills and bonds in the amount of JD 1 578.4 thousand accounted for at cost / amortized cost as their fair value can not be estimated reliably.

Analysis of Bonds According to Interest:

	December 31,		JD '000
	2010	2009	
Floating rate	716 619	984 373	
Fixed rate	2 367 594	2 272 535	
Total	3 084 213	3 256 908	

Analysis of Financial Assets According to Market Quotation:

	December 31,		JD '000
	2010	2009	
Financial assets quoted in the market:			
Treasury bills and bonds	522 651	307 483	
Government bonds	311 313	424 782	
Corporate bonds	639 325	897 842	
Shares	171 511	174 379	
Total	1 644 800	1 804 486	

	December 31,		JD '000
	2010	2009	
Financial assets unquoted in the market:			
Treasury bills and bonds	1 186 022	1 423 230	
Government bonds	299 996	173 262	
Corporate bonds	124 906	30 309	
Shares	45 151	45 415	
Total	1 656 075	1 672 216	

12 Financial Assets - Held to Maturity

JD '000

The details of this item are as follows:

	December 31,	
	2010	2009
Treasury bills and bonds	361 107	474 396
Government bonds	70 065	76 932
Other bonds	15 228	18 335
Less: Provision for impairment	(2 832)	-
Total	443 568	569 663

Analysis of bonds based on interest payments:

	December 31,	
	2010	2009
Floating rate	16 012	21 980
Fixed rate	427 556	547 683
Total	443 568	569 663

Analysis of financial assets based on market quotation:

	December 31,	
	2010	2009
Financial assets quoted in the market:		
Treasury bills and bonds	309 747	350 097
Government bonds	70 065	76 932
Other bonds	-	7 090
Total	379 812	434 119

	December 31,	
	2010	2009
Financial assets unquoted in the market:		
Treasury bills and bonds	51 360	124 299
Government bonds	-	-
Other bonds	12 396	11 245
Total	63 756	135 544

The details of the provision for the impairment of held-to-maturity financial assets are as follows:

	December 31,	
	2010	2009
Balance at the beginning of the year	-	-
Impairment losses charged to income	2 832	-
Balance at the end of the year	2 832	-

JD '000

13. Investment in Subsidiaries and Associates

The details of this item are as follows:

	December 31, 2010		December 31, 2009		Place of incorporation	Principal activity
	Ownership %	Cost	Ownership %	Cost		
The Bank's investments in subsidiaries:						
Europe Arab Bank plc	100.00	469 145	100.00	509 453	U.K.	Banking
Arab Bank Australia Limited	100.00	39 642	100.00	34 967	Australia	Banking
Islamic International Arab Bank	100.00	73 500	100.00	73 500	Jordan	Banking
Arab National Leasing Company Ltd	100.00	25 000	100.00	25 000	Jordan	Finance leasing
Al-Arabi Investment Group Ltd	100.00	8 900	100.00	8 900	Jordan	Financial services
Arab Sudanese Bank Limited	100.00	31 747	100.00	35 058	Sudan	Banking
Arab Investment Bank S.A.L	66.68	5 129	66.68	5 129	Lebanon	Banking
Arab Tunisian Bank	64.24	71 619	64.24	54 672	Tunisia	Banking
Al Arabi Capital Limited	100.00	10 910	80.18	25 576	U.A.E.	Financial services
Al Arabi Investment Group Limited - Palestine	100.00	1 600	100.00	1 500	Palestine	Financial services
Al-Nisr Al Arabi plc	50.00	11 250	50.00	11 250	Jordan	Insurance
Arab Bank Syria	49.00	22 237	49.00	22 237	Syria	Banking
Al Wahda Bank	19.00	227 124	19.00	214 138	Libya	Banking
Other		9 447		17 714		Various
Total		1 007 250		1 039 094		
The Bank's investments in associates						
Turkland Bank A.S.	50.00	103 861	50.00	103 861	Turkey	Banking
Oman Arab Bank	49.00	45 119	49.00	37 901	Oman	Banking
Arab National Bank	40.00	102 870	40.00	102 870	Saudi Arabia	Banking
Arabia Insurance Company S.A.L	36.79	75	36.79	75	Lebanon	Insurance
Commercial Building Company S.A.L	35.24	380	35.24	380	Lebanon	Real estate operating leasing
Total		252 305		245 087		
Grand Total		1 259 555		1 284 181		

JD '000

14. Fixed Assets

The details of this item are as follows:

	Land	Buildings	Furniture, Fixtures and Equipment	Computers and Com- munication Equipment	Motor Vehicles	Leasehold Improvements	Total
Historical Cost :							
Balance at January 1, 2009	27 790	129 187	75 734	40 388	7 683	30 107	310 889
Additions	5 831	25 289	9 816	3 228	917	8 315	53 396
Disposals	(319)	(12 512)	(828)	(1 365)	(534)	(2 295)	(17 853)
Translation adjustments	(18)	(64)	(361)	(898)	(13)	(1)	(1 355)
Balance at December 31, 2009	33 284	141 900	84 361	41 353	8 053	36 126	345 077
Additions	-	36 286	5 378	3 196	220	4 839	49 919
Disposals	-	(2 666)	(2 413)	(2 218)	(1 624)	(3 620)	(12 541)
Translation adjustments	(38)	(553)	(164)	(282)	(10)	(2)	(1 049)
Balance at December 31, 2010	33 246	174 967	87 162	42 049	6 639	37 343	381 406
Accumulated Depreciation :							
Balance at January 1, 2009	-	34 591	48 126	32 305	5 553	6 093	126 668
Depreciation charge for the year	-	4 885	6 615	3 538	949	7 260	23 247
Disposals	-	(17)	(750)	(1 285)	(429)	(2 151)	(4 632)
Translation adjustments	-	(34)	(36)	(8)	(1)	-	(79)
Balance at December 31, 2009	-	39 425	53 955	34 550	6 072	11 202	145 204
Depreciation charge for the year	-	4 756	7 209	3 327	829	9 140	25 261
Disposals	-	-	(2 124)	(2 174)	(1 512)	(3 657)	(9 467)
Translation adjustments	-	(98)	48	(298)	(16)	(3)	(367)
Balance at December 31, 2010	-	44 083	59 088	35 405	5 373	16 682	160 631
Net Book Value as of December 31, 2010	33 246	130 884	28 074	6 644	1 266	20 661	220 775
Net Book Value as of December 31, 2009	33 284	102 475	30 406	6 803	1 981	24 924	199 873

15. Other Assets

JD '000

The details of this item are as follows:

	December 31,	
	2010	2009
Accrued interest receivable	91 908	81 062
Prepaid expenses	56 983	58 854
Foreclosed assets *	29 840	25 700
Miscellaneous assets	33 246	40 173
Total	211 977	205 789

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

	2010			JD '000
	Land	Buildings	Total	
Balance at the beginning of the year	4 376	21 324	25 700	
Additions	31	6 376	6 407	
Disposals	(1 342)	(748)	(2 090)	
Impairment loss - charged to income	-	(360)	(360)	
Impairment loss - returned to profit	13	178	191	
Translation adjustments	536	(544)	(8)	
Balance at the End of the Year	3 614	26 226	29 840	

	2009			JD '000
	Land	Buildings	Total	
Balance at the beginning of the year	8 900	19 196	28 096	
Additions	152	3 454	3 606	
Disposals	(4 682)	(1 279)	(5 961)	
Impairment loss - charged to income	-	(151)	(151)	
Impairment loss - returned to profit	6	103	109	
Translation adjustments	-	1	1	
Balance at the End of the Year	4 376	21 324	25 700	

16. Deferred Tax Assets

Items attributable to deferred tax assets are as follows:

JD'000

	2010					Deferred Tax
	Balance at the Beginning of the Year	Amounts Added	Amounts Released	Translation Adjustments	Balance at the End of the Year	
Provision for impairment - direct credit facilities	9 287	4 551	-	-	13 838	3 503
End-of-Service indemnity	25 452	8 354	(1 828)	-	31 978	8 465
Interest in suspense with taxes paid on it	4 621	2 120	(1 788)	-	4 953	1 130
Other provisions	27 007	5 494	(15 211)	20	17 310	4 321
Total	66 367	20 519	(18 827)	20	68 079	17 419

	2009					Deferred Tax
	Balance at the Beginning of the Year	Amounts Added	Amounts Released	Translation Adjustments	Balance at the End of the Year	
Provision for impairment - direct credit facilities	5 812	379	-	3 096	9 287	2 167
End-of-Service indemnity	24 719	1 714	(982)	1	25 452	7 187
Interest in suspense with taxes paid on it	3 129	2 649	(1 158)	1	4 621	1 103
Other provisions	38 914	4 377	(13 873)	(2 411)	27 007	6 125
Total	72 574	9 119	(16 013)	687	66 367	16 582

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

JD'000

	2010	2009
Balance at the beginning of the year	16 582	19 025
Additions during the year	5 309	2 572
Amortized during the year	(4 472)	(5 015)
Balance at the End of the Year	17 419	16 582

17. Banks and Financial Institutions Deposits

The details of this item are as follows:

JD '000

	December 31,	
	2010	2009
Current and demand	293 041	198 371
Time deposits maturing within 3 months	2 008 557	2 712 416
Time deposits maturing after 3 months and before 6 months	183 328	271 238
Time deposits maturing after 6 months and before 9 months	20 378	31 953
Time deposits maturing after 9 months and before one year	14 141	3 280
Time deposits maturing after one year	14 184	14 184
Total	2 533 629	3 231 442

18. Customer Deposits

The details of this item are as follows:

JD '000

	December 31, 2010				Total
	Retail	Corporates		Government and public sector	
		Small and medium	Large		
Current and demand	2 321 165	849 606	755 908	172 846	4 099 525
Savings	1 084 682	13 911	4 631	-	1 103 224
Time and notice	4 223 486	524 045	2 253 712	1 426 707	8 427 950
Certificates of deposit	280 058	12 518	2 445	71 938	366 959
Total	7 909 391	1 400 080	3 016 696	1 671 491	13 997 658

	December 31, 2009				Total
	Retail	Corporates		Government and public sector	
		Small and medium	Large		
Current and demand	2 029 205	815 196	913 800	177 203	3 935 404
Savings	1 023 619	13 849	7 512	233	1 045 213
Time and notice	4 476 428	475 379	1 980 080	771 272	7 703 159
Certificates of deposit	203 215	14 148	6 303	77 906	301 572
Total	7 732 467	1 318 572	2 907 695	1 026 614	12 985 348

- Government and Public Sector deposits amounted to JD 1 671.5 million or 11.9% of total customers' deposits as at December 31, 2010, compared to JD 1 026.6 million or 7.9% of total customers' deposits as at December 31, 2009.
- Non-interest bearing deposits amounted to JD 3 433.9 million, or 24.5% of total customers' deposits as at December 31, 2010, compared to JD 3 070.6 million, or 23.6% of total customers' deposits as at December 31, 2009.
- Blocked deposits amounted to JD 10.2 million, or 0.07% of total customers' deposits as at December 31, 2010, compared to JD 9.5 million or 0.07% of total customers' deposits as at December 31, 2009.
- Dormant deposits amounted to JD 71.2 million, or 0.5% of total customers' deposits as at December 31, 2010, compared to JD 73.4 million or 0.6% of total customers' deposits as at December 31, 2009.

19. Cash Margin

The details of this item are as follows:

JD'000

	December 31,	
	2010	2009
Against direct credit facilities	1 871 438	1 872 958
Against indirect credit facilities	288 486	309 297
Against margin trading	772	10 540
Other cash margins	1 494	1 258
Total	2 162 190	2 194 053

20. Borrowed Funds

The details of this item are as follows:

JD'000

	December 31,	
	2010	2009
From foreign banks and financial institutions *	358 155	354 610
Total	358 155	354 610

* In 2007, the Bank issued through the Offshore Banking Unit in Bahrain a USD 500 million syndicated term loan with a tenure of five years and paying LIBOR + 25 basis points.

- During the year 2010, the Bank borrowed USD 5 million from the American Overseas Private Investment Corporation for a term of 25 years and paying fixed interest of 5.015%.

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

JD'000

	December 31,	
	2010	2009
Floating rate	354 610	354 610
Fixed rate	3 545	-
Total	358 155	354 610

21. Provision for Income Tax

JD '000

The details of this item are as follows:

	2010	2009
Balance at the beginning of the year	96 322	102 916
Income tax expense for the year	76 677	73 784
Income tax paid	(71 153)	(80 378)
Balance at the end of the year	101 846	96 322

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

JD '000

	2010	2009
Income tax expense for the year	76 677	73 784
Effect of deferred tax assets	(3 003)	840
Total	73 674	74 624

22. Other Provisions

The details of this item are as follows:

	2010					JD '000
	Balance at the beginning of the year	Additions	Utilized / Transferred	Returned to income	Translation adjustments	Balance at the end of the year
End-of-service indemnity	58 604	7 036	(3 698)	(65)	(189)	61 688
Legal cases	2 767	2 942	(180)	(673)	(2)	4 854
Other	4 213	-	(655)	(73)	18	3 503
Total	65 584	9 978	(4 533)	(811)	(173)	70 045

	2009					JD '000
	Balance at the beginning of the year	Additions	Utilized / Transferred	Returned to income	Translation adjustments	Balance at the end of the year
End-of-service indemnity	60 567	4 301	(5 997)	(166)	(101)	58 604
Legal cases	2 092	1 347	(98)	(705)	131	2 767
Other	4 541	130	(1)	(258)	(199)	4 213
Total	67 200	5 778	(6 096)	(1 129)	(169)	65 584

23. Other Liabilities

The details of this item are as follows:

	December 31,		JD '000
	2010	2009	
Accrued interest payable	55 913	51 040	
Notes payable	74 938	62 649	
Interest and commission received in advance	52 161	71 950	
Accrued expenses	19 016	17 809	
Other miscellaneous liabilities	71 316	66 440	
Total	273 344	269 888	

24. Deferred Tax Liabilities

Items attributable to deferred tax liabilities are as follows:

	2010				JD '000
	Balance at the Beginning of the Year	Amounts Added	Amounts Released	Balance at the End of the Year	Deferred Tax
Cumulative change in fair value of available - for - sale financial assets	36 025	17 356	(20 910)	32 471	10 994
Other	1 597	-	(510)	1 087	216
Total	37 622	17 356	(21 420)	33 558	11 210

	2009				JD '000
	Balance at the Beginning of the Year	Amounts Added	Amounts Released	Balance at the End of the Year	Deferred Tax
Cumulative change in fair value of available - for - sale financial assets	30 508	16 206	(10 689)	36 025	11 973
Other	1 881	-	(284)	1 597	319
Total	32 389	16 206	(10 973)	37 622	12 292

	JD '000	
	2010	2009
- The details of movement on deferred tax liabilities are as follows:		
Balance at the beginning of the year	12 292	8 558
Additions during the year	1 318	6 579
Amortized during the year	(2 400)	(2 845)
Balance at the end of the year	11 210	12 292

25. Share Capital

- A. The subscribed and paid-up capital amounted to JD 534 million as at December 31, 2010 and 2009, divided into 534 million shares, at a nominal value of JD 1.0 each.
- B. Share premium amounted to JD 859 626 thousand as at December 31, 2010 (JD 859 937 thousand as at December 31, 2009).
- C. There are no treasury shares as at December 31, 2010 (69 015 shares at JD 1 064 thousand as at December 31, 2009). These shares were presented as a line item deducted from total shareholders' equity and have no voting power or right to earn dividends.

26. Statutory Reserve

- The statutory reserve amounted to JD 307 336 thousand as at December 31, 2010 (JD 285 460 thousand as at December 31, 2009). This reserve cannot be distributed to shareholders.

27. Voluntary Reserve

- The voluntary reserve amounted to JD 614 920 thousand as at December 31, 2010 (JD 614 920 thousand as at December 31, 2009). This reserve is used for the purposes determined by the Board of Directors, and the General Assembly has the right to distribute it in whole or part thereof to shareholders as dividends.

28. General Banking Risk Reserve

- The general banking risk reserve amounted to JD 200 468 thousand as at December 31, 2010 (JD 220 685 thousand as at December 31, 2009) and it is available for use in accordance with certain procedures, including the approval of the Central Bank of Jordan and the General Assembly, only when the amount of that reserve exceeds the minimum amount set or required according to the instructions of the relevant banking authorities.

29. Available - for - Sale Financial Assets Revaluation Reserve

The details of this item are as follows:

	2010		JD '000
	Shares	Bonds	Total
Balance at the beginning of the year	45 866	(77 373)	(31 507)
Change in fair value during the year	7 269	5 642	12 911
Net realized (gains) losses transferred to the statement of income	(28 401)	26 218	(2 183)
Impairment loss charged to income	1 000	-	1 000
Translation adjustments	893	576	1 469
Balance at the end of the year *	26 627	(44 937)	(18 310)

	2009		JD '000
	Shares	Bonds	Total
Balance at the beginning of the year	48 207	(161 673)	(113 466)
Change in fair value during the year	4 907	83 688	88 595
Net realized (gains) losses transferred to the statement of income	(7 251)	319	(6 932)
Impairment loss charged to income	-	-	-
Translation adjustments	3	293	296
Balance at the end of the year *	45 866	(77 373)	(31 507)

* Cumulative change in fair value of available - for - sale financial assets is stated net of deferred tax liabilities in the amount of JD 10.9 million as at December 31, 2010 (JD 11.9 million as at December 31, 2009).

30. Retained Earnings

The details of this item are as follows:

	2010		2009	
Balance at the beginning of the year	19 109		18 640	
Add: Profit for the year	145 085		250 039	
Total	164 194		268 679	
Less				
- Appropriated to reserves	21 862		142 770	
- Proposed dividends	106 800		106 800	
Balance at the end of the year *	35 532		19 109	

* Restricted retained earnings that cannot be distributed or otherwise utilized except under certain circumstances amounted to JD 929 thousand as at December 31, 2010 as a result from the adoption of certain International Financial Reporting Standards (JD 2.5 million as at December 31, 2009).

31. Proposed Dividends

- Proposed dividends to be distributed to the shareholders for the year 2010 is 20% of the nominal value, equivalent to JD 106.8 million, subject to the approval of the General Assembly (20% of the nominal value for the year 2009 equivalent JD 106.8 million).

32. Interest Income

JD '000

The details of this item are as follows:

	2010	2009
Direct credit facilities *	508 669	586 919
Central Banks	55 600	58 944
Banks and financial institutions	24 092	43 922
Financial assets at fair value through P & L - held for trading	1 041	2 071
Financial assets at fair value through P & L - Designated	2 063	2 525
Financial assets - available for sale	150 768	139 653
Financial assets - held to maturity	64 313	82 705
Total	806 546	916 739

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

	2010					JD '000
	Retail	Corporates		Banks and financial institutions	Government and public sector	Total
		Small and medium	Large			
Discounted bills	3 823	4 046	9 407	643	-	17 919
Overdrafts	3 217	21 661	97 408	-	10 184	132 470
Loans and advances	63 727	20 320	204 842	6 536	18 854	314 279
Real - estate loans	34 387	87	97	-	-	34 571
Credit cards	9 430	-	-	-	-	9 430
Total	114 584	46 114	311 754	7 179	29 038	508 669

	2009					JD '000
	Retail	Corporates		Banks and financial institutions	Government and public sector	Total
		Small and medium	Large			
Discounted bills	4 714	6 508	15 903	1 220	-	28 345
Overdrafts	2 782	25 932	116 674	2	10 358	155 748
Loans and advances	62 086	24 732	232 435	21 510	18 457	359 220
Real - estate loans	34 630	112	99	-	-	34 841
Credit cards	8 765	-	-	-	-	8 765
Total	112 977	57 284	365 111	22 732	28 815	586 919

33. Interest Expense

The details of this item are as follows:

JD'000

	2010	2009
Customer deposits *	243 219	296 435
Banks and financial institutions	28 380	45 561
Cash margins	32 171	44 910
Borrowed funds	2 059	2 497
Deposit insurance fees	10 202	8 964
Total	316 031	398 367

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

	2010				JD'000
	Retail	Corporates		Government and public sector	Total
		Small and medium	Large		
Current and demand	1 299	785	7 071	717	9 872
Savings	14 701	83	44	-	14 828
Time and notice	109 062	16 657	51 804	15 227	192 750
Certificates of deposit	18 136	1 062	709	5 862	25 769
Total	143 198	18 587	59 628	21 806	243 219

	2009				JD'000
	Retail	Corporates		Government and public sector	Total
		Small and medium	Large		
Current and demand	1 020	1 063	6 269	723	9 075
Savings	12 187	38	54	1	12 280
Time and notice	126 127	16 062	87 482	20 769	250 440
Certificates of deposit	14 918	1 296	1 023	7 403	24 640
Total	154 252	18 459	94 828	28 896	296 435

34. Net Commissions Income

The details of this item are as follows:

JD'000

	2010	2009
Commission income:		
Direct credit facilities	31 318	33 464
Indirect credit facilities	79 275	67 704
Other	38 157	39 152
Less: commission expense	(7 312)	(7 116)
Net Commissions Income	141 438	133 204

35. (Loss) Gain from Financial Assets at Fair Value through P & L - Held for Trading

The details of this item are as follows:

	2010			JD '000
	Realized gains	Unrealized gains (losses)	Dividends	Total
Treasury bills and bonds	23	(262)	-	(239)
Shares	18	140	15	173
Total	41	(122)	15	(66)

	2009			JD '000
	Realized gains	Unrealized gains (losses)	Dividends	Total
Treasury bills and bonds	376	582	-	958
Shares	478	(83)	116	511
Total	854	499	116	1 469

36. (Loss) Gain from Financial Assets at Fair Value through P & L - Designated

The details of this item are as follows:

	2010			JD '000
	Realized gains	Unrealized (Losses)	Dividends	Total
Treasury bills and bonds	38	(480)	-	(442)
Total	38	(480)	-	(442)

	2009			JD '000
	Realized gains	Unrealized gains	Dividends	Total
Treasury bills and bonds	4 305	3 282	-	7 587
Total	4 305	3 282	-	7 587

37. Gain from Financial Assets - Available for Sale

The details of this item are as follows:

	JD '000	
	2010	2009
Gain from sale of financial assets	39 035	6 485
Dividend revenue	4 777	7 289
Less: impairment losses	(1 428)	-
Total	42 384	13 774

38. Dividends from Subsidiaries and Associates

The details of this item are as follows:

	JD '000	
	2010	2009
Dividends from subsidiaries	16 578	7 591
Dividends from associates	43 638	30 374
Total	60 216	37 965

39. Other Revenue

JD'000

The details of this item are as follows:

	2010	2009
Revenue from customer services	9 063	9 187
Safe box rent	1 064	1 042
Gain (loss) from derivatives	1 402	(3 996)
Miscellaneous revenue	18 568	10 505
Total	30 097	16 738

40. Employees' Expenses

JD'000

The details of this item are as follows:

	2010	2009
Salaries and benefits	125 748	121 165
Social security	5 899	5 829
Savings fund	1 524	1 597
Indemnity compensation	3 317	10 349
Medical	4 664	4 659
Training	568	871
Allowances	19 437	20 096
Other	3 872	4 195
Total	165 029	168 761

41. Other Expenses

JD'000

The details of this item are as follows:

	2010	2009
Occupancy	26 518	26 905
Office	30 650	29 430
Services	44 566	41 628
Fees	5 592	6 979
Information technology	12 296	14 380
Other administrative expenses	32 016	42 612
Total	151 638	161 934

42. Financial Derivatives

JD '000

The details of this item are as follows:

	December 31,	
	2010	2009
Interest rate swaps	498 281	890 859
Foreign currency forward contracts	4 196 288	4 141 170
Total	4 694 569	5 032 029

- The details of financial derivatives are as follows:

	December 31, 2010							JD '000
	Positive fair value	Negative fair value	Total notional amount	Notional amounts by maturity				
				Within 3 months	From 3 months to 1 year	From 1 year to 3 years	More than 3 years	
Interest rate swaps	19 045	19 196	274 822	8 525	657	262 094	3 546	
Currency forward contracts	912	2 008	3 248 489	3 200 182	10 391	37 916	-	
Derivatives held for trading	19 957	21 204	3 523 311	3 208 707	11 048	300 010	3 546	
Interest rate swaps	(935)	1 251	188 010	50 627	-	137 383	-	
Currency forward contracts	-	-	-	-	-	-	-	
Derivatives held for fair value hedge	(935)	1 251	188 010	50 627	-	137 383	-	
Interest rate swaps	-	-	35 449	-	-	35 449	-	
Currency forward contracts	2 404	2 281	947 799	947 799	-	-	-	
Derivatives held for cash flow hedge	2 404	2 281	983 248	947 799	-	35 449	-	
Total	21 426	24 736	4 694 569	4 207 133	11 048	472 842	3 546	

	December 31, 2009							JD '000
	Positive fair value	Negative fair value	Total notional amount	Notional amounts by maturity				
				Within 3 months	From 3 months to 1 year	From 1 year to 3 years	More than 3 years	
Interest rate swaps	56 669	56 670	600 238	-	85 337	25 546	489 354	
Currency forward contracts	26 860	28 799	2 997 151	2 947 046	31 770	18 335	-	
Derivatives held for trading	83 529	85 469	3 597 389	2 947 046	117 107	43 881	489 354	
Interest rate swaps	(1 194)	3 277	174 645	-	21 234	153 411	-	
Currency forward contracts	-	-	-	-	-	-	-	
Derivatives held for fair value hedge	(1 194)	3 277	174 645	-	21 234	153 411	-	
Interest rate swaps	-	-	115 976	-	80 523	-	35 453	
Currency forward contracts	-	-	1 144 019	821 947	322 072	-	-	
Derivatives held for cash flow hedge	-	-	1 259 995	821 947	402 595	-	35 453	
Total	82 335	88 746	5 032 029	3 768 993	540 936	197 292	524 807	

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

43. Geographical Distribution of Assets and Revenue

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

	JD '000	
	December 31,	
	2010	2009
Assets		
Inside Jordan	6 707 898	5 708 245
Outside Jordan	16 611 510	17 391 246
Total	23 319 408	23 099 491

	JD '000	
	2010	
	2010	2009
Revenue		
Inside Jordan	220 608	205 448
Outside Jordan	576 847	558 656
Total	797 455	764 104

44. Business Segments

a. Description of Segments' Activities

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

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

1. Corporate and Investment Banking

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

2. Treasury Group

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

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

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

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

3. Elite

During the year 2009, the Bank consolidated its services provided to high-networth customers with those provided to the Elite within the retail domain in order to enhance the Bank's onshore services and products offered to customers in the countries where it operates. At the same time, the Bank transfers ownership of the offshore activities to Arab Bank (Switzerland) Ltd.

The most significant objective of the ultimate work model is to reinforce the Bank's ability to benefit from the distribution channels relating to the Elite and retail activities in a more efficient manner so as to fulfill the needs of all types of clients of the Bank. This will be through transferring the Bank's offshore activities to Arab Bank (Switzerland) Ltd as it is the arm dedicated to dealing with all requirements of the external activities of the Bank's high-networth clients.

4. Retail Banking Group

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

Information about the Bank's Business Segments

	2010					JD '000
	Corporate banking	Treasury	Private banking	Retail banking	Other	Total
Net revenue	394 150	282 564	(88 343)	86 277	122 807	797 455
Net inter-segment interest income	(52 950)	(141 554)	129 317	65 187	-	-
Provision for impairment - direct credit facilities	214 528	-	5	10 236	-	224 769
Other provisions	5 862	144	44	1 684	4 265	11 999
Direct administrative expenses	52 623	10 648	6 737	69 280	-	139 288
Result of operations of segment	68 187	130 218	34 188	70 264	118 542	421 399
Indirect expenses on segments	82 871	26 507	8 872	72 616	11 773	202 640
Profit for the year before income tax	(14 684)	103 711	25 316	(2 352)	106 769	218 759
Income tax expense	28 302	25 211	9 198	1 094	9 868	73 674
Profit (loss) for the year	(42 986)	78 499	16 117	(3 446)	96 901	145 085

	December 31, 2010					JD '000
	Corporate banking	Treasury	Private banking	Retail banking	Other	Total
Other information						
Segment assets	9 261 133	10 948 268	211 964	1 195 619	442 869	22 059 853
Inter - segment assets	-	1 147 014	4 761 383	2 051 077	2 137 148	-
Investments in Subsidiaries and Associates	-	-	-	-	1 259 555	1 259 555
TOTAL ASSETS	9 261 133	12 095 282	4 973 347	3 246 696	3 839 572	23 319 408
Segment liabilities	8 114 119	3 145 674	4 973 347	3 246 696	52 977	19 532 813
Capital and reserves	-	-	-	-	3 786 595	3 786 595
Inter - segment liabilities	1 147 014	8 949 608	-	-	-	-
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	9 261 133	12 095 282	4 973 347	3 246 696	3 839 572	23 319 408
Depreciation and amortization	6 267	1 642	785	16 567	-	25 261

Information about the Bank's Operating Segments

	2009					JD '000
	Corporate banking	Treasury	Private banking	Retail banking	Other	Total
Net revenue	413 368	282 725	(56 579)	40 672	83 918	764 104
Net inter-segment interest income	(64 485)	(125 697)	62 214	127 968	-	-
Provision for impairment - direct credit facilities	71 215	-	465	9 170	-	80 850
Other provisions	723	2 312	37	1 577	-	4 649
Direct administrative expenses	48 696	12 726	5 869	69 569	-	136 860
Result of operations of segment	228 249	141 990	(736)	88 324	83 918	541 745
Indirect expenses on segments	92 829	32 142	1 790	77 555	12 766	217 082
Profit for the year before income tax	135 420	109 848	(2 526)	10 769	71 152	324 663
Income tax expense	32 076	29 304	(1 200)	3 813	10 631	74 624
Profit (loss) for the year	103 344	80 544	(1 326)	6 956	60 521	250 039

	December 31, 2009					JD '000
	Corporate banking	Treasury	Private banking	Retail banking	Other	Total
Other information						
Segment assets	9 789 345	10 367 292	14 711	1 245 658	398 304	21 815 310
Inter - segment assets	-	2 511 683	2 076 459	4 726 384	2 058 558	-
Investments in Subsidiaries and Associates	-	-	-	-	1 284 181	1 284 181
TOTAL ASSETS	9 789 345	12 878 975	2 091 170	5 972 042	3 741 043	23 099 491
Segment liabilities	7 277 662	4 017 574	2 091 170	5 972 042	(60 163)	19 298 285
Capital and reserves	-	-	-	-	3 801 206	3 801 206
Inter - segment liabilities	2 511 683	8 861 401	-	-	-	-
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	9 789 345	12 878 975	2 091 170	5 972 042	3 741 043	23 099 491
Depreciation and amortization	6 130	1 402	502	15 214	-	23 247

45. Banking Risk Management

The Bank manages its various risks by several methods within a comprehensive strategy that defines the risks and the related methods to meet them and mitigate them. Risk management is exercised at several levels including the Board of Directors, Chief Executive Officer, Asset and Liability Management Committee (ALCO), Group Chief Financial Officer, Global Treasury, Head of Departments, Group Risk Management, Group Internal Audit, the Strategic Business Units and other supporting units and committees at different managerial levels.

1. Credit Risks Management

Credit risk refers to the risk that the customer / counterparty will default on its contractual obligation resulting in financial insolvency or/and loss to the Bank. Credit risks arise in the course of the normal activities of the Bank.

In pursuit of improving the size of businesses and increasing the loans and facilities portfolio, the Bank always cares to adopt the highest credit standards and best methods and techniques on credit management, thus maintaining the high quality of the credit portfolio.

Moreover, the Bank enforces the corporate framework that governs credit management through continuously developing and upgrading the related policies and procedures.

- Credit Concentration

The Bank's credit concentration is subject to specific limits set by the Central Bank of Jordan, which requires that credit concentration should not exceed 25% of regulatory capital.

- Criteria for Credit Ratings

1. Borrowers' Strength

The borrowers' strength is measured based on the nature of the economic sector, competitiveness, operating performance, cash flow, financial position and management.

2. Credit Risk Classification

Credit risk classification is measured on the basis of guarantees, structure of the loan, duration and collateral.

- Risk Management Mitigations

The Bank offers the appropriate facilities structure, monitors and follows up on the utilization of the facilities and obtains proper collaterals (as a second source of payment) to mitigate credit risks.

- Credit Facilities Analysis

The Bank has independent managerial units in charge of studying, monitoring and following up on credit utilization and repayment of facilities. These units are the credit relationships development unit, analysis unit, execution unit and monitoring unit.

2. Geographic Concentrations Risk

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

Note (46-e) shows the details of the geographical distribution of assets.

3. Interest Rate Risk

Interest rate risk arises from the potential changes in interest rates. The Bank has several committees, with duties to mitigate these risks to a minimum. Note (48) shows the details of the interest gap sensitivity of the Bank.

4. Liquidity Risk

Liquidity risk is defined as the inability to raise adequate funds to meet the Bank's either short-term or long-term obligations. The Bank has several managerial levels, with duties to review and manage assets, liabilities and liquidity. Note (49) shows the maturities of the assets and liabilities of the Bank.

5. Foreign Currencies Risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The major part of income from foreign currency exchange differences comes from dealing with the Bank's customers. Moreover, the Bank follows studied policies in managing its foreign currencies risks. Note (50) shows the net positions of foreign currencies.

6. Market Risk

Market risk is defined as the potential loss in the value of financial instruments. The Bank manages this risk through several units that supervise, monitor, and manage these risks.

The Bank continuously follows up on developments and changes in the global financial markets, and implements procedures designed to mitigate those risks through applying several methods, such as entering into hedges and swaps when needed. Note (47) shows the details of market risk sensitivity analysis.

7. Operational Risk

Operational risk is defined as the loss incurred by the Bank due to disorder in work policies or procedures, personnel, automated systems, technological infrastructure, in addition to external accidents. Such risk is measured through statistical methodologies compatible with the Bank's operations.

46 Credit Risk

A. Gross exposure to credit risk (net of impairment provision and prior to other risk collaterals)

	December 31, JD'000	
	2010	2009
Credit risk exposures relating to assets:		
Balances with central banks	4 437 838	3 807 817
Balances with banks and financial institutions	2 613 031	2 782 746
Deposits with banks and financial institutions	379 328	236 092
Financial assets at fair value through P&L - held for trading	43 686	50 706
Financial assets at fair value through P&L - designated	95 382	50 427
Financial derivatives - positive fair value	21 426	82 335
Direct credit facilities	10 061 711	10 138 208
Financial assets - available for sale	3 084 213	3 256 908
Financial assets - held to maturity	443 568	569 663
Other assets	148 891	139 916
Credit risk exposures relating to items off the statement of financial position:		
Letters of credit	1 080 582	1 158 688
Acceptances	277 361	247 942
Letters of guarantee	7 102 326	7 585 537
Unused credit facilities	1 723 090	1 780 395
Total	31 512 433	31 887 380

B. Classification of Direct Credit Facilities Based on Credit Risk

The table below shows the amount of direct credit facilities for each internal credit scoring:

	December 31, 2010					JD '000
	Retail	Corporates		Banks and financial institutions	Government and public sector	Total
		Small and medium	Large			
Low risk	300 792	153 125	771 748	248 277	282 624	1 756 566
Acceptable risk	1 042 231	404 520	5 687 278	248 209	496 515	7 878 753
Due:	12 902	4 478	22 526	-	11 637	51 543
- Up to 30 days	8 506	3 818	16 100	-	11 637	40 061
- 31- 60 days	4 396	660	6 426	-	-	11 482
Watch list	5 394	18 199	193 418	-	-	217 011
Non-performing:	84 225	131 443	618 270	78	395	834 411
- Substandard	13 280	1 922	29 862	-	-	45 064
- Doubtful	12 829	15 262	434 233	-	-	462 324
- Problematic	58 116	114 259	154 175	78	395	327 023
Total	1 432 642	707 287	7 270 714	496 564	779 534	10 686 741
Less: interest and commission in suspense	15 074	58 544	44 559	616	-	118 793
Less: provision for impairment	60 398	57 983	385 958	-	1 898	506 237
Net	1 357 170	590 760	6 840 197	495 948	777 636	10 061 711

	December 31, 2009					JD '000
	Retail	Corporates		Banks and financial institutions	Government and public sector	Total
		Small and medium	Large			
Low risk	174 029	138 209	1 171 394	233 980	235 691	1 953 303
Acceptable risk	1 028 520	385 950	5 508 978	284 097	389 688	7 597 233
Due:	20 688	6 219	31 145	-	2 504	60 556
- Up to 30 days	19 875	4 089	26 510	-	2 504	52 978
- 31- 60 days	813	2 130	4 635	-	-	7 578
Watch list	13 230	15 951	63 798	-	-	92 979
Non-performing:	69 522	137 658	628 629	41 176	433	877 418
- Substandard	16 878	3 647	538 742	41 098	-	600 365
- Doubtful	13 121	29 274	16 649	78	-	59 122
- Problematic	39 523	104 737	73 238	-	433	217 931
Total	1 285 301	677 768	7 372 799	559 253	625 812	10 520 933
Less: interest and commission in suspense	8 486	55 366	23 184	172	-	87 208
Less: provision for impairment	48 084	67 209	169 729	10 262	233	295 517
Net	1 228 731	555 193	7 179 886	548 819	625 579	10 138 208

C. Fair Value of Collaterals Obtained Against Credit Facilities:

JD '000

	December 31, 2010					Total
	Retail	Corporates		Banks and financial institutions	Government and public sector	
		Small and medium	Large			
Collaterals against credit facilities of						
Low risk	114 500	110 698	626 161	-	97 581	948 940
Acceptable risk	391 991	265 698	2 171 073	-	2 321	2 831 083
Watch list	1 270	6 050	10 224	-	-	17 544
Non-performing:	23 284	12 360	104 660	-	11	140 315
- Substandard	8 887	447	5 356	-	-	14 690
- Doubtful	6 285	3 093	19 145	-	-	28 523
- Problematic	8 112	8 820	80 159	-	11	97 102
Total	531 045	394 806	2 912 118	-	99 913	3 937 882
Of which :						
Cash margin	113 068	100 508	662 778	-	18 930	895 284
Accepted letters of guarantees	1 175	12 506	129 953	-	-	143 634
Real estate properties	24 004	137 916	1 371 209	-	-	1 533 129
Listed securities	127	3 914	80 753	-	-	84 794
Vehicles and equipment	15 949	14 578	359 592	-	-	390 119
Other	376 722	125 384	307 833	-	80 983	890 922
Total	531 045	394 806	2 912 118	-	99 913	3 937 882

JD '000

	December 31, 2009					Total
	Retail	Corporates		Banks and financial institutions	Government and public sector	
		Small and medium	Large			
Collaterals against credit facilities of						
Low risk	47 225	120 662	708 210	-	80 135	956 232
Acceptable risk	284 020	347 634	1 882 618	-	236	2 514 508
Watch list	7 876	11 183	32 918	-	-	51 977
Non-performing:	15 629	22 770	88 868	-	11	127 278
- Substandard	6 807	3 942	20 266	-	-	31 015
- Doubtful	3 703	7 953	25 009	-	-	36 665
- Problematic	5 119	10 875	43 593	-	11	59 598
Total	354 750	502 249	2 712 614	-	80 382	3 649 995
Of which :						
Cash margin	49 073	106 750	682 092	-	29 444	867 359
Accepted letters of guarantees	-	71 146	129 219	-	-	200 365
Real estate properties	16 224	176 838	1 113 219	-	-	1 306 281
Listed securities	557	5 618	170 166	-	-	176 341
Vehicles and equipment	30 520	8 046	177 450	-	-	216 016
Other	258 376	133 851	440 468	-	50 938	883 633
Total	354 750	502 249	2 712 614	-	80 382	3 649 995

D. Classification of debt securities based on credit risk

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

	December 31, 2010				JD '000
	Financial assets at fair value through P&L - held for trading	Financial assets at fair value through P&L - designated	Financial assets - available for sale	Financial assets - held to maturity	Total
Credit rating					
Private sector:					
- AAA to A-	43 686	73 461	257 522	-	374 669
- BBB+ to B-	-	3 688	437 314	4 993	445 995
- Below B-	-	-	-	-	-
- Unrated	-	-	69 395	7 403	76 798
Government and public sector	-	18 233	2 319 982	431 172	2 769 387
Total	43 686	95 382	3 084 213	443 568	3 666 849

	December 31, 2009				JD '000
	Financial assets at fair value through P&L - held for trading	Financial assets at fair value through P&L - designated	Financial assets - available for sale	Financial assets - held to maturity	Total
Credit rating					
Private sector:					
- AAA to A-	50 412	21 783	395 012	-	467 207
- BBB+ to B-	-	10 209	319 855	-	330 064
- Below B-	-	-	-	-	-
- Unrated	294	7 504	141 012	11 245	160 055
Government and public sector	-	10 931	2 401 029	558 418	2 970 378
Total	50 706	50 427	3 256 908	569 663	3 927 704

E. Credit Exposure Categorized by Geographical Region

	December 31, 2010					JD '000
	Jordan	Other Arab countries	Asia *	Europe	America	Total
Balances with central banks	2 819 402	1 618 296	140	-	-	4 437 838
Balances and deposits with banks and financial institutions	172 923	737 517	159 698	1 878 501	43 720	2 992 359
Financial assets at fair value through P&L - held for trading	-	-	-	43 686	-	43 686
Financial assets at fair value through P&L - designated	-	65 992	29 390	-	-	95 382
Direct credit facilities	2 429 490	6 677 372	258 755	695 832	262	10 061 711
Financial assets - available for sale	1 004 293	1 390 404	68 438	210 084	410 994	3 084 213
Financial assets - held to maturity	61 820	377 617	4 131	-	-	443 568
Other assets	50 422	116 648	2 332	598	317	170 317
Total as at December 31, 2010	6 538 350	10 983 846	522 884	2 828 701	455 293	21 329 074

* Excluding Arab Countries.

	December 31, 2009					JD '000
	Jordan	Other Arab countries	Asia *	Europe	America	Total
Balances with central banks	2 278 977	1 528 161	679	-	-	3 807 817
Balances and deposits with banks and financial institutions	148 585	1 320 425	34 285	1 450 109	65 434	3 018 838
Financial assets at fair value through P&L - held for trading	294	-	-	50 412	-	50 706
Financial assets at fair value through P&L - designated	-	-	50 427	-	-	50 427
Direct credit facilities	2 177 005	7 244 498	295 210	421 321	174	10 138 208
Financial assets - available for sale	891 478	1 731 316	95 509	166 610	371 995	3 256 908
Financial assets - held to maturity	130 359	435 514	3 790	-	-	569 663
Other assets	15 674	201 761	4 301	-	515	222 251
Total as at December 31, 2009	5 642 372	12 461 675	484 201	2 088 452	438 118	21 114 818

* Excluding Arab Countries.

F. Credit Exposure Categorized by Economic Sector

	Corporates			
	Retail	Industry and mining	Constructions	Real - estate
Balances at Central Banks	-	-	-	-
Balances and deposits at banks and financial institutions	-	-	-	-
Financial assets at fair value through P&L - held for trading	-	-	-	-
Financial assets at fair value through P&L - designated	-	5 548	-	-
Direct credit facilities	1 357 170	1 718 816	897 288	1 015 570
Financial assets - available for sale	-	28	-	10 340
Financial assets - held to maturity	-	-	-	5 570
Other Assets	13 556	17 224	9 532	10 303
Total as at December 31, 2010	1 370 726	1 741 616	906 820	1 041 783

	Corporates			
	Retail	Industry and mining	Constructions	Real - estate
Balances at Central Banks	-	-	-	-
Balances and deposits at banks and financial institutions	-	-	-	-
Financial assets at fair value through P&L - held for trading	-	-	-	294
Financial assets at fair value through P&L - designated	-	-	-	17 712
Direct credit facilities	1 228 735	2 405 859	946 963	967 102
Financial assets - available for sale	-	12 102	-	62 154
Financial assets - held to maturity	-	1 560	-	4 000
Other Assets	11 022	21 703	9 022	9 430
Total as at December 31, 2009	1 239 757	2 441 224	955 985	1 060 692

JD '000

December 31, 2010

Trade	Agriculture	Corporates			General Services	Banks and financial institutions	Government and public sector	Total
		Tourism and hotels	Transportation					
-	-	-	-	-	4 437 838	-	4 437 838	
-	-	-	-	-	2 992 359	-	2 992 359	
-	-	-	-	-	43 686	-	43 686	
-	-	-	-	40 017	31 584	18 233	95 382	
1 451 629	53 306	279 325	551 194	1 463 829	495 948	777 636	10 061 711	
10 651	-	-	-	85 538	657 674	2 319 982	3 084 213	
-	-	-	-	-	6 826	431 172	443 568	
14 606	532	2 790	5 506	15 876	80 392	-	170 317	
1 476 886	53 838	282 115	556 700	1 605 260	8 746 307	3 547 023	21 329 074	

JD '000

December 31, 2009

Trade	Agriculture	Corporates			General Services	Banks and financial institutions	Government and public sector	Total
		Tourism and hotels	Transportation					
-	-	-	-	-	3 807 817	-	3 807 817	
-	-	-	-	-	3 018 838	-	3 018 838	
-	-	-	-	-	50 412	-	50 706	
-	-	-	-	21 784	-	10 931	50 427	
1 866 947	54 747	224 224	329 113	1 000 279	488 660	625 579	10 138 208	
10 632	-	-	7 092	21 353	742 546	2 401 029	3 256 908	
-	-	-	-	500	5 185	558 418	569 663	
16 842	491	2 011	3 016	9 365	139 349	-	222 251	
1 894 421	55 238	226 235	339 221	1 053 281	8 252 807	3 595 957	21 114 818	

47. Market Risk

Market Risk Sensitivity

Assuming market prices as at December 31, 2010 and 2009 change by 5%, the statement of income and shareholders' equity will be as follows:

	December 31, 2010			December 31, 2009			JD '000
	Statement of income	Shareholders' equity	Total	Statement of income	Shareholders' equity	Total	
Interest rate sensitivity	14 100	3 585	17 685	16 843	3 515	20 358	
Foreign exchange rate	2 568	42 936	45 504	3 816	43 656	47 472	
Share prices	56	10 833	10 889	68	10 990	11 058	
Total	16 724	57 354	74 078	20 727	58 161	78 888	

48. Interest Rate Risk

A. Exposure to Interest Rate Volatility as at December 31, 2010 (classification is based on interest rate repricing or maturity date, whichever is nearer).

	JD '000						
	Within 3 months	After 3 months and before 6 months	After 6 months and before 1 year	After 1 year and before 3 years	After 3 years	Not tied to interest rate risk	Total
Assets							
Cash at vaults	-	-	-	-	-	211 718	211 718
Mandatory cash reserve with Central Bank	-	-	-	-	-	753 638	753 638
Balances with central banks	3 391 397	13 514	5 914	102 835	21 277	149 263	3 684 200
Balances and deposits with banks and financial institutions	2 332 525	191 018	131 382	-	-	337 434	2 992 359
Financial assets at fair value through P & L - held for trading	43 686	-	-	-	-	1 119	44 805
Financial assets at fair value through P & L - designated	65 875	18 369	7 450	-	3 688	-	95 382
Direct credit facilities	4 213 355	1 224 137	1 050 544	1 040 809	2 532 866	-	10 061 711
Financial assets - available for sale	1 217 924	417 286	271 703	787 951	389 349	216 662	3 300 875
Financial assets - held to maturity	325 526	23 002	85 588	5 728	3 724	-	443 568
Investment in subsidiaries and associates	-	-	-	-	-	1 259 555	1 259 555
Fixed assets	-	-	-	-	-	220 775	220 775
Other assets	-	-	-	-	-	233 403	233 403
Deferred tax assets	-	-	-	-	-	17 419	17 419
Total assets	11 590 288	1 887 326	1 552 581	1 937 323	2 950 904	3 400 986	23 319 408
Liabilities and Shareholders' Equity							
Banks' and financial institutions' deposits	2 008 557	183 328	34 519	14 184	-	293 041	2 533 629
Customer deposits	8 366 434	880 753	868 805	427 553	20 150	3 433 963	13 997 658
Cash margin	910 054	1 108 965	91 821	974	-	50 376	2 162 190
Borrowed funds	354 610	-	-	-	3 545	-	358 155
Other Provisions	-	-	-	-	-	70 045	70 045
Provision for income tax	-	-	-	-	-	101 846	101 846
Other liabilities	-	-	-	-	-	298 080	298 080
Deferred tax liabilities	-	-	-	-	-	11 210	11 210
Shareholders' equity	-	-	-	-	-	3 786 595	3 786 595
Total liabilities and shareholders' equity	11 639 655	2 173 046	995 145	442 711	23 695	8 045 156	23 319 408
Gap	(49 367)	(285 720)	557 436	1 494 612	2 927 209	(4 644 170)	-
Accumulated gap	(49 367)	(335 087)	222 349	1 716 961	4 644 170	-	-

B. Exposure to Interest Rate Volatility as at December 31, 2009 (classification is based on interest rate repricing or maturity date, whichever is nearer).

JD '000

	Within 3 months	After 3 months and before 6 months	After 6 months and before 1 year	After 1 year and before 3 years	After 3 years	Not tied to interest rate risk	Total
Assets							
Cash at vaults	-	-	-	-	-	197 002	197 002
Mandatory cash reserve with Central Bank	-	-	-	-	-	837 851	837 851
Balances with central banks	2 708 282	21 277	-	72 176	31 915	136 316	2 969 966
Balances and deposits with banks and financial institutions	2 487 926	176 449	59 643	-	-	294 820	3 018 838
Financial assets at fair value through P & L - held for trading	50 412	294	-	-	-	1 368	52 074
Financial assets at fair value through P & L - designated	42 735	7 692	-	-	-	-	50 427
Direct credit facilities	5 369 989	1 410 420	884 070	1 047 348	1 426 381	-	10 138 208
Financial assets - available for sale	1 184 229	759 721	481 177	525 481	306 300	219 794	3 476 702
Financial assets - held to maturity	284 098	86 842	110 450	84 261	4 012	-	569 663
Investment in subsidiaries and associates	-	-	-	-	-	1 284 181	1 284 181
Fixed assets	-	-	-	-	-	199 873	199 873
Other assets	-	-	-	-	-	288 124	288 124
Deferred tax assets	-	-	-	-	-	16 582	16 582
Total assets	12 127 671	2 462 695	1 535 340	1 729 266	1 768 608	3 475 911	23 099 491
Liabilities and shareholders' Equity							
Banks' and financial institutions' deposits	2 778 577	209 174	31 135	14 185	-	198 371	3 231 442
Customer deposits	8 662 168	600 129	581 422	49 303	21 735	3 070 591	12 985 348
Cash margin	1 954 349	122 336	81 838	140	-	35 390	2 194 053
Borrowed funds	354 610	-	-	-	-	-	354 610
Other Provisions	-	-	-	-	-	65 584	65 584
Provision for income tax	-	96 322	-	-	-	-	96 322
Other liabilities	-	-	-	-	-	358 634	358 634
Deferred tax liabilities	-	-	-	-	-	12 292	12 292
Shareholders' equity	-	-	-	-	-	3 801 206	3 801 206
Total liabilities and shareholders' equity	13 749 704	1 027 961	694 395	63 628	21 735	7 542 068	23 099 491
Gap	(1 622 033)	1 434 734	840 945	1 665 638	1 746 873	(4 066 157)	-
Accumulated gap	(1 622 033)	(187 299)	653 646	2 319 284	4 066 157	-	-

49. Liquidity Risk

The details of this item are as follows:

A. The details of the Maturity of Assets and Liabilities as at December 31, 2010:

	JD '000							Total
	Within 1 month	After 1 month and before 3 months	After 3 months and before 6 months	After 6 months and before 1 year	After 1 year and before 3 years	After 3 years	Not Tied to a Specific Maturity	
Assets								
Cash at vaults	-	-	-	-	-	-	211 718	211 718
Mandatory cash reserve with Central Banks	-	-	-	-	-	-	753 638	753 638
Balances with central banks	3 370 344	21 053	13 514	5 914	102 835	21 277	149 263	3 684 200
Balances and deposits with banks and financial institutions	1 698 110	577 487	191 018	131 382	56 928	-	337 434	2 992 359
Financial assets at fair value through P&L - held for trading	-	32 927	-	-	-	10 759	1 119	44 805
Financial assets at fair value through P&L - designated	-	3 572	60 465	27 657	-	3 688	-	95 382
Direct credit facilities	2 065 603	2 147 752	1 224 137	1 050 544	1 040 809	2 532 866	-	10 061 711
Financial assets - available for sale	167 041	808 993	420 124	265 753	985 928	436 374	216 662	3 300 875
Financial assets - held to maturity	134 293	191 233	23 002	85 588	5 728	3 724	-	443 568
Investment in subsidiaries and associates	-	-	-	-	-	-	1 259 555	1 259 555
Fixed assets	-	-	-	-	-	-	220 775	220 775
Other assets	5 331	6 624	8 504	-	-	-	212 944	233 403
Deferred tax assets	-	-	-	-	-	-	17 419	17 419
Total assets	7 440 722	3 789 641	1 940 764	1 566 838	2 192 228	3 008 688	3 380 527	23 319 408
Liabilities and shareholders' Equity								
Banks' and financial institutions' deposits	711 021	1 297 536	183 328	34 519	14 184	-	293 041	2 533 629
Customer deposits	6 419 854	1 281 018	880 753	868 805	427 553	20 150	4 099 525	13 997 658
Cash margin	808 660	101 394	1 108 965	91 821	974	-	50 376	2 162 190
Borrowed funds	-	-	-	-	354 610	3 545	-	358 155
Other Provisions	-	-	-	-	-	-	70 045	70 045
Provision for income tax	-	101 846	-	-	-	-	-	101 846
Other liabilities	55 222	25 283	15 611	9	-	-	201 955	298 080
Deferred tax liabilities	-	-	-	-	-	-	11 210	11 210
Shareholders' equity	-	-	-	-	-	-	3 786 595	3 786 595
Total liabilities and shareholders' equity	7 994 757	2 807 077	2 188 657	995 154	797 321	23 695	8 512 747	23 319 408
Gap	(554 035)	982 564	(247 893)	571 684	1 394 907	2 984 993	(5 132 220)	-
Accumulated gap	(554 035)	428 529	180 636	752 320	2 147 227	5 132 220	-	

B. The details of the Maturity of Assets and Liabilities as at December 31, 2009:

JD '000

	Within 1 month	After 1 month and before 3 months	After 3 months and before 6 months	After 6 months and before 1 year	After 1 year and before 3 years	After 3 years	Not Tied to a Specific Maturity	Total
Assets								
Cash at vaults	-	-	-	-	-	-	197 002	197 002
Mandatory cash reserve with Central Banks	-	-	-	-	-	-	837 851	837 851
Balances with central banks	2 653 095	55 187	21 277	-	72 176	31 915	136 316	2 969 966
Balances and deposits with banks and financial institutions	1 207 528	1 280 398	176 449	59 643	-	-	294 820	3 018 838
Financial assets at fair value through P&L - held for trading	-	-	294	-	36 060	14 352	1 368	52 074
Financial assets at fair value through P&L - designated	-	-	7 504	13 840	29 083	-	-	50 427
Direct credit facilities	2 110 873	691 252	844 745	927 506	3 450 201	2 113 631	-	10 138 208
Financial assets - available for sale	171 629	234 204	438 838	601 546	1 098 331	712 360	219 794	3 476 702
Financial assets - held to maturity	134 492	124 414	82 234	110 450	98 441	19 632	-	569 663
Investment in subsidiaries and associates	-	-	-	-	-	-	1 284 181	1 284 181
Fixed assets	-	-	-	-	-	-	199 873	199 873
Other assets	4 324	5 800	8 792	-	-	-	269 208	288 124
Deferred tax assets	-	-	-	-	-	-	16 582	16 582
Total assets	6 281 941	2 391 255	1 580 133	1 712 985	4 784 292	2 891 890	3 456 995	23 099 491
Liabilities and shareholders' Equity								
Banks' and financial institutions' deposits	1 490 032	1 222 384	271 238	35 233	14 184	-	198 371	3 231 442
Customer deposits	4 764 197	1 786 632	586 605	600 806	243 484	23 007	4 980 617	12 985 348
Cash margin	847 801	1 105 405	122 629	82 688	140	-	35 390	2 194 053
Borrowed funds	-	-	-	-	354 610	-	-	354 610
Other Provisions	-	-	-	-	-	-	65 584	65 584
Provision for income tax	-	96 322	-	-	-	-	-	96 322
Other liabilities	28 490	34 826	15 237	1 112	-	-	278 969	358 634
Deferred tax liabilities	-	-	-	-	-	-	12 292	12 292
Shareholders' equity	-	-	-	-	-	-	3 801 206	3 801 206
Total liabilities and shareholders' equity	7 130 520	4 245 569	995 709	719 839	612 418	23 007	9 372 429	23 099 491
Gap	(848 579)	(1 854 314)	584 424	993 146	4 171 874	2 868 883	(5 915 434)	-
Accumulated gap	(848 579)	(2 702 893)	(2 118 469)	(1 125 323)	3 046 551	5 915 434	-	-

50. Net Foreign Currency Positions

The details of this item are as follows:

	December 31, 2010		December 31, 2009	
	Base Currency in Thousand	Equivalent in JD'000	Base Currency in Thousand	Equivalent in JD'000
USD	275 170	195 156	103 741	74 602
GBP	-	-	70	(114)
EUR	28 168	26 430	689	626
JPY	4 716 664	41 070	140 766	1 095
Other currencies *		(24 891)		(2 394)
Total		237 765		73 815

* Various foreign currencies translated to Jordanian Dinars.

51. Fair Value of Financial Assets and Financial Liabilities

A. Financial assets and financial liabilities not stated at fair value.

	JD'000			
	December 31, 2010		December 31, 2009	
	Book value	Fair value	Book value	Fair value
ASSETS				
Cash and balances with central banks	4 649 556	4 650 533	4 004 819	4 005 270
Balances and deposits with banks and financial institutions	2 992 359	2 998 372	3 018 838	3 026 266
Financial assets - held to maturity	443 568	447 261	569 663	574 704
Direct credit facilities	10 061 711	10 094 653	10 138 208	10 162 256
LIABILITIES				
Banks' and financial institutions' deposits	2 533 629	2 537 553	3 231 442	3 237 323
Customer deposits	13 997 658	14 040 130	12 985 348	13 023 548
Cash margins	2 162 190	2 168 328	2 194 053	2 198 421
Borrowed funds	358 155	358 155	354 610	354 610

B. Financial assets and financial liabilities stated at fair value

The table below analyzes financial instruments carried at fair value by the valuation method.

The different levels have been defined as follows:

- Level 1: quoted prices (not adjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (not observable inputs).

The details of this item are as follows:

	December 31, 2010			JD '000
	Level 1	Level 2	Level 3	Total
ASSETS				
Financial assets at fair value through P&L - held for trading	44 805	-	-	44 805
Financial assets at fair value through P&L - designated	95 382	-	-	95 382
Financial derivatives - positive fair value	-	21 426	-	21 426
Financial assets - available for sale	1 644 800	-	-	1 644 800
TOTAL ASSETS	1 784 987	21 426	-	1 806 413

LIABILITIES

Financial derivatives - negative fair value	-	24 736	-	24 736
TOTAL LIABILITIES	-	24 736	-	24 736

	December 31, 2009			JD '000
	Level 1	Level 2	Level 3	Total
ASSETS				
Financial assets at fair value through P&L - held for trading	52 074	-	-	52 074
Financial assets at fair value through P&L - designated	50 427	-	-	50 427
Financial derivatives - positive fair value	-	82 335	-	82 335
Financial assets - available for sale	1 804 486	-	-	1 804 486
TOTAL ASSETS	1 906 987	82 335	-	1 989 322

LIABILITIES

Financial derivatives - negative fair value	-	88 746	-	88 746
TOTAL LIABILITIES	-	88 746	-	88 746

52. Contractual Maturity of the Contingent Accounts

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

	December 31, 2010			JD '000
	Within 1 year	After 1 year and before 5 years	After 5 years	Total
Letters of credit	985 485	95 097	-	1 080 582
Acceptances	272 410	4 951	-	277 361
Letters of guarantee:				
- Payment guarantees	376 853	25 505	8 869	411 227
- Performance guarantees	1 348 094	897 980	26 099	2 272 173
- Other guarantees	2 966 058	1 431 050	21 818	4 418 926
Unutilized credit facilities	1 458 602	107 194	157 294	1 723 090
Total	7 407 502	2 561 777	214 080	10 183 359
Constructions projects contracts	1 750	-	-	1 750
Procurement contracts	2 766	1 097	-	3 863
Rent contracts	24	-	11 530	11 554
Total	4 541	1 097	11 530	17 167

	December 31, 2009			JD '000
	Within 1 year	After 1 year and before 5 years	After 5 years	Total
Letters of credit	1 140 582	8 747	9 359	1 158 688
Acceptances	247 895	47	-	247 942
Letters of guarantee:				
- Payment guarantees	363 146	14 589	16	377 751
- Performance guarantees	1 397 910	613 049	4 820	2 015 779
- Other guarantees	2 417 982	1 804 728	969 297	5 192 007
Unutilized credit facilities	1 337 039	351 896	91 460	1 780 395
Total	6 904 554	2 793 056	1 074 952	10 772 562
Constructions projects contracts	8 922	4 513	-	13 435
Procurement contracts	8 311	252	-	8 563
Rent contracts	44	6	13 168	13 218
Total	17 277	4 771	13 168	35 216

53. Capital Management

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

	JD'000	
	December 31,	
	2010	2009
A. CORE CAPITAL		
Share capital	534 000	534 000
Statutory reserve	307 336	285 460
Voluntary reserve	614 920	614 920
Share premium	859 626	859 937
General reserve	1 066 674	1 066 674
Retained earnings	17 184	77
Treasury shares	-	(1 064)
Total core capital	3 399 740	3 360 004
B. SUPPLEMENTARY CAPITAL		
Foreign currency translation reserve	79 549	126 192
Available - for - sale financial assets revaluation reserve	(18 310)	(31 507)
General banking risk reserve	165 140	131 175
Total supplementary capital	226 379	225 860
C. INVESTMENTS IN BANKS AND FINANCIAL INSTITUTIONS	1 478 742	1 509 534
Regulatory capital (A+B-C)	2 147 377	2 076 330
Risk-weighted assets	14 910 467	12 230 830
Regulatory capital / risk-weighted assets	14.40%	16.98%
Core capital / risk-weighted assets	14.40%	16.98%

- The Board of Directors performs an overall review of the capital structure of the Bank 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 dividend policies and capitalization of reserves.
- The minimum level of the capital adequacy ratio as defined by Basel Committee is 8% and 12% as per the instructions of the Central Bank of Jordan. The capital adequacy ratio of the Bank as at December 31, 2010 was 14.41% (16.98% as at December 31, 2009).

54. Transactions with Related Parties

The details of this item are as follows:

	December 31, 2010			JD '000
	Deposits owed from Related Parties	Direct Credit Facilities	Deposits owed to Related Parties	Guarantees, acceptances, letters of credit and unused credit facilities
Sister and Subsidiary companies	1 534 962	230 765	939 578	140 827
Associates	28 736	-	25 341	33 664
Major shareholders and Members of the Board of Directors	-	351 645	241 532	107 528
Total	1 563 698	582 410	1 206 451	282 019

	December 31, 2009			JD '000
	Deposits owed from Related Parties	Direct Credit Facilities	Deposits owed to Related Parties	Guarantees, acceptances, letters of credit and unused credit facilities
Sister and Subsidiary companies	1 730 988	238 051	1 128 627	116 217
Associates	138 801	-	165 502	2 207
Major shareholders and Members of the Board of Directors	-	214 924	79 351	89 911
Total	1 869 789	452 975	1 373 480	208 335

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

The details of transactions with related parties are as follows:

	2010		JD '000
	Interest Income	Interest Expense	
Subsidiaries and Sister companies	15 687	15 592	
Associates	198	248	
	15 885	15 840	

	2009		JD '000
	Interest Income	Interest Expense	
Subsidiaries and Sister companies	29 214	20 889	
Associates	745	553	
	29 959	21 442	

- Interest on facilities granted to major shareholders and members of the Board of Directors is recorded at arm's length.
- The salaries and other fringe benefits of the Bank's key management personnel, inside and outside Jordan, amounted to JD 18.4 million in 2010 (JD 14.7 million in 2009).

55. Cash and Cash Equivalent

The details of this item are as follows:

	JD'000	
	December 31,	
	2010	2009
Cash and balances with central banks maturing within 3 months	4 506 016	3 879 452
Add: balances with banks and financial institutions maturing within 3 months	2 613 031	2 782 746
Less: banks and financial institutions deposits maturing within 3 months	2 301 598	2 910 787
Total	4 817 449	3 751 411

56. Legal Cases

- a. Lawsuits have been filed against Arab Bank Plc in which it was alleged that Arab Bank has, through its New York branch, channeled funds to parties described as "terrorists" and "terrorist organizations in Palestine", and has aided and abetted acts of terrorism which led to the death or the injury of family members of the claimants. The claimants in the said lawsuits are requesting compensation for the damages that have befallen them as a result of the alleged acts of the Bank. The lawsuits are currently in the pre-litigation phase and the appellate court is considering appeals submitted by the adversaries in the lawsuits in connection with procedural ruling.

Arab Bank, in the opinion of its management, has been and is still fully respectful of and compliant with all anti-terrorism legislation in all countries in which it operates.

- b. The Bank in New York has entered into an agreement with the Office of the comptroller of Currency pursuant to which the branch was converted into a Federal Agency with limited operations in compliance with the provisions of the US Federal Banking Act. It was also agreed that the Federal Agency shall be allowed to maintain financial assets in the amount of USD 420 million.
- c. There are other lawsuits filed against the Bank totaling JD 129.2 million as of 31 December 2010 (JD 28.1 million as of 31 December 2009). In the opinion of the management and the lawyers representing the Bank in the litigation at issue, the Bank will not be held liable for any amount in excess of the amount of provisions taken in connection with the lawsuits totaling JD 4.9 million as of 31 December 2010 in comparison to JD 4.4 million as of 31 December 2009.



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INDEPENDENT AUDITOR'S REPORT

AM / 218

To the Shareholders
Arab Bank plc
Amman - Jordan

We have audited the accompanying financial statements of Arab Bank plc (a Public Shareholding Company), which comprise the statement of financial position as at 31 December 2010, and the statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Arab Bank plc as of December 31, 2010, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards. We recommend that the General Assembly of Shareholders to approve these financial statements.

Report on other Legal and Regulatory Requirements

The Bank maintains proper accounting records and the accompanying financial statements are in agreement therewith and with the financial statements presented in the Board of Directors report.

Amman – Jordan
January 27, 2011


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

The Board of Directors confirms that there are no significant issues that may affect the continued operations of the bank during the financial year 2011.

Abdel Hamid A. M. Shoman
Chairman

Sabih Taher D. Masri
Deputy Chairman

Saleh Saad A. Al-Muhanna
The Ministry of Finance and Economy,
Saudi Arabia

Nazik Odah Al Hariri

Samir Farhan Khalil Kawar

Ibrahim Youssouf Ibrahim Izziddin
Representing The Social Security Corporation,
Jordan

Mohammed Ahmad M. Hariri

Riad Burhan Taher Kamal

Wahbe Abdullah W. Tamari

Khaled Anis Moh'd (Zand Irani)
Representing
Abdul Hameed Shoman Foundation

Dina Abdel Hamid A. M. Shoman

The Board of Directors confirms its responsibility for the preparation of the financial statements, and for implementing an effective internal control system in line with international standards.

Abdel Hamid A. M. Shoman
Chairman

Sabih Taher D. Masri
Deputy Chairman

Saleh Saad A. Al-Muhanna
Representing The Ministry of Finance and Economy,
Saudi Arabia

Nazik Odah Al Hariri

Samir Farhan Khalil Kwar

Ibrahim Youssouf Ibrahim Izziddin
Representing The Social Security Corporation,
Jordan

Mohammed Ahmad M. Hariri

Riad Burhan Taher Kamal

Wahbe Abdullah W. Tamari

Khaled Anis Moh'd (Zand Irani)
Representing
Abdul Hameed Shoman Foundation

Dina Abdel Hamid A. M. Shoman

The Chairman / Chief Executive Officer and the Group Chief Financial Officer attest to the accuracy and completeness of the financial statements and the financial information of this report as at 31 December 2010.

Abdel Hamid A. M. Shoman
Chairman

GHASSAN HANNA S. TARAZI
Group Chief Financial Officer

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Introduction

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

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

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

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

The Pillars of the Code:

1) Commitment to Corporate Governance

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

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

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

2) The Board of Directors

a) General principles

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

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

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

b) The Chairman / General Manager

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

c) The role of the Chairman of the Board

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

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

d) Composition of the Board

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

e) Board practices

- i) In order to ensure that a full range of topics is considered, the Bank's Board meetings take place at least six times a year.
- ii) The executive management is to schedule a specific topic(s) to be highlighted at each meeting.

The topics at each meeting shall be discussed comprehensively.

- iv) The Bank's policy is that the Board should include independent element in order that it can exercise objective judgment and to maintain a level of checks and balances to balance the influence of all parties, including executive management and significant shareholders, and ensures that decisions are taken in the Bank's best interest.
- v) The Bank should provide adequate information to Directors sufficiently in advance of meetings to enable them to reach informed decisions.
- vi) The Board Secretary shall record the discussions at all Board meetings.

The responsibilities of the Board are clearly identified in accordance with relevant legislation. Each Director of the Bank is provided with a formal appointment letter upon his/her election, in which he/she is advised about his/her rights, responsibilities and duties.

- viii) All banking transactions that require Board approval are clearly defined in writing, including:

The authority of the Board to approve loans larger than a set amount.

The authority of the Board to deal with related parties.

- ix) Directors will keep themselves informed of developments within the Bank, and in the banking industry as a whole, both local and international. The Bank shall provide the Directors with appropriate briefings regarding its activities.
- x) Communication between Directors and committees of the Board with executive management should be facilitated.
- xi) The Bank has drawn up an organizational chart, showing lines of reporting and authority including Board committees and executive management. The portion of the chart showing the more senior levels is made public.
- xii) In addition to the arrangement of Board meetings and the taking of meeting minutes, the Board Secretary shall ensure that Board procedures are followed, and that information is conveyed between the members of the Board, the members of the Board Committees, and the executive management. The function and duties of the Board Secretary are formally defined in writing and, in accordance with this level of responsibility, and the Board Secretary's appointment as well as his/her removal is taken by the unanimous decision of the Board.

f) Board activities: appointments, succession and development

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

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

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

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

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

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

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

3) Board Committees

a) General principles

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

b) The Corporate Governance Committee

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

c) The Audit Committee

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

d) The Selection and Remuneration Committee

- i) The Selection and Remuneration Committee consists of a minimum of three non-executive Directors, the majority of which (including the Committee chairman) are independent.

- ii) The Committee determines whether a Director is 'independent' based on the minimum standards for independence set out in this Code.
 - iii) It is responsible for providing background briefing material for Directors as requested, as well as ensuring that they are kept up to date on relevant banking topics. The Bank encourages Directors to attend seminars and events that allow them meet local and international organizations, entities and companies.
 - iv) The Selection and Remuneration Committee recommends to the Board the remuneration (including monthly salary and other benefits) of the General Manager. It also reviews the remuneration (including salaries) of other members of the executive management.
 - v) The Committee ensures that the Bank has a remuneration policy, which is sufficient to attract and retain qualified individuals, and is in line with the Bank's peers in the market.
 - vi) A summary of the Bank's remuneration policy is disclosed in the Annual Report. In particular, the remuneration of individual Directors and the highest paid non-Director executives is disclosed, including salary and benefits in kind.
 - vii) Nothing prevents the Selection and Remuneration Committee from nominating members of the Board for a new term according to the Companies Law, taking into consideration their attendance, quality and extent of their participation in the Board meetings. In accordance with the Companies Law, the tenure of the Board expires every four years from the date of election, and each Director may submit himself/herself for re-election at the Annual General Assembly.
- e) The Risk Management Committee**
- i) The Risk Management Committee is comprised of three Directors and the Chairman/General Manager. It also includes three members of the executive management.
 - ii) The Board reviews and approves the risk management strategies and policies of the Bank. Executive management is responsible for implementing the strategies that have been approved by the Board, and for developing the policies and procedures for managing the various types of risks.
 - iii) The structure and development of a coherent and comprehensive risk management department within the Bank is to be proposed by executive management, reviewed by the Risk Management Committee, and approved by the Board.
 - iv) The Bank considers that, owing to the rapid development and increasing complexity of risk management, the Risk Management Committee should keep itself fully informed of developments in the Bank's risk management. Accordingly, the Committee makes regular reports of this to the Board.

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

F) The Corporate Strategy Committee

- i) The Corporate Strategy Committee comprises three Directors as well as the Chairman/General Manager, it also includes as members; the Chief Financial Officer and the Assistant General Manager.
- ii) The Corporate Strategy Committee has the following duties:
 - (1) Oversees all issues related to the Strategy of the Bank and formulates general policies to effectively implement that strategies.
 - (2) Approves strategic decisions and oversees the work of the executive management and management team with regard to;
 - Strategy, business plans and performance for all divisions and business lines,
 - Succession planning for executive managers, and
 - Corporate Actions.
 - (3) Reviews and approves any new investments, acquisitions, mergers and expansion in new markets, and selling of assets of the Bank or of its subsidiary or affiliate companies.

4) Control Environment

a) Internal controls

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

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

b) Internal audit

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

c) External audit

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

d) Risk Management

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

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

e) Compliance

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

5) Treatment of Shareholders

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

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

6) Transparency and Disclosure

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

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

The Arab Bank confirms its commitment to the application of the provisions and terms contained in the Guide to Corporate Governance adopted by the Board of Directors on 30/12/2007.

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

Company name : **Arab bank**
Fiscal year : **2010**
Chairman of the Board of directors: **Abdel Hamid A.M Shoman.**
Chief Executive Officer : **Nemeh Sabbagh**

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

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

1. Approval of the minutes of the 80th meeting of the General Assembly.
2. Presentation of the report of the Board of Directors for the year 2010, and of the outlook for 2011.
3. Presentation of the auditors' report on the financial statements of the Bank for the financial year 2010.
4. Presentation and approval of the financial statements of the Bank for the year 2010, and adoption of the recommendation of the Board of Directors to distribute a dividend for 2010 at the rate of JOD 0.20 per share, which is 20% of the nominal value of JOD 1.0 per share.
5. Release of the members of the Board of Directors from liability for the year 2010.
6. Election of the Bank's auditors for the year 2011 and determination of their remuneration.
7. Approval of the General assembly to the board of directors' resolution adopted on 27.01.2011 regarding renewing the appointment of Messrs Deloitte & Touche (Middle East) to the functions of the audit of Arab Bank plc branches working in Lebanon for a period of three years from the date 0.1.01.2011 According to the text of Article (189) based on the Article No (186) of the Law of Money and Credit in Lebanon.
8. Other issues relating to the meeting of the Ordinary General Assembly subject to prior approval of 10% of the votes represented at the meeting and related laws.

Main Head Office Address and Address of Each Branch

Country	Address	
	General Management PO BOX 950545 Amman 11195 Jordan	Tel. 00962 (6) 5600000 00962 (6) 5660140 Fax. 00962 (6) 5606793 00962 (6) 5606830
Jordan	King Faisal St. PO Box 144186 Amman 11814 Jordan	Tel. 00962 (6) 4638161/9 Fax. 00962 (6) 4637082
	Shmeisani PO Box 144186 Amman 11814 Jordan	Tel. 00962 (6) 5000013 Fax. 00962 (6) 5670564
Palestine	PO Box 1476, Grand Park Hotel Street Al Masyoon - Ramallah Palestine	Tel. 00970 (2) 2978100 Fax. 00970 (2) 2982444
Bahrain	PO Box 813, Building 540, Road 1706 - Block 317, Diplomatic Area Kingdom of Bahrain	Tel. 00973 17549000 Fax. 00973 17541116
United Arab Emirates	Abu Dhabi: PO Box 875 Naser St. SH. Tahnoon Bin Moh'd Bldg.	Tel. 00971 (2) 6392225 Fax. 00971 (2) 6212370
	Dubai: PO Box 11364 Al-Ittihad St. Port Saeed Area	Tel. 00971 (4) 2950845 Fax. 00971 (4) 2955974
Lebanon	PO Box 11-1015 Riad El Solh Banks Street Commercial Buildings Co. Bldg. Beirut -Lebanon	Tel. 00961 (1) 980246/9 Fax. 00961 (1) 980299 00961 (1) 980803
Egypt	PO Box 68 Al- Mohandesseen Geziret Al-Arab St., Building No. 50 Cairo – Egypt	Tel. 0020 (2) 33029069/71 Fax. 0020 (2) 33029068

Country	Address	
Yemen	PO Box 475 & 1301 Zubairi Sana'a	Tel. 00967 (1) 276585/93 Fax.00967 (1) 276583
Morocco	PO Box 13810 174 Mohamed V Avenue Casablanca	Tel. 00212 (5) 2222 3152 Fax.00212 (5) 22200233
Qatar	PO Box 172 Grand Hammed Area Avenue no. 119 Doha – Qatar	Tel. 00974 44387777 Fax.00974 44410774
Algeria	PO Box 537 Ben Yousef ben khada Avenue Build. no. 46, Sidi Yahia Algeria 16036	Tel. 00213 (21) 480002/3 Fax.00213 (21) 480001
Singapore	80 Raffles Place UOB Plaza 2 # 32-20 Singapore 048624	Tel. 0065 65330055 Fax.0065 65322150
United States of America (New York Agency)	520 Madison Avenue New York, NY 10022-4237	Tel. 001 (212) 715-9700 Fax.001 (212) 593-4632
China (Representative Office)	Unit 1803, Shanghai Trade Square 188 Si Ping Road, Shanghai 200086, China	Tel. 0086 (21) 65077737/38 Fax.0086 (21) 65072776
South Korea (Representative Office)	Samwha Bldg., 4th Floor 21 Sogong-Dong, Chung-ku Seoul 100-070 Korea	Tel. 0082 (2) 775 4290 Fax.0082 (2) 775 4294
Europe Arab Bank plc United Kingdom	13-15 Moorgate, EC2R 6AD London	Tel.0044 (20) 7315 8500 Fax.0044 (20) 7600 7620
France	PO Box 319 75365 Paris Cedex 08 26 Avenue des Champs Elysees 75008 Paris	Tel. 0033 (1) 4561 6000 Fax.0033 (1) 4289 0978
Italy	Corso Matteotti 1A 20121 Milan	Tel. 0039 (2) 7639 8521 Fax.0039 (2) 78 2172
Spain	Paseo de la Castellana 31, planta baja, 28046 Madrid	Tel.0034 (91) 308 4290 Fax.0034 (91) 308 6484

Country	Address	
Germany	Bockenheimer Landstrasse 24 60323 Frankfurt am Main	Tel. 0049 (69) 242 590 Fax.0049 (69) 235 471
Austria	Mahlerstrasse 7 Top 15+16 1010 Vienna	Tel. 00431 513 4240 Fax.00431 5134 2409
Arab Bank Australia Ltd.	PO Box N 645 Grosvenor Place NSW 1220 Level 9, 200 George Street Sydney NSW 2000	Tel.0061 (2) 9377 8900 Fax.0061 (2) 9221 5428
Turkland Bank A.S	19 Mayis Mah. 19 Mayis Cad. Sisli Plaza, A Block No.7 Sisli 34360 Istanbul – Turkey	Tel.0090 (212) 368 3434 Fax.0090 (212) 368 3535
Arab Bank (Switzerland) Ltd.	Zurich Claridenstrasse 26 PO Box 2023 CH – 8022 Zurich	Tel.0041 (44) 2657111 Fax.0041 (44) 2657330
Finance Accountancy Mohassaba	Geneva Place Longemalle 10-12 PO Box 3575 CH – 1211 Geneva 3	Tel .0041 (22) 7151211 Fax.0041 (22) 7151311
	24 Rue Neuve - du - Molard PO Box 3155 CH – 1211 Geneva 3	Tel .0041 (22) 9083000 Fax.0041 (22) 7387229
Al Nisr Al Arabi Insurance Co.	PO Box 9194 Amman 11191 Amman Commercial Center Abdali / Amman - Jordan	Tel.00962 (6) 5685171 Fax.00962 (6) 5685890
Arab Bank - Syria	Mehdi Ben Barka St. Abu Rummana / Damascus – Syria	Tel.00963 (11) 9421 Fax..00963 (11) 334 9844
Islamic International Arab Bank plc.	Wasfi Al-Tal st.(Gardens) PO Box 925802 Amman 11190 Jordan	Tel.00962 (6) 5694901 Fax.00962 (6) 5694914
Arab Investment Bank S.A.L	PO Box 11 -7000 Riad El- Solh - Banks St. Commercial Buildings Co. Bldg. Beirut-Lebanon	Tel./Fax.00961 (1) 985111 00961 (1) 985222 00961 (1) 987333

Country	Address	
Al- Arabi Investment Group Co.	PO Box 143156 11814 Al- Rabia Abdullah Bin Rawahah St, Bldg No (1) Amman – Jordan	Tel.00962 (6) 5526491 Fax.00962 (6) 5526492
Arab Tunisian Bank	PO Box 520 Tunis 1001	Tel.00216 (71) 351155 Fax.00216 (71) 347270
Oman Arab Bank S.A.O	PO Box 2010 Ruwi 112 Sultanate of Oman	Tel.00968 24706265 00968 24754000 Tel.00968 24797736
Arab National Bank	PO Box 56921 King Faisal Street Riyadh 11564 Saudi Arabia	Tel.00966 (1) 4029000 Fax.00966 (1) 4027747
Arabia Insurance Co.	PO Box 11– 2172 Company’s Building Phiniqia Street Beirut – Lebanon	Tel.00961 (1) 363610 Fax.00961 (1) 363659
Al - Wahda Bank	PO Box 1320 Benghazi Libya	Tel.00218 (61) 2231315 Fax.00218 (61) 2224122
Arab Sudanese Bank	PO Box 955 Khartoum East Block IDE Bldg. no. 7 Khartoum-Sudan	Tel.00249 (15) 6550001 Fax.00249 (15) 6550004
Al Arabi Investment Group Co./ Palestine	PO Box 1476 Ramallah, Palestine	Tel.00970 (2) 2980240 Fax.00970 (2) 2980249