ARAB BANK GROUP
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
TOGETHER WITH
INDEPENDENT AUDITOR'S REPORT

ARAB BANK GROUP
FOR THE YEAR ENDED DECEMBER 31, 2016

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders
Arab Bank plc
Amman – Jordan

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Arab Bank Company, its subsidiaries, and its sister Company "the Group" which comprise the consolidated statement of financial position as of December 31, 2016, and the consolidated statements of income, comprehensive income, changes in owners' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Arab Bank Group as of December 31, 2016, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

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

Explanatory Paragraph

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

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Key Audit Matters

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

Provision for Lawsuits and Legal Claims Risks	Scope of Audit to Address the Risk
According to the International Financial Reporting Standards, the Group has to estimate the provision for lawsuits and legal claims, in particular the lawsuit and the related settlement in the United States of America, legal claims associated with it, and the reserving against these claims at the end of each reporting period. Moreover, since the provision for legal claims is based on accounting estimates it's considered a key audit matter since the assessment process depends heavily on professional judgment which is based on the expected assumptions of the future outcomes for the lawsuits and related settlements, and management's estimates based on the legal inputs and the recommendations of the Bank's legal counsels.	Our audit procedures included obtaining support from internal and external legal counsels handling the lawsuits in evaluating the adequacy of managements' estimates and expected outcome probabilities, in particular to those related to the risk probability assumptions and contingent liabilities. In addition, our procedures assessing the adequacy of the legal cases disclosure and the related settlement in the United States of America set out in Note (57).

Adequacy of Provision for Impairment of Credit Facilities	Scope of Audit to Address the Risk
The provision for impairment of credit facilities is considered a key audit matter to the financial statements, as its calculation requires assumptions, management's use of estimates for low credit ratings and the probability that debts will not be collected as a result of the deteriorating economic and financial conditions in light of inadequate guarantees. The nature and characteristics of credit facilities granted to these debtors vary from one sector to another and from one country to another, due to the external wide span of the Bank. Therefore, the impairment provision calculation methodology differs due to varied sectors and varied risk assessment relating to those countries and their legal and regulatory requirements.	The performed audit procedures included understanding the nature of the credit facilities portfolio, testing the internal control system followed in credit granting and monitoring, and assessing the reasonableness of management's estimates of the provision for impairment. We also have understood the Bank's policy in calculating the provision, and tested a sample of performing, watch-list, and non-performing credit facilities at the Group level as a whole. We have evaluated the factors affecting the calculation of the provision for impairment of credit facilities. This included evaluating the available collaterals, customers' financial net worth, management's estimates of future cash flows, and regulatory requirements issued by central banks.

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Key Audit Matter	Scope of Audit to Address the Risk
	We have also discussed these factors with executive management to verify the adequacy of the provision, as well as recalculated the provision needed for that sample. Furthermore, we have also evaluated the appropriateness and adequacy of the disclosure with regard to the credit facilities impairment provision and risks as stated in Note (11).
Evaluation of Unquoted Investment in Regulated Markets	**Scope of Audit to Address the Risk**
The recognition of unquoted investments in regulated markets is based on the fair value of key inputs available. These investments are stated in Notes (10) and (49). The valuation technique used by the Group to measure the fair value of these investment is based on market index method for similar investments.	As a result of the lack of quoted market prices for these investments, the valuation technique in evaluating these investment is a key audit matter to our audit. Thus, we have reviewed the valuation model prepared by the Group, and discussed it with the Group's financial management. Moreover, our audit procedures included testing the internal control systems related to the adopted valuation techniques followed and assumptions to assess the suitability of the valuation model or appropriateness of the related assumptions.
Bank's Share of Associates' Profits	**Scope of Audit to Address the Risk**
The Bank accounts for its share of profits from associates at the Group level in accordance with the equity method as stated in Note (13). The Bank's share of the Group's associates' profit forms a significant element of the statement of income. As a result of lack of available audited financial statements for public use of these investments at the date of the preparation of the Groups' financial statements, the Group's share of associates' profits, including one investment, is booked based on the latest and most accurate financial information available. This is based on the information contained in the preliminary results issued by these companies and the information made available by the representatives on their boards, to be subsequently validated at a later date when these investment in associates' financial statements are issued.	The Group's share of associates' profits, which is considered a key audit matter to the financial statements, has been audited through our review of the documents available to management that support the calculated amounts. We have also evaluated the reasonableness and adequacy of the preliminary disclosures issued by these companies and discussed the matter with the Group's financial management. Furthermore, our audit procedures included obtaining appropriate audit evidence through direct communication with the independent auditors of the key associate company in accordance with International Standards on Auditing No. 600, as well as, conducting additional financial and analytical studies on the other associates' results.

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

The consolidation of the Bank's subsidiaries is effective from the acquisition date, which is the date of transfer of control over the subsidiaries by the Bank. The consolidated financial statements reflect the financial position and results of operations at the level of the consolidated economic ownership of Arab Bank plc and the sister company Arab Bank (Switzerland) Limited, which is considered an integral part of Arab Bank Group.

Scope of Audit to Address the Risk

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

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

Foreign Currency Translation Reserve

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

Scope of Audit to Address the Risk

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

Financial Derivatives and Hedging	Scope of Audit Risk Approach
The Bank's portfolio includes financial derivatives held for trading and hedging purposes and evaluated through assessing the information input into specialized systems to be evaluated periodically. Such derivatives require special abilities and continuous follow-up by the management in addition to a highly accurate internal control structure.	The fact that the valuation of the financial derivatives and review of hedge accounting need a valuation expert, it was considered as a key audit matter to our audit. Thus, we obtained the assistance of valuation experts to assess the valuations and presentation of the financial derivatives and hedge accounting in accordance with the requirements of International Financial Reporting Standards.

Other Information

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risk, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidenced obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosure are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the consolidated financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit and we remain solely responsible for our audit opinion.

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

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

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

Deloitte & Touche

Amman – Jordan
January 29, 2017

Deloitte & Touche (M.E.) – Jordan

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

ARAB BANK GROUP
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	December 31, 2016 USD '000	December 31, 2015 USD '000
ASSETS			
Cash and balances with central banks	6	7 809 343	9 472 381
Balances with banks and financial institutions	7	4 622 181	2 992 403
Deposits with banks and financial institutions	8	176 118	99 018
Financial assets at fair value through profit or loss	9	698 516	831 980
Financial derivatives - positive fair value	40	58 011	58 235
Direct credit facilities at amortized cost	11	21 898 121	22 180 987
Financial assets at fair value through other comprehensive income	10	470 912	479 038
Other financial assets at amortized cost	12	7 640 955	9 003 709
Investment in associates	13	3 077 008	2 916 290
Fixed assets	14	463 633	451 444
Other assets	15	472 203	500 479
Deferred tax assets	16	73 390	58 629
Total Assets		**47 460 391**	**49 044 593**
LIABILITIES AND OWNERS' EQUITY			
Banks' and financial institutions' deposits	17	3 752 999	3 636 734
Customer deposits	18	31 082 152	32 799 228
Cash margin	19	2 561 426	2 443 090
Financial derivatives - negative fair value	40	52 517	53 705
Borrowed funds	20	271 185	75 745
Provision for income tax	21	242 377	235 918
Other provisions	22	259 795	145 235
Other liabilities	23	1 072 128	1 627 254
Deferred tax liabilities	24	1 276	12 103
Total Liabilities		**39 295 855**	**41 029 012**
Share capital	25	926 615	926 615
Share premium	25	1 225 747	1 225 747
Statutory reserve	26	798 443	753 065
Voluntary reserve	27	977 315	977 315
General reserve	28	1 141 824	1 141 824
General banking risks reserve	29	363 458	363 458
Reserves with associates		1 540 896	1 540 896
Foreign currency translation reserve	30	(402 682)	(284 609)
Investment revaluation reserve	31	(267 672)	(260 621)
Retained earnings	32	1 738 225	1 502 867
Total Equity Attributable to the Shareholders of the Bank		**8 042 169**	**7 886 557**
Non-controlling interests	32	122 367	129 024
Total Owners' Equity		**8 164 536**	**8 015 581**
TOTAL LIABILITIES AND OWNERS' EQUITY		**47 460 391**	**49 044 593**

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

ARAB BANK GROUP

CONSOLIDATED STATEMENT OF INCOME

	Note	2016	2015
REVENUE		USD '000	USD '000
Interest income	33	1 865 835	1 815 895
Less: interest expense	34	751 317	724 757
Net interest income		**1 114 518**	**1 091 138**
Net commissions income	35	315 903	319 603
Net interest and commissions income		**1 430 421**	**1 410 741**
Foreign exchange differences		61 185	70 827
Gain from financial assets at fair value through profit or loss	36	5 147	14 315
Dividends on financial assets at fair value through other comprehensive income	10	7 813	5 430
Group's share of profits of associates	13	334 964	356 981
Other revenue	37	86 882	50 066
TOTAL INCOME		**1 926 412**	**1 908 360**
EXPENSES			
Employees' expenses	38	439 105	440 652
Other expenses	39	338 397	647 238
Depreciation and amortization	14	47 661	52 041
Provision for impairment - direct credit facilities at amortized cost	11	179 056	32 891
Other provisions	22	131 378	16 210
TOTAL EXPENSES		**1 135 597**	**1 189 032**
PROFIT FOR THE YEAR BEFORE INCOME TAX		**790 815**	**719 328**
Less: Income tax expense	21	258 149	277 205
PROFIT FOR THE YEAR		**532 666**	**442 123**
Attributable to :			
Bank shareholders		522 187	430 830
Non-controlling interests	32	10 479	11 293
Total		**532 666**	**442 123**
Earnings per share attributable to Bank Shareholders			
- Basic and Diluted (US Dollars)	54	0.81	0.67

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

ARAB BANK GROUP

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

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

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

ARAB BANK GROUP

CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY

	Notes	Share Capital	Share Premium	Statutory Reserve	Voluntary Reserve	General Reserve	General Banking Risks Reserve	Reserves with Associates	Foreign Currency Translation Reserve	Investment Revaluation Reserve	Retained Earnings	Total Equity Attributable to the Shareholders of the Bank	Non-Controlling Interests	Total Owners Equity
		USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
For the year ended December 31, 2016														
Balance at the Beginning of the year		926 615	1 225 747	753 065	977 315	1 141 824	363 458	1 540 896	(284 609)	(260 621)	1 502 867	7 886 557	129 024	8 015 581
Profit for the year		-	-	-	-	-	-	-	-	-	522 187	522 187	10 479	532 666
Other comprehensive income for the year		-	-	-	-	-	-	-	(118 073)	(7 731)	-	(125 804)	(9 453)	(135 257)
Total Comprehensive Income for the Year		-	-	-	-	-	-	-	(118 073)	(7 731)	522 187	396 383	1 026	397 409
Transferred to statutory reserve		-	-	45 378	-	-	-	-	-	-	(45 378)	-	-	-
Investment revaluation reserve transferred to retained earnings	10	-	-	-	-	-	-	-	-	680	(680)	-	-	-
Investment revaluation reserve transferred to minority interest		-	-	-	-	-	-	-	-	-	-	-	358	358
Dividends paid	32	-	-	-	-	-	-	-	-	-	(231 277)	(231 277)	(5 607)	(236 884)
Adjustments during the year		-	-	-	-	-	-	-	-	-	(9 494)	(9 494)	(2 434)	(11 928)
Balance at the End of the Year		926 615	1 225 747	798 443	977 315	1 141 824	363 458	1 540 896	(402 682)	(267 672)	1 738 225	8 042 169	122 367	8 164 536
For the year ended December 31, 2015														
Balance at the Beginning of the year		826 223	1 225 747	712 722	977 315	1 141 824	363 458	1 540 896	(122 751)	(219 278)	1 315 525	7 761 681	127 060	7 888 741
Profit for the year		-	-	-	-	-	-	-	-	-	430 830	430 830	11 293	442 123
Other comprehensive income for the year		-	-	-	-	-	-	-	(161 858)	(41 312)	-	(203 170)	(4 922)	(208 092)
Total Comprehensive Income for the Year		-	-	-	-	-	-	-	(161 858)	(41 312)	430 830	227 660	6 371	234 031
Transferred to statutory reserve		-	-	40 343	-	-	-	-	-	-	(40 343)	-	-	-
Investment revaluation reserve transferred to retained earnings	10	-	-	-	-	-	-	-	-	(31)	31	-	-	-
Dividends Paid	32	-	-	-	-	-	-	-	-	-	(101 772)	(101 772)	(5 610)	(107 382)
Adjustments during the year		-	-	-	-	-	-	-	-	-	(1 012)	(1 012)	1 203	191
Increase in Share Capital (Stock Dividends)	32	100 392	-	-	-	-	-	-	-	-	(100 392)	-	-	-
Balance at the End of the Year		926 615	1 225 747	753 065	977 315	1 141 824	363 458	1 540 896	(284 609)	(260 621)	1 502 867	7 886 557	129 024	8 015 581

- Retained earnings include restricted deferred tax assets in the amount of USD 73.4 million, as well as unrealized gain from financial assets at fair value through profit or loss in the amount of USD 1.7 million. Restricted retained earnings that cannot be distributed or otherwise utilized except only under certain circumstances, as a result of adopting of certain International Accounting Standards, amounted to USD 2.7 million as of December 31, 2016.
- The retained earnings include an unrealized loss in the amount of USD (109.1) million as a result of the adoption of IFRS (9) as of December 31, 2016.
- The use of the General Banking Risk Reserve is restricted and requires prior approval from the Central Bank of Jordan.
- The use of an amount of USD (267.7) million as of December 31, 2016 which represents the negative investment revaluation reserve balance is restricted according to Jordan Securities Commission instructions.

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

ARAB BANK GROUP

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		USD '000	USD '000
Profit for the year before tax		790 815	719 328
Adjustments for:			
- Depreciation and amortization	14	47 661	52 041
- Provision for impairment - direct credit facilities at amortized cost	11	179 056	32 891
- Net interest income		(8 096)	11 762
- (Gain) from sale of fixed assets		(40 211)	(2 312)
- Amortization of Intangible Assets	15	7 112	7 321
- (Gain) from revaluation of financial assets at fair value through profit or loss	36	(1 671)	(8 733)
- Dividends from financial assets at fair value through other comprehensive income	10	(7 813)	(5 430)
- Group's share from associates profits	13	(334 964)	(356 981)
- Other provisions		131 378	16 210
Total		**763 267**	**466 097**
(Increase) decrease in assets:			
Balances with central banks (maturing after 3 months)		-	103 436
Deposits with banks and financial institutions (maturing after 3 months)		(877 100)	11 428
Direct credit facilities at amortized cost		103 810	(211 850)
Financial assets at fair value through profit and loss		135 135	303 647
Other assets and financial derivatives		13 739	10 335
Increase (decrease) in liabilities:			
Banks and financial institutions deposits (maturing after 3 months)		(215 552)	429 144
Customer deposits		(1 717 076)	733 957
Cash margin		118 336	(460 468)
Other liabilities and financial derivatives		(536 044)	258 900
Net Cash (Used by) Generated by Operating Activities before Income Tax		**(2 211 485)**	**1 644 626**
Income tax paid		(269 492)	(279 171)
Net Cash (Used by) Generated by Operating Activities		**(2 480 977)**	**1 365 455**
CASH FLOWS FROM INVESTING ACTIVITIES			
Sale (Purchase) of financial assets at fair value through other comprehensive income		1 075	(13 360)
Maturity of other financial assets at amortized cost		1 362 754	113 309
(Increase) of investments in associates		(27 810)	(752)
Dividends received from associates	13	175 607	178 489
Dividends from financial assets at fair value through other comprehensive income	10	7 813	5 430
(Purchase) of fixed assets	14	(97 512)	(71 455)
Proceeds from selling fixed assets - Net		64 149	22 965
(Purchase) of intangible assets		(12 873)	(9 583)
Net Cash Generated by Investing Activities		**1 473 203**	**225 043**
CASH FLOWS FROM FINANCING ACTIVITIES			
Increased (Paid) borrowed funds		195 440	(11 346)
Dividends paid to shareholders		(229 063)	(101 080)
Dividends paid to non-controlling interests		(5 607)	(5 610)
Net Cash (Used in) Financing Activities		**(39 230)**	**(118 036)**
Net Increase (Decrease) in Cash and Cash Equivalents		(1 047 004)	1 472 462
Exchange differences - change in foreign exchange rates		(118 073)	(86 771)
Cash and cash equivalent at the beginning of the year		9 514 915	8 129 224
Cash and Cash Equivalent at the End of the Year	56	**8 349 838**	**9 514 915**

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

1. General

- Arab Bank was established in 1930, and is registered as a Jordanian public shareholding limited company. The Head Office of the Bank is domiciled in Amman - Jordan, and the Bank operates worldwide through its 74 branches in Jordan and 122 branches abroad, it's subsidiaries and sister company Arab Bank (Switzerland) Limited.

- Arab Bank plc shares are traded on Amman Stock Exchange.

- The accompanying consolidated financial statements were approved by the Board of Directors in its meeting Number (1) on January 26th, 2017 and are subject to the approval of the General Assembly of Shareholders.

2. Basis of Consolidation

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

Company Name	Percentage of ownership 2016 %	Percentage of ownership 2015 %	Date of Acquisition	Principal Activity	Place of Incorporation	Paid-up Capital
Europe Arab Bank plc	100.00	100.00	2006	Banking	United Kingdom	€ 610m
Arab Bank Australia Limited	100.00	100.00	1994	Banking	Australia	AUD 69.3m
Islamic International Arab Bank plc	100.00	100.00	1997	Banking	Jordan	JD 100m
Arab National Leasing Company L.L.C.	100.00	100.00	1996	Financial Leasing	Jordan	JD 25m
Al-Arabi Investment Group L.L.C .	100.00	100.00	1996	Brokerage and Financial Services	Jordan	JD 14m
Arab Sudanese Bank Limited	100.00	100.00	2008	Banking	Sudan	SDG 117.5m
Al Arabi Investment Group - Palestine	100.00	100.00	2009	Brokerage and Financial Services	Palestine	JD 1.7m
Arab Tunisian Bank	64.24	64.24	1982	Banking	Tunisia	TND 100m
Arab Bank Syria	51.29	51.29	2005	Banking	Syria	SYP 5.05b
Al Nisr Al Arabi Insurance Company plc	50.00	50.00	2006	Insurance	Jordan	JD 10m

- Subsidiaries are companies under the effective control of Arab Bank plc. Control is achieved when the Group has the power to govern the strategic financial and operating policies of the subsidiary so as to obtain benefits from its activities. The investment in subsidiaries is stated at cost when preparing the financial statements for Arab Bank Plc

- The consolidated financial statements reflect the financial position and results of operations at the level of the consolidated economic ownership of Arab Bank plc and the sister company Arab Bank (Switzerland) Limited, which is considered an integral part of Arab Bank Group.

- The financial statements of subsidiaries are prepared using uniform accounting policies of those used by the Group. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group.

- The results of operations of subsidiaries are included in the consolidated statement of income effective from the acquisition date, which is the date of transfer of control over the subsidiary by the Group. The results of operations of subsidiaries disposed of during the year are included in the consolidated statement of income up to the effective date of disposal, which is the date of loss of control over the subsidiary.

- Upon consolidation, inter-Group transactions and balances between Arab Bank plc, the sister company, Arab Bank (Switzerland) Limited and other subsidiaries are eliminated. Items in transit are stated within other assets or other liabilities, as appropriate. Non-controlling interests (the interest not owned by the Group in the equity of subsidiaries) are stated separately within owners' equity in the consolidated statement of financial position.

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

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

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

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

- IFRS 14 Regulatory Deferral Accounts.

- Amendments to IAS 1 Presentation of Financial Statements relating to Disclosure initiative.

- Amendments to IFRS 11 Joint arrangements relating to accounting for acquisitions of interests in joint operations.

- Amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets relating to clarification of acceptable methods of depreciation and amortisation.

- Amendments to IAS 16 Property, Plant and Equipment and IAS 41 Agriculture: Bearer Plants.
- Amendments to IAS 27 Separate Financial Statements relating to accounting investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in separate financial statements.

- Amendments to IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investment in Associates and Joint Ventures relating to applying the consolidation exception for investment entities.

- Annual Improvements to IFRSs 2012 – 2014 Cycle covering amendments to IFRS 5, IFRS 7, IAS 19 and IAS 34.

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

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

New and revised IFRSs	Effective for annual periods beginning on or after
Annual Improvements to IFRS Standards 2014 – 2016 Cycle amending IFRS 1, IFRS 12 and IAS 28.	The amendments to IFRS 1 and IAS 28 are effective for annual periods beginning on or after January 1, 2018, the amendment to IFRS 12 for annual periods beginning on or after January 1, 2017.
Amendments to IAS 12 *Income Taxes* relating to the recognition of deferred tax assets for unrealized losses.	January 1, 2017
Amendments to IAS 7 *Statement of Cash Flows* to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.	January 1, 2017
IFRIC 22 *Foreign Currency Transactions and Advance Consideration* The interpretation addresses foreign currency transactions or parts of transactions where: • there is consideration that is denominated or priced in a foreign currency; • the entity recognises a prepayment asset or a deferred income liability in respect of that consideration, in advance of the recognition of the related asset, expense or income; and • the prepayment asset or deferred income liability is non-monetary.	January 1, 2018
Amendments to IFRS 2 *Share Based Payment* regarding classification and measurement of share based payment transactions	January 1, 2018
Amendments to IFRS 4 *Insurance Contracts*: Relating to the different effective dates of IFRS 9 and the forthcoming new insurance contracts standard.	January 1, 2018

Amendments to IAS 40 *Investment Property*: Amends paragraph 57 to state that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use. The paragraph has been amended to state that the list of examples therein is non-exhaustive.	January 1, 2018
Amendments to IFRS 7 *Financial Instruments: Disclosures* relating to disclosures about the initial application of IFRS 9	When IFRS 9 is first applied
IFRS 7 *Financial Instruments: Disclosures* relating to the additional hedge accounting disclosures (and consequential amendments) resulting from the introduction of the hedge accounting chapter in IFRS 9	When IFRS 9 is first applied
IFRS 16 *Leases* IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.	January 1, 2019
Amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures* (2011) relating to the treatment of the sale or contribution of assets from and investor to its associate or joint venture.	Effective date deferred indefinitely
IFRS 9 *Financial Instruments* (revised versions in 2009, 2010, 2013 and 2014) IFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments. A finalised version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 *Financial Instruments: Recognition and Measurement*. The standard contains requirements in the following areas:	January 1, 2018

- **Classification and measurement**: Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to the measurement of an entity's own credit risk.

- **Impairment**: The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognised

- **Hedge accounting**: Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures.

- **Derecognition**: The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39.

Amendments to IFRS 15 *Revenue from Contracts* with Customers to clarify three aspects of the standard (identifying performance obligations, principal versus agent considerations, and licensing) and to provide some transition relief for modified contracts and completed contracts.	January 1, 2018
IFRS 15 *Revenue from Contracts with Customers* In May 2014, IFRS 15 was issued which established a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 *Revenue*, IAS 11 *Construction Contracts* and the related interpretations when it becomes effective.	January 1, 2018

The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Under IFRS 15, an entity recognises when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

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

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

The application of IFRS 15 and IFRS 9 may have significant impact on amounts reported and disclosures made in the Bank's financial statements in respect of revenue from contracts with customers and the Bank's financial assets and financial liabilities and the application of IFRS 16 may have significant impact on amounts reported and disclosures made in the Bank's financial statements in respect of its leases.

4. Significant Accounting Policies

Basis of preparation of the consolidated financial statement

- The accompanying consolidated financial statements are prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board and the Interpretations issued by the International Financial Reporting Interpretations Committee, the prevailing rules in the countries where the Group operates and the instructions of the Central Bank of Jordan.

- The consolidated financial statements are prepared using the historical cost principle, except for some of the financial assets and financial liabilities which are stated at fair value as of the date of the consolidated financial statements.

- The accounting policies adopted for the current year are consistent with those applied in the year ended December 31, 2015 except for what is stated in note (3 - a) to the consolidated financial statements.

a. Revenue Recognition

Interest Income and Expenses

Interest income and expenses for all interest bearing financial instruments are recognized in the consolidated statement of income using the effective interest rate method except for interest and commissions on non performing credit facilities, which are recorded as interest and commission in a suspense account.

The effective interest rate method is a method of calculating the amortized cost of financial assets or financial liabilities and allocating the interest income and expenses over the relevant period. The effective interest rate method is the rate that discounts estimated future cash payments or receipts through the expected life of the financial assets or financial liability, or where appropriate a shorter period to the net carrying of the financial asset or the financial liability. The Group estimates the cash flow considering all contractual terms of the financial instruments but does not consider future credit losses.

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

Dividends income

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

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

Leasing Contracts Revenue
The Group's policy relating to leasing contracts is illustrated in note (4.C) below:

b. Direct Credit Facilities
The provision for the impairment of direct credit facilities is recognized when it is obvious that the amounts due to the Group cannot be recovered or when there is an objective evidence of the existence of an event negatively affecting the future cash flows of the direct credit facilities and the impairment amount can be estimated. The provision is recorded in the consolidated statement of income.

Interest and commission on non-performing credit facilities are suspended in accordance with the instructions of the Central Bank of Jordan and the applicable laws in the countries where the Bank' subsidiaries and branches operate.

Impaired credit facilities, for which specific provisions have been taken, are written off by charging the provision after all efforts have been made to recover the assets and after the proper approval of the management. Any surplus in the provision are recorded in the consolidated statement of income, while debts recoveries are recorded in income.

Non-performing direct credit facilities which are completely covered with provisions and suspended interest, are transferred to items off the consolidated statement of financial position. In accordance with the Bank's internal policies, after the proper approval of the management.

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

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

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

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

d. Foreign currencies
Transactions in foreign currencies during the year are recorded at the exchange rates prevailing at the date of the transaction.
Monetary assets and liabilities denominated in foreign currencies are translated at the date of the consolidated financial statements using the exchange rate prevailing at the date of the consolidated financial statement. Gains or losses resulting from foreign currency translation are recorded in the consolidated statement of income.

Non-monetary items recorded at historical cost are translated according to the exchange at fair value rate prevailing at the transaction date, using the exchange rate prevailing at the date of evaluation.

Differences resulting from the translation of non-monetary assets and liabilities at fair value denominated in foreign currency, such as equity shares, are recorded as part of the change in the fair value using the exchange rates prevailing at the date of evaluation.

Upon consolidation, the financial assets and financial liabilities of the branches, sister company and subsidiaries abroad are translated from the local currency to the reporting currency at the average rates prevailing at the date of the consolidated financial statements. Exchange differences arising from the revaluation of the net investment in the branches and subsidiaries abroad are recorded in a separate item in consolidated other comprehensive income items.

e. Fixed assets

Fixed assets are stated at historical cost, net of accumulated depreciation and any accumulated impairment in value. Such cost includes expenditures that are directly attributable to the acquisition of the asset. When parts of an item of fixed assets have different useful lives, they are accounted for as separate items of fixed assets.

Depreciation is charged so as to allocate the cost of assets using the straight-line method, using the useful lives of the respective assets

Land and assets under construction are not depreciated.

Assets under construction is carried at cost, less any accumulated impairment losses and is depreciated when the assets are ready for intended use using the same depreciation rate of the related category with fixed assets.

Fixed assets are derecognized when disposed of or when no future benefits are expected from their use or disposal.

The gain or loss arising on the disposal of an item (the difference between the net realizable value and the carrying amount of the asset) is recognized in the consolidated statement of income in the year that the assets were disposed.

f. Intangible Assets

1. Goodwill

Goodwill is recorded at cost, and represents the excess amount paid to acquire or purchase the investment in an associate or a subsidiary on the date of the transaction over the fair value of the net assets of the associate or subsidiary at the acquisition date. Goodwill resulting from the investment in a subsidiary is recorded as a separate item as part of intangible assets, while goodwill resulting from the investment in an associated company constitutes part of the investment in that company. The cost of goodwill is subsequently reduced by and decline in the value of the investment.

Goodwill is distributed over the cash generating units for the purpose of testing the impairment in its value.

The value of goodwill is tested for impairment on the date of the consolidated financial statements. Good will value is reduced when there is evidence that its value has declined or the recoverable value of the cash generating units is less than book value. The decline in the values is recoded in the consolidated statement of income as impairment loss.

2. Other Intangible Assets

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

Intangible assets are to be classified on the basis of either definite or indefinite useful life. Intangible assets with definite useful economic lives are amortized over their useful lives using the straight line method, and recorded as an expense in the consolidated statement of income. Intangible assets with indefinite lives are reviewed in statement income for impairment as of the consolidated financial statements date, and impairment loss is recorded in the consolidated statement of income.

Intangible assets resulting from the banks operations are not capitalized. They are rather recorded in the consolidated statement of income in the same period.

Any indications of impairment in the value of intangible assets as of the consolidated financial statements date are reviewed. Furthermore, the estimated useful lives of the impaired intangible assets are reassessed, and any adjustment is made in the subsequent period.

g. Repurchase and Resale Agreements

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

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

h. Capital

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

i. Investments in Associates

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

Investments in associated companies are accounted for according to the equity method.

Transactions and balances between the Group and the associates are eliminated to the extent of the Group's ownership in the associate.

j. Income Taxes

Income tax expenses represent current and deferred taxes for the year.

Income tax expense is measured on the basis of taxable income. Taxable income differs from income reported in the consolidated financial statements, as the latter includes non-taxable revenue, tax expenses not deductible in the current year but deductible in subsequent years, accumulated losses approved by tax authorities and items not accepted for tax purposes or subject to tax.

Taxes are calculated on the basis of the enacted tax rates according to the prevailing laws, regulations and instructions of countries where the Group operates.

Taxes expected to be incurred or recovered as a result of temporary timing differences between the value of the assets and liabilities in the consolidated financial statements and their respective tax bases. Deferred taxes are calculated on the basis of the liability method , and according to the rates expected to be enacted when it is anticipated that the liability will be settled or when tax assets are recognized.

Deferred tax assets are reviewed on the date of the consolidated financial statements, and reduced if it is expected that no benefit will arise from the deferred tax, partially or totally.

k. Financial Assets

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

Financial Assets Classification

Financial assets at amortized cost

Debt instruments, including direct credit facilities, treasury bills and bonds, are measured at amortized cost only if:

- The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flow that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are recorded at fair value upon purchase plus acquisition expenses (except debt instruments at fair value through profit and loss). Moreover, the issue premium \ discount is amortized using the effective interest rate method, and recorded to interest or in its account. Any allocations resulting from the decline in value of these investments leading to the inability to recover the investment or part thereof are recorded, and any impairment is registered in the consolidated statement of income.

In case the business model objective changed to contradict with amortized cost conditions, the Group should reclassify its financial instrument classified as amortized cost to be at fair value through profit or loss.

The Group might choose to classify debt instruments that meet the amortized cost criteria to designate such financial asset as FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Financial assets at fair value through profit or loss (FVTPL)
Debt instruments that do not meet the amortized cost criteria (as described above) are measured at FVTPL. In addition, debt instruments that meet the amortized cost criteria but are designated as at FVTPL by the Group are measured at FVTPL.

In case the business model objectives changes and contractual cash flows meets the amortized cost criteria, the Group should reclassify the debt instrument held at FVTPL to amortized cost. Reclassification of debt instruments that are designated as at FVTPL on initial recognition is not allowed.

Investments in equity instruments are classified as at FVTPL, unless the Group designates an investment that is not held for trading as at fair value through other comprehensive income (FVTOCI) on initial recognition.

Financial assets at FVTPL are measured at fair value, with any gains or losses arising on re-measurement recognized in the consolidated statement of income.

Dividend income on investments in equity instruments at FVTPL is recognized in the consolidated statement of income when the Group's right to receive the dividends is established (upon the general assembly resolution).

Financial assets at fair value through other comprehensive income (FVTOCI)
At initial recognition, the Group can make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee.

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in the investments revaluation reserve. Where the asset is disposed of, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not transferred to consolidated income statement, but is reclassified to retained earnings.

Dividends on these investments in equity instruments are recognized in the consolidated income statement when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

l. Fair value

The closing price of quoted financial assets and derivatives in active markets represents their fair value. When no quoted prices are available or when no active markets exist for the financial instrument, the fair value is estimated by one of the following methods:

- Comparing the financial instrument with the fair value of another financial instrument with similar terms and conditions;
- Discounting estimated future cash flows; or
- Using options pricing models.

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

The impairment in the financial assets measured at amortized cost is the difference between the book value and the present value of the future cash flows discounted at the original interest rate.

The carrying amount of the financial asset at amortized cost is reduced by the impairment loss through the impairment provision expense. Changes in the carrying amount of the impairment provision are recognized in the consolidated statement of income.

m. Financial derivatives

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

1. Financial derivatives held for hedge purposes

Fair value hedge: Represents hedging for changes in the fair value of the Group's assets and liabilities. When the conditions for an effective fair value hedge are met, gains or losses from changes in the fair value of financial derivatives are recognized in the consolidated statement of income. Changes in the fair value of the hedged assets or liabilities are also recognized in the consolidated statement of income.

Cash flow hedge: Represents hedging for changes in the current and expected cash flows of the Group's assets and liabilities that affects the consolidated statement of income. When the conditions for an effective cash flow hedge are met, gains or losses from changes in the fair value of financial derivatives are recognized in other comprehensive income and are reclassified to the statement of income in the period in which the hedge transaction has an impact on the consolidated statement of income.

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

The ineffective portion is recognized in the consolidated statement of income.

Hedge for net investment in foreign entities when the conditions of the hedge for net investment in foreign entities are met, fair value is measured for the hedging instrument of the hedged net assets. In case of an effective relationship, the effective portion of the loss or profit related to the hedging instrument is recognized in the consolidated statement of comprehensive income and recorded in the consolidated statement of income when the investment in foreign entities is sold. The ineffective portion is recognized in the consolidated statement of income.

When the conditions of the effective hedge do not apply, gain or loss resulting from the change in the fair value of the hedging instrument is recorded in the consolidated statement of income.

2. Financial derivatives for trading

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

n. Foreclosed assets

Such assets are those that have been the subject of foreclosure by the Group, and are initially recognized among "other assets" at the foreclosure value or fair value whichever is least.

At the date of the consolidated financial statements, foreclosed assets are revalued individually (fair value less selling cost); any decline in fair value is recognized in the consolidated statement of income. Any subsequent increase in value is recognized only to the extent that it does not exceed the previously recognized impairment losses.

o. Provisions

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

Provision for employees' end-of-service indemnities is estimated in accordance with the prevailing rules and regulations in the countries in which the Group operates. The expense for the year is recognized in the consolidated statement of income. Indemnities paid to employees are reduced from the provision.

p. Segments Information: Segment business represents a group of assets and operations shared to produce products or risk attributable services different from which related to other segments.

Geographic sector linked to present the products or the services in a specific economic environment attributable for risk and other income different from which related to other sectors work in other economic environment.

q. Assets under Managements

These represent the accounts managed by the Bank on behalf of its customers, but do not represent part of the Bank's assets. The fees and commissions on managing these accounts are taken to the consolidated statement of income. Moreover, a provision is taken for the decline in the value of capital-guaranteed portfolios managed on behalf of its customers.

r. Offsetting

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

s. Cash and cash equivalents

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

5. Accounting Estimates

Preparation of the consolidated financial statements and the application of the accounting policies require the Group's management to perform assessments and assumptions that affect the amounts of financial assets, financial liabilities, fair value reserve and to disclose contingent liabilities. Moreover, these assessments and assumptions affect revenues, expenses, provisions, and changes in the fair value shown in the consolidated statement of other comprehensive income and owners' equity. In particular, this requires the Group's management to issue significant judgments and assumptions to assess future cash flow amounts and their timing. Moreover, the said assessments are necessarily based on assumptions and factors with varying degrees of consideration and uncertainty. In addition, actual results may differ from assessments due to the changes resulting from the conditions and circumstances of those assessments in the future.

Management believes that the assessments adopted in the consolidated financial statements are reasonable. The details are as follows:

- A provision for non-performing loans is taken on the bases and estimates approved by management in conformity with International Financial Reporting Standards (IFRSs). The outcome of these bases and estimates is compared against the provisions that should be taken under the instructions of the regulatory authorities, through which the Bank branches and subsidiary companies operate. Moreover, the strictest outcome that conforms with the (IFRSs) is used.

- Impairment loss for foreclosed assets is booked after a sufficient and recent evaluation of the acquired properties has been conducted by approved surveyors. The impairment loss is reviewed periodically.

- The fiscal year is charged with its portion of income tax expenditures in accordance with the regulations, laws, and accounting standards. Moreover, deferred tax assets and liabilities and the income tax provision are recorded.

- Management periodically reassesses the economic useful lives of tangible and intangible assets for the purpose of calculating annual depreciation and amortization based on the general condition of these assets and the assessment of their useful economic lives expected in the future. Impairment loss is taken to the consolidated statement of income.

- A provision is set for lawsuits raised against the Group. This provision is based to an adequate legal study prepared by the Group's legal advisor. Moreover, the study highlights potential risks that the Group may encounter in the future. Such legal assessments are reviewed periodically.

- Management frequently reviews financial assets stated at fair value or at cost to estimate any impairment in their value. The impairment amount is taken to the consolidated statement of income for the year.

- Fair value hierarchy
  The level in the fair value hierarchy is determined and disclosed into which the fair value measurements are categorized in their entirety, segregating fair value measurements in accordance with the levels defined in IFRS. The difference between Level 2 and Level 3 fair value measurements represents whether inputs are observable and whether the unobservable inputs are significant, which may require judgment and a careful analysis of the inputs used to measure fair value, including consideration of factors specific to the asset or liability.

6. Cash and Balances with Central Banks

The details of this item are as follows:

	December 31, 2016 USD '000	December 31, 2015 USD '000
Cash in vaults	416 874	455 445
Balances with central banks:		
- Current accounts	2 120 805	2 173 468
- Time and notice	3 256 190	4 392 724
- Mandatory cash reserve	1 362 777	1 835 107
- Certificates of deposit	652 697	615 637
Total	**7 809 343**	**9 472 381**

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

7. Balances with Banks and Financial Institutions

The details of this item are as follows:

Local banks and financial institutions

	December 31, 2016 USD '000	December 31, 2015 USD '000
Current accounts	2 522	-
Time deposits maturing within 3 months	261 403	57 810
Total	**263 925**	**57 810**

Abroad banks and financial institutions

	December 31, 2016 USD '000	December 31, 2015 USD '000
Current accounts	2 714 289	1 452 094
Time deposits maturing within 3 months	1 643 967	1 482 499
Total	**4 358 256**	**2 934 593**
Total balances with banks and financial institutions Local and Abroad	**4 622 181**	**2 992 403**

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

8. Deposits with Banks and Financial Institutions

The details of this item are as follows:

Local banks and financial institutions

	December 31, 2016 USD '000	December 31, 2015 USD '000
Time deposits maturing after 3 months and before 6 months	20 736	-
Time deposits maturing after one year	21 150	-
	41 886	**-**

Abroad banks and financial institutions

	December 31, 2016 USD '000	December 31, 2015 USD '000
Time deposits maturing after 3 months and before 6 months	97 772	88 176
Time deposits maturing after 6 months and before 9 months	2 291	4 594
Time deposits maturing after 9 months and before a year	23 281	6 248
Time deposits maturing after one year	10 888	-
Total	**134 232**	**99 018**
Total deposits with Banks and Financial Institutions Local and Abroad	**176 118**	**99 018**

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

9. Financial Assets at Fair Value through Profit or Loss

The details of this item are as follows:

	December 31,	
	2016	2015
	USD '000	USD '000
Treasury bills and Government bonds	352 284	423 445
Corporate bonds	274 404	331 131
Loans and advances	29 624	29 624
Corporate shares	15 781	19 918
Mutual funds	26 423	27 862
Total	**698 516**	**831 980**

10. Financial Assets at Fair Value through Other Comprehensive Income

The details of this item are as follows:

	December 31,	
	2016	2015
	USD '000	USD '000
Quoted shares	258 920	256 776
Un-quoted shares	211 992	222 262
Total	**470 912**	**479 038**

* Cash dividends from investments above amounted to USD 7.8 million for the year ended December 31, 2016 (USD 5.4 million as of December 31, 2015).

* Realized losses transferred from investment revaluation reserve to retained earnings amounted to USD (680) thousand and the minority interest share from these realized losses was USD (358) Thousand as of December 31, 2016 (Realized gains transferred from investment revaluation reserve to retained earnings amounted to USD 31 thousand and there is no share for the minority interest from these realized gains as of December 31, 2015).

11. Direct Credit Facilities at Amortized Cost

The details of this item are as follows:

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

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

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

	December 31, 2015					
	Consumer Banking	Corporates		Banks and Financial Institutions	Government and Public Sector	Total
		Small and Medium	Large			
	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
Discounted bills *	86 882	147 558	555 538	141 361	351	931 690
Overdrafts *	95 959	1 033 049	3 088 698	3 104	386 229	4 607 039
Loans and advances *	2 714 627	1 468 078	10 915 453	52 769	820 139	15 971 066
Real-estate loans	1 899 032	137 311	144 100	-	-	2 180 443
Credit cards	122 280	-	-	-	-	122 280
Total	**4 918 780**	**2 785 996**	**14 703 789**	**197 234**	**1 206 719**	**23 812 518**
Less: Interest and commission in suspense	69 626	91 491	253 632	4 499	-	419 248
Provision for impairment - direct credit facilities at amortized cost	171 143	134 135	902 901	1 353	2 751	1 212 283
Total	**240 769**	**225 626**	**1 156 533**	**5 852**	**2 751**	**1 631 531**
Net Direct Credit Facilities at Amortized Cost	**4 678 011**	**2 560 370**	**13 547 256**	**191 382**	**1 203 968**	**22 180 987**

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

- Rescheduled loans during the year ended December 31, 2015 amounted to USD 339.6 million.
- Restructured loans (transferred from non performing to watch list loans) during the year ended December 31, 2015 amounted to USD 39.7 million.
- Direct credit facilities granted to and guaranteed by the government of Jordan as of December 31, 2015 amounted to USD 81.9 million, or 0.3% of total direct credit facilities.
- Non-performing direct credit facilities as of December 31, 2015 amounted to USD 1523.8 million, or 6.4% of total direct credit facilities.
- Non-performing direct credit facilities net of interest and commission in suspense as of December 31, 2015 amounted to USD 1116.5 million, or 4.8% of direct credit facilities, after deducting interest and commission in suspense.

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

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

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

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

- Impairment is assessed based on individual customer accounts.

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

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

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

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

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

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

12. Other financial assets at amortized cost

The details of this item are as follows:

	December 31, 2016	December 31, 2015
	USD '000	USD '000
Treasury bills	2 089 708	2 731 740
Government bonds and bonds guaranteed by the government	3 932 816	4 492 258
Corporate bonds	1 645 573	1 808 678
Less: Provision for impairment	(27 142)	(28 967)
Total	**7 640 955**	**9 003 709**

Analysis of bonds based on interest nature:

	December 31, 2016	December 31, 2015
	USD '000	USD '000
Floating interest rate	777 918	602 196
Fixed interest rate	6 863 037	8 401 513
Total	**7 640 955**	**9 003 709**

Analysis of financial assets based on market quotation:

Financial assets quoted in the market:	December 31, 2016	December 31, 2015
	USD '000	USD '000
Treasury bills	250 536	753 022
Government bonds and bonds guaranteed by the government	1 019 559	1 318 234
Corporate bonds	1 410 604	1 660 382
Total	**2 680 699**	**3 731 638**

Financial assets unquoted in the market:	December 31, 2016	December 31, 2015
	USD '000	USD '000
Treasury bills	1 839 172	1 978 718
Government bonds and bonds guaranteed by the government	2 913 257	3 174 024
Corporate bonds	207 827	119 329
Total	**4 960 256**	**5 272 071**
Grand Total	**7 640 955**	**9 003 709**

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

	December 31, 2016	December 31, 2015
	USD '000	USD '000
Balance at the beginning of the year	28 967	29 520
Impairment losses charged to income	-	-
Used from provision	-	-
Translation adjustments	(1 825)	(553)
Balance at the end of the year	**27 142**	**28 967**

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

13. Investment in Associates

The details of this item are as follows:

	December 31, 2016		December 31, 2015						
	Ownership and Voting Right	Investment Value	Ownership and Voting Right	Investment Value	Place of Incorporation	Fair Value	Published Financial Statements Date	Principal Activity	Date of Acquisition
	%	USD '000	%	USD '000					
Turkland Bank A.Ş	50.00	155 968	50.00	182 173	Turkey	Unquoted	2016	Banking	2006
Oman Arab Bank S.A.O.	49.00	317 304	49.00	287 562	Oman	Unquoted	2016	Banking	1984
Arab National Bank	40.00	2 539 988	40.00	2 388 135	Saudi Arabia	2 356 266	2016	Banking	1979
Arabia Insurance Company	40.34	31 864	38.23	35 952	Lebanon	Unquoted	2015	Insurance	1972
Commercial buildings	35.39	8 684	35.39	8 520	Lebanon	Unquoted	2015	Real Estate Operating Lease	1966
Ubhar Capital SAOC (An Associate Company of Arab Bank Switzerland)	34.00	10 636	-	-	Oman	Unquoted	-	Investment and Financial Services	2016
Other Associates (Mostly owned by Arab Tunisian Bank)*	Various	12 564	Various	13 948	Various			Various	
Total		**3 077 008**		**2 916 290**					

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

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

	2016	2015
	USD '000	USD '000
Balance at the beginning of the year	2 916 290	2 829 624
Purchase of investments in associates	27 810	752
Group's share of profits for the year	334 964	356 981
Dividends received	(175 607)	(178 489)
Translation Adjustment	(32 216)	(61 574)
Group's share of other changes in equity	5 767	(31 004)
Balance at the end of the year	**3 077 008**	**2 916 290**
Group's share of taxes	**73 349**	**72 749**

* The closing price of the Arab National Bank's share as of December 31, 2016 was Saudi Riyal 22 09 as quoted on Saudi Arabia Stock Exchange (Saudi Riyal 23 55 as of December 31, 2015). However, due to matters relating to the ownership concentrations of the Arab National Bank, the closing price of the share may not necessarily represent its fair value.

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

	December 31,	
	2016	2015
	USD '000	USD '000
Turkland Bank A.Ş	2 560	2 599
Oman Arab Bank S.A.O.	26 393	36 852
Arab National Bank	304 416	316 204
Arabia Insurance Company	159	(52)
Other	1 436	1 378
Total	**334 964**	**356 981**

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

	December 31,	
	2016	2015
	USD '000	USD '000
Total Assets	21 749 211	21 853 639
Total Liabilities	18 717 013	18 905 654
Total Revenue	773 225	779 067

14. Fixed Assets

The details of this item are as follows:

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

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

15. Other Assets

The details of this item are as follows:

	December 31,	
	2016	2015
	USD '000	USD '000
Accrued interest receivable	184 568	187 227
Prepaid expenses	93 572	122 408
Foreclosed assets *	50 041	58 518
Items in transit	1 746	24 611
Intangible assets **	20 442	16 055
Other miscellaneous assets	121 834	91 660
Total	**472 203**	**500 479**

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

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

	2016			
	Land	Buildings	Other	Total
	USD '000	USD '000	USD '000	USD '000
Balance at the beginning of the year	14 230	36 601	7 687	58 518
Additions	1 695	3 655	-	5 350
Disposals	(1 387)	(2 211)	(7 191)	(10 789)
Provision for impairment	(473)	(2 287)	-	(2 765)
Impairment losses charged to income	-	-	(141)	(141)
Impairment loss - returned to profit	3	90	-	93
Translation adjustments	(23)	(202)	-	(225)
Balance at the end of the year	**14 040**	**35 646**	**355**	**50 041**

	2015			
	Land	Buildings	Other	Total
	USD '000	USD '000	USD '000	USD '000
Balance at the beginning of the year	38 699	33 808	7 880	80 387
Additions	2 715	5 421	-	8 136
Disposals	(26 631)	(932)	(24)	(27 587)
Provision for impairment	(279)	(1 548)	-	(1 827)
Impairment losses charged to income	(274)	(147)	(169)	(590)
Impairment loss - returned to profit	-	141	-	141
Translation adjustments	-	(142)	-	(142)
Balance at the End of the Year	**14 230**	**36 601**	**7 687**	**58 518**

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

	December 31,	
	2016	2015
	USD '000	USD '000
Balance at the beginning of the year	16 055	14 478
Additions	13 642	9 635
Disposals	(769)	(52)
Amortization charge for the year	(7 112)	(7 321)
Adjustment during the yeat and translation adjustments	(1 374)	(685)
Balance at the End of the Year	**20 442**	**16 055**

16. Deferred Tax Assets

The details of this item are as follows :

Items attributable to deferred tax assets are as follows:

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

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

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

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

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

17. Banks and Financial Institutions Deposits

The details of this item are as follows:

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

18. Customer Deposits

The details of this item are as follows:

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

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

	December 31, 2015				
	Consumer Banking	Corporates		Government and Public Sector	Total
		Small and Medium	Large		
	USD '000	USD '000	USD '000	USD '000	USD '000
Current and demand	7 229 262	2 334 822	2 363 187	429 173	12 356 444
Savings	2 859 535	159 172	46 224	131	3 065 062
Time and notice	8 097 330	1 097 434	5 018 935	2 587 298	16 800 997
Certificates of deposit	408 399	15 139	61 454	91 733	576 725
Total	**18 594 526**	**3 606 567**	**7 489 800**	**3 108 335**	**32 799 228**

19. Cash Margin

The details of this item are as follows:

	December 31,	
	2016	2015
	USD '000	USD '000
Against direct credit facilities at amortized cost	1 907 001	1 877 034
Against indirect credit facilities	648 657	553 475
Against margin trading	1 886	9 327
Other cash margins	3 882	3 254
Total	**2 561 426**	**2 443 090**

20. Borrowed Funds

The details of this item are as follows:

	December 31,	
	2016	2015
	USD '000	USD '000
From Central Banks *	30 434	11 285
From banks and financial institutions **	240 751	64 460
Total	**271 185**	**75 745**

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

	December 31,	
	2016	2015
	USD '000	USD '000
Floating interest rate	83 437	70 099
Fixed interest rate	187 748	5 646
Total	**271 185**	**75 745**

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

* During 2014, Arab Bank (Jordan branches) signed a loan agreement with the Central Bank of Jordan amounting to USD 3.9 million, for the duration of 10 years of which 3 years are grace period and with a fixed interest rate of 2.5%. The agreement aims to support SMEs and Extra Small Companies. The loan is repaid semi-annually, with installments in March and September of each year. The Balance of the loan as of December 31, 2016 amounted to USD 3.9 million (USD 2 Million as of December 31,2015).

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

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

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

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

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

	December 31,	
	2016	2015
	USD '000	USD '000
Loans maturing within one year	8 124	10 009
Loans maturing after 1 year and less than 3 years	16 655	17 078
Loans maturing after 3 years	38 340	37 373
Total	**63 119**	**64 460**

21. Provision for Income Tax

The details of this item are as follows:

	December 31, 2016	December 31, 2015
	USD '000	USD '000
Balance at the beginning of the year	235 918	235 248
Income tax expense	275 951	279 841
Income tax paid	(269 492)	(279 171)
Balance at the end of the year	**242 377**	**235 918**

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

	December 31, 2016	December 31, 2015
	USD '000	USD '000
Income tax expense for the year	275 951	279 841
Deferred tax assets for the year	(29 407)	(16 012)
Amortization of deferred tax assets	13 823	11 584
Deferred tax liabilities for the year	123	2 285
Amortization of deferred tax liabilities	(2 341)	(493)
Total	**258 149**	**277 205**

The banking sector income tax rate in Jordan is 35%, while the income tax rate in the countries where the Group has branches and subsidiaries is ranging between zero to 37% as of December 31,2016 and 2015.

- The companies and branches of Arab bank Group have reached a recent tax settlements ranging between 2015 as for Arab Bank United Arab Emirates and Arab Sudanese Bank Limited and 2010 as for Arab Bank Egypt.

22. Other Provisions

The details of this item are as follows:

2016	Balance at the Beginning of the Year	Additions during the Year	Utilized or Transferred during the Year	Returned to Income	Adjustments during the Year and Translation Adjustments	Balance at the End of the Year
	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
End-of-service indemnity	114 987	16 526	(15 082)	(747)	(2 266)	113 418
Legal cases	7 882	11 331	(122)	(653)	(75)	18 363
Other	22 366	104 939	(571)	(18)	1 298	128 014
Total	**145 235**	**132 796**	**(15 775)**	**(1 418)**	**(1 043)**	**259 795**

2015	Balance at the Beginning of the Year	Addition during the Year	Utilized or Transferred during the Year	Returned to Income	Adjustments during the Year and Translation Adjustments	Balance at the End of the Year
	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
End-of-service indemnity	114 354	12 485	(12 294)	(276)	718	114 987
Legal cases	5 767	3 507	(924)	(584)	116	7 882
Other	24 082	1 544	(1 757)	(466)	(1 037)	22 366
Total	**144 203**	**17 536**	**(14 975)**	**(1 326)**	**(203)**	**145 235**

23. Other Liabilities

The details of this item are as follows:

	December 31, 2016	December 31, 2015
	USD '000	USD '000
Accrued interest payable	122 806	133 561
Notes payable	185 334	171 873
Interest and commission received in advance	68 860	101 387
Accrued expenses	59 864	78 277
Other miscellaneous liabilities *	635 264	1 142 156
Total	**1 072 128**	**1 627 254**

* This items represents mainly legal contingencies (Note 57).

24. Deferred Tax Liabilities

Items attributable to deferred tax liabilities are as follows:

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

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

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

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

25. Share Capital and Premium

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

b. Share premium amounted to USD 1225.7 million as of December 31, 2016 and 2015.

26. Statutory Reserve

Statutory reserve amounted to USD 798.4 million as of December 31, 2016 (USD 753.1 million as of December 31, 2015) according to the regulations of the Central Bank of Jordan and Companies Law and it can not be distributed to the shareholders of the banks.

27. Voluntary Reserve

The voluntary reserve amounted to USD 977.3 million as of December 31, 2016 and 2015. This reserve is used for purposes determined by the Board of Directors, and the General Assembly has the right to distribute it in whole or part thereof to shareholders as dividends.

28. General Reserve

The general reserve amounted to USD 1141.8 million as of December 31, 2016 and 2015. This reserve is used for purposes determined by the Board of Directors, and the General Assembly has the right to distribute it in whole or part thereof to shareholders as dividends.

29. General Banking Risks Reserve

The general banking risk reserve amounted to USD 363.5 million as of December 31, 2016 and 2015. It is available for use in accordance with certain procedures, including the approval of the Central Bank of Jordan, only when the amount of that reserve exceeds the minimum amount set or required according to the instructions of the relevant banking authorities.

30. Foreign currency translation reserve

The details of this item are as follows:

	December 31,	
	2016	2015
	USD '000	USD '000
Balance at the beginning of the year	(284 609)	(122 751)
Addition (disposal) during the year transferred to other comprehensive income	(118 073)	(161 858)
Balance at the end of the year	**(402 682)**	**(284 609)**

31. Investment Revaluation Reserve

The details of this item are as follows:

	December 31,	
	2016	2015
	USD '000	USD '000
Balance at the beginning of the year	(260 621)	(219 278)
Change in fair value during the year	(7 731)	(41 312)
Net realized loss transferred to retained earnings	680	(31)
Balance at the End of the Year	**(267 672)**	**(260 621)**

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

32. Retained Earnings and Non-controlling interests

The movement of retained earnings are as follows:

	December 31,	
	2016	2015
	USD '000	USD '000
Balance at the beginning of the year	1 502 867	1 315 525
Profit for the year Attributable to Shareholders of the Bank	522 187	430 830
Investments revaluation reserve transferred to retained earnings	(680)	31
Dividends paid *	(231 277)	(101 772)
Transferred to statutory reserve	(45 378)	(40 343)
Adjustments during the year	(9 494)	(1 012)
Increase in Capital (Stock Dividends)	-	(100 392)
Balance at the end of the year **	**1 738 225**	**1 502 867**

* Arab Bank plc Board of Directors recommended a 30% of par value as cash dividend, equivalent to USD 271.1 million, for the year 2016, This proposal is subject to the approval of the General Assembly of shareholders. (The General Assembly of the Arab Bank plc in it's extraordinary meeting held on March 31,2016 approved the recommendation of the banks Board of Directors to distribute 25% of par value as cash dividend, equivalent to USD 225.9 million, for the year 2015).

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

** Retained earnings include an unrealized loss in the amount of USD (109.1) million due to the effect of the adoption of IFRS 9 as of December 31, 2016.

** The Use of an amount of USD (267.7) million as of December 31,2016 which represent the negative investments revaluation reserve balance is restricted according to Jordan Securities Commission instructions.

The details of non-controlling interests are as follows:

	2016			2015		
	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
	Non-controlling interests %	Share of non-controlling interests of net assets	Share of non-controlling interests of net profits	Non-controlling interests %	Share of non-controlling interests of net assets	Share of non-controlling interests of net profits
Arab Tunisian Bank	35.76	89 044	10 434	35.76	96 494	12 543
Arab Bank Syria	48.71	18 983	(1 678)	48.71	17 992	(2 885)
Al Nisr Al Arabi Insurance Company plc	50.00	14 340	1 723	50.00	14 538	1 635
Total		122 367	10 479		129 024	11 293

33. Interest Income

The details of this item are as follows:

	2016	2015
	USD '000	USD '000
Direct credit facilities at amortized cost *	1 298 529	1 185 767
Central banks	62 923	72 405
Banks and financial institutions	17 039	3 545
Financial assets at fair value through profit or loss	12 908	32 062
Other financial assets at amortized cost	474 436	522 116
Total	**1 865 835**	**1 815 895**

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

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

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

34. Interest Expense

The details of this item are as follows:

	2016	2015
	USD '000	USD '000
Customer deposits *	636 423	621 703
Banks' and financial institutions' deposits	48 254	39 664
Cash margins	35 356	35 550
Borrowed funds	6 089	3 096
Deposit insurance fees	25 195	24 744
Total	**751 317**	**724 757**

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

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

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

35. Net Commission Income

The details of this item are as follows:

	2016	2015
	USD '000	USD '000
Commission income:		
- Direct credit facilities at amortized cost	94 443	97 153
- Indirect credit facilities	139 402	148 177
- Assets under management	13 337	12 792
- Other	100 005	89 748
Less: commission expense	(31 284)	(28 267)
Net Commission Income	**315 903**	**319 603**

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

The details of this item are as follows:

	2016			
	Realized Gains	Unrealized Gains (Losses)	Dividends	Total
	USD '000	USD '000	USD '000	USD '000
Treasury bills and bonds	2 101	3 556	-	5 657
Companies shares	-	(2 030)	1 375	(655)
Mutual funds	-	145	-	145
Total	**2 101**	**1 671**	**1 375**	**5 147**

	2015			
	Realized Gains	Unrealized Gains (Losses)	Dividends	Total
	USD '000	USD '000	USD '000	USD '000
Treasury bills and bonds	4 155	8 318	-	12 473
Companies shares	-	(645)	1 427	782
Mutual funds	-	1 060	-	1 060
Total	**4 155**	**8 733**	**1 427**	**14 315**

37. Other Revenue

The details of this item are as follows:

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

38. Employees' Expenses

The details of this item are as follows:

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

39. Other Expenses

The details of this item are as follows:

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

* (Disclosure 57).

40. Financial Derivatives

The details of this item are as follows:

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

The details of financial derivatives are as follows:

	December 31, 2016						
				Notional Amounts by Maturity			
	Positive Fair Value	Negative Fair Value	Total Notional Amount	Within 3 Months	From 3 months to 1 Years	From 1 Year to 3 Years	More than 3 Years
	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
Forward contracts	3 467	3 332	292 837	289 054	3 783	-	-
Interest rate swaps	5 945	8 386	434 120	76 185	15 475	173 735	168 725
Foreign currency forward contracts	38 162	28 663	5 986 883	3 530 292	2 376 549	80 042	-
Derivatives held for trading	**47 574**	**40 381**	**6 713 840**	**3 895 531**	**2 395 807**	**253 777**	**168 725**
Forward contracts	-	-	-	-	-	-	-
Interest rate swaps	10 437	11 362	1 380 367	172 713	323 577	348 501	535 576
Foreign currency forward contracts	-	-	226 187	221 512	4 675	-	-
Derivatives held for fair value hedge	**10 437**	**11 362**	**1 606 554**	**394 225**	**328 252**	**348 501**	**535 576**
Forward contracts	-	-	-	-	-	-	-
Interest rate swaps	-	774	110 847	49 986	49 987	7 203	3 671
Foreign currency forward contracts	-	-	-	-	-	-	-
Derivatives held for cash flow hedge	-	**774**	**110 847**	**49 986**	**49 987**	**7 203**	**3 671**
Total	**58 011**	**52 517**	**8 431 241**	**4 339 742**	**2 774 046**	**609 481**	**707 972**

The details of financial derivatives are as follows:

	December 31, 2015						
	Positive Fair Value	Negative Fair Value	Total Notional Amount	Notional Amounts by Maturity			
				Within 3 Months	From 3 months to 1 Years	From 1 Year to 3 Years	More than 3 Years
	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
Forward contracts	1 830	1 789	267 101	221 979	39 580	5 542	-
Interest rate swaps	26 128	29 666	1 066 249	59 957	376 144	470 355	159 793
Foreign currency forward contracts	23 547	8 022	4 492 255	3 956 994	535 261	-	-
Derivatives held for trading	**51 505**	**39 477**	**5 825 605**	**4 238 930**	**950 985**	**475 897**	**159 793**
Forward contracts	-	-	-	-	-	-	-
Interest rate swaps	6 730	11 685	1 428 505	60 886	494 799	614 708	258 112
Foreign currency forward contracts	-	-	109 687	103 335	6 352	-	-
Derivatives held for fair value hedge	**6 730**	**11 685**	**1 538 192**	**164 221**	**501 151**	**614 708**	**258 112**
Forward contracts	-	-	-	-	-	-	-
Interest rate swaps	-	2 543	39 569	-	10 953	7 302	21 314
Foreign currency forward contracts	-	-	518 866	505 513	13 353	-	-
Derivatives held for cash flow hedge	**-**	**2 543**	**558 435**	**505 513**	**24 306**	**7 302**	**21 314**
Total	**58 235**	**53 705**	**7 922 232**	**4 908 664**	**1 476 442**	**1 097 907**	**439 219**

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

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

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

	Inside Jordan		Outside Jordan		Total	
	2016	2015	2016	2015	2016	2015
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Revenues	465 189	474 129	1 461 223	1 434 231	**1 926 412**	**1 908 360**
Assets	13 301 716	12 977 319	34 158 675	36 067 274	**47 460 391**	**49 044 593**
Capital Expenditures	23 420	22 428	74 092	49 027	**97 512**	**71 455**

42. Business Segments

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

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

1. Corporate and Institutional Banking

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

2. Treasury Group

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

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

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

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

3. Consumer Banking

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

Information about the Group's Business Segments

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

Information about the Group's Business Segments

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

43. Banking Risk Management

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

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

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

a. Credit Risk Management

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

b. Geographic Concentration Risk

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

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

c. Liquidity Risk

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

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

d. Market Risk

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

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

1. Interest Rate Risk:

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

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

2. Capital Market Exposures:

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

3. Foreign Exchange Risk

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

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

e. Operational Risk

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

44. Credit Risk

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

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

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

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

	December 31, 2016					
	Consumer Banking	Corporates - Small and Medium	Corporates - Large	Banks and Financial Institutions	Government and Public Sector	Total
	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
Low risk	953 663	1 169 246	2 119 175	5 117 438	14 648 364	**24 007 886**
Acceptable risk	3 992 578	1 519 325	11 199 305	1 407 180	445 221	**18 563 609**
Due:	53 129	23 989	152 900	1 127	2 112	**233 257**
- Up to 30 days	43 405	9 530	60 155	1 127	1 056	**115 273**
- 31 - 60 days	9 724	14 459	92 745	-	1 056	**117 984**
Watch list	**28 150**	**45 033**	**276 249**	-	**1 784**	**351 216**
Non-performing:	**236 276**	**250 644**	**1 078 882**	**31 049**	**743**	**1 597 594**
- Substandard	25 486	6 354	1 477	-	-	**33 317**
- Doubtful	16 888	17 443	509 395	30 650	-	**574 376**
- Problematic	193 902	226 847	568 010	399	743	**989 901**
Total	**5 210 667**	**2 984 248**	**14 673 611**	**6 555 667**	**15 096 112**	**44 520 305**
Less: interest and commission in suspense	80 012	93 649	283 236	5 460	-	**462 357**
Less: provision for impairment	157 567	129 123	1 046 412	398	2 141	**1 335 641**
Net	**4 973 088**	**2 761 476**	**13 343 963**	**6 549 809**	**15 093 971**	**42 722 307**

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

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

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

	December 31, 2016					
	Consumer Banking	Corporates		Banks and Financial Institutions	Government and Public Sector	Total
		Small and Medium	Large			
	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
Collaterals against:						
Performing Facilities / Low risk	568 178	524 090	1 374 631	-	267 306	2 734 205
Performing Facilities / Acceptable risk	1 367 892	790 595	4 827 045	3 816	972	6 990 320
Watch list	13 462	14 041	148 406	-	-	175 909
Non-performing :	**43 293**	**57 066**	**73 980**	-	-	174 339
- Substandard	12 144	2 293	255	-	-	14 692
- Doubtful	5 206	6 217	12 886	-	-	24 309
- Problematic	25 943	48 556	60 839	-	-	135 338
Total	**1 992 825**	**1 385 792**	**6 424 062**	**3 816**	**268 278**	**10 074 773**
Of which:						
Cash margin	367 775	292 609	1 050 837	-	1 131	1 712 352
Accepted Banks letters of guarantees	11 167	57 431	292 973	1 280	-	362 851
Real estate properties	295 468	478 066	2 234 843	-	95 870	3 104 247
Listed securities	695	147 219	503 299	-	-	651 213
Vehicles and equipment	99 235	25 401	401 523	-	-	526 159
Other	1 218 485	385 066	1 940 587	2 536	171 277	3 717 951
Total	**1 992 825**	**1 385 792**	**6 424 062**	**3 816**	**268 278**	**10 074 773**

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

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

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

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

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

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

E. Credit exposure categorized by geographical distribution:

	December 31, 2016						
	Jordan	Other Arab Countries	Asia *	Europe	America	Rest of the World	Total
	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
Balances with central banks	3 663 218	1 816 827	13 190	1 897 255	-	1 979	**7 392 469**
Balances and deposits with banks and financial institutions	305 811	1 296 633	476 682	1 756 991	894 012	68 170	**4 798 299**
Financial assets at fair value through profit or loss	-	364 295	44 590	247 427	-	-	**656 312**
Direct credit facilities at amortized cost	6 002 555	14 043 157	241 591	971 383	53 137	586 298	**21 898 121**
Consumer Banking	2 434 179	2 153 912	1 273	97 651	3 856	264 130	**4 955 001**
Small and Medium Corporates	708 487	1 392 177	51 260	287 307	24 834	128 043	**2 592 108**
Large Corporates	2 731 601	9 351 793	189 058	547 445	24 447	194 125	**13 038 469**
Banks and Financial Institutions	16 871	90 529	-	-	-	-	**107 400**
Government and public Sector	111 417	1 054 746	-	38 980	-	-	**1 205 143**
Other financial assets at amortized cost	3 062 459	3 526 362	166 816	549 273	112 578	223 467	**7 640 955**
Other assets and financial derivatives - positive fair value	56 249	185 618	2 256	88 931	527	2 570	**336 151**
Total	**13 090 292**	**21 232 892**	**945 125**	**5 511 260**	**1 060 254**	**882 484**	**42 722 307**
Total - as of December 31,2015	**12 966 718**	**23 763 011**	**900 610**	**4 780 693**	**919 825**	**1 114 266**	**44 445 123**

* Excluding Arab Countries

F. Credit exposure categorized by economic sector

	December 31, 2016												
		Corporates											
	Consumer Banking	Industry and Mining	Constructions	Real Estate	Trade	Agriculture	Tourism and Hotels	Transportation	Shares	General Services	Banks and Financial Institutions	Government and Public Sector	Total
	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
Balances with Central Banks	-	-	-	-	-	-	-	-	-	-	-	7 392 469	7 392 469
Balances and deposits with banks and financial institutions	-	-	-	-	-	-	-	-	-	-	4 798 299	-	4 798 299
Financial assets at fair value through profit or loss	-	-	-	-	-	-	-	29 624	-	-	274 404	352 284	656 312
Direct credit facilities at amortized cost	4 955 001	4 035 843	1 982 613	1 723 634	3 708 816	159 907	619 000	667 094	5 758	2 727 912	107 400	1 205 143	21 898 121
Other financial assets at amortized cost	-	93 220	15 918	28 200	40 247	-	-	-	-	143 682	1 297 164	6 022 524	7 640 955
Other assets and financial derivatives - positive fair value	18 087	25 353	12 930	8 259	24 192	1 212	3 691	7 409	15	40 910	72 542	121 551	336 151
Total	4 973 088	4 154 416	2 011 461	1 760 093	3 773 255	161 119	622 691	704 127	5 773	2 912 504	6 549 809	15 093 971	42 722 307

	December 31, 2015												
		Corporates											
	Consumer Banking	Industry and Mining	Constructions	Real Estate	Trade	Agriculture	Tourism and Hotels	Transportation	Shares	General Services	Banks and Financial Institutions	Government and Public Sector	Total
	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
Balances with Central Banks	-	-	-	-	-	-	-	-	-	-	-	9 016 936	9 016 936
Balances and deposits with banks and financial institutions	-	-	-	-	-	-	-	-	-	-	3 091 421	-	3 091 421
Financial assets at fair value through profit or loss	-	-	-	-	-	-	-	29 624	-	-	331 131	423 445	784 200
Direct credit facilities at amortized cost	4 678 011	4 438 773	1 861 483	1 710 773	3 621 191	164 038	626 032	752 236	67 046	2 866 054	191 382	1 203 968	22 180 987
Other financial assets at amortized cost	-	80 608	17 199	14 756	41 156	-	-	25 265	-	190 330	1 410 397	7 223 998	9 003 709
Other assets and financial derivatives - positive fair value	16 124	25 631	10 090	7 676	16 097	1 382	3 485	9 748	-	35 712	86 253	155 672	367 870
Total	4 694 135	4 545 012	1 888 772	1 733 205	3 678 444	165 420	629 517	816 873	67 046	3 092 096	5 110 584	18 024 019	44 445 123

45. Market Risk

Market Risk sensitivity

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

	December 31, 2016			December 31, 2015		
	Consolidated Statement of Income	Owners' Equity	Total	Consolidated Statement of Income	Owners' Equity	Total
	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
Interest rate sensitivity	38 030	-	38 030	40 987	-	40 987
Foreign exchange rate sensitivity	7 426	3 536	10 962	8 292	1 111	9 403
Equity instruments prices sensitivity	2 110	23 546	25 656	2 389	23 952	26 341
Total	47 566	27 082	74 648	51 668	25 063	76 731

46. Interest Rate Risk

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

	Up to 1 Month	More than 1 Month and till 3 Months	More than 3 Months and till 6 Months	More than 6 Months and till 1 Year	More than 1 Year and till 3 Years	More than 3 Years	Not Tied to Interest Rate Risk	Total
	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
ASSETS								
Cash at vaults	-	-	-	-	-	-	416 874	416 874
Mandatory cash reserve	-	-	-	-	-	-	1 362 777	1 362 777
Balances with central banks	3 908 887	-	-	-	-	-	2 120 805	6 029 692
Balances and deposits with banks and financial institutions	4 313 787	346 552	103 632	2 291	32 037	-	-	4 798 299
Financial assets at fair value through profit or loss	76 040	162 748	108 232	19 036	86 476	203 780	42 204	698 516
Direct credit facilities at amortized cost	8 075 581	4 087 854	2 124 805	1 540 238	1 796 717	4 272 926	-	21 898 121
Financial assets at fair value through other comprehensive income	-	-	-	-	-	-	470 912	470 912
Other financial assets at amortized cost	972 460	1 162 811	978 143	1 200 698	2 008 253	1 318 590	-	7 640 955
Investments in associates	-	-	-	-	-	-	3 077 008	3 077 008
Fixed assets	-	-	-	-	-	-	463 633	463 633
Other assets and financial derivatives - positive fair value	53 908	28 006	33 233	1 964	10 973	6 251	395 879	530 214
Deferred tax assets	-	-	-	-	-	-	73 390	73 390
TOTAL ASSETS	17 400 663	5 787 971	3 348 045	2 764 227	3 934 456	5 801 547	8 423 482	47 460 391
LIABILITIES								
Banks and financial institutions' deposits	2 074 324	703 516	131 084	299 709	22 937	4 012	517 417	3 752 999
Customer deposits	9 929 081	4 436 081	2 231 142	2 761 662	539 074	98 416	11 086 696	31 082 152
Cash margin	1 609 716	184 066	274 607	127 490	10 994	6 421	348 132	2 561 426
Borrowed funds	20 733	196 825	6 305	6 013	13 050	28 259	-	271 185
Provision for income tax	-	-	-	-	-	-	242 377	242 377
Other provisions	-	-	-	-	-	-	259 795	259 795
Other liabilities and financial derivatives - negative fair value	93 185	20 322	44 015	5 686	2 085	271	959 081	1 124 645
Deferred tax liabilities	-	-	-	-	-	-	1 276	1 276
Total liabilities	13 727 039	5 540 810	2 687 153	3 200 560	588 140	137 379	13 414 774	39 295 855
Gap	3 673 624	247 161	660 892	(436 333)	3 346 316	5 664 168	(4 991 292)	8 164 536

Below is the Group Exposure to interest rate volatility as of December 31, 2015 (classification is based on interest rate repricing or maturity date, whichever is closer).

	Up to 1 Month	More than 1 Month and till 3 Months	More than 3 Months and till 6 Months	More than 6 Months and till 1 Year	More than 1 Year and till 3 Years	More than 3 Years	Not Tied to Interest Rate Risk	Total
ASSETS	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
Cash at vaults	-	-	-	-	-	-	455 445	455 445
Mandatory cash reserve	-	-	-	-	-	-	1 835 107	1 835 107
Balances with central banks	5 008 361	-	-	-	-	-	2 173 468	7 181 829
Balances and deposits with banks and financial institutions	2 638 088	367 095	75 612	10 626	-	-	-	3 091 421
Financial assets at fair value through profit or loss	78 817	266 749	86 482	195 301	82 181	74 670	47 780	831 980
Direct credit facilities at amortized cost	9 048 788	3 382 832	2 354 992	1 530 472	2 389 614	3 474 289	-	22 180 987
Financial assets at fair value through OCI	-	-	-	-	-	-	479 038	479 038
Other financial assets at amortized cost	1 068 627	1 622 595	880 724	1 779 007	2 418 731	1 234 025	-	9 003 709
Investments in associates	-	-	-	-	-	-	2 916 290	2 916 290
Fixed assets	-	-	-	-	-	-	451 444	451 444
Other assets and financial derivatives - positive fair value	26 717	22 365	29 805	3 706	9 570	60	466 491	558 714
Deferred tax assets	-	-	-	-	-	-	58 629	58 629
TOTAL ASSETS	**17 869 398**	**5 661 636**	**3 427 615**	**3 519 112**	**4 900 096**	**4 783 044**	**8 883 692**	**49 044 593**
LIABILITIES								
Banks and financial institutions' deposits	2 198 797	939 307	109 050	60 257	6 115	-	323 208	3 636 734
Customer deposits	11 433 827	4 232 086	2 728 724	2 574 205	656 856	157 070	11 016 460	32 799 228
Cash margin	1 049 410	255 896	254 628	449 510	20 838	8 402	404 406	2 443 090
Borrowed funds	1 354	1 316	10 308	2 671	17 078	43 018	-	75 745
Provision for income tax	-	-	-	-	-	-	235 918	235 918
Other provisions	-	-	-	-	-	-	145 235	145 235
Other liabilities and financial derivatives - negative fair value	57 526	18 330	31 224	6 795	445	1 096	1 565 543	1 680 959
Deferred tax liabilities	-	-	-	-	-	-	12 103	12 103
Total liabilities	**14 740 914**	**5 446 935**	**3 133 934**	**3 093 438**	**701 332**	**209 586**	**13 702 873**	**41 029 012**
Gap	**3 128 484**	**214 701**	**293 681**	**425 674**	**4 198 764**	**4 573 458**	**(4 819 181)**	**8 015 581**

47. Liquidity Risk

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

	Within 1 Month	After 1 Months and till 3 Months	After 3 Months and till 6 Months	After 6 Months and till One Year	After One Year and till 3 Years	After 3 Years	Not Tied to a Specific Maturity	Total
Liabilities	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
Banks and financial institutions' deposits	1 431 481	1 150 430	329 408	299 465	22 671	4 253	517 417	3 755 125
Customer deposits	8 453 724	4 423 219	2 250 689	2 961 085	615 156	169 689	12 414 703	31 288 265
Cash margin	1 288 835	280 371	344 147	267 923	17 026	390	366 418	2 565 110
Borrowed funds	515	111 285	9 299	2 431	94 296	53 768	-	271 594
Provision for income tax	-	-	-	-	-	-	242 377	242 377
Other Provisions	-	-	-	-	-	-	259 795	259 795
Financial derivatives - negative fair value	19 896	1 173	51	291	2 297	5 440	23 377	52 525
Other liabilities	68 371	16 485	43 655	5 548	332 085	271	605 713	1 072 128
Deferred tax liabilities	-	-	-	-	-	-	1 276	1 276
Total Liabilities	**11 262 822**	**5 982 963**	**2 977 249**	**3 536 743**	**1 083 531**	**233 811**	**14 431 076**	**39 508 195**
Total Assets according to expected maturities	**10 083 767**	**4 393 380**	**2 518 768**	**3 114 599**	**5 975 585**	**8 922 251**	**12 452 041**	**47 460 391**

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

	Within 1 Month	After 1 Months and till 3 Months	After 3 Months and till 6 Months	After 6 Months and till One Year	After One Year and till 3 Years	After 3 Years	Not Tied to a Specific Maturity	Total
Liabilities	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
Banks and financial institutions' deposits	2 210 099	906 368	349 816	60 340	29 743	-	323 208	3 879 574
Customer deposits	9 869 373	4 255 401	2 875 534	2 716 098	783 436	259 871	12 356 444	33 116 157
Cash margin	966 836	200 822	324 147	511 582	41 678	310	404 406	2 449 781
Borrowed funds	1 354	1 316	4 668	2 671	17 078	48 834	-	75 921
Provision for income tax	-	-	-	-	-	-	235 918	235 918
Other Provisions	-	-	-	-	-	-	145 235	145 235
Financial derivatives - negative fair value	2 481	1 161	2 170	1 390	3 161	9 240	34 361	53 964
Other liabilities	47 590	12 102	29 440	17 258	965 802	364	554 698	1 627 254
Deferred tax liabilities	-	-	-	-	-	-	12 103	12 103
Total Liabilities	**13 097 733**	**5 377 170**	**3 585 775**	**3 309 339**	**1 840 898**	**318 619**	**14 066 373**	**41 595 907**
Total Assets according to expected maturities	**11 052 354**	**5 446 395**	**2 875 914**	**3 401 929**	**6 220 710**	**8 398 964**	**11 648 327**	**49 044 593**

48. Net Foreign Currency Positions

The details of this item are as follows:

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

* Various foreign currencies translated to US Dollars.

49. Fair Value Hierarchy

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

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

Financial assets / Financial liabilities	Fair Value as at December 31, 2016	Fair Value as at December 31, 2015	Fair Value Hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair
	USD '000	USD '000				
Financial assets at fair value						
Financial assets at fair value through profit or loss						
Government Bonds and bills	352 284	423 445	Level 1	Quoted	Not Applicable	Not Applicable
Corporate bonds	274 404	331 131	Level 1	Quoted	Not Applicable	Not Applicable
Loans and advances	29 624	29 624	Level 2	Through Comparison of similar financial instruments	Not Applicable	Not Applicable
Shares and mutual funds	42 204	47 780	Level 1	Quoted	Not Applicable	Not Applicable
Total Financial Assets at fair value through Profit or Loss	698 516	831 980				
Financial derivatives - positive fair value	58 011	58 235	Level 2	Through Comparison of similar financial instruments	Not Applicable	Not Applicable
Financial assets at fair value through other comprehensive income:						
Quoted shares	258 920	256 776	Level 1	Quoted Shares	Not Applicable	Not Applicable
Unquoted shares	211 992	222 262	Level 2	Through using the index sector in the market	Not Applicable	Not Applicable
Total Financial Assets at fair value through other comprehensive income	470 912	479 038				
Total Financial Assets at Fair Value	1 227 439	1 369 253				
Financial Liabilities at Fair Value						
Financial derivatives - negative fair value	52 517	53 705	Level 2	Through Comparison of similar financial instruments	Not Applicable	Not Applicable
Total Financial Liabilities at Fair Value	52 517	53 705				

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

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

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

	December 31, 2016		December 31, 2015		
	Book value	Fair value	Book value	Fair value	Fair value Hierarchy
	USD '000	USD '000	USD '000	USD '000	
Financial assets not calculated at fair value					
Mandatory reserve at Central Banks	1 362 777	1 362 777	1 835 107	1 835 107	Level 2
Time and notice balances with Central banks	3 256 190	3 257 336	4 392 724	4 393 693	Level 2
Certificates of deposit with central banks	652 697	653 016	615 637	615 686	Level 2
Balances and Deposits with banks and Financial institutions	4 756 413	4 758 677	3 091 421	3 095 935	Level 2
Direct credit facilities at amortized cost	21 898 121	21 993 672	22 180 987	22 247 851	Level 2
Other Financial assets at amortized cost	7 640 955	7 715 969	9 003 709	9 095 897	Level 1 & 2
Total financial assets not calculated at fair value	39 567 153	39 741 447	41 119 585	41 284 169	
Financial liabilities not calculated at fair value					
Banks' and financial institutions' deposits	3 752 999	3 762 201	3 636 734	3 643 427	Level 2
Customer deposits	31 082 152	31 172 506	32 799 228	32 907 308	Level 2
Cash margin	2 561 426	2 569 114	2 443 090	2 449 507	Level 2
Borrowed funds	271 185	275 415	75 745	77 128	Level 2
Total financial liabilities not calculated at fair value	37 667 762	37 779 236	38 954 797	39 077 370	

The fair values of the financial assets and financial liabilities included in level 2 categories above have been determined in accordance with the generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being that discount rate.

50- Analysis of Assets and Liabilities Maturities

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

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

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

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

51. Contractual Maturity of the Contingent Accounts

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

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

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

52. Capital Management

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

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

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

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

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

* Includes deferred tax and intangible assets

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

53. Transactions with Related Parties

The details of this item are as follows:

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

	December 31, 2015			
	Deposits Owed from Related Parties	Direct Credit Facilities at Amortized Cost	Deposits Owed to Related Parties	LCs, LGs, Unutilized Credit Facilities and Acceptances
	USD '000	USD '000	USD '000	USD '000
Associated companies	110 246	-	111 949	90 068
Major Shareholders and Member of the Board of Directors	-	534 053	412 129	66 907
	110 246	**534 053**	**524 078**	**156 975**

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

The details of transactions with related parties are as follows:

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

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

- Direct credit facilitates granted to key management personnel amounted to USD 1.6 million and indirect credit facilities amounted to USD 8.5 thousand as of December 31,2016 (USD 1.9 million direct credit facilities and USD 8.5 thousand indirect credit facilities as of December 31, 2015).

- Deposits of key management personnel amounted to USD 3 million as of December 31, 2016 (USD 2.2 million as of December 31, 2015)

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

- The salaries and other fringe benefits of the Group's key management personnel, inside and outside Jordan, amounted to USD 56.7 million for the year ended on December 31, 2016 (USD 57.7 million for the year ended on December 31, 2015).

54. Earnings Per Share

The details of this item are as follows:

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

55. Assets under management

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

56. Cash and Cash Equivalent

The details of this item are as follows:

	December 31,	
	2016	2015
	USD '000	USD '000
Cash and balances with central banks maturing within 3 months	7 809 343	9 472 381
Add: balances with banks and financial institutions maturing within 3 months	3 822 181	2 992 403
Less: banks and financial institutions deposits maturing within 3 months	3 281 686	2 949 869
Total	**8 349 838**	**9 514 915**

57. Legal Cases

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

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

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

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

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

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

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

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

58. Comparative Figures

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