

ARAB BANK GROUP

**CONDENSED CONSOLIDATED INTERIM
FINANCIAL INFORMATION
FOR THE NINE-MONTHS PERIOD ENDED
SEPTEMBER 30, 2016
TOGETHER WITH REVIEW REPORT ON
INTERIM FINANCIAL INFORMATION**

ARAB BANK GROUP
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2016

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Review Report on Interim Financial Information

AM/ 218

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

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of Arab Bank Group as of September 30, 2016, and the related condensed consolidated interim statements of income, comprehensive income, changes in owners' equity and cash flows for the nine-months period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of this condensed consolidated interim financial information in accordance with International Accounting Standard IAS (34) relating to Interim Financial Reporting. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of Review

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

Conclusion

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

Additional Statement

We refer to disclosure number (32) in the attached condensed consolidated interim financial statements in relation to the lawsuit filed against the Bank in the United States of America in 2004. This has no impact on our conclusion above.

The fiscal year of the Group ends on December 31 of each year. However, the accompanying condensed consolidated interim financial information have been prepared in accordance with the instructions of Listing Securities on Amman Stock Exchange, for Management purposes and for the purposes of Companies Control Department only, and do not require the approval of Central Bank of Jordan.

Amman – Jordan
October 27, 2016


Deloitte & Touche (M.E.) - Jordan

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

ARAB BANK GROUP
CONDENSED CONSOLIDATED INTERIM
STATEMENT OF FINANCIAL POSITION

	Note	September 30, 2016 (Reviewed not Audited)	December 31, 2015
		USD '000	USD '000
ASSETS			
Cash and balances with central banks	4	7 993 931	9 472 381
Balances with banks and financial institutions	5	3 606 208	2 992 403
Deposits with banks and financial institutions	6	142 500	99 018
Financial assets at fair value through profit or loss	7	634 823	831 980
Financial derivatives - positive fair value		36 730	58 235
Direct credit facilities at amortized cost	9	22 725 973	22 180 987
Financial assets at fair value through other comprehensive income	8	480 105	479 038
Other financial assets at amortized cost	10	9 519 496	9 003 709
Investments in associates		2 986 700	2 916 290
Fixed assets	11	477 171	451 444
Other assets	12	557 995	500 479
Deferred tax assets		69 883	58 629
Total Assets		49 231 515	49 044 593
LIABILITIES AND OWNERS' EQUITY			
Banks and financial institutions' deposits		3 694 289	3 636 734
Customer deposits	13	32 930 036	32 799 228
Cash margin		2 565 962	2 443 090
Financial derivatives - negative fair value		45 609	53 705
Borrowed funds	14	200 226	75 745
Provision for income tax	15	227 555	235 918
Other provisions		149 777	145 235
Other liabilities	16	1 110 978	1 627 254
Deferred tax liabilities		1 231	12 103
Total Liabilities		40 925 663	41 029 012
Share capital	17	926 615	926 615
Share premium	17	1 225 747	1 225 747
Statutory reserve	17	753 065	753 065
Voluntary reserve	17	977 315	977 315
General reserve		1 141 824	1 141 824
General banking risks reserve		363 458	363 458
Reserves with associates		1 540 896	1 540 896
Foreign currency translation reserve		(304 064)	(284 609)
Investment revaluation reserve		(306 100)	(260 621)
Retained earnings	18	1 863 115	1 502 867
Total Equity Attributable to the Shareholders of the Bank		8 181 871	7 886 557
Non-controlling interests		123 981	129 024
Total Owners' Equity		8 305 852	8 015 581
Total Liabilities and Owners' Equity		49 231 515	49 044 593

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

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

	Note	For the Nine-Months		For the Three-Months	
		Period Ended September 30,		Period Ended September 30,	
		2016	2015	2016	2015
		USD '000	USD '000	USD '000	USD '000
REVENUE					
Interest income	19	1 417 089	1 351 675	488 514	449 946
<u>Less:</u> interest expense	20	573 129	538 982	199 323	177 364
Net Interest Income		843 960	812 693	289 191	272 582
Net commission income	21	243 658	241 670	78 511	78 646
Net Interest and Commission Income		1 087 618	1 054 363	367 702	351 228
Foreign exchange differences		47 937	53 084	15 720	18 713
Gain (loss) from financial assets at fair value through profit or loss	22	2 257	12 505	1 254	(3 944)
Dividends on financial assets at fair value through other comprehensive income		6 583	5 150	281	783
Group's share of profits of associates		265 869	282 994	81 456	86 458
Other revenue	23	42 012	37 833	14 108	11 232
Total Income		1 452 276	1 445 929	480 521	464 470
EXPENSES					
Employees' expenses		331 862	329 800	110 121	110 050
Other expenses		189 218	208 832	64 343	71 679
Depreciation and amortization		35 931	38 833	12 259	12 779
Provision for impairment - direct credit facilities at amortized cost	9	61 196	10 166	30 983	(20 929)
Other provisions		18 277	11 620	8 165	3 896
Total Expenses		636 484	599 251	225 871	177 475
Legal Expenses		-	28 000	-	28 000
Profit for the Period before Income Tax		815 792	818 678	254 650	258 995
<u>Less:</u> Income tax expense	15	197 867	203 530	61 640	66 716
Profit for the Period		617 925	615 148	193 010	192 279
Attributable to :					
- Bank's shareholders		610 084	607 949	191 349	189 192
- Non-controlling interests		7 841	7 199	1 661	3 087
Total		617 925	615 148	193 010	192 279
Earnings per share attributable to the Bank's shareholders					
- Basic and Diluted (US Dollars)	29	0.95	0.95		

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

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

	For the Nine-Months		For the Three-Months	
	Period Ended September 30,		Period Ended September 30,	
	2016	2015	2016	2015
	USD '000	USD '000	USD '000	USD '000
Profit for the period	617 925	615 148	193 010	192 279
<u>Add:</u> Other comprehensive income items - after tax				
<u>Items that will be subsequently transferred to the statement of income</u>				
Exchange differences arising on the translation of foreign operations	(23 752)	(156 530)	(5 549)	(85 492)
<u>Items that will not be subsequently transferred to the statement of income</u>				
Change in fair value of financial assets at fair value through other comprehensive income	(46 704)	(36 639)	(15 000)	(51 966)
Net change in fair value of financial assets at fair value through other comprehensive income	(45 644)	(36 670)	(15 130)	(51 966)
(Loss) Gain from sale of financial assets at fair value through the statement of comprehensive income	(1 060)	31	130	-
Total Other Comprehensive Income Items - after Tax	(70 456)	(193 169)	(20 549)	(137 458)
Total Comprehensive Income for the Period	547 469	421 979	172 461	54 821
Attributable to :				
- Bank's shareholders	544 459	417 033	170 724	51 925
- Non-controlling interests	3 010	4 946	1 737	2 896
Total	547 469	421 979	172 461	54 821

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

ARAB BANK GROUP
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN OWNERS' EQUITY
(REVIEWED NOT AUDITED)

Note	Share Capital	Share Premium	Statutory Reserve	Voluntary Reserve	General Reserve	General Banking Risk 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 Nine-Months Period Ended September 30, 2016													
	926 615	1 225 747	753 065	977 315	1 141 824	363 458	1 540 896	(284 609)	(360 621)	1 502 867	7 886 557	129 024	8 015 581
Balance at the beginning of the year	-	-	-	-	-	-	-	-	-	610 084	610 084	7 841	617 925
Profit for the period	-	-	-	-	-	-	-	(19 455)	(46 170)	-	(65 625)	(4 831)	(70 456)
Other comprehensive income for the period	-	-	-	-	-	-	-	(19 455)	(46 170)	610 084	544 459	3 010	547 469
Total Comprehensive Income for the Period	-	-	-	-	-	-	-	(19 455)	(46 170)	610 084	544 459	3 010	547 469
Transferred from investment revaluation reserve to retained earnings	-	-	-	-	-	-	-	-	691	(691)	-	-	-
Transferred from investment revaluation reserve to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	-	(231 277)	(231 277)	(5 607)	(236 884)
Adjustments during the period	-	-	-	-	-	-	-	-	-	(17 868)	(17 868)	(2 077)	(19 945)
Balance at the End of the Period	926 615	1 225 747	753 065	977 315	1 141 824	363 458	1 540 896	(304 064)	(306 100)	1 863 115	8 181 871	123 981	8 305 852
For the Nine-Months Period Ended September 30, 2015													
	826 223	1 225 747	712 722	977 315	1 141 824	363 458	1 540 896	(122 751)	(219 278)	1 315 525	7 761 681	127 060	7 888 741
Balance at the beginning of the year (Represented)	-	-	-	-	-	-	-	-	-	607 949	607 949	7 199	615 148
Profit for the period	-	-	-	-	-	-	-	(155 373)	(35 543)	-	(190 916)	(2 253)	(193 169)
Other comprehensive income for the period	-	-	-	-	-	-	-	(155 373)	(35 543)	607 949	417 833	4 946	421 979
Total Comprehensive Income for the Period	-	-	-	-	-	-	-	(155 373)	(35 543)	607 949	417 833	4 946	421 979
Transferred from investment revaluation reserve to retained earnings	-	-	-	-	-	-	-	-	(31)	31	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	-	(101 772)	(101 772)	(5 610)	(107 382)
Adjustments during the period	-	-	-	-	-	-	-	-	-	(506)	(506)	1 181	675
Increase in share capital (Stock Dividends)	100 392	-	-	-	-	-	-	-	-	(100 392)	-	-	-
Balance at the End of the Period	926 615	1 225 747	712 722	977 315	1 141 824	363 458	1 540 896	(278 124)	(254 852)	1 720 835	8 076 436	127 577	8 204 013

- The retained earnings include restricted deferred tax assets in the amount of USD 69.9 million, as well as, unrealized losses from financial assets at fair value through profit or loss in the amount of USD (0.7) million. Restricted retained earnings that cannot be distributed or otherwise utilized except only under certain circumstances caused by the adoption of certain Accounting Standards amounted to USD 2.6 million as of September 30, 2016.

- Retained earnings include an unrealized loss in the amount of USD (109.1) million as of September 30, 2016 due to the effect of the adoption of IFRS (9)

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

- The use of an amount of USD (306.1) million which represents the investment revaluation reserve negative balance is restricted according to the instructions of the Jordan Securities Commission as of September 30, 2016.

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

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

	Note	For the Nine-Months Period Ended September 30,	
		2016 USD '000	2015 USD '000
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit for the period before tax		815 792	818 678
Adjustments for:			
Group's share from associates profits		(265 869)	(282 994)
Depreciation and amortization		35 931	40 611
Provision for impairment - direct credit facilities at amortized cost	9	61 196	10 166
Net interest income		(16 723)	(1 062)
(Gains) from sale of fixed assets		(5 829)	(1 328)
Dividends on financial assets at fair value through other comprehensive income		(6 583)	(5 150)
Losses (gains) from revaluation of financial assets at fair value through profit or loss	22	696	(7 342)
Other provisions		18 277	11 620
Total		636 888	583 199
<u>(Increase) Decrease in Assets:</u>			
Balances with central banks (maturing after 3 months)		(19 054)	103 436
Balances and deposits with banks and financial institutions (maturing after 3 months)		(843 482)	(106 592)
Direct credit facilities at amortized cost		(606 182)	14 982
Financial assets at fair value through profit or loss		196 461	240 913
Other assets and financial derivatives		(36 011)	(23 484)
<u>Increase (Decrease) in Liabilities:</u>			
Banks' and financial institutions' deposits (maturing after 3 months)		(171 887)	160 661
Customer deposits		130 808	321 411
Cash margin		122 872	(451 689)
Other liabilities and financial derivatives		(510 025)	63 356
Net Cash Flows (Used in) Generated by Operating Activities before Income Tax		(1 099 612)	906 193
Income tax paid	15	(220 091)	(216 461)
Net Cash Flows (Used in) Generated by Operating Activities		(1 319 703)	689 732
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
(Purchase) of financial assets at fair value through other comprehensive income		(48 140)	(40 946)
(Purchase) Maturity of other financial asset at amortized cost		(515 787)	318 263
(Increase) of investments in associates		(16 836)	(1 096)
Dividends received from associates		175 633	176 757
Dividends received from financial assets at fair value through other comprehensive income		6 583	5 150
(Increase) in fixed assets - net		(55 829)	(31 722)
Net Cash Flows (Used in) Generated by Investing Activities		(454 376)	426 406
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in (Paid) borrowed funds		124 481	(13 611)
Dividends paid to shareholders		(234 184)	(100 895)
Dividends paid to non-controlling interests		(5 607)	(5 610)
Net Cash Flows (Used in) Financing Activities		(115 310)	(120 116)
Net (Decrease) Increase in Cash and Cash Equivalent		(1 889 389)	996 022
Exchange differences - change in foreign exchange rates		(23 752)	(66 148)
Cash and cash equivalent at the beginning of the Year		9 514 915	8 129 224
Cash and Cash Equivalent at the End of the Period	30	7 601 774	9 059 098

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

ARAB BANK GROUP
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
FOR THE NINE-MONTHS PERIOD ENDED SEPTEMBER 30, 2016
(REVIEWED NOT AUDITED)

1. GENERAL INFORMATION

- Arab Bank was established in 1930, and is registered as a Jordanian public shareholding limited company. The Head Office of the Bank is domiciled in Amman - Hashemite Kingdom of Jordan, and the Bank operates worldwide through its 74 branches in Jordan and 120 branches abroad. Also operates through its subsidiaries and its sister company Arab Bank (Switzerland) limited.
- Arab Bank Plc shares are traded on Amman Stock Exchange.
- The accompanying condensed consolidated interim financial information was approved by the Board of Directors in its meeting Number (5) on October 27, 2016.

2. BASIS OF CONSOLIDATION OF CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

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

Company Name	Percentage of Ownership%		Date of Acquisition	Principal Activity	Place of Incorporation	Paid up Capital
	September 30, 2016	December 31, 2015				
Europe Arab Bank plc	100.00	100.00	2006	Banking	United Kingdom	€ 610m
Arab Bank Australia Limited	100.00	100.00	1994	Banking	Australia	AUD 69.3m
Islamic International Arab Bank plc	100.00	100.00	1997	Banking	Jordan	JD 100m
Arab National Leasing Company LLC	100.00	100.00	1996	Financial Leasing Brokerage and	Jordan	JD 25m
Al-Arabi Investment Group LLC	100.00	100.00	1996	Financial Services	Jordan	JD 14m
Arab Sudanese Bank Limited	100.00	100.00	2008	Banking Brokerage and	Sudan	SDG 117.5m
Al Arabi Investment Group / Palestine	100.00	100.00	2009	Financial Services	Palestine	JD 1.7m
Arab Tunisian Bank	64.24	64.24	1982	Banking	Tunisia	TND 100m
Arab Bank Syria	51.29	51.29	2005	Banking	Syria	SYP 5.05b
Al Nisr Al Arabi Insurance Company	50.00	50.00	2006	Insurance	Jordan	JD 10m

- Subsidiaries are entities under the effective control of Arab Bank plc. Control is achieved when the Bank has the power to direct the relevant activities of the subsidiaries so as to obtain benefits from its activities. The investment in subsidiaries is stated at cost when preparing the financial statements for Arab Bank PLC
- The condensed consolidated interim financial information reflect the consolidated financial position and consolidated results of operations at the level of the consolidated economic ownership of Arab Bank plc and the sister company, Arab Bank (Switzerland) Limited, which is considered an integral part of Arab Bank Group.
- The condensed consolidated interim financial information of subsidiaries is prepared using the same accounting policies used by the Group. When necessary, adjustments are made to the financial information of subsidiaries to bring their accounting policies into line with those used by the Group.
- The results of operations of the subsidiaries are included in the condensed consolidated interim statement of income effective from the acquisition date, which is the date of transfer of control over the subsidiary by the Group. The results of operations of subsidiaries disposed are included in the condensed consolidated interim statement of income up to the effective date of disposal, which is the date of loss of control over the subsidiary.
- Upon consolidation of the condensed consolidated interim financial information, inter-Group transactions and balances between Arab Bank plc and the sister company, Arab Bank (Switzerland) Limited and other subsidiaries are eliminated. Items in transit are stated within other assets or other liabilities, as appropriate. Non-controlling interests (the interest not owned by the Group in the equity of subsidiaries) are stated separately within owners' equity in the condensed consolidated interim statement of financial position.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND POLICIES

Basis of Preparation of the Condensed Consolidated Interim Financial Information

- The accompanying condensed consolidated interim financial information has been prepared in accordance with the International Accounting Standard (IAS) 34 "Interim Financial Reporting", as well as, the effective local regulations and Central Bank of Jordan (CBJ) instructions.
- The condensed consolidated interim financial information are prepared in accordance with the historical cost principle, except for certain financial assets and financial liabilities which are stated at fair value as of the date of the condensed consolidated interim financial information.
- The accompanying condensed consolidated interim financial information do not include all the information and disclosures required for the annual financial statements, which are prepared in accordance with the International Financial Reporting Standards and must be read with the consolidated financial statements of the Group as of December 31, 2015. In addition, the results of the Group's operations for the nine months period ended September 30, 2016 do not necessarily represent indications of the expected results for the year ending December 31, 2016, and do not contain the appropriation of the profit of the current period, which is usually performed at year end.
- The accounting policies adopted in the preparation of the condensed consolidated interim financial information are consistent with those adopted for the year ended December 31, 2015 except for the following :-
 - IFRS 14 : Regulatory Deferral Accounts.
 - Amendments to IAS 1 Presentation of Financial Statements relating to Disclosure initiative
 - Amendments to IFRS 11 Joint arrangements relating to accounting for acquisitions of interests in joint operations.

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

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

Accounting Estimates

- The accounting estimates adopted in the preparation of the condensed consolidated interim financial information are reasonable and in consistent with those adopted for the year ended December 31, 2015.

4. CASH AND BALANCES WITH CENTRAL BANKS

The details of this item are as follows:

	September 30, 2016	December 31, 2015
	USD '000	USD '000
Cash in vaults	474 142	455 445
Balances with central banks:		
Current accounts	2 206 586	2 173 468
Time and notice	2 808 495	4 392 724
Mandatory cash reserve	1 816 760	1 835 107
Certificates of deposit	687 948	615 637
Total	7 993 931	9 472 381

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

- Balances and certificates of deposits maturing after three months amounted to USD 19.1 million as of September 30, 2016 (There are no balances and certificates of deposit maturing after three months as of December 31, 2015).

5. BALANCES WITH BANKS AND FINANCIAL INSTITUTIONS

The details of this item are as follows:

Local banks and financial institutions

	September 30, 2016	December 31, 2015
	USD '000	USD '000
Time deposits maturing within 3 months	114 210	57 810
Total	114 210	57 810

Banks and financial institutions abroad

	September 30, 2016	December 31, 2015
	USD '000	USD '000
Current accounts	2 052 981	1 452 094
Time deposits maturing within 3 months	1 439 017	1 482 499
Total	3 491 998	2 934 593
Total Balances with Banks and Financial Institutions Local and Abroad	3 606 208	2 992 403

- There are no non-interest bearing balances as of September 30, 2016 and December 31, 2015.

- Restricted balances amounted to USD 800 million as of September 30, 2016 (There are no restricted balances as of December 31, 2015).

6. DEPOSITS WITH BANKS AND FINANCIAL INSTITUTIONS

The details of this item are as follows:

	September 30, 2016	December 31, 2015
	USD '000	USD '000
Deposits with Banks and Financial Institutions Abroad:		
Time deposits maturing after 3 months and before 6 months	118 323	88 176
Time deposits maturing after 6 months and before 9 months	23 827	4 594
Time deposits maturing after 9 months and before a year	350	6 248
Total	142 500	99 018

- There are no restricted deposits as of September 30, 2016 and December 31, 2015.

- There are no deposits with local banks as of September 30, 2016 and December 31, 2015.

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

The details of this item are as follows:

	September 30, 2016	December 31, 2015
	USD '000	USD '000
Treasury bills and Governmental bonds	289 051	423 445
Corporate bonds	261 262	331 131
Loans and advances	29 624	29 624
Corporate shares	16 362	19 918
Mutual funds	38 524	27 862
Total	634 823	831 980

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

The details of this item are as follows:

	September 30, 2016	December 31, 2015
	USD '000	USD '000
Quoted shares	259 334	256 776
Un-quoted shares	220 771	222 262
Total	480 105	479 038

- Cash dividends from investments above amounted to USD 6.6 million for the nine months period ended September 30, 2016 (USD 5.1 million for the Nine months period ended September 30, 2015).
- Realized losses that have been transferred from investment revaluation reserve to retained earnings amounted to USD (0.7) million for the nine months period ended September 30, 2016, and minority interest share from these realized losses amounted to USD (0.4) million for the nine months period ended September 30, 2016 (The realized gains that have been transferred from investment revaluation reserve to retained earnings amounted to USD 31 thousand for the nine months period ended September 30, 2015 and there is no share for minority interest from these realized gains).

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

The details of this item are as follows:

	September 30, 2016					Total
	Consumer Banking	Corporates		Banks and Financial Institutions	Government and Public Sector	
		Small and Medium	Large			
	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
Discounted bills *	84 376	129 347	533 619	69 622	736	817 700
Overdrafts *	95 283	1 156 364	3 316 507	3 876	285 336	4 857 366
Loans and advances *	3 011 380	1 472 353	10 849 899	47 849	923 173	16 304 654
Real-estate loans	2 016 819	135 206	134 019	-	-	2 286 044
Credit cards	150 727	-	-	-	-	150 727
Total	5 358 585	2 893 270	14 834 044	121 347	1 209 245	24 416 491
<u>Less:</u> Interest and commission in suspense	78 029	92 113	272 971	5 221	-	448 334
Provision for impairment - direct credit facilities at amortized cost	173 518	136 179	927 793	1 366	3 328	1 242 184
Total	251 547	228 292	1 200 764	6 587	3 328	1 690 518
Net Direct Credit Facilities At Amortized Cost	5 107 038	2 664 978	13 633 280	114 760	1 205 917	22 725 973

* Net of interest and commission received in advance which amounted to USD 114.9 million as of September 30, 2016.

- Rescheduled loans during the nine months period ended September 30, 2016 amounted to USD 403.1 million .
- Restructured loans (transferred from non performing to watch list loans) during the nine months period ended September 30, 2016 amounted to USD 6.3 million .
- Direct credit facilities granted to and guaranteed by the Government of Jordan amounted to USD 104.6 million, or 0.4 % of total direct credit facilities as of September 30, 2016 .
- Non-performing direct credit facilities amounted to USD 1575.4 million, or 6.5% of total direct credit facilities as of September 30, 2016.
- Non-performing direct credit facilities net of interest and commission in suspense amounted to USD 1141.6 million, or 4.8 % of direct credit facilities after deducting interest and commission in suspense as of September 30, 2016.

December 31, 2015

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

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

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

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

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

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

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

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

September 30, 2016

	Consumer Banking	Corporates		Banks and Financial Institutions	Government and Public Sector	Total	The total includes movement on the real-estate loans provision as follows
		Small and Medium	Large				
	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
Balance at the beginning of the year	171 143	134 135	902 901	1 353	2 751	1 212 283	16 847
Impairment losses charged to income	13 136	15 597	85 222	10	1 889	115 854	1 877
Used from provision (written off or transferred to off Condensed consolidated interim statement of financial position)	(444)	(1 511)	(21 257)	-	-	(23 212)	(88)
Recoveries	(7 341)	(5 563)	(40 640)	-	(1 114)	(54 658)	(3 397)
Adjustments during the period	1 751	(2 923)	11 383	-	(100)	10 111	362
Translation adjustments	(4 727)	(3 556)	(9 816)	3	(98)	(18 194)	17
Balance at the End of the Period	173 518	136 179	927 793	1 366	3 328	1 242 184	15 618

December 31, 2015

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

- There are no provisions no longer required as a result of settlement or repayment, transferred to other non-performing direct credit facilities as of September 30, 2016 and December 31, 2015.

- Impairment is assessed based on individual customer accounts.

- Non-performing loans transferred to off condensed consolidated interim statement of financial position amounted to USD 5.7 million as of September 30, 2016 (USD 2.1 million as of December 31, 2015) noting that these loans are fully covered by set provisions and suspended interests.

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

September 30, 2016							
Consumer Banking	Corporates		Banks and Financial Institutions	Government and Public Sector	Total	The total includes interest and commission in suspense movement on real-estate loans as follows:	
	Small & Medium	Large					
USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	
Balance at the beginning of the year	69 626	91 491	253 632	4 499	-	419 248	11 557
Interest and commissions suspended during the period	12 950	10 359	45 335	722	-	69 366	3 113
Interest and commissions in suspense settled / written off or transferred to off the condensed consolidated interim statement of financial position	(762)	(7 856)	(16 106)	-	-	(24 724)	(431)
Recoveries	(4 011)	(1 498)	(3 167)	-	-	(8 676)	(2 623)
Adjustments during the period	988	647	1 028	-	-	2 663	-
Translation adjustments	(762)	(1 030)	(7 751)	-	-	(9 543)	2
Balance at the End of the Period	78 029	92 113	272 971	5 221	-	448 334	11 618

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-estate loans as follows:	
	Small & Medium	Large					
USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	
Balance at the beginning of the year	60 515	93 016	237 177	3 739	-	394 447	12 849
Interest and commissions suspended during the year	13 226	10 725	55 589	760	-	80 300	2 975
Interest and commissions in suspense settled / written off or transferred to off consolidated statement of financial position	(1 302)	(9 514)	(21 992)	-	-	(32 808)	(299)
Recoveries	(3 907)	(3 137)	(5 219)	-	-	(12 263)	(1 805)
Adjustment 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:

Economic Sector	Inside Jordan	Outside Jordan	September 30, 2016	December 31, 2015
	USD '000	USD '000	USD '000	USD '000
Consumer banking	2 434 065	2 672 973	5 107 038	4 678 011
Industry and mining	905 350	3 556 545	4 461 895	4 438 773
Constructions	225 334	1 872 373	2 097 707	1 861 483
Real - Estates	345 252	1 536 806	1 882 058	1 710 773
Trade	1 032 843	2 721 543	3 754 386	3 621 191
Agriculture	62 166	104 362	166 528	164 038
Tourism and hotels	201 953	353 323	555 276	626 032
Transportations	157 869	564 762	722 631	752 236
Shares	2 816	51 164	53 980	67 046
General services	449 674	2 154 123	2 603 797	2 866 054
Banks and financial institutions	31 809	82 951	114 760	191 382
Government and public sector	104 556	1 101 361	1 205 917	1 203 968
Net Direct Credit Facilities at Amortized Cost	5 953 687	16 772 286	22 725 973	22 180 987

10- OTHER FINANCIAL ASSETS AT AMOTIZED COST

The details of this item are as follows:

	September 30, 2016	December 31, 2015
	USD '000	USD '000
Treasury bills	2 692 077	2 731 740
Governmental bonds and bonds guaranteed by the government	4 960 901	4 492 258
Corporate bonds	1 894 168	1 808 678
Less: Provision for impairment	(27 650)	(28 967)
Total	9 519 496	9 003 709

Analysis of bonds based on interest nature:

	September 30, 2016	December 31, 2015
	USD '000	USD '000
Floating interest rate	702 506	602 196
Fixed interest rate	8 816 990	8 401 513
Total	9 519 496	9 003 709

Analysis of financial assets based on market quotation:

	September 30, 2016	December 31, 2015
	USD '000	USD '000
Financial assets quoted in the market:		
Treasury bills	414 016	753 022
Governmental bonds and bonds guaranteed by the government	1 335 621	1 318 234
Corporate bonds	1 637 143	1 660 382
Total	3 386 780	3 731 638

	September 30, 2016	December 31, 2015
	USD '000	USD '000
Financial assets unquoted in the market:		
Treasury bills	2 278 061	1 978 718
Governmental bonds and bonds guaranteed by the government	3 625 280	3 174 024
Corporate bonds	229 375	119 329
Total	6 132 716	5 272 071

Grand Total

9 519 496 9 003 709

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

	September 30, 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	(1 317)	(553)
Balance at the End of the Period / Year	27 650	28 967

During the nine months period ended September 30, 2016 certain financial assets at amortized cost in the amount of USD 373 million (USD 268.7 million during the year ended December 31, 2015).

11- FIXED ASSETS

The additions to and disposals of fixed assets during the nine months period ended September 30, 2016 amounted to USD 77.9 million and USD 22.5 million, respectively (USD 49.2 million and USD 19.8 million for the nine months period ended September 30, 2015).

The cost of fully depreciated fixed assets amounted to USD 219.5 million as of September 30, 2016 (USD 212.4 million as of December 31, 2015)

12- OTHER ASSETS

The details of this item are as follows:

	September 30, 2016	December 31, 2015
	USD '000	USD '000
Accrued interest receivable	212 237	187 227
Prepaid expenses	108 263	122 408
Foreclosed assets *	48 533	58 518
Items in transit	6 035	24 611
Intangible assets	18 659	16 055
Other miscellaneous assets	164 268	91 660
Total	557 995	500 479

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

13- CUSTOMER DEPOSITS

The details of this item are as follows:

September 30, 2016

	Consumer Banking	Corporates		Government and Public Sector	Total
		Small & Medium	Large		
	USD '000	USD '000	USD '000	USD '000	USD '000
Current and demand	7 739 865	2 162 292	2 504 490	392 236	12 798 883
Savings	3 010 709	163 098	25 152	182	3 199 141
Time and notice	8 114 601	1 056 738	4 861 084	2 477 330	16 509 753
Certificates of deposit	320 339	14 872	65 695	21 353	422 259
Total	19 185 514	3 397 000	7 456 421	2 891 101	32 930 036

December 31, 2015

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

- The Government of Jordan and Jordanian public sector deposits amounted to USD 677.8 million, or 2.1% of total customer deposits as of September 30, 2016 (USD 719.5 million, or 2.2% of total customer deposits as of December 31, 2015).
- Non-interest bearing deposits amounted to USD 11471.5 million, or 34.8 % of total customer deposits as of September 30, 2016 (USD 11016.5 million, or 33.6% of total customer deposits as of December 31, 2015).
- Blocked deposits amounted to USD 145.6 million, or 0.4 % of total customer deposits as of September 30, 2016 (USD 153.2 million or 0.5% of total customer deposits as of December 31, 2015).
- Dormant deposits amounted to USD 369.2 million, or 1.1 % of total customer deposits as of September 30, 2016 (USD 440.2 million, or 1.3% of total customer deposits as of December 31, 2015).

14- BORROWED FUNDS

The details of this item are as follows:

	September 30, 2016	December 31, 2015
	USD '000	USD '000
From Central Banks *	22 529	11 285
From banks and financial institutions **	177 697	64 460
Total	200 226	75 745

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

	September 30, 2016	December 31, 2015
	USD '000	USD '000
Floating interest rate	69 825	70 099
Fixed interest rate	130 401	5 646
Total	200 226	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 September 30, 2016 amounted to USD 5.6 million (USD 5.6 million as of December 31, 2015).

* During 2014, Arab Bank (Jordan branches) signed a loan agreement with the Central Bank of Jordan amounting to USD 3.9 million, for the duration of 10 years of which 3 years are grace period with a fixed interest rate of 2.5%. The agreement aims to support SMEs and Extra Small Companies, The loan is repaid semi-annually, with installments in March and September of each year. The Balance of the loan as of September 30, 2016 amounted to USD 3.9 million (USD 3.9 Million as of December 31, 2015).

* During 2015, Arab Bank (Jordan branches) granted loans against medium term advances from the Central Bank of Jordan in the amount of USD 10.2 million with fixed interest rate equal to the discount rate disclosed on the grant day after deducting 2%, The advances is repaid in accordance with the customers monthly installments which starts on October 2016 and ends on August 2021. The balance of these advances amounted to USD 10.2 million as of September 30, 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 September 30, 2016 amounted to USD 2.8 million.

** During 2016, Arab Bank Bahrain branches borrowed amounts form banks and financial institutions in the amount of USD 116.3 million with fixed interest rate equal to (2.85 %), the first contract matures on December 7th, 2016 and the last contract matures on March 9th, 2017.

** Arab Tunisian Bank borrowed amounts from banks and financial institutions, as well as issued syndicated term loans, the balance amounted to USD 61.4 million as of September 30, 2016 (USD 64.5 million as of December 31, 2015) whereas the lowest interest rate is (0.25%) and the highest is (6.94%) and the last maturity date is on May 19, 2032 as per the following table:

	September 30, 2016	December 31, 2015
	USD '000	USD '000
Loans maturing within one year	8 635	10 009
Loans maturing after 1 year and less than 3 years	15 990	17 078
Loans maturing after 3 years	36 740	37 373
Total	61 365	64 460

15- PROVISION FOR INCOME TAX

The details of this item are as follows:

	September 30, 2016	December 31, 2015
	USD '000	USD '000
Balance at the beginning of the year	235 918	235 248
Income tax expense	211 728	279 841
Income tax paid	(220 091)	(279 171)
Balance at the End of the Period / Year	227 555	235 918

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

	For the Nine Months Period Ended	
	September 30, 2016	September 30, 2015
	USD '000	USD '000
Income tax expense for the period	211 728	206 175
Effect of deferred tax	(13 861)	(2 645)
Total	197 867	203 530

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

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

16- OTHER LIABILITIES

The details of this item are as follows:

	September 30, 2016	December 31, 2015
	USD '000	USD '000
Accrued interest payable	142 975	133 561
Notes payable	229 203	171 873
Interest and commission received in advance	91 882	101 387
Accrued expenses	67 305	78 277
Other miscellaneous liabilities *	579 613	1 142 156
Total	1 110 978	1 627 254

* This item is mostly attributable to liabilities for anticipated legal burdens (Note 32).

17- SHARE CAPITAL AND RESERVES

- A. Share Capital amounted to USD 926.6 million distributed to 640.8 million shares as of September 30, 2016 (Arab Bank General Assembly in its extraordinary meeting held on March 26, 2015 approved to increase the Group capital by USD 100.4 million to become USD 926.6 million distributed over 640.8 million shares, the Bank has completed the legal procedures with the Ministry of Industry and Trade on April 5, 2015 and with Jordan Securities Commission on April 21, 2015).
- B. Share premium amounted to USD 1225.7 million as of September 30, 2016 and December 31, 2015.
- C. The Group did not make any appropriation to the legal reserves, in accordance with companies law, in the interim financial information as such appropriations are performed at year end.

18- RETAINED EARNINGS

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

	September 30, 2016	December 31, 2015
	USD '000	USD '000
Balance at the beginning of the Year	1 502 867	1 315 525
Profit for the period/year attributable to the shareholders of the bank	610 084	430 830
Transferred from investment revaluation reserve to retained earnings	(691)	31
Dividends paid	(231 277)	(101 772)
Transferred to statutory reserve	-	(40 343)
Adjustment during the period / year	(17 868)	(1 012)
Increase in share capital (Stock Dividends)	-	(100 392)
Balance at the End of the Period / Year	1 863 115	1 502 867

- * The General Assembly of the Arab Bank plc in its extraordinary meeting held on March 31, 2016 approved the recommendation of the Bank's Board of Directors to distribute 25% of par value as cash dividends for the year 2015 equivalent to USD 225.9 million (The General Assembly of Arab Bank plc in its extraordinary meeting held on March 26, 2015 approved the recommendation of the Bank's Board of Directors to distribute 12% of par value as cash dividends for the year 2014 equivalent to USD 96.4 million, and two bonus share for every sixteen shares amounting to 71.2 million shares). The General Assembly of Arab Bank Switzerland approved to distribute 20% of par value as cash dividends equivalent to USD 5.4 million for the year 2015 (20% of par value equivalent to USD 5.4 million for the year 2014).
- * The retained earnings include restricted deferred tax assets in the amount of USD 69.9 million, as well as, unrealized Losses from financial assets at fair value through profit or loss in the amount of USD (0.7) million. Restricted retained earning that cannot be distributed or otherwise utilized except only under certain circumstances caused by the adoption of certain Accounting Standards amounted to USD 2.6 million as of September 30, 2016.
- * Retained earnings include an unrealized loss in the amount of USD (109.1) million as of September 30, 2016 due to the effect of the adoption of IFRS (9).
- * The use of an amount of USD (306.1) million which represents the investment revaluation reserve negative balance is restricted according to the instructions of the Jordan Securities Commission as of September 30, 2016.

19- **INTEREST INCOME**

The details of this item are as follows:

	September 30, 2016	September 30, 2015
	USD '000	USD '000
Direct credit facilities at amortized cost *	978 157	880 754
Balances with central banks	50 347	50 219
Balances and deposits with banks and financial institutions	10 139	1 691
Financial assets at fair value through profit or loss	8 975	25 934
Other financial assets at amortized cost	369 471	393 077
Total	1 417 089	1 351 675

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

September 30, 2016						
	Consumer Banking	Corporates		Banks and Financial Institutions	Government and Public Sector	Total
		Small & Medium	Large			
	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
Discounted bills	3 489	8 584	17 430	2 156	30	31 689
Overdrafts	6 077	52 880	162 639	112	13 347	235 055
Loans and advances	162 654	59 011	336 545	2 618	37 548	598 376
Real-estate loans	91 251	5 216	4 653	-	-	101 120
Credit cards	11 917	-	-	-	-	11 917
Total	275 388	125 691	521 267	4 886	50 925	978 157

September 30, 2015						
	Consumer Banking	Corporates		Banks and Financial Institutions	Government and Public Sector	Total
		Small & Medium	Large			
	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
Discounted bills	4 037	11 521	16 004	2 543	7	34 112
Overdrafts	6 429	43 583	138 915	191	12 108	201 226
Loans and advances	149 389	58 470	308 567	2 315	23 788	542 529
Real-estate loans	79 918	5 495	5 104	-	-	90 517
Credit cards	12 370	-	-	-	-	12 370
Total	252 143	119 069	468 590	5 049	35 903	880 754

20- **INTEREST EXPENSE**

The details of this item are as follows:

	September 30, 2016	September 30, 2015
	USD '000	USD '000
Customer deposits *	487 701	460 185
Banks and financial institutions deposits	35 623	30 420
Cash margins	26 406	27 644
Borrowed funds	4 273	2 412
Deposit insurance fees	19 126	18 321
Total	573 129	538 982

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

September 30, 2016					
	Consumer Banking	Corporates		Government and Public Sector	Total
		Small & Medium	Large Corporates		
	USD '000	USD '000	USD '000	USD '000	USD '000
Current and demand	16 077	2 335	8 190	4 699	31 301
Savings	24 488	2 692	363	66	27 609
Time and notice	190 082	20 487	120 711	66 583	397 863
Certificates of deposit	25 992	419	1 998	2 519	30 928
Total	256 639	25 933	131 262	73 867	487 701

September 30, 2015					
	Consumer Banking	Corporates		Government and Public Sector	Total
		Small & Medium	Large Corporates		
	USD '000	USD '000	USD '000	USD '000	USD '000
Current and demand	7 611	4 250	9 241	3 975	25 077
Savings	26 716	2 017	454	2	29 189
Time and notice	198 195	19 705	96 772	52 024	366 696
Certificates of deposit	30 452	976	3 247	4 548	39 223
Total	262 974	26 948	109 714	60 549	460 185

21- **NET COMMISSION INCOME**

The details of this item are as follows:

	September 30, 2016	September 30, 2015
	USD '000	USD '000
Commission income:		
Direct credit facilities at amortized cost	73 334	73 118
Indirect credit facilities	107 499	114 038
Assets Under Management	10 830	9 666
Other	74 798	65 644
<u>Less: commission expense</u>	<u>(22 803)</u>	<u>(20 796)</u>
Net Commission Income	243 658	241 670

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

The details of this item are as follows:

	September 30, 2016			September 30, 2015	
	Realized Gains	Unrealized Gains (Losses)	Dividends	Total	Total
	USD '000	USD '000	USD '000	USD '000	USD '000
Treasury bills and bonds	1 578	1 002	-	2 580	12 459
Corporate shares	-	(1 467)	1 375	(92)	529
Mutual funds	-	(231)	-	(231)	(483)
Total	1 578	(696)	1 375	2 257	12 505

23- OTHER REVENUE

The details of this item are as follows:

	September 30, 2016	September 30, 2015
	USD '000	USD '000
Revenue from customer services	14 249	13 307
Safe box rent	1 244	1 225
(Loss) gain from derivatives	(370)	216
Miscellaneous revenue	26 889	23 085
Total	42 012	37 833

24. BUSINESS SEGMENTS

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

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

1. Corporate and Institutional Banking

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

2. Treasury

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

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

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

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

3. Consumer Banking

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

Information about the Group's Business Segments

	September 30, 2016					September 30, 2015	
	Corporate and Institutional Banking	Treasury	Consumer Banking		Other	Total	Total
			Elite	Retail Banking			
			USD '000	USD '000			
Total income	631 331	426 810	(67 942)	163 259	298 818	1 452 276	1 445 929
Net inter-segment interest income	(55 006)	(218 965)	160 525	113 446	-	-	
Provision for impairment - direct credit facilities at amortized cost	55 880	-	(219)	5 535	-	61 196	10 166
Other provisions	7 895	2 754	1 355	6 273	-	18 277	11 620
Direct administrative expenses	95 900	12 556	20 730	108 516	5 507	243 209	249 720
Result of Operations of Segments	416 650	192 535	70 717	156 381	293 311	1 129 594	1 174 423
Indirect expenses on segments	139 764	40 789	29 368	102 057	1 824	313 802	327 745
Legal Expenses	-	-	-	-	-	-	28 000
Profit for the period before Income Tax	276 886	151 746	41 349	54 324	291 487	815 792	818 678
Income tax expense	57 567	41 077	13 980	17 921	67 322	197 867	203 530
Profit for the Period	219 319	110 669	27 369	36 403	224 165	617 925	615 148
Depreciation and Amortization	10 646	2 969	2 911	19 405	-	35 931	38 833

Other Information	September 30, 2016					December 31, 2015	
	Corporate and Institutional Banking	Treasury	Consumer Banking		Other	Total	Total
			Elite	Retail Banking			
			USD '000	USD '000			
Segment assets	18 235 032	19 539 138	2 955 499	4 229 197	1 285 949	46 244 815	46 128 303
Inter-segment assets	-	-	10 446 842	3 565 848	5 139 131	-	-
Investments in associates	-	-	-	-	2 986 700	2 986 700	2 916 290
Total Assets	18 235 032	19 539 138	13 402 341	7 795 045	9 411 780	49 231 515	49 044 593
Segment liabilities	16 529 126	2 093 223	13 402 341	7 795 045	1 105 928	40 925 663	41 029 012
Owner's equity	-	-	-	-	8 305 852	8 305 852	8 015 581
Inter-segment liabilities	1 705 906	17 445 915	-	-	-	-	-
Total Liabilities and Owners' Equity	18 235 032	19 539 138	13 402 341	7 795 045	9 411 780	49 231 515	49 044 593

25- CONTRACTUAL MATURITY OF THE CONTINGENT ACCOUNTS

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

September 30, 2016				
	Within 1 Year	From 1 Year and up to 5 Years	More than 5 Years	Total
	USD '000	USD '000	USD '000	USD '000
Letters of credit	1 525 266	627 304	45	2 152 615
Acceptances	645 325	14 618	-	659 943
Letters of guarantees:				
- Payment guarantees	630 622	53 583	21 384	705 589
- Performance guarantees	3 864 584	1 946 321	1 164 371	6 975 276
- Other guarantees	2 900 426	981 001	586 338	4 467 765
Unutilized credit facilities	4 554 645	538 191	100 813	5 193 649
Total	14 120 868	4 161 018	1 872 951	20 154 837
Constructions projects contracts	2 526	17 999	-	20 525
Procurement contracts	6 164	2 687	2 004	10 855
Operating lease contracts	6 222	9 473	12 888	28 583
Total	14 912	30 159	14 892	59 963
December 31, 2015				
	Within 1 Year	From 1 Year and up to 5 Years	More than 5 Years	Total
	USD '000	USD '000	USD '000	USD '000
Letters of credit	1 437 791	714 602	-	2 152 393
Acceptances	679 717	8 642	-	688 359
Letters of guarantees:				
- Payment guarantees	639 728	74 136	15 964	729 828
- Performance guarantees	3 738 318	2 286 546	1 130 903	7 155 767
- Other guarantees	3 233 887	1 017 004	677 384	4 928 275
Unutilized credit facilities	4 515 813	499 238	54 722	5 069 773
Total	14 245 254	4 600 168	1 878 973	20 724 395
Constructions projects contracts	450	11 979	-	12 429
Procurement contracts	11 084	4 503	1 145	16 732
Operating lease contracts	4 653	11 912	13 692	30 257
Total	16 187	28 394	14 837	59 418

26. CREDIT EXPOSURE FOR ASSETS CATEGORIZED BY GEOGRAPHICAL REGION:

The details for this items are as follows:

September 30, 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	3 357 925	2 275 987	71 821	1 809 923	-	4 133	7 519 789
Balances and deposits with banks and financial institutions	230 176	905 969	145 991	1 609 935	797 059	59 578	3 748 708
Financial assets at fair value through profit or loss:	-	320 541	44 917	214 479	-	-	579 937
Direct credit facilities at amortized cost	5 953 687	14 823 094	308 997	878 533	28 754	732 908	22 725 973
Consumer Banking	2 434 065	2 299 381	1 488	92 986	3 950	275 168	5 107 038
Small and Medium Corporates	656 996	1 559 720	36 667	247 070	24 804	139 721	2 664 978
Large Corporates	2 726 261	9 803 212	270 842	523 477	-	309 488	13 633 280
Banks and Financial Institutions	31 809	59 420	-	15 000	-	8 531	114 760
Government and Public Sector	104 556	1 101 361	-	-	-	-	1 205 917
Other financial assets at amortized cost	3 742 065	4 633 891	124 258	634 068	133 449	251 765	9 519 496
Other assets and financial derivatives - positive fair value	69 036	219 944	4 709	59 970	496	3 075	357 230
Total	13 352 889	23 179 426	700 693	5 206 908	959 758	1 051 459	44 451 133
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.

22. CREDIT EXPOSURE FOR ASSETS CATEGORIZED BY ECONOMIC SECTOR

The details for this items are as follows:

September 30, 2016

	Corporations											Banks and Financial Institutions	Government and Public Sector	Total
	Consumer Banking	Corporations												
		Industry and Mining	Constructions	Real Estate	Trade	Agriculture	Tourism and Hotels	Transportation	Shares	General Services				
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	USD '000	USD '000
Balances with Central Banks	-	-	-	-	-	-	-	-	-	-	-	-	7 519 789	7 519 789
Balances and deposits with banks and financial institutions	-	-	-	-	-	-	-	-	-	-	-	3 748 708	-	3 748 708
Financial assets at fair value through profit or loss	-	-	-	-	-	-	-	29 624	-	-	-	261 262	289 051	579 937
Direct credit facilities at amortized cost	5 107 038	4 461 895	1 882 058	3 754 386	166 528	555 276	722 631	53 980	2 603 797	114 760	1 205 917	114 760	1 205 917	22 725 973
Other financial assets at amortized cost	-	95 377	17 112	14 100	40 261	-	-	-	173 239	-	7 652 978	1 526 429	7 652 978	9 519 496
Other assets and financial derivatives - positive fair value	20 843	30 820	9 123	24 143	1 357	3 490	10 004	-	38 686	-	147 813	63 174	147 813	357 230
Total	5 127 881	4 588 092	1 905 281	3 818 790	167 885	558 766	762 259	53 980	2 815 722	5 714 333	16 815 548	5 714 333	16 815 548	44 445 113

December 31, 2015

	Corporations											Banks and Financial Institutions	Government and Public Sector	Total
	Consumer Banking	Corporations												
		Industry and Mining	Constructions	Real Estate	Trade	Agriculture	Tourism and Hotels	Transportation	Shares	General Services				
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	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	3 621 191	164 038	626 032	752 236	67 046	2 866 054	191 382	1 203 968	191 382	1 203 968	22 180 987
Other financial assets at amortized cost	-	80 608	17 199	41 156	-	-	25 265	-	190 330	-	7 223 998	1 410 397	7 223 998	9 003 709
Other assets and financial derivatives - positive fair value	16 124	25 631	10 090	16 097	1 382	3 485	9 748	-	35 712	-	155 672	86 253	155 672	367 870
Total	4 694 135	4 545 012	1 888 772	3 678 444	165 420	629 517	816 873	67 046	3 092 096	5 110 584	18 024 019	5 110 584	18 024 019	44 445 113

28- CAPITAL MANAGEMENT

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

	September 30, 2016	December 31, 2015
	USD '000	USD '000
A- CORE CAPITAL		
Share capital	926 615	926 615
Statutory reserve	753 065	753 065
Voluntary reserve	977 315	977 315
Share premium	1 225 747	1 225 747
General reserve	1 141 824	1 141 824
Retained earnings*	1 162 243	1 194 643
Non controlling interest	92 037	93 980
Total Core Capital	6 278 846	6 313 189
B- Supplementary Capital		
Foreign currency translation reserve	(304 064)	(284 609)
Investments revaluation reserve	(306 100)	(260 621)
Subordinated loans	8 981	13 867
General banking risk reserve	363 458	363 458
Total Supplementary Capital	(237 725)	(167 905)
C- Deductible items	1 530 005	1 454 595
Regulatory capital (A+B-C)	4 511 116	4 690 689
Risk-Weighted Assets (RWA)	32 937 243	33 026 774
Regulatory Capital / Risk-Weighted Assets	13.70%	14.20%
Core Capital / Risk-Weighted Assets	13.70%	14.20%

* Includes deferred tax and intangible assets

- The Board of Directors performs an overall review of the capital structure of the Group on quarterly basis. As part of such review, the Board takes into consideration matters such as cost and risks of capital as integral factors in managing capital through setting dividends policies and capitalization of reserves.
- The minimum level of the capital adequacy ratio as defined by Basel Committee is 8% and 12% as per the Central Bank of Jordan's instructions, while this ratio amounted to 13.7 % as of September 30, 2016 (14.20% as of December 31, 2015).

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

The details of this item are as follows:

	September 30, 2016	September 30, 2015
	USD '000	USD '000
Profit for the period attributable to the Bank's shareholders	610 084	607 949
	Thousand / Shares	
Average number of shares	640 800	640 800
	USD / Share	
Earnings Per Share for the period (Basic and diluted)	0.95	0.95

30- CASH AND CASH EQUIVALENT

The details of this item are as follows:

	September 30, 2016	September 30, 2015
	USD '000	USD '000
Cash and balances with central banks maturing within 3 months	7 974 877	8 717 746
<u>Add:</u> Balances with banks and financial institutions maturing within 3 months	2 806 208	3 673 661
<u>Less:</u> Banks and financial institutions deposits maturing within 3 months	3 179 311	3 332 309
Total	7 601 774	9 059 098

31. RELATED PARTIES TRANSACTIONS

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

	September 30, 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	338 307	-	183 414	90 755
Major Shareholders and Members of the Board of Directors	-	491 248	442 379	93 745
Total	338 307	491 248	625 793	184 500

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

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

The details of transactions with related parties are as follows:

	September 30, 2016	
	Interest Income	Interest Expense
	USD '000	USD '000
Associated Companies	1 411	1 884

	September 30, 2015	
	Interest Income	Interest Expense
	USD '000	USD '000
Associated Companies	327	64

- Direct credit facilities granted to top management personnel amounted to USD 2.2 million and indirect credit facilities amounted to USD 5.6 thousand as of September 30, 2016. (USD 1.9 million direct credit facilities and USD 8.5 thousand indirect credit facilities as of December 31, 2015).
- Interest on credit facilities granted to major shareholders and members of the Board of Directors is recorded at arm's length.
- Deposits of key management personnel amounted to USD 2.7 million as of September 30, 2016 (USD 2.2 million as of December 31, 2015).
- The salaries and other fringe benefits of the Group's top management personnel, inside and outside Jordan, amounted to USD 42.1 million for the nine months period ended September 30, 2016 (USD 41.5 million for the nine months period ended September 30, 2015).

32. 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 132.2 million as of September 30, 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 12 million as of September 30, 2016 (USD 8 million as of December 31, 2015).

33. Comparative Figures

Some of the comparative figures for the year 2015 have been reclassified to correspond with the period ended September 30, 2016 presentation and it did not result in any change to the last year's operating results.