

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

**ARAB BANK GROUP**  
**FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2017**

**Page**

**CONTENTS**

Review Report on Interim Condensed Consolidated Financial Information	1
Condensed Consolidated Interim Statement of Financial Position	2
Condensed Consolidated Interim Statement of Income	3
Condensed Consolidated Interim Statement of Comprehensive Income	4
Condensed Consolidated Interim Statement of Changes in Shareholders Equity	5
Condensed Consolidated Interim Statement of Cash Flows	6
Notes to the Condensed Consolidated Interim Financial Information	7 - 31



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Review Report on Condensed Consolidated Interim Financial Information

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

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

**Scope of Review**

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

**Conclusion**

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

**Other Matters**

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

The consolidated financial statements for the year ended 31 December 2016 and the condensed consolidated interim financial statements for the period ended 30 September 2016 were audited and reviewed respectively by Deloitte & Touche (Middle East) – Jordan as the sole auditor of the Bank for the year 2016. Unqualified opinion and unqualified conclusion were issued on these financial statements on 29 January 2017 and 27 October 2016 respectively. Ernst & Young - Jordan and Deloitte & Touche (Middle East) – Jordan were appointed as joint auditors of the Bank for the year 2017 in accordance with Central Bank of Jordan regulations for corporate governance.

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

Amman – Jordan  
26 October 2017

Ernst & Young – Jordan

Deloitte & Touche (Middle East) – Jordan

*Ernst + Young*



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

		September 30, 2017	December 31, 2016
	Note	(Reviewed not Audited)	(Audited)
		USD '000	USD '000
<b>ASSETS</b>			
Cash and balances with central banks	4	7 321 785	7 809 343
Balances with banks and financial institutions	5	3 476 956	4 622 181
Deposits with banks and financial institutions	6	232 996	176 118
Financial assets at fair value through profit or loss	7	478 653	698 516
Financial derivatives - positive fair value		55 356	58 011
Direct credit facilities at amortized cost	9	23 179 570	21 898 121
Financial assets at fair value through other comprehensive income	8	442 530	470 912
Other financial assets at amortized cost	10	8 663 124	7 640 955
Investments in associates		3 169 916	3 077 008
Fixed assets	11	459 741	463 633
Other assets	12	520 369	472 203
Deferred tax assets		84 810	73 390
<b>Total Assets</b>		<b>48 085 806</b>	<b>47 460 391</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
Banks and financial institutions' deposits		4 102 289	3 752 999
Customers' deposits	13	30 894 794	31 082 152
Cash margin		2 688 483	2 561 426
Financial derivatives - negative fair value		42 334	52 517
Borrowed funds	14	216 147	271 185
Provision for income tax	15	232 798	242 377
Other provisions		266 742	259 795
Other liabilities	16	1 141 787	1 072 128
Deferred tax liabilities		1 686	1 276
<b>Total Liabilities</b>		<b>39 587 060</b>	<b>39 295 855</b>
Share capital	17	926 615	926 615
Share premium	17	1 225 747	1 225 747
Statutory reserve	17	798 443	798 443
Voluntary reserve	17	977 315	977 315
General reserve		1 141 824	1 141 824
General banking risks reserve		377 558	363 458
Reserves with associates		1 540 896	1 540 896
Foreign currency translation reserve		( 345 390)	( 402 682)
Investments revaluation reserve		( 294 246)	( 267 672)
Retained earnings	18	2 032 945	1 738 225
<b>Total Equity Attributable to the Shareholders of the Bank</b>		<b>8 381 707</b>	<b>8 042 169</b>
Non-controlling interests		117 039	122 367
<b>Total Shareholders' Equity</b>		<b>8 498 746</b>	<b>8 164 536</b>
<b>Total Liabilities and Shareholders' Equity</b>		<b>48 085 806</b>	<b>47 460 391</b>

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

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

	Note	For the Nine-Months		For the Three-Months	
		Period Ended September 30,		Period Ended September 30,	
		2017	2016	2017	2016
		USD '000	USD '000	USD '000	USD '000
<b>REVENUE</b>					
Interest income	19	1 448 746	1 417 089	513 765	488 514
<u>Less:</u> interest expense	20	578 612	573 129	210 534	199 323
<b>Net Interest Income</b>		<b>870 134</b>	<b>843 960</b>	<b>303 231</b>	<b>289 191</b>
Net commission income	21	226 977	243 658	72 896	78 511
<b>Net Interest and Commission Income</b>		<b>1 097 111</b>	<b>1 087 618</b>	<b>376 127</b>	<b>367 702</b>
Foreign exchange differences		62 159	47 937	23 234	15 720
Gain from financial assets at fair value through profit or loss	22	5 472	2 257	147	1 254
Dividends from financial assets at fair value through other comprehensive income		6 261	6 583	259	281
Group's share of profits of associates		278 892	265 869	89 573	81 456
Other revenue	23	36 896	42 012	10 759	14 108
<b>Total Income</b>		<b>1 486 791</b>	<b>1 452 276</b>	<b>500 099</b>	<b>480 521</b>
<b>EXPENSES</b>					
Employees' expenses		338 609	331 862	111 637	110 121
Other expenses		197 266	184 136	68 328	62 883
Depreciation and amortization		41 498	41 013	14 263	13 719
Provision for impairment - direct credit facilities at amortized cost	9	94 136	61 196	47 439	30 983
Other provisions		15 426	18 277	5 403	8 165
<b>Total Expenses</b>		<b>686 935</b>	<b>636 484</b>	<b>247 070</b>	<b>225 871</b>
<b>Profit for the Period before Income Tax</b>		<b>799 856</b>	<b>815 792</b>	<b>253 029</b>	<b>254 650</b>
<u>Less:</u> Income tax expense	15	199 092	197 867	67 483	61 640
<b>Profit for the Period</b>		<b>600 764</b>	<b>617 925</b>	<b>185 546</b>	<b>193 010</b>
<b>Attributable to:</b>					
- Bank's shareholders		592 494	610 084	182 642	191 349
- Non-controlling interests		8 270	7 841	2 904	1 661
<b>Total</b>		<b>600 764</b>	<b>617 925</b>	<b>185 546</b>	<b>193 010</b>
<b>Earnings per share attributable to the Bank's shareholders</b>					
- Basic and Diluted (US Dollars)	30	<b>0.92</b>	<b>0.95</b>		

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

**ARAB BANK GROUP**

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME**

**(REVIEWED NOT AUDITED)**

	For the Nine-Months		For the Three-Months	
	Period Ended September 30,		Period Ended September 30,	
	2017	2016	2017	2016
	USD '000	USD '000	USD '000	USD '000
<b>Profit for the period</b>	<b>600 764</b>	<b>617 925</b>	<b>185 546</b>	<b>193 010</b>
<u>Add</u> Other comprehensive income items - after tax				
<b><u>Items that will be subsequently transferred to the statement of Income</u></b>				
Exchange differences arising on the translation of foreign operations	51 712	( 23 752)	( 8 664)	( 5 549)
<b><u>Items that will not be subsequently transferred to the statement of Income</u></b>				
Net change in fair value of financial assets at fair value through other comprehensive income	( 26 829)	( 46 704)	( 25 161)	( 15 000)
Change in fair value of financial assets at fair value through other comprehensive income	( 27 135)	( 45 644)	( 27 163)	( 15 130)
Gain (Loss) from sale of financial assets at fair value through the statement of comprehensive income	306	( 1 060)	2 002	130
<b>Total Other Comprehensive Income Items - after Tax</b>	<b>24 883</b>	<b>( 70 456)</b>	<b>( 33 825)</b>	<b>( 20 549)</b>
<b>Total Comprehensive Income for the Period</b>	<b>625 647</b>	<b>547 469</b>	<b>151 721</b>	<b>172 461</b>
Attributable to .				
- Bank's shareholders	623 502	544 459	149 267	170 724
- Non-controlling interests	2 145	3 010	2 454	1 737
<b>Total</b>	<b>625 647</b>	<b>547 469</b>	<b>151 721</b>	<b>172 461</b>

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

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

Note	Share Capital	Share Premium	Statutory Reserve	Voluntary Reserve	General Reserve	General Banking Risk Reserve	Reserves with Associates	Foreign Currency Translation Reserve	Investments revaluation reserve	Retained Earnings	Total Equity Attributable to the Shareholders of the Bank	Non-controlling Interests	Total Owners' Equity
<b>For the Nine-Months Period Ended September 30, 2017</b>													
	926 615	1 225 747	798 443	977 315	1 141 824	363 458	1 540 896	(402 682)	(267 672)	1 738 225	8 042 169	122 367	8 164 536
Balance at the beginning of the year	-	-	-	-	-	-	-	-	-	592 494	592 494	8 270	600 764
Profit for the period	-	-	-	-	-	-	-	57 292	(26 284)	-	31 008	(6 125)	24 883
Other comprehensive income for the period	-	-	-	-	-	-	-	57 292	(26 284)	592 494	623 502	2 145	625 647
<b>Total Comprehensive Income for the Period</b>	-	-	-	-	-	-	-	(290)	(290)	290	-	-	-
Transferred from investments revaluation reserve to retained earnings	-	-	-	-	-	14 100	-	-	-	(14 100)	-	-	-
Transferred to general banking risk reserve	-	-	-	-	-	-	-	-	-	-	-	-	-
Transferred from investments revaluation reserve to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(16)	(16)
Dividends paid	-	-	-	-	-	-	-	-	-	(278 182)	(278 182)	(5 105)	(283 287)
Adjustments during the period	-	-	-	-	-	-	-	-	-	(5 782)	(5 782)	(2 352)	(8 134)
Balance at the End of the Period	926 615	1 225 747	798 443	977 315	1 141 824	377 558	1 540 896	(345 390)	(294 246)	2 032 945	8 381 707	117 039	8 498 746
<b>For the Nine-Months Period Ended September 30, 2016</b>													
	926 615	1 225 747	753 065	977 315	1 141 824	363 458	1 540 896	(284 609)	(260 621)	1 592 867	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
<b>Total Comprehensive Income for the Period</b>	-	-	-	-	-	-	-	(19 455)	(46 170)	610 084	-	-	-
Transferred from investments revaluation reserve to retained earnings	-	-	-	-	-	-	-	-	691	(691)	-	-	-
Transferred from investments revaluation reserve to non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	(369)	(369)
Dividends paid	-	-	-	-	-	-	-	-	-	(231 277)	(231 277)	(5 607)	(236 884)
Adjustments during the period	-	-	-	-	-	-	-	-	-	(17 668)	(17 668)	(2 077)	(19 745)
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

\* The retained earnings include restricted deferred tax assets in the amount of USD 44.8 million, as well as, unrealized gains from financial assets at fair value through profit or loss in the amount of USD 1.8 million. Restricted retained earnings that cannot be distributed or otherwise utilized except only under certain circumstances as a result of the adoption of certain Accounting Standards amounted to USD 2.7 million as of September 30, 2017.

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

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

\* The Bank cannot use a restricted amount of USD (294.2) million which represents the negative investments revaluation reserve in accordance with the instructions of the Jordan Securities Commission and Central Bank of Jordan as of September 30, 2017.

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

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

	Notes	For the Nine-Months Period Ended September 30,	
		2017 USD '000	2016 USD '000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit for the period before tax		799 856	815 792
Adjustments for:			
Group's share from associates profits		( 278 892)	( 265 869)
Depreciation and amortization		41 498	41 013
Provision for impairment - direct credit facilities at amortized cost	9	94 136	61 196
Net accrued interest		23 668	( 16 723)
(Gains) from sale of fixed assets		( 431)	( 5 829)
Dividends on financial assets at fair value through other comprehensive income	8	( 6 261)	( 6 583)
(Gains) losses from revaluation of financial assets at fair value through profit or loss	22	( 1 813)	696
Other provisions		15 426	18 277
<b>Total</b>		<b>687 187</b>	<b>641 970</b>
<b>(Increase) Decrease in Assets:</b>			
Balances with central banks (maturing after 3 months)		( 27 220)	( 19 054)
Deposits with banks and financial institutions (maturing after 3 months)		( 56 878)	( 843 482)
Direct credit facilities at amortized cost		(1 375 585)	( 606 182)
Financial assets at fair value through profit or loss		221 676	196 461
Other assets and financial derivatives		( 42 486)	( 41 093)
<b>Increase (Decrease) in Liabilities:</b>			
Banks' and financial institutions' deposits (maturing after 3 months)		324 884	( 171 887)
Customer's deposits		( 187 358)	130 808
Cash margin		127 057	122 872
Other liabilities and financial derivatives		21 615	( 510 025)
<b>Net Cash Flows (Used in) Operating Activities before Income Tax</b>		<b>( 307 108)</b>	<b>(1 099 612)</b>
Income tax paid		( 215 109)	( 220 091)
<b>Net Cash Flows (Used in) Operating Activities</b>		<b>( 522 217)</b>	<b>(1 319 703)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Sale (Purchase) of financial assets at fair value through other comprehensive income		1 808	( 48 140)
(Purchase) of other financial assets at amortized cost		(1 022 169)	( 515 787)
(Increase) of investments in associates		( 2 660)	( 16 836)
Dividends received from associates		169 615	175 633
Dividends received from financial assets at fair value through other comprehensive income	8	6 261	6 583
(Increase) in fixed assets - net		( 37 175)	( 55 829)
<b>Net Cash Flows (Used in ) Investing Activities</b>		<b>( 884 320)</b>	<b>( 454 376)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
(Paid) Increase in borrowed funds		( 55 038)	124 481
Dividends paid to shareholders		( 275 021)	( 234 184)
Dividends paid to non-controlling interests		( 5 105)	( 5 607)
<b>Net Cash Flows (Used in) Financing Activities</b>		<b>( 335 164)</b>	<b>( 115 310)</b>
Net (Decrease) in cash and cash equivalent		(1 741 701)	(1 889 389)
Exchange differences - change in foreign exchange rates		57 292	( 23 752)
Cash and cash equivalent at the beginning of the Year		8 349 838	9 514 915
<b>Cash and Cash Equivalent at the End of the Period</b>	31	<b>6 665 429</b>	<b>7 601 774</b>

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



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

**1. GENERAL INFORMATION**

- Arab Bank was established in 1930, and is registered as a Jordanian public shareholding limited company. The Head Office of the Bank is domiciled in Amman - Hashemite Kingdom of Jordan and the Bank operates worldwide through its 74 branches in Jordan and 126 branches abroad. Also, the Bank operates through its subsidiaries and its sister company Arab Bank (Switzerland) limited.
- Arab Bank Plc shares are traded on Amman Stock Exchange.
- The accompanying condensed consolidated interim financial information was approved by the Board of Directors in its meeting Number (5) on October 26, 2017.

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

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

Company Name	Percentage of ownership%		Date of acquisition	Principal Activity	Place of Incorporation	Paid up capital
	September 30, 2017	December 31, 2016				
Europe Arab Bank plc	100.00	100.00	2006	Banking	United Kingdom	€ 570m
Arab Bank Australia Limited	100.00	100.00	1994	Banking	Australia	AUD 94.3m
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	Sudan	SDG 117.5m
Al Arabi Investment Group / Palestine	100.00	100.00	2009	Brokerage and Financial Services	Palestine	JD 1.7m
Arab Tunisian Bank	64.24	64.24	1982	Banking	Tunisia	TND 100m
Arab Bank Syria	51.29	51.29	2005	Banking	Syria	SYP 5.05b
Al Nisr Al Arabi Insurance Company	50.00	50.00	2006	Insurance	Jordan	JD 10m

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

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

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

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

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

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

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

### **Accounting Estimates**

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

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

The details of this item are as follows:

	September 30, 2017	December 31, 2016
	USD '000	USD '000
Cash on hand	516 868	416 874
Balances with central banks:		
Current accounts	2 403 468	2 120 805
Time and notice	2 430 308	3 256 190
Mandatory cash reserve	1 557 020	1 362 777
Certificates of deposit	414 121	652 697
<b>Total</b>	<b>7 321 785</b>	<b>7 809 343</b>

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

- Balances and certificates of deposits maturing after three months amounted to USD 27.2 million as of September 30, 2017 ( There are no balances and certificates of deposits maturing after three months as of December 31, 2016)

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

The details of this item are as follows:

Local banks and financial institutions	September 30, 2017	December 31, 2016
	USD '000	USD '000
Current Accounts	3 889	2 522
Time deposits maturing within 3 months	195 368	261 403
<b>Total</b>	<b>199 257</b>	<b>263 925</b>

  

Banks and financial institutions abroad	September 30, 2017	December 31, 2016
	USD '000	USD '000
Current accounts	2 029 675	2 714 289
Time deposits maturing within 3 months	1 248 024	1 643 967
<b>Total</b>	<b>3 277 699</b>	<b>4 358 256</b>

  

<b>Total balances with banks and financial institutions Local and abroad</b>	<b>3 476 956</b>	<b>4 622 181</b>
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- There are no non-interest bearing balances as of September 30, 2017 and December 31, 2016

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

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

The details of this item are as follows:

Deposits with Local Banks and Financial Institutions:	September 30, 2017	December 31, 2016
	USD '000	USD '000
Time deposits maturing after 3 months and before 6 months	5 329	20 736
Time deposits maturing after one year	21 150	21 150
<b>Total</b>	<b>26 479</b>	<b>41 886</b>

Deposits with Banks and Financial Institutions Abroad:	September 30, 2017	December 31, 2016
	USD '000	USD '000
Time deposits maturing after 3 months and before 6 months	171 589	97 772
Time deposits maturing after 6 months and before 9 months	10 119	2 291
Time deposits maturing after 9 months and before a year	14 861	23 281
Time deposits maturing after one year	9 948	10 888
<b>Total</b>	<b>206 517</b>	<b>134 232</b>

  

<b>Total deposits with banks and financial institutions Local and Abroad</b>	<b>232 996</b>	<b>176 118</b>
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- There are no restricted deposits as of September 30, 2017 and December 31, 2016.

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

The details of this item are as follows:

	September 30, 2017	December 31, 2016
	USD '000	USD '000
Treasury bills and Governmental bonds	101 796	352 284
Corporate bonds	307 479	274 404
Loans and advances	29 624	29 624
Corporate shares	14 700	15 781
Mutual funds	25 054	26 423
<b>Total</b>	<b>478 653</b>	<b>698 516</b>

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

The details of this item are as follows:

	September 30, 2017	December 31, 2016
	USD '000	USD '000
Quoted shares	230 904	258 920
Un-quoted shares	211 626	211 992
<b>Total</b>	<b>442 530</b>	<b>470 912</b>

- Cash dividends from investments above amounted to USD 6.3 million for the nine months period ended September 30, 2017 (USD 6.6 million for the Nine months period ended September 30, 2016)
- Realized gains that were transferred from investments revaluation reserve to retained earnings amounted to USD 0.3 million for the Nine months period ended September 30, 2017, The non-controlling interests share of these gains was USD 16 thousands for the nine months period ended September 30, 2017 (The realized losses that were transferred from investments revaluation reserve to retained earnings amounted to USD (0.7) million for the nine months period ended September 30, 2016 and the Non-controlling interests share of these realized losses was USD (0.4) million for the nine months period ended September 30, 2016).

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

The details of this item are as follows

	September 30, 2017					Total
	Consumer Banking	Corporates		Banks and Financial Institutions	Government and Public Sector	
		Small and Medium	Large			
	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
Discounted bills *	83 473	138 475	541 840	109 949	867	874 604
Overdrafts *	83 606	1 218 627	3 263 580	6 874	327 561	4 900 248
Loans and advances *	3 020 948	1 650 464	11 190 708	64 471	857 635	16 784 226
Real-estate loans	2 122 490	134 595	74 599	-	-	2 331 684
Credit cards	157 977	-	-	-	-	157 977
<b>Total</b>	<b>5 468 494</b>	<b>3 142 161</b>	<b>15 070 727</b>	<b>181 294</b>	<b>1 186 063</b>	<b>25 048 739</b>
<b>Less:</b> Interest and commission in suspense	67 217	93 930	324 738	6 254	-	492 139
Provision for impairment - direct credit facilities at amortized cost	136 313	133 487	1 104 241	410	2 579	1 377 030
<b>Total</b>	<b>203 530</b>	<b>227 417</b>	<b>1 428 979</b>	<b>6 664</b>	<b>2 579</b>	<b>1 869 169</b>
<b>Net Direct Credit Facilities At Amortized Cost</b>	<b>5 264 964</b>	<b>2 914 744</b>	<b>13 641 748</b>	<b>174 630</b>	<b>1 183 484</b>	<b>23 179 570</b>

\* Net of interest and commission received in advance which amounted to USD 123.8 million as of September 30, 2017.

- Rescheduled loans during the nine months period ended September 30, 2017 amounted to USD 520.5 million.
- Restructured loans (transferred from non performing to watch list loans) during the nine months period ended September 30, 2017 amounted to USD 8.1 million
- Direct credit facilities granted to and guaranteed by the Government of Jordan amounted to USD 60.8 million, or 0.2% of total direct credit facilities as of September 30, 2017.
- Non-performing direct credit facilities amounted to USD 1664.4 million, or 6.6% of total direct credit facilities as of September 30, 2017
- Non-performing direct credit facilities net of interest and commission in suspense amounted to USD 1190.9 million, or 4.8% of direct credit facilities after deducting interest and commission in suspense as of September 30, 2017

## December 31, 2016

	December 31, 2016					Total
	Consumer Banking	Corporates		Banks and Financial Institutions	Government and Public Sector	
		Small and Medium	Large			
	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
Discounted bills *	85 935	127 207	555 486	39 986	2 530	811 144
Overdrafts *	95 739	1 036 801	2 819 521	4 215	358 317	4 314 593
Loans and advances *	2 834 841	1 527 684	10 903 968	69 057	846 437	16 181 987
Real-estate loans	2 032 218	123 188	62 000	-	-	2 217 406
Credit cards	143 847	-	-	-	-	143 847
<b>Total</b>	<b>5 192 580</b>	<b>2 814 890</b>	<b>14 340 975</b>	<b>113 258</b>	<b>1 207 284</b>	<b>23 668 977</b>
<b>Less: Interest and commission in suspense</b>	<b>80 012</b>	<b>93 649</b>	<b>283 236</b>	<b>5 460</b>	<b>-</b>	<b>462 357</b>
Provision for impairment - direct credit facilities at amortized cost	157 567	129 123	1 019 270	398	2 141	1 308 499
<b>Total</b>	<b>237 579</b>	<b>222 772</b>	<b>1 302 506</b>	<b>5 858</b>	<b>2 141</b>	<b>1 770 856</b>
<b>Net Direct Credit Facilities at Amortized Cost</b>	<b>4 955 001</b>	<b>2 592 108</b>	<b>13 038 469</b>	<b>107 400</b>	<b>1 205 143</b>	<b>21 898 121</b>

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

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

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

- Direct credit facilities granted to and guaranteed by the Government of Jordan amounted to USD 46 7 million, or 0.2% of total direct credit facilities as of December 31, 2016

- Non-performing direct credit facilities amounted to USD 1575.7 million, or 6 7% of total direct credit facilities as of December 31, 2016

- Non-performing direct credit facilities net of interest and commission in suspense amounted to USD 1127 3 million, or 4 9% of direct credit facilities after deducting interest and commission in suspense as of December 31, 2016 .

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

## September 30, 2017

	September 30, 2017					Total	The total includes movement on the real-estate loans provision as follows.
	Consumer Banking	Corporates		Banks and Financial Institutions	Government and Public Sector		
		Small and Medium	Large				
	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
Balance at the beginning of the year	157 567	129 123	1 019 270	398	2 141	1 308 499	12 374
Impairment losses charged to income	11 347	17 297	96 718	-	798	126 160	1 715
Used from provision (written off or transferred to off Condensed consolidated interim statement of financial position)	( 23 067)	( 6 150)	( 10 474)	-	-	( 39 651)	( 007)
Recoveries	( 7 471)	( 7 463)	( 16 090)	-	( 400)	( 32 024)	( 2 291)
Adjustments during the period	( 302)	2 376	7 617	-	-	9 691	14
Translation adjustments	( 1 761)	( 1 090)	7 760	12	40	4 355	68
<b>Balance at the End of the Period</b>	<b>136 313</b>	<b>133 487</b>	<b>1 104 241</b>	<b>410</b>	<b>2 579</b>	<b>1 377 030</b>	<b>11 273</b>

## December 31, 2016

	December 31, 2016					Total	The total includes movement on the real-estate loans provision as follows.
	Consumer Banking	Corporates		Banks and Financial Institutions	Government and Public Sector		
		Small and Medium	Large				
	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
Balance at the beginning of the year	171 143	134 135	902 901	1 353	2 751	1 212 283	16 847
Impairment losses charged to income	18 412	22 179	210 904	-	1 878	253 373	2 507
Used from provision (written off or transferred to off consolidated statement of financial position)	( 5 017)	( 0 173)	( 31 210)	-	-	( 43 006)	( 88)
Recoveries	( 15 170)	( 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)	( 28 365)	( 5)	( 1 212)	( 49 681)	( 13)
<b>Balance at the End of the Year</b>	<b>157 567</b>	<b>129 123</b>	<b>1 019 270</b>	<b>398</b>	<b>2 141</b>	<b>1 308 499</b>	<b>12 374</b>

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

- Impairment is assessed based on individual customer accounts

\* Non-performing loans transferred to off condensed consolidated interim statement of financial position amounted to USD 12 8 million as of September 30, 2017 ( USD 6.6 million as of December 31, 2016) noting that these loans were fully provided for

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

	September 30, 2017						The total includes interest and commission in suspense movement on real-estate loans as follows	
	Consumer Banking			Corporates				
	USD '000	Small & Medium	Large	USD '000	Banks and Financial Institutions	Government and Public Sector		USD '000
Balance at the beginning of the year	80 012	93 649	283 236	5 460	-	-	462 357	11 196
Interest and commissions suspended during the period	12 206	10 574	44 383	794	-	-	67 957	2 110
Interest and commissions in suspense settled / written off or transferred to off the condensed consolidated interim statement of financial position	(21 851)	(9 347)	(1,675)	-	-	-	(32 875)	( 770)
Recoveries	( 1 905)	( 1 019)	( 1 115)	-	-	-	( 4 339)	( 715)
Adjustments during the period	(601)	482	119	-	-	-	-	-
Translation adjustments	( 642)	( 469)	90	-	-	-	( 941)	6
<b>Balance at the End of the Period</b>	<b>67 217</b>	<b>93 930</b>	<b>324 738</b>	<b>6 254</b>	<b>-</b>	<b>-</b>	<b>492 139</b>	<b>11 827</b>

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

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

	September 30, 2017		December 31, 2016	
	Inside Jordan	Outside Jordan	Inside Jordan	Outside Jordan
<b>Economic Sector</b>	<b>USD '000</b>	<b>USD '000</b>	<b>USD '000</b>	<b>USD '000</b>
Consumer Banking	2 637 141	2 627 823	5 264 964	4 955 001
Industry and mining	1 406 351	3 171 414	4 577 765	4 035 843
Constructions	563 928	1 805 544	2 369 472	1 982 613
Real - Estates	363 031	1 435 688	1 798 719	1 723 634
Trade	1 028 063	2 804 120	3 832 183	3 708 816
Agriculture	132 642	127 036	259 678	159 907
Tourism and Hotels	212 833	400 070	612 903	619 000
Transportations	144 527	457 636	602 163	667 094
Shares	2 577	133	2 710	5 758
General Services	478 957	2 021 942	2 500 899	2 727 912
Banks and Financial Institutions	1 495	173 135	174 630	107 400
Government and Public Sector	125 654	1 057 830	1 183 484	1 205 143
<b>Net Direct Credit Facilities at amortized Cost</b>	<b>7 097 199</b>	<b>16 082 371</b>	<b>23 179 570</b>	<b>21 898 121</b>

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

The details of this item are as follows:

	September 30, 2017	December 31, 2016
	USD '000	USD '000
Treasury bills	2 316 452	2 089 708
Governmental bonds and bonds guaranteed by the government	4 673 830	3 932 816
Corporate bonds	1 700 726	1 645 573
<u>Less: Provision for impairment</u>	<u>( 27 884)</u>	<u>( 27 142)</u>
<b>Total</b>	<b><u>8 663 124</u></b>	<b><u>7 640 955</u></b>

Analysis of bonds based on interest nature:

	September 30, 2017	December 31, 2016
	USD '000	USD '000
Floating interest rate	688 018	777 918
Fixed interest rate	7 975 106	6 863 037
<b>Total</b>	<b><u>8 663 124</u></b>	<b><u>7 640 955</u></b>

Analysis of financial assets based on market quotation:

	September 30, 2017	December 31, 2016
	USD '000	USD '000
<b>Financial assets quoted in the market:</b>		
Treasury bills	530 900	250 536
Governmental bonds and bonds guaranteed by the government	1 117 450	1 019 559
Corporate bonds	1 469 220	1 410 604
<b>Total</b>	<b><u>3 117 570</u></b>	<b><u>2 680 699</u></b>

Financial assets unquoted in the market:

	September 30, 2017	December 31, 2016
	USD '000	USD '000
Treasury bills	1 785 552	1 839 172
Governmental bonds and bonds guaranteed by the government	3 556 380	2 913 257
Corporate bonds	203 622	207 827
<b>Total</b>	<b><u>5 545 554</u></b>	<b><u>4 960 256</u></b>
<b>Grand Total</b>	<b><u>8 663 124</u></b>	<b><u>7 640 955</u></b>

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

	September 30, 2017	December 31, 2016
	USD '000	USD '000
Balance at the beginning of the Year	27 142	28 967
Translation adjustments	742	( 1 825)
<b>Balance at the End of the Period / Year</b>	<b><u>27 884</u></b>	<b><u>27 142</u></b>

During the nine months period ended September 30, 2017 certain financial assets at amortized cost with a total amount of USD 35.9 million were sold ( USD 424.5 million during the year ended December 31, 2016).



**11- FIXED ASSETS**

The additions to and disposals of fixed assets during the nine months period ended September 30, 2017 amounted to USD 32.8 million and USD 21.4 million, respectively ( USD 77.9 million and USD 22.5 million for the nine months period ended September 30, 2016).

The cost of fully depreciated fixed assets amounted to USD 233.8 million as of September 30, 2017 (USD 242.5 million as of December 31, 2016)

**12- OTHER ASSETS**

**The details of this item are as follows:**

	<b>September 30, 2017</b>	<b>December 31, 2016</b>
	<b>USD '000</b>	<b>USD '000</b>
Accrued interest receivable	199 013	184 568
Prepaid expenses	119 542	93 572
Foreclosed assets *	55 581	50 041
Intangible assets	19 919	20 442
Other miscellaneous assets	126 314	123 580
<b>Total</b>	<b>520 369</b>	<b>472 203</b>

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

### 13- CUSTOMER'S DEPOSITS

The details of this item are as follows:

	September 30, 2017				Total
	Consumer Banking	Corporates		Government and Public Sector	
		Small & Medium	Large		
USD '000	USD '000	USD '000	USD '000	USD '000	
Current and demand	7 671 728	2 077 896	2 210 908	406 149	12 366 681
Savings	3 040 381	182 988	20 411	120	3 243 900
Time and notice	8 208 680	909 569	3 864 570	1 967 287	14 950 106
Certificates of deposit	193 108	17 746	67 220	56 033	334 107
<b>Total</b>	<b>19 113 897</b>	<b>3 188 199</b>	<b>6 163 109</b>	<b>2 429 589</b>	<b>30 894 794</b>

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

- Total Government of Jordan and Jordanian public sector deposits amounted to USD 210 million, or 0.7% of total customer's deposits as of September 30, 2017 (USD 679 million, or 2.2% of total customer's deposits as of December 31, 2016).
- Non-interest bearing deposits amounted to USD 11005.4 million, or 35.6 % of total customer's deposits as of September 30, 2017 (USD 11086.7 million, or 35.7% of total customer's deposits as of December 31, 2016).
- Blocked deposits amounted to USD 135.5 million, or 0.4% of total customer's deposits as of September 30, 2017 (USD 136.7 million or 0.4% of total customer's deposits as of December 31, 2016).
- Dormant deposits amounted to USD 438.1 million, or 1.4 % of total customer's deposits as of September 30, 2017 (USD 345.4 million, or 1.1% of total customer's deposits as of December 31, 2016).

#### 14- BORROWED FUNDS

The details of this item are as follows:

	September 30, 2017	December 31, 2016
	USD '000	USD '000
From Central Banks *	57 404	30 434
From banks and financial institutions **	158 743	240 751
<b>Total</b>	<b>216 147</b>	<b>271 185</b>

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

	September 30, 2017	December 31, 2016
	USD '000	USD '000
Floating interest rate	85 693	83 437
Fixed interest rate	130 454	187 748
<b>Total</b>	<b>216 147</b>	<b>271 185</b>

\* During 2013, Arab Bank (Jordan branches) signed a loan agreement with the Central Bank of Jordan amounting to USD 5.6 million, for the duration of 15 years of which 5 years are grace period with an interest rate of (2.5%) for the year 2013 and a floating interest rate of (1.8%+LIBOR 6 months) for the years after 2013. The agreement aims to support SMEs and Extra Small Companies. The loan is repaid semi-annually, with installments in March and September of each year. The Balance of the loan as of September 30, 2017 amounted to USD 5.6 million (USD 5.6 million as of December 31, 2016).

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

\* During 2015 and 2016, Arab Bank (Jordan branches) granted loans against medium term advances from the Central Bank of Jordan with fixed interest rate equal to the discount rate disclosed on the grant day after deducting 2%. The advances are repaid in accordance with customers monthly installments which starts on October 2017 and ends on September 2026, these advances amounted USD 42.7 million as of September 30, 2017 (USD 18 million as of December 31, 2016).

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

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

\*\* During 2017, Arab Bank (Jordan Branches) signed loans agreements with Sumitomo Mitsui Banking Corporation in Dubai with fixed interest rate ranging between (0.85% - 0.892%), the balance as of September 30, 2017 amounted to USD 15.3 million and the first contract matures in October 2, 2017 and the last one matures in March 19, 2018.

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

\*\* Arab Tunisian Bank borrowed amounts from banks and financial institutions, as well issued syndicated term loans, the balance amounted to USD 68.4 million as of September 30, 2017 (USD 63.1 million as of December 31, 2016) whereas the lowest interest rate is (0.25%) and the highest is (6.00%) and the last maturity date is on May 19, 2032, as per the following details :

	September 30, 2017	December 31, 2016
	USD '000	USD '000
Loans maturing within one year	8 745	8 124
Loans maturing after 1 year and less than 3 years	14 432	16 655
Loans maturing after 3 years	45 259	38 340
<b>Total</b>	<b>68 436</b>	<b>63 119</b>

#### 15- PROVISION FOR INCOME TAX

The details of this item are as follows:

	September 30, 2017	December 31, 2016
	USD '000	USD '000
Balance at the beginning of the year	242 377	235 918
Income tax expense	205 530	275 951
Income tax paid	( 215 104)	( 264 492)
<b>Balance at the End of the Period / Year</b>	<b>232 798</b>	<b>242 377</b>

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

	For the nine months period ended	
	September 30, 2017	September 30, 2016
	USD '000	USD '000
Income tax expense for the period	205 530	211 728
Effect of deferred tax	( 6 478)	( 13 861)
<b>Total</b>	<b>199 052</b>	<b>197 867</b>

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

- The subsidiaries and branches of Arab Bank Group have reached recent tax settlements ranging between 2016 as Arab Bank United Arab Emirates and Arab Sudanese Bank and 2012 as Arab Bank Egypt.

**16- OTHER LIABILITIES**

The details of this item are as follows:

	September 30, 2017	December 31, 2016
	USD '000	USD '000
Accrued interest payable	160 919	122 806
Notes payable	182 610	185 334
Interest and commission received in advance	65 001	68 860
Accrued expenses	64 424	59 864
Dividends payable to shareholders	16 581	13 343
Other miscellaneous liabilities *	652 252	621 921
<b>Total</b>	<b>1 141 787</b>	<b>1 072 128</b>

\* This items represents mainly legal contingencies ( Note 33)

**17- SHARE CAPITAL AND RESERVES**

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

**18- RETAINED EARNINGS**

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

	September 30, 2017	December 31, 2016
	USD '000	USD '000
Balance at the beginning of the Year	1 738 225	1 562 067
Profit for the period/year attributable to the shareholders of the bank	592 494	522 187
Transferred from investment revaluation reserve to retained earnings	290	( 689)
Dividends paid	( 278 152)	( 231 277)
Transferred to statutory reserve	-	( 45 375)
Transferred to general banking risk reserve	( 12 100)	-
Adjustment during the period/year	( 1 782)	( 7 454)
<b>Balance at the End of the Period / Year *</b>	<b>2 032 945</b>	<b>1 738 225</b>

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

\* The retained earnings include restricted deferred tax assets in the amount of USD 84.8 million, as well as, unrealized gains from financial assets at fair value through profit or loss in the amount of USD 1.8 million. Restricted retained earning that cannot be distributed or otherwise utilized except only under certain circumstances as a result of the adoption of certain Accounting Standards amounted to USD 2.7 million as of September 30, 2017

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

\* The Bank cannot use a restricted amounts of USD (294.2) million which represents the negative investments revaluation reserve in accordance with the instructions of the Jordan Securities Commission and Central Bank of Jordan as of September 30, 2017

**19- INTEREST INCOME**

The details of this item are as follows:

	<b>September 30, 2017</b>	<b>September 30, 2016</b>
	<b>USD '000</b>	<b>USD '000</b>
Direct credit facilities at amortized cost *	1 060 725	978 157
Balances with central banks	35 320	50 347
Balances and deposits with banks and financial institutions	27 458	10 139
Financial assets at fair value through profit or loss	12 027	8 975
Other financial assets at amortized cost	313 216	369 471
<b>Total</b>	<b>1 448 746</b>	<b>1 417 089</b>

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

<b>September 30, 2017</b>						
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	3 224	9 621	20 054	2 607	73	35 579
Overdrafts	5 232	60 081	176 916	287	13 417	255 933
Loans and advances	168 004	67 984	378 985	2 546	36 237	653 756
Real-estate loans	95 629	5 210	3 826	-	-	104 665
Credit cards	10 792	-	-	-	-	10 792
<b>Total</b>	<b>282 881</b>	<b>142 896</b>	<b>579 781</b>	<b>5 440</b>	<b>49 727</b>	<b>1 060 725</b>

<b>September 30, 2016</b>						
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
<b>Total</b>	<b>275 388</b>	<b>125 691</b>	<b>521 267</b>	<b>4 886</b>	<b>50 925</b>	<b>978 157</b>

**20- INTEREST EXPENSE**

The details of this item are as follows:

	September 30, 2017	September 30, 2016
	USD '000	USD '000
Customer deposits *	474 912	487 701
Banks and financial institutions deposits	49 786	35 623
Cash margins	29 226	26 406
Borrowed funds	5 191	4 273
Deposit insurance fees	19 497	19 126
<b>Total</b>	<b>578 612</b>	<b>573 129</b>

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

September 30, 2017					
	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	7 913	1 615	12 328	4 315	26 171
Savings	24 694	2 396	154	-	27 244
Time and notice	201 096	21 672	117 595	57 721	398 084
Certificates of deposit	16 494	724	2 812	3 383	23 413
<b>Total</b>	<b>250 197</b>	<b>26 407</b>	<b>132 889</b>	<b>65 419</b>	<b>474 912</b>

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
<b>Total</b>	<b>256 639</b>	<b>25 933</b>	<b>131 262</b>	<b>73 867</b>	<b>487 701</b>

**21- NET COMMISSION INCOME**

The details of this item are as follows:

	September 30, 2017	September 30, 2016
	USD '000	USD '000
Commission income:		
Direct credit facilities at amortized cost	65 556	73 334
Indirect credit facilities	104 090	107 499
Assets Under Management	9 378	10 830
Other	73 114	74 798
<u>Less: commission expense</u>	<u>( 25 161)</u>	<u>( 22 803)</u>
<b>Net Commission Income</b>	<b>226 977</b>	<b>243 658</b>

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

The details of this item are as follows:

	September 30, 2017			September 30, 2016
	Realized Gains	Unrealized Gains	Dividends	Total
	USD '000	USD '000	USD '000	USD '000
Treasury bills and bonds	2 425	2 019	-	4 444
Corporate shares	-	(1 052)	1 234	182
Mutual funds	-	846	-	846
<b>Total</b>	<b>2 425</b>	<b>1 813</b>	<b>1 234</b>	<b>5 472</b>
				<b>2 580</b>
				( 92)
				( 231)
				<b>2 257</b>

**23- OTHER REVENUE**

The details of this item are as follows:

	September 30, 2017	September 30, 2016
	USD '000	USD '000
Revenue from customer services	14 286	14 249
Safe box rent	2 937	4 167
Gain (Loss) from derivatives	17	( 370)
Miscellaneous revenue	19 656	23 966
<b>Total</b>	<b>36 896</b>	<b>42 012</b>

## **24. BUSINESS SEGMENTS**

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

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

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

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

### **2. Treasury**

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

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

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

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

### **3. Consumer Banking**

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



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

	September 30, 2017					September 30, 2016	
	Corporate and Institutional Banking	Treasury	Consumer Banking		Other	Total	Total
			Elite	Retail Banking			
	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
Total income	694 793	373 485	( 57 372)	167 474	308 411	1 486 791	1 452 276
Net inter-segment interest income	( 132 550)	( 119 389)	161 637	90 302	-	-	-
Provision for impairment - direct credit facilities at amortized cost	90 260	-	365	3 511	-	94 136	61 196
Other provisions	5 931	2 473	1 462	5 560	-	15 426	18 277
Direct administrative expenses	107 519	14 074	20 962	110 390	5 862	258 807	243 209
<b>Result of Operations of Segments</b>	<b>358 533</b>	<b>237 549</b>	<b>81 476</b>	<b>138 315</b>	<b>302 549</b>	<b>1 118 422</b>	<b>1 129 594</b>
Indirect expenses on segments	134 163	44 765	33 297	104 486	1 855	318 566	313 802
<b>Profit for the period before Income Tax</b>	<b>224 370</b>	<b>192 784</b>	<b>48 179</b>	<b>33 829</b>	<b>300 694</b>	<b>799 856</b>	<b>815 792</b>
Income tax expense	46 071	44 838	12 900	13 385	81 898	199 092	197 867
<b>Profit for the Period</b>	<b>178 299</b>	<b>147 946</b>	<b>35 279</b>	<b>20 444</b>	<b>218 796</b>	<b>600 764</b>	<b>617 925</b>
Depreciation and Amortization	12 754	3 544	1 968	23 232	-	41 498	41 013

Other Information	September 30, 2017					December 31, 2016	
	Corporate and Institutional Banking	Treasury	Consumer Banking		Other	Total	Total
			Elite	Retail Banking			
	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
Segment assets	18 259 764	18 259 379	2 756 179	4 425 056	1 215 512	44 915 890	44 383 383
Inter-segment assets	-	-	10 348 085	3 310 040	5 362 173	-	-
Investments in associates	-	-	-	-	3 169 916	3 169 916	3 077 008
<b>Total Assets</b>	<b>18 259 764</b>	<b>18 259 379</b>	<b>13 104 264</b>	<b>7 735 096</b>	<b>9 747 601</b>	<b>48 085 806</b>	<b>47 460 391</b>
Segment liabilities	14 549 003	2 949 842	13 104 264	7 735 096	1 248 855	39 587 060	39 295 855
Owner's equity	-	-	-	-	8 498 746	8 498 746	8 164 536
Inter-segment liabilities	3 710 761	15 309 537	-	-	-	-	-
<b>Total Liabilities and Owners' Equity</b>	<b>18 259 764</b>	<b>18 259 379</b>	<b>13 104 264</b>	<b>7 735 096</b>	<b>9 747 601</b>	<b>48 085 806</b>	<b>47 460 391</b>

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

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

September 30, 2017				
	Within 1 Year	From 1 Year and up to 5 Years	More than 5 Years	Total
	USD '000	USD '000	USD '000	USD '000
Letters of credit	1 936 894	4 547	-	1 941 441
Acceptances	671 088	13 704	-	684 792
Letters of guarantees:				
- Payment guarantees	784 417	159 736	17 845	961 998
- Performance guarantees	4 145 891	1 650 441	405 295	6 201 627
- Other guarantees	2 968 226	896 132	76 350	3 940 708
Unutilized credit facilities	4 669 918	385 525	90 635	5 146 078
<b>Total</b>	<b>15 176 434</b>	<b>3 110 085</b>	<b>590 125</b>	<b>18 876 644</b>
Construction projects contracts	2 180	17 416	-	19 596
Procurement contracts	5 926	1 958	763	8 647
Operating lease contracts	5 044	14 474	20 382	39 900
<b>Total</b>	<b>13 150</b>	<b>33 848</b>	<b>21 145</b>	<b>68 143</b>
December 31, 2016				
	Within 1 Year	From 1 Year and up to 5 Years	More than 5 Years	Total
	USD '000	USD '000	USD '000	USD '000
Letters of credit	2 132 727	23 432	-	2 156 159
Acceptances	639 065	14 093	-	653 158
Letters of guarantees:				
- Payment guarantees	680 695	209 290	31 689	921 674
- Performance guarantees	3 809 591	1 838 842	1 128 180	6 776 613
- Other guarantees	2 799 246	857 231	558 173	4 214 650
Unutilized credit facilities	4 437 406	444 920	57 680	4 940 006
<b>Total</b>	<b>14 498 730</b>	<b>3 387 808</b>	<b>1 775 722</b>	<b>19 662 260</b>
Construction projects contracts	2 108	17 805	-	19 913
Procurement contracts	8 535	2 134	954	11 623
Operating lease contracts	4 712	9 958	22 361	37 031
<b>Total</b>	<b>15 355</b>	<b>29 897</b>	<b>23 315</b>	<b>68 567</b>

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

The details for this items are as follows:

	September 30, 2017						
	Jordan	Other Arab Countries	Asia *	Europe	America	Rest of the World	Total
	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
Balances with central banks	2 151 487	2 525 762	736	2 118 853	-	8 079	6 804 917
Balances and deposits with banks and financial institutions	225 736	1 338 106	160 213	1 196 925	729 937	59 035	3 709 952
Financial assets at fair value through profit or loss	-	157 674	39 733	241 492	-	-	438 899
Direct credit facilities at amortized cost	7 097 199	14 189 395	278 534	914 327	40 146	659 969	23 179 570
Consumer Banking	2 637 141	2 268 758	96	84 247	89	274 633	5 264 964
Small and Medium Corporates	816 241	1 550 246	76 481	306 921	30 503	134 352	2 914 744
Large Corporates	3 516 668	9 151 337	200 750	512 455	9 554	250 984	13 641 748
Banks and Financial Institutions	1 495	161 328	1,207	10 600	-	-	174 630
Government and public Sector	125 654	1 057 726	-	104	-	-	1 183 484
Other financial assets at amortized cost	3 408 851	4 178 419	133 657	515 651	136 662	289 884	8 663 124
Other assets and financial derivatives - positive fair value	66 960	208 578	1 585	89 420	1 032	6 336	373 911
<b>Total</b>	<b>12 950 233</b>	<b>22 597 934</b>	<b>614 458</b>	<b>5 076 668</b>	<b>907 777</b>	<b>1 023 303</b>	<b>43 170 373</b>
<b>Total as of December 31, 2016</b>	<b>13 090 292</b>	<b>21 232 892</b>	<b>945 125</b>	<b>5 511 260</b>	<b>1 060 254</b>	<b>882 484</b>	<b>42 722 307</b>

\* Excluding Arab Countries.

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

The details for this items are as follows:

September 30, 2017

	Corporations												Banks and Financial Institutions	Government and Public Sector	Total	
	Consumer Banking	Industry and Mining	Constructions	Real Estate	Trade	Agriculture	Tourism and Hotels	Transportation	Shares	General Services		Government and Public Sector				
										USD '000	USD '000					USD '000
Balances with Central Banks	-	-	-	-	-	-	-	-	-	-	-	-	-	6 804 917	-	6 804 917
Balances and deposits with banks and financial institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	3 709 952	-	3 709 952
Financial assets at fair value through profit or loss	-	-	-	-	-	-	-	29 624	-	-	-	-	-	307 479	101 796	438 899
Direct credit facilities at amortized cost	5 264 964	4 577 765	2 369 472	1 798 719	3 832 183	259 678	612 903	602 163	2 710	2 500 899	174 630	1 183 484	6 990 282	1 394 090	1 183 484	23 179 570
Other financial assets at amortized cost	-	91 731	-	14 100	40 117	-	-	-	-	132 804	-	6 990 282	8 663 124	1 394 090	6 990 282	8 663 124
Other assets and financial derivatives - positive fair value	21 163	29 865	8 901	8 827	27 533	1 644	3 546	8 118	-	38 435	80 036	145 843	145 843	80 036	145 843	373 911
<b>Total</b>	<b>5 286 127</b>	<b>4 699 361</b>	<b>2 378 373</b>	<b>1 821 646</b>	<b>3 899 833</b>	<b>261 322</b>	<b>616 449</b>	<b>639 905</b>	<b>2 710</b>	<b>2 672 138</b>	<b>5 666 187</b>	<b>15 226 322</b>	<b>15 226 322</b>	<b>5 666 187</b>	<b>15 226 322</b>	<b>43 170 373</b>

December 31, 2016

	Corporations												Banks and Financial Institutions	Government and Public Sector	Total	
	Consumer Banking	Industry and Mining	Constructions	Real Estate	Trade	Agriculture	Tourism and Hotels	Transportation	Shares	General Services		Government and Public Sector				
										USD '000	USD '000					USD '000
Balances with Central Banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7 392 469
Balances and deposits with banks and financial institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	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	1 205 143	107 400	1 205 143	21 898 121
Other financial assets at amortized cost	-	93 220	15 918	28 200	40 247	-	-	-	-	143 682	-	6 022 524	6 022 524	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	121 551	72 542	121 551	336 151
<b>Total</b>	<b>4 973 088</b>	<b>4 154 416</b>	<b>2 011 461</b>	<b>1 760 093</b>	<b>3 773 255</b>	<b>161 119</b>	<b>622 691</b>	<b>704 127</b>	<b>5 773</b>	<b>2 912 504</b>	<b>6 549 809</b>	<b>15 093 971</b>	<b>15 093 971</b>	<b>6 549 809</b>	<b>15 093 971</b>	<b>42 722 307</b>

## 28- CAPITAL MANAGEMENT

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

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

	<b>September 30, 2017</b>	<b>December 31, 2016</b>
	<b>USD '000</b>	<b>USD '000</b>
Common Equity Tier 1	7 847 795	7 456 710
Regulatory Adjustments (Deductions from Common Equity Tier 1)	(2 576 164)	(1 455 681)
Additional Tier 1	9 852	10 515
Supplementary Capital	397 419	386 022
Regulatory Adjustments (Deductions from Supplementary Capital)	-	( 956 826)
<b>Regulatory Capital</b>	<b>5 678 902</b>	<b>5 440 740</b>
<b>Risk-weighted assets (RWA)</b>	<b>35 678 240</b>	<b>34 688 682</b>
<b>Common Equity Tier 1 Ratio</b>	<b>%14.78</b>	<b>%15.68</b>
<b>Tier 1 Capital Ratio</b>	<b>%14.80</b>	<b>%15.68</b>
<b>Capital Adequacy Ratio</b>	<b>%15.92</b>	<b>%15.68</b>

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

29. Fair Value Hierarchy

A. Financial Instruments are either financial assets or financial liabilities  
 Financial instruments include financial assets and financial liabilities

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

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

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

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

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

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

Financial Assets /Financial Liabilities	Fair Value as at		Fair Value Hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
	September 30, 2017	December 31, 2016				
	USD '000	USD '000				
<b>Financial Assets at Fair Value</b>						
Financial assets at fair value through profit or loss:						
Treasury bills and Bonds	101 796	352 284	Level 1	Quoted Shares	Not Applicable	Not Applicable
Corporate Bonds	307 479	274 404	Level 1	Quoted Shares	Not Applicable	Not Applicable
Loans and Advances	29 624	29 624	Level 2	Through Comparison of similar financial instruments	Not Applicable	Not Applicable
Shares and mutual funds	39 754	42 204	Level 1	Quoted Shares	Not Applicable	Not Applicable
<b>Total Financial Assets at Fair Value through Profit or Loss</b>	<b>478 653</b>	<b>698 516</b>				
Financial derivatives - positive fair value	55 356	58 011	Level 2	Through Comparison of similar financial instruments	Not Applicable	Not Applicable
Financial assets at fair value through other comprehensive income:						
Quoted shares	230 904	258 920	Level 1	Quoted Shares	Not Applicable	Not Applicable
Unquoted shares	211 626	211 992	Level 2	Through using the index sector in the market	Not Applicable	Not Applicable
<b>Total financial assets at fair value through other comprehensive income</b>	<b>442 530</b>	<b>470 912</b>				
<b>Total Financial Assets at Fair Value</b>	<b>976 539</b>	<b>1 227 439</b>				
<b>Financial Liabilities at Fair Value</b>						
Financial derivatives - negative fair value	42 334	52 517	Level 2	Through Comparison of similar financial instruments	Not Applicable	Not Applicable
<b>Total Financial Liabilities at Fair Value</b>	<b>42 334</b>	<b>52 517</b>				
There were no transfers between Level 1 and 2 during the nine months of 2017 and the year 2016						
<b>B. Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis.</b>						
Except as detailed in the following table, we believe that the carrying amounts of financial assets and financial liabilities recognized in the banks financial statements approximate their fair values						
	September 30, 2017		December 31, 2016		Fair Value Hierarchy	
	Book value	Fair value	Book value	Fair value		
	USD '000	USD '000	USD '000	USD '000		
<b>Financial assets not calculated at fair value</b>						
Mandatory reserve with Central Banks	1 557 020	1 557 020	1 362 777	1 362 777		Level 2
Time and notice balances with Central Banks	2 430 308	2 433 897	3 256 190	3 257 336		Level 2
Certificates of deposit with central banks	414 121	414 733	652 697	653 016		Level 2
Balances and Deposits with banks and financial institutions	3 709 952	3 713 052	4 798 299	4 800 563		Level 2
Direct credit facilities at amortized cost	23 179 570	23 284 627	21 898 121	21 993 672		Level 2
Other financial assets at amortized cost	8 663 124	8 738 853	7 640 955	7 715 969		Level 1 & 2
<b>Total financial assets not calculated at fair value</b>	<b>39 954 095</b>	<b>40 142 182</b>	<b>39 609 039</b>	<b>39 783 333</b>		
<b>Financial liabilities not calculated at fair value</b>						
Banks' and financial institutions' deposits	4 102 289	4 116 282	3 752 999	3 762 201		Level 2
Customer deposits	30 894 794	31 018 114	31 082 152	31 172 506		Level 2
Cash margin	2 688 483	2 698 428	2 561 426	2 569 114		Level 2
Borrowed funds	216 147	217 691	271 185	275 415		Level 2
<b>Total financial liabilities not calculated at fair value</b>	<b>37 901 713</b>	<b>38 050 515</b>	<b>37 667 762</b>	<b>37 779 236</b>		

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

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

The details of this item are as follows:

	<u>September 30, 2017</u>	<u>September 30, 2016</u>
	<u>USD '000</u>	<u>USD '000</u>
Profit for the period attributable to the Bank's shareholders	592 494	610 084
	<b>Thousand / Shares</b>	
Average number of shares *	640 800	640 800
	<b>USD / Share</b>	
Earnings Per Share for the period (Basic and diluted)	<u>0.92</u>	<u>0.95</u>

**31- CASH AND CASH EQUIVALENT**

The details of this item are as follows:

	<u>September 30, 2017</u>	<u>September 30, 2016</u>
	<u>USD '000</u>	<u>USD '000</u>
Cash and balances with central banks maturing within 3 months	7 294 565	7 974 877
<u>Add:</u> Balances with banks and financial institutions maturing within 3 months	2 676 956	2 806 208
<u>Less:</u> Banks and financial institutions deposits maturing within 3 months	3 306 092	3 179 311
<b>Total</b>	<u>6 665 429</u>	<u>7 601 774</u>

## **32. RELATED PARTIES TRANSACTIONS**

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

**September 30, 2017**

	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	196 201	-	116 482	90 002
Major Shareholders and Members of the Board of Directors	-	260 795	204 766	102 696
<b>Total</b>	<b>196 201</b>	<b>260 795</b>	<b>321 248</b>	<b>192 698</b>

**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
<b>Total</b>	<b>231 423</b>	<b>479 288</b>	<b>572 221</b>	<b>191 281</b>

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

The details of transactions with related parties are as follows:

	<b>September 30, 2017</b>	
	Interest Income	Interest Expense
	USD '000	USD '000
Associated Companies	1 324	609

  

	<b>September 30, 2016</b>	
	Interest Income	Interest Expense
	USD '000	USD '000
Associated Companies	1 411	1 884

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

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

- Deposits of key management personnel amounted to USD 2.9 million as of September 30, 2017 (USD 3 million as of December 31, 2016).

- The salaries and other fringe benefits of the Group's top management personnel, inside and outside Jordan, amounted to USD 44 million for the nine months period ended September 30, 2017 (USD 42.1 million for the nine months period ended September 30, 2016).



### **33. Legal Cases**

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

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

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

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

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

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

- B. There are other lawsuits filed against the Group totaling USD 153.4 million as of September 30, 2017, (USD 143.6 million as of December 31, 2016).

In the opinion of the management and the lawyers representing the Group in the litigation at issue, the Group will not be held liable for any amount in excess of the amount of provisions taken in connection with the lawsuits totaling USD 19 million as of September 30, 2017, ( USD 18.3 million as of December 31, 2016).

### **34. Comparative Figures**

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